

## HOUSE OF REPRESENTATIVES—Friday, July 31, 1981

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious Lord, You have blessed Your people through the ages and given them the strength to meet the demands of their day. We pray that we may gain the perspective of Your Kingdom and know the encouragement that comes when we realize that You inspire people in good times and bad. When we do the right, reassure us, when we need help, sustain us, and if we lose sight of Your heavenly vision or are anxious about our lives, embolden us with the bounty of Your grace and love. In Your name, we pray. Amen.

## THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 694) entitled "An Act to authorize supplemental appropriations for fiscal year 1981 for the Armed Forces for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and for research, development, test, and evaluation, to increase the authorized personnel end strengths for military and civilian personnel of the Department of Defense for such fiscal year, to authorize supplemental appropriations for such fiscal year for construction at certain military installations, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate to a bill of the House of the following title:

H.R. 1100. An act to amend title 38, United States Code, to expand eligibility of former prisoners of war for certain benefits and health-care services provided by the Veterans' Administration, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 304)

entitled "An act to establish a national tourism policy and an independent Government agency to carry out the national tourism policy," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PACKWOOD, Mr. PRESSLER, Mr. SCHMITT, Mr. GOLDWATER, Mr. CANNON, Mr. INOUE, and Mr. EXON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 102. Joint resolution to authorize and request the President to designate the month of April 1982 as "Parliamentary Emphasis Month."

## OMNIBUS BUDGET

## RECONCILIATION ACT OF 1981

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 203 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

## H. RES. 203

*Resolved*, That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act if called up by Representative Bolling of Missouri, said bill shall be debatable for not to exceed one hour, equally divided and controlled by Representative Bolling and a Member opposed thereto, and the previous question shall be considered as ordered on said bill to final passage without intervening motion except one motion to recommit, which may not contain instructions. After the disposition of H.R. 4331, it shall be in order to consider, any rule of the House to the contrary notwithstanding, the conference report on the bill (H.R. 3982) to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for fiscal year 1982, said conference report shall be considered as having been read and shall be debatable for not to exceed two hours, equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget, and all points of order against said conference report are hereby waived.

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Ohio (Mr. LATTI), pending which I yield myself such time as I may consume.

Mr. Speaker, this is undeniably an unusual rule and, as I guess, it has been reported more or less accurately

in the press. It is the result of a compromise by the leadership on how to handle a very difficult situation.

I think what I will do is just describe specifically the contents of the rule and then I think I will reserve most of my time to yield to others or to finalize the debate. In other words, I will speak last on the reason that I think that this is important to be passed.

The rules provides first for the consideration of a bill which would repeal the section reducing minimum benefits in the omnibus reconciliation conference report.

That bill, as passed by the House of Representatives, would then go to the Senate, where it would be referred, as I understand it, or at least sought to be referred by the leadership to the Senate Finance Committee where it would be pending to be handled, as I understand it, routinely sometime, not next month, but the month after next, in September.

That ties in with the fact that we have in the Ways and Means Committee a subcommittee that is dealing with the whole problem of social security.

I should in all fairness at this point give some warning that my interest in this matter is not going to wane with the passage of this rule or the passage of this bill and the reconciliation matter. The Rules Committee is still going to be very much interested in what goes on in the attempts to modify the social security system.

This is not the end of the interest by the Rules Committee and its chairman and members in this whole problem of modifying social security in a responsible way so that the system which is now impaired in a variety of ways will be made whole, I hope without taking away the benefits of those who have retired or those who will retire.

I do not know what the possibilities are going to be, but it is very clear to me that at least one member of the administration has pressed the panic button in a way that has terrified millions of people in this country. There may be others pressing that panic button, but I do not happen to have heard them talk in the House as yet.

So that is the first part of the rule. And the second part of the rule makes in order the omnibus reconciliation conference report, a matter on which all have worked and with which we are all familiar. It would be taken up routinely and in a very brief time. There would be 2 hours of debate on it and then there would be a vote. There

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

are no amendments in order on it under this rule.

It seems to me this rule is the best way out of a difficult situation. It is a compromise in every way. I am well aware that there will be bitter opposition to it on the part of people with whom I am essentially sympathetic, but I disagree with their judgment, which I am sure will be that the previous question should be defeated and the rule modified by them.

If we do not adopt this rule, we very well could have considerable delay. We very well could have a complete deadlock between the House and the Senate and, I, therefore, favor the rule and will speak later at greater length on the reason why it is essential.

I intend to yield half of the time remaining to me to the gentleman from Minnesota (Mr. VENTO), so those who are opposed to the rule will have a fair shot at it.

Mr. Speaker, I reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I agree with the statements just made by the gentleman from Missouri relative to the rule. I support the rule and I also support the agreement that has been worked out on both sides of this Capitol Building and by the leadership on both sides of the aisle relative to the procedures to be used in resolving this social security problem.

Let me say in reference to a comment that the gentleman from Missouri made about the social security system, we do have to do something about the social security system and certainly the confidence of the American people in this system has been eroded.

□ 1010

Let me just refer to a couple of polls. The study of American Attitudes Toward Pensions and Retirement, commissioned by Johnson and Higgins, conducted by Lou Harris & Associates, as early as 1979 found that more than 8 out of 10—8 out of 10—current employees had less than full confidence that social security will pay the benefits to which they are entitled when they retire. Forty-two percent have hardly any confidence at all. A nationwide survey of attitudes toward social security prepared by the National Commission on Social Security, by Peter D. Hart Research Associates, Inc. found that 61 percent of the non-retired have little confidence that funds will be available to pay their retirement benefits. These doubts were expressed by almost three-fourths—three-fourths of those between ages 25 and 44.

A New York Times-CBS News poll reported in July of this year that a majority of the American people, 54 percent, no longer believe that the

social security system will have money available to pay them full benefits at retirement. Now, according to a 1981 report by the social security board of trustees, which manages this fund, the largest of the trust funds, the old-age and survivors insurance, would become insufficient to pay benefits in the latter half of 1982; under all five sets of alternative economic assumptions.

Now, this certainly ought to stir this Congress to some sort of action. The administration has put forth some suggestions that have been immediately shot down. Some Members of this Congress have put forth some suggestions for solving the problem before we go broke in 1982, and they have immediately been shot down. The question in my mind is whether or not this Congress has the courage—the courage—to do anything about it before the checks stop going out in 1982.

Now, what is the argument all about. You know, you can make political hay by always saying to somebody who might envision a diminished check, or somebody who might not get a modification because of some changes in the add-ons in social security that were not adequately prepared for in the rate structure. But you cannot go on with this political posturing forever.

Sometime we are going to have to fish or cut bait, or this fund is going to be depleted and all the people receiving retirement checks in 1982 are going to cease to receive them.

This is what the debate is going to be about today, whether or not we are going to use this time to talk about the facts. Whether or not we have the courage to do something about the flows in the social security system, the fact remains that the figures and statistics all show that something must be done to save the system. I look forward to the opportunity of participating in this debate and, hopefully, something will be done to save this system from default.

Mr. Speaker, I have one request for time. I yield 3 minutes to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I rise in opposition to the rule before the House and I urge my colleagues to vote down the previous question.

Last night along with the gentleman from Minnesota (Mr. VENTO) and the gentlewoman from Ohio (Ms. OAKAR) I appeared before the Rules Committee to ask for a rule that would provide for a separate consideration of the social security minimum benefit issue and from the reconciliation conference report which is presently before us. Regrettably, that request was not granted. Instead, we have before us a rule that will force us to accept the elimination of the minimum social security benefits—after having personally voted to restore that same benefit in a gesture that may now be futile. It may be futile because the Senate may

or may not take up the proposed restoration bill—having opposed such an initiative on two prior occasions—and if they do not, 2 million Older Americans who depend on the minimum social security benefits to maintain their standards of living, however low that may already be, will lose benefits that they have counted on and that they cannot afford to lose.

Mr. Speaker, just last week the House voted overwhelmingly, by some 400 votes, to adopt a resolution in support of the social security minimum benefits. I now urge my colleagues to give that vote some real meaning. Symbolic gestures are well and good but they do not put food in senior citizens' mouths or roofs over their heads. This is the only opportunity we will have to do something meaningful for the older Americans to whom we have given our solemn pledge that current benefits will not be cut, that the safety net will not be torn apart.

Never in the history of the social security program have we voted to cut benefits for current beneficiaries. I do not believe that this Congress wants to be the first to do so. I do not truly believe that this House wants to vote to deny benefits to this elderly and dependent group of people, forcing them to swallow their dignity to apply for welfare.

Mr. Speaker, hard facts on this program are difficult to come by because the recipients are so thoroughly mixed in with the general social security population. We know that a great many of them—perhaps 75 percent—are women; and we know that most of them are in their seventies and eighties. The costs of the changeover are estimated at millions upon millions of dollars. A Jack Anderson column this morning noted a report by the Committee on Ways and Means to the effect that the social security system's computers are in such bad shape that the determination of any reduction in these minimum social security benefits will have to be done by hand at immense expense.

Mr. Speaker, last night, when we appeared before the Rules Committee, we were extended a thorough and courteous hearing and I certainly want to commend the distinguished Rules Committee chairman, the gentleman from Missouri (Mr. BOLLING), for his efforts to find an effective resolution—a way out—in proposing this rule—but we can get ourselves off the hook by voting down this rule this morning.

Permit me to stress again that this may be our only opportunity to restore these minimum benefits. I urge my colleagues to reaffirm the commitment we made last week to our Nation's senior citizens and to vote "no" on the previous question.

Mr. Speaker, I am inserting at this point in the RECORD, for review by my



colleagues, this morning's Jack Anderson column:

**SOCIAL SECURITY: COMPUTERS ADD TO THE WOES**

Millions of elderly Americans subsist on meager Social Security pensions, which leave them too poor even to afford cut-price meats. Some satisfy their craving for meat by eating pet foods; others exist on a diet of starches and water.

Now these forgotten Americans are caught up in a political Sturm und Drang over President Reagan's move to eliminate the \$122-a-month mandatory minimum Social Security payment. His cold-eyed budget director, David Stockman, predicts this would save about \$496 million by next April.

It would be a saving, unfortunately, at the expense of the nation's most pathetic individuals who would face reductions in their income of as much as \$800 a year. Rep. Jake Pickle (D-Tex.), claims that most of the sacrifice will be borne by women over 65, nearly half-a-million of them in their 80s.

The bureaucrats who will recompute the payments, meanwhile, have another concern. This is spelled out by the staff of the House Ways and Means Committee in an internal memo. The Social Security Administration's computer system, they write, "is in such poor condition that this task cannot be done automatically and must be done through manual reprogramming."

Much of the money that will be taken from the elderly, therefore, will have to be spent either to upgrade the computer system or to pay for the tedious paper work. It would take all the available claims adjusters, working 10 hours overtime each week, at least two full months to execute the cuts.

An internal document from inside the agency's Office of Central Operations warns that the undertaking "would create critical backlogs in other workloads . . . resulting in both underpayments and overpayments. The district offices will be inundated with requests. We can also predict an increase in complaints to congressmen."

This could create another cloud on the horizon. "Beneficiaries in large numbers across the nation," the memo notes, "will be faced with reductions or eliminations in benefits, overpayment notices and poor services." So the question is posed: "Will due process be required before adjusting benefits, and, if so, with what assistance and in what time frame?"

In laymen's language, the question might better be phrased this way: Will the people whose benefits are cut have the right to be notified beforehand and to file objections?

Footnote: An administration spokesman suggested the alarms were so much folderol. The internal report, he assured my associate Tony Capaccio, "doesn't carry much weight."

Mr. BOLLING. Mr. Speaker, I yield 15 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, first of all I want to thank the gentleman from Missouri for his fairness in terms of consideration of the rule and his consideration throughout this process. Certainly, he is without equal with regard to his concern in this issue.

But frankly, Mr. Speaker and Members, I am very concerned about the state of this House and of this reconciliation process. We have virtually stood the legislative process on its

head in order to accomplish and to accommodate the forces, the leadership, and the administration, in the process. I believe we have done not just a disservice to the process—I am no great worshiper of process, but I think the injury that we will cause to the people that we represent by virtue of this in not providing the voice and the deliberate process that should characterize this body, this House and the Senate, is an injustice we will long regret.

The fact of the matter is that the result of this reconciliation bill, like the dust from Mount St. Helens and like the boulders, will be falling for years. Today I bring to this well a concern almost of a landslide, it is so obvious in terms of the impact on the people that we represent; that is, of course, the elimination of the minimum benefit.

There are many injustices, many flaws that are attached to this particular reconciliation package, but some we should be able to hear, we should be able to see. We have a proposal before us that affects 3 million recipients of social security, and I heard our distinguished colleague, Mr. LATTA from Ohio, talk about the impact that these add-ons in terms of social security have.

□ 1020

Mr. Speaker, let us keep one thing in mind, that the minimum benefit is something that has been in the social security system since its inception. So I point out to the Members and point out to others today that the only true vote we are going to get in terms of the social security minimum is the vote on the previous question, and I ask the Members to vote no on the previous question for a very good reason.

As to the scope of this conference, the agreement, the so-called leadership agreement that existed, I do not question the intentions of those who participated in that, but I do question the results, what the impacts are in terms of this entire process, and the impact is that we can violate that scope, we can modify it and interpret it any way we want, and the Rules Committee chairman and the Rules Committee were honorbound to provide a rule that put all of the matters in order.

There are any number of single violations of that particular scope. Just to point out one, for instance, there is the urban reinsurance program, which appeared neither in the House nor the Senate bill but miraculously appears in this reconciliation motion. There is the Head Start program which gained headlines. In other words, outside the scope, the Senate had a certain figure and the House had nothing. They could not go beyond the scope for one very important part, and that is the minimum social security benefit program.

What is the record of this House and what are the statements of this President with regard to the minimum benefit? The record is very clear that this House has gone on record by the majority leader's motion or by the majority leader's bill by over 400 votes to a handful against, and this President of the United States got on the television this week, and the President stated that we will not take away benefits from people now receiving them. What his intentions were and what the phrases meant, most people are not semanticists who could sit down and analyze it.

I think the direct result of that is that the people of this country do believe that it is not his intention or his administration to cut any social security benefits. That is the intention. That was intended by the Members, and through this process we now, a few days later, are passing a reconciliation motion that will contradict both our own expressed actions and the words of the President of the United States.

Is there any wonder that there is a credibility gap between the people we represent and the leadership in Washington? Is it any wonder that the people lose confidence and say that Government and the very process that we work in becomes meaningless?

I think we can strike a blow for credibility. We can strike a blow today for the poor and those affected. And make no mistake about it, the people are affected by this benefit. That is who is affected.

We started this process, and we are deceiving and, I believe, deliberately modifying our rules in terms of trying to accommodate this reconciliation process and the elimination of the minimum benefit. I think it has gone on long enough. I do not think the opposition to these social benefits needs a two-touchdown advantage in terms of what is going on in this House and in the future, and I say to them that we should level out the playing field and vote no on the previous question and then put a rule before this House that will call the Senate to account with regard to the benefits they are stripping from millions of Americans, Americans who need them and have come to depend on them.

Mr. Speaker, I ask for a no vote on this previous question so we can hold our heads up during the August recess and show that we have done something to provide a process for correcting this action and any excess that might exist with regard to the minimum benefits. A no vote on the previous question will attain this objective.

Mr. Speaker, I yield 1 minute to the gentlewoman from Maryland (Ms. MIKULSKI).

The SPEAKER. Without objection, the gentlewoman from Maryland (Ms. MIKULSKI) is recognized.

There was no objection.

Ms. MIKULSKI. Mr. Speaker, I thank the gentleman for yielding me this time, and I would like to compliment the gentleman from Missouri (Mr. BOLLING) on his yeoman efforts on the rule.

However, I will support the move advocated by the gentleman from Minnesota (Mr. VENTO). Of those 3 million people that we are talking about, a significant number of those people are wives and mothers who are being penalized because they chose motherhood as a full-time career.

What we explicitly state as our values, we implicitly deny in our Government programs. We claim to honor motherhood, yet every day, every year, we talk about how much we value mothers. We send them billions of dollars in little greeting cards on Mother's Day. Yet we will not include a recognition of them in social security.

One of the reasons that women qualify only for the minimum balance is that they take time out to raise their families. In this country we count in the gross national product those who are out making hula hoops and even pornographic movies, but we do not count in motherhood. We should at least keep these widows who raised us, fed us, cared for us when we were sick and made sacrifices for us, they should not be treated like paper cups and thrown away.

Mr. Speaker, I would like to speak to those spiritual mothers who fulfilled an important role during our very formative years. I speak of the nuns who have served in the hospitals and schoolrooms and acted as missionaries. We should now certainly keep them in social security.

Mr. VENTO. Mr. Speaker, I yield 5 minutes to the distinguished majority leader, the gentleman from Texas (Mr. WRIGHT).

The SPEAKER. Without objection, the gentleman from Texas (Mr. WRIGHT) is recognized.

There was no objection.

Mr. WRIGHT. Mr. Speaker, it is with some sadness that I have to say that this is an imperfect rule. It is better than no shot at all. It gives us an opportunity to pass a separate bill that undoes the damage that was done to social security recipients in Gramm-Latta II, which was crammed down our throats in one full piece.

I compliment the conferees on having undone some of the other grievous damage. They have saved about \$3.5 billion in very worthwhile programs that were ravaged by Gramm-Latta II which we swallowed whole and blindly.

Why is it that we cannot have a rule that permits us quite simply and di-

rectly to send this reconciliation bill back to conference, having stricken out that offensive social security provision which 405 Members of this House said they wanted out of that bill? Some did not choose initially to open up the reconciliation bill to separate amendments so that we could have voted on this matter openly on the floor in the first place. But once directly confronted with it, they voted to repudiate that social security provision which eliminates the minimum benefit. By a vote of 405 to 13, the membership of the House said in effect that it does not want that provision in the bill.

Yesterday there was a meeting. The leadership on the Republican side called our attention to certain agreements that were made and said we should keep our agreements, and of course we should. One of those agreements was that the House leadership will support a rule which makes the conference report in order and waives all necessary points of order. I think we can fulfill that agreement and still open it up to let the membership work its will on this particular provision. I do not see how this action would be violative of that rule.

Another part of the agreement was that the subconferees—

Mr. MICHEL. Mr. Speaker, will the gentleman yield on that point?

Mr. WRIGHT. No; I am not going to yield to the gentleman now because I had a conversation with him yesterday in which we discussed the earlier agreement. I understand his interpretation and I think he understands mine. I am saying that I just do not think a separate vote on social security would violate the agreement. I think we can have a rule that would make the conference report in order and would waive necessary points of order and still open it up to let the membership work its will on the minimum benefits. That is my opinion.

I say further that the gentleman has pointed out to me another of the agreements. The subconferees will not reopen provisions which are the same in both bills. That was an instruction not to the membership of the House but to the subconferees. They fulfilled that instruction. They fulfilled that instruction in face of the manifest will of the Members of the House that they do reopen this particular matter of social security benefits.

All right, we have kept our word. But now I am going to call on somebody else to keep his word. I am going to call on the President of the United States to keep his word. Let me read to you a few of his words uttered recently. Here is what he said last Monday night. I find little equivocation in it. Certainly the impression he sought to leave with the American public was clear.

He said:

I stated during the campaign, and I repeat now, I will not stand by and see those of you who are dependent on social security deprived of your benefits.

Those were the words of the President of the United States. He continued:

I make that pledge to you as your President. You have no reason to be frightened. You will continue to receive your checks in the full amount due you. \* \* \* I personally will see that no part of the plan will be at the expense of you who are now dependent on your monthly social security checks.

How is he going to personally see to that when, at his request and urging, we adopted this monstrous Gramm-Latta II which takes those very benefits away from 3 million of them. How is he personally going to see to that if we adopt this conference report that takes it away from them beginning in February?

Can we talk out of both sides of our mouths? Can we take comfort in the belief—or perhaps I should say the hope—that it is going to be given back to them before February? I hope it is. It will be if the President will stand by his word. He could do that by calling on HOWARD BAKER to take this bill we will send him and act on it before the August recess. The President can make good his pledge by doing that.

But for us to say that somehow miraculously, between now and February, we are going to restore these benefits notwithstanding the adoption of this conference report, which takes them away, is like being on a jury and voting to hang an innocent man in February upon the premise that you believe maybe the Governor will relieve him between now and then.

Well, I do not want to count on that. I read in the morning paper a breakdown of who gets the tax cuts which we voted earlier this week. The top two-tenths of 1 percent of the taxpayers, those who make \$200,000 a year and more, will get 10.4 percent of the total tax cut, amounting to \$3.5 billion in the first full year. That is \$3.5 billion in the first full year and \$7 billion in 2 years that will be given to people who make more than \$200,000 a year. That is what Gramm-Latta said they would save in 5 years by doing away with the minimum benefit.

Mr. Speaker, I do not think that is fair, and I do not think that is what the Members of the House want to do. So today I stand with the gentleman from Minnesota (Mr. VENTO).

□ 1030

Mr. VENTO. Mr. Speaker, I yield 3 minutes to the gentlewoman from Ohio (Ms. OAKAR).

The SPEAKER. Without objection, the gentlewoman from Ohio (Ms. OAKAR) is recognized for 3 minutes.

There was no objection.

Ms. OAKAR. I thank my colleague for yielding. I want to commend him



for his fantastic efforts on behalf of the elderly.

I also want to say the utmost respect that I have for the Rules Committee chairman, who has been very, very gracious and I think really deserves much commendation.

However, I want to urge my colleagues to vote against the previous question. Let me just say why in very, very simple language. I hate to put it on this level, but I think this is where it is.

I honestly do not believe that the full minimum benefit level will be restored by either the other body or the President. Let us look at the language again that the majority leader cited by the President:

You will continue to receive your checks in the full amount due you.

That three-letter word "due" is, in my judgment, the clincher. I think that the President is trying to say is that if you did not pay in the system as a homemaker and you depended on your spouse's paying in, then you will not get that benefit. That means that the women who are between 70 and 90 years old, 75 percent of these people are older women, they are the grandmothers and the great-grandmothers of this country, they will be cut out if you go according to the gentleman's language. That means that the religious who took the vow of poverty, most of whom again happen to be women, will be cut out because of the consideration we gave them in 1972.

Let us examine that trust fund. Where is the trust fund? Since 1969 the social security trust fund has been part of the unified budget. That is the problem, my friends. There is no other place to dip in for those people who paid into the system but to that trust fund. That is how they are going to pay for their huge tax bill for the rich, make no mistake about it.

The President has proposed initially to cut the social security system by 25 percent and this is just the tip of the iceberg. That is why it is inherent upon us to attach to that conference report the provisions that we want to see, that section with reference to the minimum benefit eliminated. If we do not do that, I am telling my colleagues, as sure as I am standing here, that we will not see the restoration of the minimum benefit for our people.

Let us examine all of the hyperbole that has been given about who these recipients are. Yes, there are some people who receive another pension. Twelve percent receive another pension—not the majority—12 percent. Most of them have another small pension which does not exceed the median income in this country. Let us restore the minimum benefit.

Mr. VENTO. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas (Mr. ALEXANDER).

The SPEAKER. Without objection, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 1 minute.

There was no objection.

Mr. ALEXANDER. Mr. Speaker, yesterday the House and the other body approved a tax cut that is estimated by those who have followed it to produce a deficit in 1984 by about \$60 billion. Inasmuch as the President has repeatedly promised, even committed himself to a balanced budget by 1984, the question occurs on the question of from which programs the cuts will come? Where will the future \$60 billion deficit, which we created yesterday by enacting the tax bill, come from?

The best evidence that we have thus far is the testimony of Mr. Stockman, the Director of the OMB, before the Subcommittee on Social Security.

When asked by Chairman PICKLE whether the administration's tax cuts could be achieved without touching the social security system, Mr. Stockman replied:

Yes, but it would require a substantial squeeze both on the non-social security domestic part of the budget . . . or a further squeeze on defense. It would be very difficult to do.

Mr. Speaker, I submit that it would not only be difficult but virtually impossible for the administration not to attempt to drastically reduce social security in the future. The administration has already severely cut back on non-defense spending, except for social security. Since defense and social security make up over 50 percent of Government spending, the administration will have to look to these areas to offset the huge deficit created by its tax cuts. I want to go on record that I will oppose any cuts which strike at the vitality of social security and defense. A deferral of tax cuts would have been preferable to cutting these programs, particularly since the tax cuts will prove illusory because of the deficit they will produce.

One vital part of our social security system which we must address today is the cut to the social security minimum benefit which the Republicans in the House and the Senate passed in budget reconciliation. This action is not aimed at future beneficiaries, but will affect 3 million of the neediest of our present beneficiaries.

Mr. Speaker, if our social security system requires some future reform in order to remain vital and solvent, then this must be achieved carefully, with a scalpel, not with a hatchet as Congress did in passing the Gramm-Latta budget. And let us make those reforms prospectively, so that people can anticipate them and plan their lives accordingly.

I therefore urge my colleagues to restore the minimum benefit.

For the consideration of my colleagues, I am placing in the RECORD re-

marks made today by Chairman PEPPER before the Special Committee on Aging and, also, an article from today's Washington Star:

REMARKS BY THE HONORABLE CLAUDE PEPPER

Less than half a century ago, our nation was ravaged by the Depression, devastated by poverty, devoured by joblessness, and in the case of millions of our fellow countrymen, stripped of hope. Under the guidance of Franklin Delano Roosevelt, we embarked on a bold new course which changed the lives of everyone in America. The New Deal was the name of that course, of which many ideas, people and programs were a part. No part stands taller, none shines more brightly, none has meant more to more people, than Social Security.

Social Security is the shining star which pierces the gloom of want and despair in old age. Ninety-five out of 100 elderly people in this country depend on Social Security; at least 60 percent would be in poverty without it. But Social Security is not a magical blessing. It draws its lifeblood from the confidence and support of the 115 million Americans who contribute each and every working day to its support. Americans support Social Security like no other program, public or private, because they know it will be there to protect them if they retire, become disabled, or die.

Now, I am sure that I am only one of the Members of this House who is troubled by many of the things we hear from those in high places. Only this morning one of the top representatives of our President stated on television that nobody truly in need would lose any Social Security benefits. Does that mean that this Administration is trying to convert Social Security into a means test, that it's a welfare program only, and that's its real character? And that they will have nothing less than that objective?

People weren't so confident about Social Security at the start. But over a period of time, spanning eight Presidents, 22 Congresses, and 45 years, an unshakable, unbreakable, inviolable bond was forged between the Federal Government and the American people. That bond gave people the confidence that they would not be left to the uncertainty and indignity of charity if they lost their livelihood.

This measure that we have before us this morning on the Floor has been arrested, has been converted into inclusion in the Reconciliation Resolution, and destroyed. But with the hope held out by those who have been responsible for its destruction that they will be able to get some money from SSI, to get off of Social Security and on to SSI, a program created by the Congress to take care of the blind, the disabled, and the impoverished of America, the welfare recipients.

People have proudly looked forward to the receipt of their Social Security checks, without a stigma of being impoverished or in the welfare class. There may be some who doubt it, but there are many millions of our fellow Americans who still have a sense of pride and don't want to go on welfare. In fact, the Administration itself has estimated that only a fourth of the people who lose their minimum Social Security benefits will go on SSI. They think they will save money. They are too proud to go on SSI, and they will save money, to kick them off of Social Security on to a program which they will not accept because they feel it tends to degrade them in their status.

In one cruel blow, this Administration destroyed a half-a-century of confidence. I don't know but what the President made an honest and a very revealing statement yesterday when he spoke to the Legislature in Atlanta, the Legislators of the several States. The President said, "We are in the throes of a new revolution." I thought he inferred, if he didn't say it, that he would never be satisfied, nor would his Administration, until it had dismantled and destroyed the social program erected under the guidance of Franklin D. Roosevelt and his spiritual and political successors.

In one cruel blow, this Administration destroyed a half-a-century of confidence. In one cruel blow, this Administration shattered the dreams of tens of millions. In one cruel blow, this Administration has launched the most devastating assault ever on Social Security.

These people, the group receiving Social Security benefits, minimum benefits, two-thirds of them are over 70 years of age, 500,000 of them are over 80 years of age, and a large number even over 90. I'm sure there are a few over 100. They got into the program long ago, when in many instances the occupation in which they were engaged was not covered by Social Security.

My sister retired two or three years ago from a 38-year period of school teaching. She gets a pension from her teaching of about \$700 or \$800 a month, and \$200 a month from Social Security, because she was only in the last few years eligible for Social Security, as so many of these people involved in this category.

Maybe they need to balance the Federal budget, too. Maybe they needed the money to pay for the billion dollar tax giveaways to the truly needy oil companies and other recipients.

I brought out in the Rules Committee yesterday afternoon that the amount of the cuts that have been brought about and are going to be consummated in the Reconciliation Resolution today are just about the same amount of money that will be given back to the taxpayers of this country, mostly to the well-to-do, by the tax bill that we passed on Wednesday.

I wonder if the rider has shifted to the poor, to give the others a tax benefit. Or maybe they just plain don't like the Social Security system. Maybe it started under Roosevelt. For whatever reason, the Administration wants to pull \$88 billion in benefits out of the pockets of beneficiaries over the next five years. They want to cut one-quarter of the program and throw it away.

Each one of the Administration's proposals, I must say is worse than the other. And yet one proposal which stands to save very little money over the long run, stands above the rest in the disregard that we must have for it. The President has proposed, and is within a hairbreadth of succeeding, in slashing the benefits that the people at the very lowest end of the benefit ladder depend on.

The President has made a cruel mockery of his own pledge. "I will not stand by and see those of you who are dependent—" Now, what does "dependent" mean? Is that "Philadelphia Lawyer" writing that address for our President, making nice distinctions like a clever lawyer, to be sure that's how the contract will be construed? "Dependent upon", does that mean only 28 percent of the recipients of Social Security depend entirely on Social Security. Are they the only ones that are going to be protected? Is that what they mean by "dependent"? Or does it mean what if you get Social Security along

with some other income? If you are "partially dependent", are you dependent? What do they mean by "dependent"?

In another case they said those will get back what they earn, indicating that they are going to use a different basis of calculation. And so our President said, "I will not stand by and see those of you who are dependent upon Social Security deprived of your benefits." The 3.1 million people in their seventies and eighties and nineties, who took the President at his word, will be in for a very rude shock when they go to their mailboxes after February of next year—unless the Senate concurs in what I hope we will do here today—to receive the checks that they were dependent on for years. These poor old people didn't realize they weren't what the President had in mind when he gave his pledge.

Maybe they ought to get a Philadelphia lawyer to advise them. They are just plain American people, attributing good faith to our highest executive, to our Administration chosen by the people, thinking that words were used in their common understanding, the usual meaning that they had, not with a nice distinction that a technician would draw to safeguard against liability.

There are many compelling reasons not to cut these 3.1 million old people off the minimum Social Security program. Over one-half are near the poverty line, and 1.1 million more live in brutal, abject, grinding poverty.

You know, there are some I'm afraid who have forgotten that a lot of Americans are still desperately and meanly poor. Maybe we should go out more, like Thomas Jefferson when he was in Paris in the throes of a coming revolution. Thomas Jefferson went to many brilliant parties and soirees, but they say in his diaries that the only time Thomas Jefferson ever made any reference to what he did on these excursions into Paris was to go out into the homes of the poor and stick into the mattresses to see how soft the mattresses of the peasants were. I wonder if maybe we shouldn't go on some excursions like that, to see whether there aren't really many poor still left in America.

The proposal will, of course, save money. Much of it is a simple diversion of Federal funds away from Social Security benefits to SSI benefits and administrative costs. And recalculating 3.1 million benefit cases will paralyze the Social Security Administration and cost hundreds of millions of dollars.

But the real reason for keeping our pledge to these people can be said in one word—confidence. There is no reason to eradicate in the blink of an eye the confidence built over the course of 45 years.

Last night I heard a young man speaking to a man from the White House who was standing with me. He said, "I wonder, they are tampering with Social Security so much now, I wonder if there will be anything left when I get there. What will they pay me when I become eligible to receive it."

Today the House will have the first opportunity for a separate vote on the Social Security minimum benefit. This will be legislation today, not an expression of the sentiment of Congress. The 36 million Social Security beneficiaries will be, I'm sure, praying with all their hearts that Congress will take the first step toward restoring confidence in their system.

#### U.S. PENSION SYSTEM SEEN FARING BETTER

New calculations by Social Security's actuaries indicate that the system is in better

shape than the Reagan administration told Congress just three weeks ago.

The analysts now figure that with the cuts in benefits already backed by Congress, Social Security's trust funds will stay in the black until the end of this decade unless the economy takes a real nosedive.

Social Security trustees—three members of President Reagan's Cabinet—warned in their annual report to Congress on July 6 that even under moderate economic projections, the combined trust funds would go broke by 1985. But the report did not take into account the elimination of the \$122-a-month minimum benefit and college students' benefits. Those steps, already endorsed by both houses of Congress, will save the system at least \$22 billion by 1986.

But the administration is pressing for more cuts in early retirement, disability and other benefits to give the beleaguered program a wider margin of safety for the next five years and to avoid a deeper fiscal crisis in 30 or 40 years.

Robert J. Myers, deputy commissioner of Social Security Administration, revealed in response to questions Tuesday that the actuaries' new calculations show that under moderate economic assumptions, the trust funds will stay out of trouble until 1989.

The trustees had said that only under optimistic assumptions, or under the official Reagan administration forecast for economic recovery, could the trust funds get by—and then only by a thin margin. They reported that under pessimistic or "worst case" economic assumptions—even with the \$22 billion in cuts—Social Security would run short of cash in 1984 or 1985.

Reagan administration officials have cautioned Congress against taking a bare minimum of action to fix Social Security. They blame the lawmakers for accepting assumptions in 1977 that proved too rosy when they passed a payroll tax hike that was supposed to keep Social Security solvent until 2030.

Democrats contend that Reagan's Social Security cuts go far deeper than necessary and may actually be intended to help balance the budget. Any cut in Social Security spending narrows the federal deficit.

Reagan has proposed cutting \$88 billion in early retirement, disability and other benefits by 1986, while boosting benefits by \$6.5 billion for the working elderly.

In his address to the nation Monday, Reagan promised that no one dependent on Social Security will be hurt by his reforms and that retired Americans will keep getting their Social Security checks "in the full amount due."

Senate Democrats have charged that does not square with Reagan's plan to wipe out the \$122-a-month minimum benefit for three million people.

White House spokesman David Gergen on Tuesday denied any inconsistency. He said Reagan chose the words "amount due" carefully, and that after the minimum is eliminated next February, those people "will then receive what they have earned."

No one disputes that Social Security's biggest trust fund for Old Age and Survivors Insurance is in trouble. It has shrunk by \$19 billion since 1975 and will fall below a level sufficient to pay a month's benefits late next year.

All sides, including Reagan, favor changing the law to allow the old-age fund to borrow from the healthier disability and Medicare funds, which are building up billion dollar surpluses. However, the Medicare



fund is expected to run into difficulties in the 1990s that could wipe it out.

The combined trust funds are expected to drop to 21 percent at the end of this year and to keep falling for several years.

Some economists say the funds need a 9 percent level to pay benefits on time. Myers argues a reserve of 12 percent to 14 percent is needed to deal with monthly fluctuations.

In their annual report, instead of the usual three sets of economic projections, the Reagan trustees gave five; optimistic; intermediate, based on the Reagan economic forecast, intermediate, based on less robust growth; pessimistic, and "worst case," which envisioned inflation nearing 14 percent in 1982 and unemployment of almost 10 percent in 1983.

Myers said that under the less-robust intermediate assumptions, the actuaries' latest calculations show the trust funds would not drop below \$40 billion through 1986, when the reserves would stand at 14 percent. They would dip to 13 percent in 1988, 10 percent in 1989 and 6 percent in 1990.

The House Select Committee on Aging figures the trust funds would be safe under the optimistic and both intermediate projections, but would need \$34.6 billion more by 1986 under pessimistic conditions and nearly \$60 billion under the "worst case" scenario.

Mr. BOLLING. Mr. Speaker, I yield 2 minutes to the gentleman from Montana (Mr. WILLIAMS).

Mr. WILLIAMS of Montana. Mr. Speaker, how did this House ever get itself into a position where we are actually here discussing how to save minimum social security benefits for senior citizens over 80 years old, and nuns?

Let me try to shed some light on it from my vantage point. Yesterday morning folks in my hometown of Butte, Mont., woke up to their morning newspaper, the Montana Standard. The top headline reads: "Democrats Pass Reagan Tax Cuts." The next headline says, "Tax Cut Favors Rich." The bottom headline says, "Social Security in Better Shape Than Reagan Reported Earlier." It reports this:

Robert J. Myers, Deputy Commissioner of Social Security, revealed in response to questions Tuesday that the actuaries' new calculations show that under moderate economic assumptions the trust funds will stay out of trouble until 1989.

Using the economic assumption the administration uses to pass its budget and the tax cut, social security will stay out of trouble for the rest of this decade.

I believe that this headline about social security is linked to this headline about the President's tax victory. This administration has painted the worst possible picture for America, and they have done it with the help of full-page ads in the great daily newspapers of this country paid for by multinational corporations. This version of the new renaissance is that teachers cannot teach, judges cannot judge, the social security system is going bankrupt, and our country is falling apart. And the only thing that will save it,

my friends, says the President, is the toughest prescription possible, designed by the right wing. Accept those things we have been telling you to accept in this country, and you have mistakenly rejected for 50 years. So we passed a faulty budget and tax bill. Social Security is not about to collapse. Teachers can teach and judges can judge, and this country runs very well.

Let us reject, at least let us reject making senior citizens pay for the rhetoric of this administration.

Mr. LATTA. Mr. Speaker I yield 2 minutes to the gentleman from Rhode Island (Mrs. SCHNEIDER).

Mrs. SCHNEIDER. Mr. Speaker, I rise in opposition to the previous question. I commend President Reagan for his intention to reform the social security system, a revision which is long overdue.

Once again this body is unfortunately subjected to crisis management. But there is no need to cause a crisis for some elderly who are particularly dependent on the minimum social security benefit.

The effort to eliminate the minimum social security benefit will surely amplify the vulnerability of older women in America, and the extent to which they depend on social security in their old age. By eliminating the minimum benefit we will compound the existing economic inequities against women, inequities that will worsen the already precarious financial situation of women nearing their retirement age. Eighty-five percent of all recipients of minimum social security benefits are women. Eighty-five percent are women; 2.4 million women, many who are wives, who are mothers, and who are our grandmothers. They are older women who are the fastest-growing poverty group in America. Two out of three older persons are women, and two out of five older black women are poor. Millions more aged women subsist just above the defined poverty level.

The economic distress of older women is not necessarily the fault of the social security system but, nonetheless, the social security minimum benefit is the only source of income for the millions of older women. Nine hundred thousand women who are 70 and over depend on these minimum benefits.

There is no question in my mind that we must clean up the social security mess, but regrettably, previous administrations have not had the courage to play it straight with the American people, to explain the severity of this situation, nor have previous administrations had the courage to take action.

I commend the President and I commend this Congress for being action oriented. But please, let us not speak and act in haste when so much future

security aspects of older women is at stake.

Mr. BOLLING. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, neither the resolution before us at this time nor the attempt to vote down the previous question should be before this House today. The question of handling the minimum benefit should be handled through the Social Security Subcommittee of the Ways and Means Committee and then acted upon by this House in as fair and as evenhanded a manner as possible.

There has been so much heat generated over this issue that we are attempting now, this minute, to do something prematurely that ought to be handled by the legislative process. I do not like either version before us, but if we have to choose which of the bad procedures, the one that the Rules Committee has advanced is the best approach.

I would ask my colleagues to vote for the previous question. In doing so, I do not take a position that we should never make any changes in the minimum benefit. Your Social Security Subcommittee has already advocated the elimination on a prospective basis, for the future. Between now and the time that action goes into effect, our subcommittee will be making recommendations regarding the minimum benefit, and we will do it in a proper and I hope a positive manner.

I ask my colleagues to keep as calm as possible on the issue of social security because it affects every elderly person in this country. We can take precipitous action in trying to be righteous, but we may not do the right thing. I would ask you to vote for the previous question and give our committee the chance to do the right thing.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. Speaker, will the gentleman yield to me?

Mr. WALKER. I yield to the gentleman.

Mr. LATTA. I want to thank the gentleman, Mr. PICKLE, for yielding and I commend him for the statement he just made. I think it clarifies the position of the Ways and Means Committee, since he is the chairman of the Social Security Subcommittee.

Mr. WALKER. I thank the gentleman.

Mr. Speaker, of the alternatives before us today I certainly think that the rule brought to us by the gentleman from Missouri (Mr. BOLLING) and the gentleman from Ohio (Mr. LATTA) is by far the more preferable action that we can take. I say that because I think that ultimately the rule will do

a couple of things which are important.

First of all, I think the rule will help us put behind us some of the fears about the social security issue that have been generated. If we go ahead with this rule and go ahead with the bill, some of those fears can be put aside as we proceed along a course toward getting the budget of the country in order. I think that is an important step to reduce fear for all of those millions of Americans who are dependent upon the social security system, fear that their benefits may be reduced.

Second, I think it is important to realize that this rule will provide us with an opportunity to deal with the issue without going back to the provision that was in the Democratic leadership bill, that came to this House as their budget package and which cut benefits to all 36 million social security recipients.

I would hope that we would have a rule on this floor that will not allow us to have some amendment offered in the same vein as that bill, because what they wanted to do as an alternative to the approach that was in the Gramm-Latta was cut benefits to every social security recipient. I thought it was wrong then. I think it is wrong now. And I am glad this rule will not permit that kind of irresponsibility to come on to the House floor.

Third, this will allow the social security reform to be considered in total, in a comprehensive package, and I think comprehensive social security reform is what we really need.

The gentleman from Texas (Mr. PICKLE) is to be congratulated for what he said because I think his approach is the correct approach.

□ 1040

His approach is a comprehensive plan to assure equity and integrity to all our citizens, to all our social security recipients. Fairness and a guarantee that earned benefits will be available to social security participants and recipients is a proper legislative course to follow.

I yield back the balance of my time.

Mr. LATTI. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I rise in support of the rule under consideration today allowing for debate on the conference report for H.R. 3982; Reconciliation Act of 1981, and H.R. 4331, a bill to restore the minimum benefit for Social Security. I am sure my support will shock the chairman of the Rules Committee. I guess this is the second time I have supported a rule the gentleman is supporting. In any event, I would hate to shock the gentleman so early in the morning.

I think the Rules Committee has properly separated out the issue of the social security minimum benefit. I want to comment on what the gentleman from Minnesota (Mr. VENTO), in his resolution, would have us do. My colleague from Minnesota (Mr. VENTO) would say in his resolution, "Resolved, that upon the adoption of this resolution, the House shall not consider prior to the opening of the 2d session of the 97th Congress, any bill, resolution, or conference report therein reducing the social security benefits."

In other words, the gentleman would like to prevent the Ways and Means Committee, Social Security Subcommittee, from bringing a bill to the floor this year, an action which needs to be done. Evidently the gentleman does not want to face this important issue this year.

I want to compliment the chairman of our Social Security Subcommittee for stating the case the way it is. Our Social Security Subcommittee has been in markup for better than several weeks to try to solve the problems, not just to talk and complain about them. I am delighted that my colleague from Minnesota comes here to rant and rave today, and to tell us how the gentleman would do it; but the gentleman has not suggested how to really solve the problem of dealing with those who are now receiving the minimum benefit who should not be receiving it. How would Mr. VENTO deal with those who have no right to it, who have not qualified under the 40 quarters?

I say to my colleague, the gentleman has done a wonderful job of complaining, complaining, and complaining, ranting and raving here today, but the gentleman has not said how the law should be improved to solve the problem.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. Now, I will yield to the gentleman from Minnesota.

Mr. VENTO. I appreciate the gentleman yielding.

Mr. Speaker, I do not appreciate the gentleman's language. I think the gentleman is capable of expressing himself without that.

I would point out to the gentleman that this is just an example of deliberately solving the issue in terms of the way this was jammed through this House: that the committee has had hearings on this particular issue. I do not doubt that.

Mr. ROUSSELOT. We have had extensive hearings on it.

Mr. VENTO. Why can we not bring the proposal before us and get a separate vote? Why does it have to be jammed through?

With regard to the President's statement, I will take the President at his word. Why do we insist on jamming this through reconciliation to provide adequate understanding of this par-

ticular proposal? I do not think we have to spot the proponents of the social security system two touchdowns in order to make their case? It can be made on the merits.

Mr. ROUSSELOT. I will comment to my colleague that we have, in the Social Security Subcommittee, addressed this issue and my chairman has said—the gentleman from Texas (Mr. PICKLE)—that prospectively this Congress will phase out the minimum benefit. We will clearly do this for those that do not deserve it or have not qualified. It is imperative.

If my colleague is saying that the gentleman wants to change the qualification procedure of those who are covered by social security benefits—in other words, if he somehow wants to change the 40-quarter benefit qualification procedure—then the gentleman ought to say just that.

□ 1050

But I will say to my colleague, we have addressed this issue in the Social Security Subcommittee. The reason we are not able to bring the social security bill to this floor is that first we had the budget measure that had to be considered, second, we had the reconciliation bill before us and then the committee had the encompassing tax legislation to consider. The Social Security Subcommittee has met for the past several months this year to work on this issue. It is too bad that the gentleman, in his resolution, has said no, that we could not be able to bring it on the floor this year. Obviously, he does not want us to address this important and demanding issue this year.

I am sorry that the gentleman has decided on this course. I support the rule voted out of the Rules Committee last evening and urge that my colleagues vote in favor of its passage.

Mr. LATTI. Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Mr. Speaker, I think it is a shame that we are considering probably the most important piece of legislation which has come to this Congress in many, many years and we seem to be off on a tangent, which is an important tangent, but one which need not be discussed today.

Now, I say to my friends who are in favor of voting down this rule that I am sorry that the social security matter is in this conference report. I did not want it to be. I still do not want it to be. I think the appropriate way to handle social security is just as the gentleman from Texas (Mr. PICKLE) said—in the orderly way his subcommittee is taking up the matter. They will, I am satisfied, bring out good legislation which will strengthen and preserve the whole system, and



provide fair treatment to all Americans.

And also I think it is well to understand that we do have until February to act on the minimum payment.

Now, there has been a lot of impugning of honesty and credibility on this floor, which I deplore and regret. Personally, I believe that the President of the United States, when he said what he did, meant exactly that; and he meant that before February that this situation would be changed and that people who are truly dependent upon the minimum payment of social security, would not be deprived of it. But there are 12 percent of the people—who draw the minimum—and the gentlewoman from Ohio admitted this herself—who are not entitled to it; 12 percent is, I think, something like \$400 million. That is a lot of money.

It is necessary for this situation to be handled and I feel sure it will be. The chairman of the appropriate committee of the other body who will handle this legislation when it passes the House, has said that he will bring it up. That does not mean next year. That means that he is going to bring it up in good time. And he will.

The Members of the House have expressed themselves on this. The gentleman from Texas (Mr. WRIGHT) brought forth a resolution which I voted for, as practically everybody did—which I think well stated the sense of the House. I cannot believe that there will not be appropriate action to undo whatever mischief will be done by this very important conference report, and to restore the minimum payment to deserving Americans.

Actually, this very important conference report has to do with getting this Government back on a basis in which we can look forward to a balanced budget. Now, that does not mean that we will do so at the expense of the social security recipients. I never saw or heard of these figures that the newspaper from Montana printed. It is my understanding that the social security trust fund will be dead broke by next September if we do not do something about it. I believe that is true.

So again I say to my good friend, the gentlewoman from Ohio, this is not a means of trying to make somebody's deficit look smaller, because there is not any balance in the trust fund to build up for that purpose.

Mr. Speaker, I hope that the resolution will be adopted, and the previous question will be ordered.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. Mr. Speaker, I want to state up front why I am speaking at this time, and it is to urge that the Members vote for the previous question and for the rule.

Now, it may not be a perfect rule, as the gentleman from Texas has pointed

out. I do not like it either, because it brings up an issue that I do not think properly should be brought up here. But let us look at what we are really talking about. The rule that we have before us will allow us to go forward on the reconciliation conference report and this freestanding bill, which is a very emotional issue for a lot of people. I would maintain to the Members that you have to realize that all of the eyes of the world are not just on this House. We have a body on the other side, too. And the net result of this whole procedure if we do not pass the previous question and the rule would be to tie this whole thing up, and it could drag on to I do not know when.

Here before me is a reconciliation conference report. Under rules of the other body, it very well could open up the whole thing again. I do not think we want to do this. I do not think the distinguished chairman of the Budget Committee, who has done a great job in conference, and our distinguished leader over here, the gentleman from Ohio (Mr. LATTA), would not want to do that.

What would be the alternative in defeating the previous question is a very questionable thing. The resolution does not even identify here what section is supposed to be deleted. As has been emphasized earlier—but I want to hit it again—it says "shall not consider prior to the opening of the second session of the 97th Congress any bill, resolution or conference report thereon reducing social security benefits," and so forth.

Really, what it is doing is prohibiting any substantial across-the-board action in the first session of this Congress on the very important issue of the social security reform.

We should do this in an across the board, fair, bipartisan manner, as the distinguished gentleman from Texas (Mr. PICKLE) would propose to do, and that is what this process would allow us to do.

I urge a vote for the previous question and for the rule.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. GRADISON).

Mr. GRADISON. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the previous question and the rule.

Mr. Speaker, I do not think the issue before us is the issue of the minimum benefit. I happen to be opposed to the retroactive reduction in the minimum benefit. As a member of the Social Security Subcommittee, I am satisfied that the recommendations of that subcommittee will provide that the changes in the benefit which are necessary be made solely on a prospective basis.

What bothers me here today, Mr. Speaker, is the very point that was

raised by our chairman, the gentleman from Texas (Mr. PICKLE). We are working on this bill. We have tentatively decided how to act on the minimum benefit. But that is not the only social security issue which we face. It is part of a total package of social security benefits and social security taxes. It involves shortrun and long-run considerations.

I would deeply hope that the Members of this body would give our subcommittee and the full Ways and Means Committee an opportunity to complete our work on social security as a package rather than dealing item by item as this effort would lead us to do.

With regard to the basic question of whether benefits now being received by people should be reduced, I am strongly of the view that they should not. I think it would undermine the support for the system as a whole. I think it could lead to a means tested approach for social security benefits. But I think it is a serious mistake to take this up without looking at the social security financing problem as a whole, which our subcommittee is doing.

For this reason, Mr. Speaker, I would urge my colleagues to vote yes for the previous question and to support the rule brought before us by the Rules Committee.

□ 1100

Mr. LATTA. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker and my colleagues, first of all, let me address myself, if I might, since the majority leader opened up the subject, to the agreement that was printed in the RECORD, July 16.

Normally, one's word among the leadership, I think, would be secure and I would like to assume that when we do have leadership agreements that that word is kept. It might be open to interpretation if done verbally, but for the express purpose of making absolutely sure that everybody knew exactly where we were, we had this printed in the RECORD and it is on the page, as I said 16002.

But in addition to the rules for the reconciliation conference, we also had under a special heading "Leadership Understandings." The majority leader made mention of the third provision:

Subconferees will not reopen provisions which are the same in both bills and are urged to agree on substantially identical provisions.

Now, the reason for that was not only social security. Many of those items in the bill are very sensitive and touching to any number of Members in this House on both sides of the aisle. We all admitted that reconciliation was going to be a tough, tough

proposition. We were going to make one giant leap forward, hopefully, but it was going to involve an awful lot of touchy issues. We did not want them isolated out here or we would never have made any progress. We all accepted that as a matter of fact in the beginning.

But then, when we get down to provision No. 5:

Assuming that the conference reaches full agreement on a conference substitute, the House leadership will support a rule which makes the conference report in order and waives all necessary points of order.

Now, the gentleman was in that meeting—not the gentleman from Missouri, the chairman of the Rules Committee—and even though he is normally considered to be leadership, was not privy to the meeting in which the Speaker, the majority leader, and others of us were there.

If I really judged one's personal feelings and acceptance of an agreement in that kind of a situation, this was it.

So it really rankles me a little bit when I see the majority leader then, in this kind of situation, making an argument to vote down the previous question. I really have to be somewhat concerned.

I will yield to the majority leader.

Mr. WRIGHT. I do appreciate that. I hope I do not take up too much of the gentleman's time because I think agreements are important and keeping an agreement is important.

Mr. MICHEL. They have to be. That is the only thing we have to depend on around here, is our agreements.

Mr. WRIGHT. I understand that, and I do not want to be too legalistic about it, but I was saying, it seems to me that agreement No. 3 refers to subconferees; that they will not reopen provisions which are the same in both bills.

Mr. MICHEL. That explains the reason.

Mr. WRIGHT. That agreement has been fulfilled. The subconferees did what was said here. I did not understand that we were binding the membership not to be able to assert its will on provisions as they usually can in other conference committee reports. I did not understand the agreement to be that way, I will say to the gentleman. I do not want to take any more of the gentleman's time, and I appreciate his yielding to me for this purpose.

Mr. MICHEL. I will take the gentleman's word for that, but I wanted to let him know in no uncertain terms that we just cannot take this lying down; we have to at least raise the issue again and have it aired in public. I get no joy in accusing another Member of welching on his word. That is not my intent here. It may have been a misunderstanding, and that I regret.

If I might use the balance of my time simply to clarify a statement of

the gentleman, I think from Montana, reading from some particular press story, quoting the Deputy Commissioner, I believe, of Social Security, Mr. Myers, under date of July 30 in a letter written to the gentleman from Texas, Mr. BILL ARCHER, he says:

DEAR MR. ARCHER: The Associated Press story with regard to the financing of the Social Security program that has appeared in various newspapers last night and today is extremely misleading. In essence, the story implied that the system is in better financial shape than we told Congress a few weeks ago in the Trustees Report. Only later in the stories, is it brought out that the situation is more favorable, because the conferees Budget Reconciliation legislation (which includes the elimination of the minimum-benefit provision) will provide significant reductions in outgo—and thus will naturally improve the financial picture—not because the estimates for the existing program have been changed.

I will put the entire text of the letter in the RECORD. But he further goes on to say:

I am convinced—and I will stake my professional actuarial reputation—on the fact that the financial integrity of the Social Security program must be assured over the short range by using worst-case economic assumptions in determining its financial status. Under such assumptions, the three trust funds combined would, even with inter-fund borrowing being possible, become bankrupt in late 1983 unless present law is changed to save the system. Similarly, assuming the passage of the conferees' Budget Reconciliation bill, the point of bankruptcy would be reached only slightly later—probably some time early in 1984.

Now, we cannot discount what the social security actuaries, those responsible for administering the trust funds, are saying to us in unvarnished terms, and for that reason at the appropriate time when we are debating the amendment itself we will have further comments to make on that particular issue.

But for now I would urge Members to vote up the previous question and vote for the rule that has been a rather ticklish situation and subject matter to deal with, but I am convinced this is the way most of the Members would prefer, to have a vote up on the previous question.

Mr. Speaker, at this point I insert the letter from Robert J. Myers.

SOCIAL SECURITY ADMINISTRATION,  
Washington, D.C., July 30, 1981.

HON. BILL ARCHER,  
House of Representatives,  
Washington, D.C.

DEAR MR. ARCHER: The Associated Press story with regard to the financing of the Social Security program that has appeared in various newspapers last night and today is extremely misleading. In essence, the story implied that the system is in better financial shape than we told Congress a few weeks ago in the Trustees Report. Only later in the stories, is it brought out that the situation is more favorable, because the conferees' Budget Reconciliation legislation (which includes the elimination of the minimum-benefit provision) will provide significant reductions in outgo—and thus will nat-

urally improve the financial picture—not because the estimates for the existing program have been changed.

The story went on to state that, under certain moderate economic assumptions, the combined OASDI-HI Trust Funds will remain solvent until the end of this decade. It is further stated that only under economic conditions where the economy "takes a real nosedive" will there be financing problems for the trust funds.

It is most important to emphasize that our pessimistic economic assumptions do not imply that "the economy takes a real nosedive", as the story stated. Rather, in balance, they assume no worse economic conditions in the next five years than were actually experienced in the last five years. Indeed, as to the most important element, increases in real wages, our assumption for the next five years were much more favorable than that actually experienced in the last five years.

I am convinced—and I will stake my professional actuarial reputation—on the fact that the financial integrity of the Social Security program must be assured over the short range by using worst-case economic assumptions in determining its financial status. Under such assumptions, the three trust funds combined would, even with inter-fund borrowing being possible, become bankrupt in late 1983 unless present law is changed to save the system. Similarly, assuming the passage of the conferees' Budget Reconciliation bill, the point of bankruptcy would be reached only slightly later—probably some time early in 1984.

The facts of the matter just do not bear out the implications of the story. First of all, the situation as to the financial status of the Social Security program is not changed by any new estimates, as the story stated, but rather, quite naturally, by the passage of the conferees' Budget Reconciliation bill, which would prove the situation.

The basic thing that must be kept in mind is that the program must be financed over the short range under worst-case economic assumptions. The trust-fund balances are now at so low a level that there is no margin of safety available if we were to use even intermediate economic assumptions and then the actual situation turned out worse.

With regard to the Associated Press statement that, including the effect of the complete package of changes in the conferees' Budget Reconciliation bill, the actuarial cost estimates would show that, under the so-called moderate economic assumptions in the intermediate estimate, the combined trust funds might not become bankrupt until 1989 is of small comfort. As indicated previously, it is only prudent that the cost estimates based on pessimistic conditions should be used to determine the financing necessary in the short range.

Otherwise, we are running the great danger which actually eventuated after the passage of the 1977 Amendments, for which intermediate assumptions made at the time of enactment showed that the trust funds would get by. However, much worse conditions occurred, and we now have a problem. One big difference with the situation in 1977 was that then we had a fairly sizable contingency reserve on hand, and now we no longer do. Therefore, we must be prudent and fiscally responsible by basing our short-range financing plans on worst-case economic assumptions.

The so-called moderate economic assumptions are by no means certain to occur, and we should not make the same mistake that



we did in 1977 by counting on intermediate conditions to prevail. But even so, it would be extremely unwise to take such course of action, because, even under these conditions, the financial situation of the program would be steadily and certainly deteriorating after 1985, and the combined trust funds would, under these assumptions be bankrupt at some time in 1989. We should not close our eyes to this situation which could arise within this decade, even under assumptions that intermediate economic conditions would prevail.

I am sending copies of this letter also to Senator ARMSTRONG, Senator MOYNIHAN, and Chairman PICKLE.

Sincerely Yours,

ROBERT J. MYERS,

Deputy Commissioner for Programs.

Mr. BOLLING. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from California (Mr. PANETTA), who undoubtedly knows more about this process of reconciliation than any 10 Members of the House.

Mr. PANETTA. Mr. Speaker, there are obviously emotions and concerns involved here on both sides of the aisle, and I respect those emotions and those concerns, but I do hope that Members understand that this is a vote on the rule. I hope my colleagues will take the time to read the rule that they are voting on.

The rule on page 2 provides, and I quote:

That upon the adoption of this resolution, it shall be in order to consider in the House the bill H.R. 4331 to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The rule as designed by the distinguished chairman of the Rules Committee provides for a vote on restoring the minimum benefit, and Members who are concerned about that issue will have the opportunity to vote. It is not going to be a moral expression, it is not going to be a resolution, it is going to be a change in the law which will be sent over to the Senate and they can dispose of it one way or the other.

But the onus will be on their shoulders, assuming that the House votes to restore the minimum benefits and it is in this rule.

Second, we are talking about the principal vehicle dealing with reconciliation. I understand that there are Members who are concerned about that process. But 250 conferees were involved in this reconciliation conference over a period of 2 weeks. It involved 58 subconferences, 17 committee jurisdictions, conferences that met late into the evening and on weekends to try to look at the difficult issues, to compromise those issues, to reduce, where they could, but also to protect those programs that are important to people.

That was the work that was done by many of the Members in this body and many of the chairmen of these committees and surely they are entitled to

a vote up or down on the work that they did in the conference.

Mr. JONES of Oklahoma. Mr. Speaker, will the gentleman yield.

Mr. PANETTA. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I want to thank the gentleman for yielding.

As has been pointed out, no one is more responsible for the success of this conference than the gentleman in the well, the gentleman from California (Mr. PANETTA).

I want to underscore as chairman of the Budget Committee, my hope that this body will vote for the previous question and will pass this rule.

There has been some misunderstanding about a previous speaker, the gentleman from Texas (Mr. PICKLE), the chairman of the Subcommittee on Social Security. We have talked. The gentleman also hopes that this previous question will be passed and that the rule will be passed.

I think that this rule carries out the understanding that the bipartisan leadership of the House and Senate had on how this conference was to be addressed.

The issue of social security is one that we can address in this rule. If the Republican-dominated other body refuses to adopt this same bill that we pass here to restore social security funds, then it will be clearly on the other party's shoulders as to who is responsible for cutting the 3 million social security recipients.

I think we should keep that in mind.

Mr. PANETTA. Let me refer to the agreements at the leadership level. I understand that Members do not necessarily have to be bound by those agreements.

□ 1110

But, those agreements did require that the conferees stick within scope, and that they not go beyond the provisions that were the same in both House and Senate versions. While it may not bind many of the Members here, it did bind those 250 conferees in each of their subconferences and there were many chairmen that wished that they could go beyond the scope, not only to deal with the elderly, but to deal with children, to deal with housing, to deal with mass transit, to deal with a myriad of other issues. But, they did not do it because the leadership provided these basic guidelines and basic agreements, and they deserve to be respected.

So, on the basis of reconciliation and on the basis that Members will have the opportunity to vote up or down on the minimum benefit, I urge the Members to support the rule.

The SPEAKER. Each side has 3 minutes remaining.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Mr. Speaker, I rise today to urge my colleagues to vote against the previous question, in an attempt to provide an opportunity to permit consideration of a substitute resolution that includes a motion to instruct the conferees to delete the section which eliminates the minimum benefit.

Mr. Speaker, it was only 10 days ago that this House voted 405 to 13 in favor of House Resolution 181—a resolution expressing the sense of this body in favor—not opposition—to the minimum benefit.

To date, several bills and resolutions have been introduced in this House in an attempt to save the minimum benefit. A few days ago, I introduced my own bill, H.R. 4328, a bill which would strike section 2201 of the Omnibus Budget Reconciliation Act of 1981 on the day it is due to become effective; 21 Members, including 10 Democrats and 12 Republicans have cosponsored my bill. The point is, Mr. Speaker, a huge majority in this body wants the minimum benefit restored.

Mr. Speaker, an analysis of actual data supplied by the Social Security Administration indicates that most beneficiaries of the minimum payment are women and retired workers alone, there are about 1.5 million recipients over 70 years old, about 532,000 over 80 years old, and about 80,000 over 90 years old.

The Social Security Administration estimates that of the 3 million minimum beneficiaries, only 1.2 million would experience no actual reduction in their monthly benefit.

One million of the 1.2 million are dually entitled so that their spouse's benefit would simply increase so as to replace their worker's benefit formerly based on the minimum payment. Another 200,000 minimum beneficiaries actually have earned benefits as large as the minimum benefit, but for some reason have been designated minimum beneficiaries.

This leaves, however, 1.8 million remaining minimum beneficiaries who would experience some loss of social security benefits. About 450,000 to 500,000 persons may receive supplemental security income (SSI) to offset their loss from elimination of the minimum benefit. Perhaps 1 million more could apply for SSI benefits. This would still leave at least 800,000 persons unaccounted for and without alternative sources of income.

Mr. Speaker, these are the people we must concern ourselves with. These are people who will suffer and whose lives will be greatly disrupted. These are people who made this country great—and we can't abandon them.

Mr. Speaker, I urge my colleagues to vote down the previous question.

Mr. LATTA. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, as I said at the outset of this debate on the rule, I support the rule. I think it would be foolhardy to vote down the previous question. The reason is that we will have an opportunity between now and the first of March, to make some real improvements in the social security system. Why? As the gentleman from Ohio (Mr. GRADISON) pointed out, they are going to come forward with a social security bill in the Ways and Means Committee, and the gentleman from Texas (Mr. PICKLE) concurred. They are going to have to make some adjustments. There is no question about it, and certainly by having this problem in front of them with a deadline for necessary action, they are going to have to act to save the social security system.

I know it makes a lot of good reading back home to say we are against this, we are against that and just add more benefits and do not worry how you are going to pay for them. Well, that is what has been going on here in the Congress for far too long. The fund is going to be empty next year according to the Social Security Board itself, and something has to be done.

This Congress, as I know—I have been around long enough to know—never seems to step up to an issue until it is forced to do so, and in this case we are going to be forced to do something before the 1st of March. With this March deadline, the Ways and Means Committee and this House will be forced to act. No action is going to be taken, in my humble judgment, with such a deadline for action.

Why? We are going to delay and delay and delay, and we are going to come right up until the time the checks can not go out for want of funds and then take some patchwork action.

The people of this country are going to say: "What were you doing? You had plenty of time to rectify this situation. You had plenty of warning."

It is high time for us to get down to business, and certainly by bringing this matter into this debate is wrong. Certainly, we have a commitment on both sides of the aisle. I think these are honorable gentlemen, and they are. We are going to have a bill, and I think we can resolve this question in a proper manner.

Mr. BOLLING. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, I cannot say that I started this fight, because the gentleman from Minnesota and others started it by putting in their resolution, but I sort of activated it yesterday at 10:15 in a press conference. Let me tell the Members why I am here with this rule. I went to a meeting and discovered that my leadership was committed to a certain process in concluding the reconciliation matter. I had not

been a party to that, but I felt bound by it.

I also would like to state that if we had not agreed to this approach rather than another, there would probably not have been another opportunity for the House to act on the reconciliation conference report because the other body was in such a situation that they would have done what the White House and David Stockman wanted from the beginning. They would have passed that monstrosity that we passed straight through the Senate. I assure the Members that the chairmen and the members of the various conferences tell me that that would have been much worse.

Now, how could they have done that? Because they had the papers, and it was made very clear to me that they were going to keep those papers and do that unless we worked out a compromise. So, I am not doing what I am pleased with. I am doing what I thought the institution had to do, and I am honoring what I thought I had to honor.

I urge the Members to vote for the previous question on this rule, and then they will have an opportunity to debate and discuss a bill that will hang in the Senate after we pass it, reminding the American people that the Republican Senate—if I may put it that way—has the ball.

Let me say one final thing. It will not just be the Social Security Subcommittee; it will not just be the Committee on Ways and Means that will have all the say on what happens to social security. The Rules Committee clearly has a certain legislative responsibility on all matters on which it is asked to grant a rule. I assure the Members that the Rules Committee and all its members are going to be very careful to see that the people under social security are protected in every sane way.

I urge the Members to vote for the previous question.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. VENTO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 271, nays 151, not voting 12, as follows:

[Roll No. 187]

YEAS—271

Addabbo	Foley	Mitchell (NY)
Akaka	Forsythe	Moakley
Andrews	Fountain	Molinari
Annunzio	Fowler	Mollohan
Anthony	Frank	Montgomery
Archer	Frenzel	Moore
Ashbrook	Frost	Moorhead
Badham	Puqua	Morrison
Bafalis	Gaydos	Murtha
Bailey (MO)	Gejdenson	Neilligan
Bailey (PA)	Gephardt	O'Brien
Barnard	Gibbons	Oxley
Beard	Ginn	Panetta
Bedell	Goodling	Parris
Beilenson	Gradison	Pashayan
Benedict	Gramm	Patterson
Benjamin	Green	Paul
Bereuter	Gregg	Pepper
Bevill	Grisham	Petri
Bliley	Gunderson	Pickle
Boggs	Hagedorn	Porter
Boland	Hall (OH)	Price
Bolling	Hall, Sam	Pritchard
Boner	Hamilton	Pursell
Bonker	Hammerschmidt	Quillen
Breaux	Hance	Railsback
Brinkley	Hansen (ID)	Regula
Brodhead	Hansen (UT)	Rhodes
Broomfield	Harkin	Ritter
Brown (CO)	Hartnett	Roberts (KS)
Brown (OH)	Hatcher	Roberts (SD)
Broyhill	Hefner	Robinson
Burgener	Hendon	Roemer
Butler	Hiller	Rose
Byron	Hillis	Roth
Campbell	Holland	Roukema
Carney	Holt	Rousselot
Chappell	Horton	Rudd
Chappie	Hoyer	Russo
Cheney	Hubbard	Sabo
Chisholm	Huckaby	Santini
Clausen	Hunter	Sawyer
Clinger	Hutto	Schulze
Coats	Hyde	Sensenbrenner
Coelho	Ireland	Shannon
Coleman	Jeffries	Shaw
Collins (TX)	Jenkins	Shelby
Conable	Johnston	Shumway
Conte	Jones (NC)	Shuster
Corcoran	Jones (OK)	Siljander
Coughlin	Jones (TN)	Skeen
Courter	Kemp	Skelton
Coyne, James	Kindness	Smith (AL)
Craig	Kramer	Smith (NE)
Crane, Daniel	LaFalce	Smith (OR)
Crane, Philip	Lagomarsino	Smith (PA)
Daniel, Dan	Latta	Snowe
Daniel, R. W.	Leath	Solomon
Danielson	LeBoutillier	Spence
Dannemeyer	Lee	Stangeland
Daub	Lewis	Stanton
de la Garza	Livingston	Staton
Deckard	Loeffler	Stenholm
Derrick	Long (LA)	Stump
Derwinski	Lott	Swift
Dickinson	Lowery (CA)	Tauke
Dicks	Lowry (WA)	Tauzin
Dingell	Lujan	Taylor
Donnelly	Lungren	Thomas
Dorgan	Madigan	Trible
Dougherty	Markey	Udall
Dreier	Marks	Vander Jagt
Duncan	Marlenee	Walker
Dunn	Marriott	Wampler
Edwards (AL)	Martin (IL)	Watkins
Edwards (OK)	Martin (NY)	Weber (MN)
Emerson	Matsui	Weber (OH)
Emery	Mavroules	Whitehurst
English	Mazzoli	Whitley
Erdahl	McClary	Whittaker
Erlenborn	McCloskey	Williams (OH)
Evans (DE)	McCollum	Winn
Evans (GA)	McCurdy	Wirth
Evans (IA)	McDade	Wortley
Fary	McDonald	Wyllie
Fazio	McEwen	Young (AK)
Fenwick	McHugh	Young (FL)
Fiedler	McKinney	Zablocki
Fields	Michel	Zerfetti
Findley	Miller (OH)	
Fithian	Mineta	



## NAYS—151

Albosta	Glickman	Patman
Alexander	Gonzalez	Pease
Anderson	Gore	Perkins
Applegate	Gray	Peyser
Aspin	Guarini	Rahall
Atkinson	Hall, Ralph	Rangel
AuCoin	Hawkins	Ratchford
Barnes	Heckler	Reuss
Bennett	Hertel	Rinaldo
Biaggi	Hightower	Rodino
Bingham	Hollenbeck	Roe
Blanchard	Hopkins	Rogers
Bonior	Howard	Rosenthal
Bouquard	Hughes	Roybal
Bowen	Jacobs	Scheuer
Brooks	Jeffords	Schneider
Brown (CA)	Kastenmeier	Schroeder
Burton, John	Kazen	Schumer
Burton, Phillip	Kildee	Seiberling
Carman	Kogovsek	Shamansky
Clay	Lantos	Sharp
Collins (IL)	Leach	Smith (IA)
Conyers	Lehman	Smith (NJ)
Coyne, William	Leland	Snyder
Crockett	Lent	Solarz
D'Amours	Levitas	St Germain
Daschle	Long (MD)	Stark
Davis	Luken	Stokes
Dellums	Lundine	Stratton
DeNardis	Martin (NC)	Studds
Dixon	Mattox	Synar
Dowdy	McGrath	Traxler
Downey	Mica	Vento
Dwyer	Mikulski	Volkmer
Dymally	Miller (CA)	Walgren
Dyson	Minish	Washington
Early	Mitchell (MD)	Waxman
Eckart	Moffett	Weaver
Edgar	Mottl	Weiss
Edwards (CA)	Murphy	White
Ertel	Myers	Whitten
Evans (IN)	Napier	Williams (MT)
Ferraro	Natcher	Wilson
Fish	Neal	Wolf
Flippo	Nelson	Wolpe
Florio	Nichols	Wright
Foglietta	Nowak	Wyden
Ford (MI)	Oakar	Yates
Ford (TN)	Oberstar	Yatron
Garcia	Obey	
Gilman	Ottinger	

## NOT VOTING—12

Bethune	Gingrich	Rostenkowski
Cotter	Goldwater	Savage
Dornan	Heftel	Simon
Fascell	Richmond	Young (MO)

□ 1140

The Clerk announced the following pairs:

Mr. Young of Missouri with Mr. Goldwater.

Mr. Rostenkowski with Mr. Dornan of California.

Mr. Heftel with Mr. Gingrich.

Mr. Fascell with Mr. Richmond.

Mr. Simon with Mr. Bethune.

Messrs. FLIPPO, ASPIN, GORE, RALPH M. HALL, ATKINSON, ALBOSTA, DAVIS, CARMAN, NAPIER, STRATTON, WHITE, LANTOS, and VOLKMER changed their votes from "yea" to "nay."

Messrs. MICA and FRANK changed their votes from "nay" to "yea."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

Ms. OAKAR. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 370, nays 52, not voting 12, as follows:

(Roll No. 188)

## YEAS—370

Addabbo	Donnelly	Ireland
Akaka	Dorgan	Jacobs
Albosta	Dougherty	Jeffords
Alexander	Dowdy	Jeffries
Anderson	Dreier	Jenkins
Andrews	Duncan	Johnston
Annunzio	Dunn	Jones (NC)
Anthony	Dymally	Jones (OK)
Applegate	Dyson	Jones (TN)
Archer	Edgar	Kazen
Aspin	Edwards (AL)	Kemp
Atkinson	Edwards (CA)	Kildee
AuCoin	Edwards (OK)	Kindness
Badham	Emerson	Kogovsek
Bafalis	Emery	Kramer
Bailey (MO)	English	Lagomarsino
Bailey (PA)	Erdahl	Lantos
Barnard	Erlenborn	Latta
Barnes	Ertel	Leach
Beard	Evans (DE)	Leath
Bedell	Evans (GA)	LeBoutillier
Bellenson	Evans (IA)	Lee
Benedict	Evans (IN)	Lehman
Benjamin	Fary	Lent
Bennett	Fazio	Lewis
Bereuter	Fenwick	Livingston
Bevill	Ferraro	Loeffler
Biaggi	Fiedler	Long (LA)
Blanchard	Fields	Long (MD)
Bliley	Findley	Lott
Boggs	Fish	Lowery (CA)
Boland	Fithian	Lowry (WA)
Boiling	Flippo	Lujan
Boner	Florio	Luken
Bonior	Foley	Lundine
Bonker	Ford (MI)	Lungren
Bouquard	Forsythe	Madigan
Bowen	Fountain	Markay
Breaux	Fowler	Marks
Brinkley	Frank	Marlenee
Brodhead	Frenzel	Marriott
Brooks	Frost	Martin (IL)
Broomfield	Fuqua	Martin (NC)
Brown (CA)	Gaydos	Martin (NY)
Brown (CO)	Gephardt	Matsui
Brown (OH)	Gibbons	Mavroules
Broyhill	Gingrich	Mazzoli
Burgener	Ginn	McClory
Butler	Glickman	McCloskey
Byron	Gonzalez	McCollum
Campbell	Goodling	McCurdy
Carman	Gradison	McDade
Carney	Gramm	McDonald
Chappell	Green	McEwen
Chappie	Gregg	McGrath
Cheney	Grisham	McHugh
Chisholm	Guarini	McKinney
Clausen	Gunderson	Mica
Clinger	Hagedorn	Michel
Coats	Hall (OH)	Miller (OH)
Coelho	Hall, Ralph	Mineta
Coleman	Hall, Sam	Minish
Collins (TX)	Hamilton	Mitchell (NY)
Conable	Hammerschmidt	Moakley
Conte	Hance	Molinari
Corcoran	Hansen (ID)	Mollohan
Coughlin	Hansen (UT)	Montgomery
Courter	Harkin	Moore
Coyne, James	Hartnett	Moorhead
Craig	Hatcher	Morrison
Crane, Daniel	Hawkins	Murphy
Crane, Philip	Hefner	Murtha
D'Amours	Hendon	Myers
Daniel, Dan	Hertel	Napier
Daniel, R. W.	Hightower	Natcher
Danielson	Hiler	Neal
Dannemeyer	Hillis	Nelligan
Daschle	Holland	Nelson
Daub	Holt	Nichols
Davis	Horton	Nowak
de la Garza	Howard	O'Brien
Deckard	Hoyer	Oakar
Derrick	Hubbard	Oberstar
Derwinski	Huckaby	Obey
Dickinson	Hughes	Oxley
Dicks	Hunter	Panetta
Dingell	Hutto	Parris
Dixon	Hyde	Pashayan

Patterson	Schroeder	Thomas
Paul	Schulze	Traxler
Pepper	Seiberling	Trible
Perkins	Sensenbrenner	Udall
Petri	Shamansky	Vander Jagt
Peyser	Shannon	Volkmer
Pickle	Sharp	Walgren
Porter	Shaw	Walker
Price	Shelby	Wampler
Pritchard	Shumway	Watkins
Pursell	Shuster	Waxman
Quillen	Siljander	Weaver
Rahall	Skeen	Weber (MN)
Regula	Skeltan	Weber (OH)
Reuss	Smith (AL)	White
Rhodes	Smith (IA)	Whitehurst
Rinaldo	Smith (NE)	Whitley
Ritter	Smith (NJ)	Whittaker
Roberts (KS)	Smith (OR)	Whitten
Roberts (SD)	Smith (PA)	Williams (OH)
Robinson	Snowe	Wilson
Rodino	Snyder	Winn
Roe	Solomon	Wirth
Roemer	Spence	Wolf
Rogers	St Germain	Wolpe
Rose	Stangeland	Wortley
Rosenthal	Stanton	Wright
Roth	Stark	Wyden
Roukema	Staton	Wyllie
Rousselot	Stenholm	Yatron
Rudd	Stratton	Young (AK)
Russo	Stump	Young (FL)
Sabo	Swift	Zablocki
Santini	Tauke	Zeferetti
Sawyer	Tauzin	
Scheuer	Taylor	

## NAYS—52

Ashbrook	Gejdenson	Patman
Bingham	Gilman	Pease
Burton, John	Gore	Rangel
Burton, Phillip	Gray	Ratchford
Clay	Heckler	Roybal
Collins (IL)	Hollenbeck	Schneider
Conyers	Hopkins	Schumer
Coyne, William	Kastenmeier	Solarz
Crockett	LaFalce	Stokes
Dellums	Leland	Studds
DeNardis	Levitas	Synar
Downey	Mattox	Vento
Dwyer	Mikulski	Washington
Early	Miller (CA)	Weiss
Eckart	Mitchell (MD)	Williams (MT)
Foglietta	Moffett	Yates
Ford (TN)	Mottl	
Garcia	Ottinger	

## NOT VOTING—12

Bethune	Goldwater	Rostenkowski
Cotter	Heftel	Savage
Dornan	Rallsback	Simon
Fascell	Richmond	Young (MO)

□ 1150

The Clerk announced the following pairs:

Mr. Young of Missouri with Mr. Goldwater.

Mr. Rostenkowski with Mr. Dornan of California.

Mr. Fascell with Mr. Richmond.

Mr. Simon with Mr. Bethune.

Mr. Heftel with Mr. Rallsback.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## PARLIAMENTARY INQUIRY

Mr. VENTO. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore (Mr. FRANK). The gentleman will state it.

Mr. VENTO. Mr. Speaker, I inquire of the Chair whether the papers of the reconciliation package, H.R. 3982, are in the possession of the House.

The SPEAKER pro tempore. Yes, they are.

Mr. VENTO. Mr. Speaker, I would further inquire, is it customary for these papers to remain in the possession of the House at the conclusion of a conference committee, and in this instance, were they retained at the conclusion of the conference committee, or were they more recently delivered to the House?

The SPEAKER pro tempore. Yes, the Chair would say to the gentleman, it is customary for the papers to be transferred to the House which agree to the conference—and is to act first on the report—at the conclusion of a successful conference.

Mr. VENTO. In this case, Mr. Speaker, were the papers retained by the House conferees on the matter of the reconciliation conference?

The SPEAKER pro tempore. Evidently not, because they were brought back to the House this morning at about 9:15 by a messenger from the other body.

Mr. VENTO. Mr. Speaker, in other words, this violated one of the tenets that we have in terms of consideration.

I thank the Chair.

The SPEAKER pro tempore. The Chair would advise the gentleman that this deviated from custom but did not especially violate the rules of the House.

Mr. BOLLING. Mr. Speaker, pursuant to the provisions of House Resolution 203, I call up the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, and ask for its immediate consideration.

The Clerk read the bill, as follows:

H.R. 4331

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) effective as of the date of the enactment of the Omnibus Budget Reconciliation Act of 1981, section 2201 of that Act (relating to repeal of minimum benefit provisions) is repealed.*

(b) Subject to section 2 of this Act, the provisions of the Social Security Act affected by the provisions of such section 2201 shall be in effect as of date of the enactment of the Omnibus Budget Reconciliation Act of 1981 as such provisions would be in effect if such section 2201 had not been enacted.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. BOLLING) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. MICHEL) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Missouri (Mr. BOLLING).

Mr. BOLLING. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I do not know how much of the time we have on this bill is going to be taken up. This is, it seems to me, one of the most impor-

tant issues that the Congress is going to deal with. This Congress in its two sessions is not going to have a more important issue than the issue of social security. I think it is very, very important for all who are directly involved in the legislative process to understand that this is one issue on which the Rules Committee is going to take a very special interest.

That is so because the Rules Committee is, really—despite its overwhelming Democratic majority—rather successfully representative of all the interests in the House.

I would urge Members to take a look at the list of the Members on both the Democratic side and the Republican side, and they will see that those Members pretty generally cover the views of a very large segment of the institution.

We have two very different points of view at war in this Government on the subject of social security. I suppose that both of them are legitimate. But fundamentally, there are those who feel that there should not be a social security system, that there should be some kind of means tested welfare program which might be called social security. But there is a fundamental difference between a social insurance program that guarantees to its members that as they contribute and as they are blanketed in, they have a right under a social compact.

□ 1200

That I believe is the early theory of social security.

Now it is perfectly legitimate for people whose predecessors fought against the social security system in the thirties to say today that the social security system should be different, that it should be and is in effect a need-oriented program, purely and simply.

I do not have any objection to that argument. It is here. It is with us. But it is terribly important that the people of the country begin to look at that argument and the meaning of the different points of view.

I very strongly hold to the notion that I described as a social security system, a social insurance compact, not means tested, except in a very, very limited degree, but designed to be sensible, fair, and contributory.

I want to serve notice on everybody in the institution—and I have never done this before—that the Rules Committee and its chairman are going to be involved in the legislative process on this. There is not going to be any more of blanketing this issue into general legislation.

Those of my colleagues who do not understand what that means should consult with those who are experts in procedure because it is going to be very difficult to consider the necessary package to cure the problems of the

social security system without having a rule on the bill that does it.

I happen to believe that there are problems in the system, short-range problems and long-range problems. I happen to believe that we have to arrive at legitimate, fair compromises to achieve the desired result, and those compromises range all the way from making up the deficit from the general fund to drastically curtailing benefits already committed.

I just want to give the shape of the distance that there is between the sides and to assure the Members on both sides that the Rules Committee is going to attempt to see to it that this matter is dealt with fairly as to the different points of view, and fundamentally fairly to the weakest in this land who could easily be the victims of changes, well intentioned perhaps, but unwise.

That is the only reason that we went through this exercise is to make it very, very clear that there is going to be no cute play on this matter. It is going to be dealt with very carefully, with due consideration for the system that the House provides, a system of committees, broken down into subcommittees, that the legislative process is going to be honored in every way, and it is going to be honored in all of its details. And one of those details gives to the Rules Committee a particular function and the Rules Committee is going to exercise that function in this particular matter with a great deal of care. That is not a threat. It is not a promise. It is a statement of fact.

The SPEAKER. The gentleman from Illinois (Mr. MICHEL) is recognized for 30 minutes.

Mr. MICHEL. Mr. Speaker, here we are again on this very sensitive issue of social security. I must confess that I have not exactly been beseeched for requests on my side to speak in opposition to what the thrust of this bill is here today.

But recognizing the responsibility for what it is, I should like to make a few observations, then yield to those Members who similarly would like to express themselves.

It might surprise some Members of this body to learn that this Member, as outspoken as he has been on this and other issues when he was a junior Congressman, was one of the original sponsors of legislation to tie social security benefits to the cost-of-living index three Congresses before we actually adopted it, because I was so sick and tired of the bidding war that went on between parties on who was going to vote the biggest increase in any given year.

Incidentally, regarding the cost-of-living index, it takes us about 6 or 7 years to devise revisions of that index. It rankles me no end that it takes so long. By the time we get the index re-



vised to reflect new figures, they are already obsolete. But those are the facts of life. But as I said, Mel Laird, Jack Betts, who used to serve on our Ways and Means Committee, and I had talked about tying the social security system to the cost-of-living index for some time, so I do not come to the well of the House today as one insensitive to the social security problem and the need to keep it solvent so that people will continue to receive the benefits to which they are entitled.

I must confess that in those earlier days, we had never dreamed there would be the type of double-digit inflation we have experienced during the past few years. I would be the first to admit today that in view of recent trends, the existing cost-of-living index now somewhat inaccurately measures the actual cost of living for most of those over 65. The housing and medical components in particular produce distortions that should be corrected.

But be that as it may, I would like to address myself now to the particular issue of minimum benefits, what is involved, and why we think there can be some modification in what is contained in reconciliation.

We have until March 1 of next year in which we can act affirmatively to redress any grievances that we feel ought to be addressed.

Now, as my colleagues know, the minimum benefit involves roughly 3 million of our people. However, 1 million of those are only technical beneficiaries of the minimum benefit who are actually receiving today much more than the minimum, and we ought to understand that. Their benefits would not change one dime if we eliminate the minimum benefit requirement.

We have an additional 450,000 people who are currently receiving benefits from a Federal retirement system, one of the most lucrative in the country, as well as the minimum benefit. These are not needy people with no other place to go.

Fifty thousand more have retired spouses receiving benefits from the Federal retirement system as well as the minimum benefit.

Thirty thousand other recipients have working spouses earning an average of \$21,000 annually.

Still another 200,000 are receiving an amount equal to the minimum benefit as a result of what they have paid into social security, so their monthly check would not change one dime.

And that is why the President comes down quite hard, to try to make the differentiation between those who actually earned a benefit as distinguished from those who have not earned it, but simply got blanketed in through the minimum provision.

In my judgment, we ought not to have that drag on the trust fund. We

ought to take care of the needy through other programs, such as SSI, even if these programs have to be modified to make sure no one falls through the cracks.

Continuing with the breakdown of minimum benefit recipients, there are 500,000 recipients receiving supplemental security income benefits as well as the minimum, and the way the SSI benefits are figured their SSI checks would increase to make up for what they lose from minimum benefits. In other words, their monthly checks would not change one dime.

The key difference here is that the flat minimum benefit under the Social Security Act is, as I said, a real drag on the trust fund, while the benefits from SSI are drawn from the Internal Revenue.

□ 1210

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. MICHEL. Mr. Speaker, I yield myself 5 additional minutes.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, the point I would like to make, and I appreciate the gentleman's sentiment and his efforts to improve this system over the years, and commend him for it; I think the cost-of-living-increase benefit that was put in, while a costly provision, was an equitable one, and I think he has been a leader on the other side of the aisle in terms of the issue on that basis.

I would like to point out that the minimum benefit has been with this system for as long as it has existed. It started out at \$10 in the late 1930's. The fact of the matter is that if we look at the benefits, whether they are earned or not earned, I submit to the gentleman that many aspects of the social security program are engaged in so far as like an insurance benefit. I think that is the context in which we ought to look at the minimum.

I think the gentleman is fully aware that there is a freeze starting in 1979 on that minimum in which to calculate benefits. That was a responsible thing that we had.

I appreciate the gentleman yielding and appreciate his comments on that subject.

Mr. MICHEL. Let me just go on to say on that point that many beneficiaries, if we do not change the rules, will be eligible for benefits in 1982 at age 65 who paid in less than \$68 in lifetime social security taxes, an amount that they can recoup, mind you, in only 12 days. I have found, in talking to workers in my district—and I have a highly unionized constituency in Peoria—that they are rather incensed over the fact that those people

who contributed into the trust fund over a long period of years and actually earned that income, are being somewhat jeopardized by those who contributed so little; as a matter of fact, practically nothing.

So, this is the kind of thing I would like to change and adjust, and do it in a manner, hopefully, in which we will not do violence to anyone who actually has no other place to turn for some minimum benefit.

I would like to say too that on the average a husband and wife getting an initial minimum benefit in 1982 would be paid more than \$100,000 during their retirement thereafter, taking the actuarial figures into account from the social security trust funds, which is about 300 times what they paid in. Obviously, that kind of benefit would not have been earned.

Incidentally, did you know that 35,000 social security minimum beneficiaries live outside the United States?

And finally, there are 200,000 others who are adult students or the minor children of those receiving Federal pensions, whose need for the minimum benefit has to come under question.

These people account for 2.7 million of the 3 million.

Now if my arithmetic is still good, that leaves 300,000 recipients with a real problem.

It is in this category where the question of need may be most legitimate. It is at this juncture where we must decide whether it is prudent to restore the entire minimum benefit provisions or find some other means of meeting the needs of those in this category.

We are talking about people who may not qualify for supplemental security income benefits because they have cash or liquid resources in excess of \$1,500 or \$2,250 for a couple.

It could be argued that even though these individuals may have assets of this size, and do not qualify for SSI, that they still have legitimate need for Federal assistance. I would not argue that point.

I am inclined to think that the means test for SSI eligibility is too stringent. After all, it was established back in 1972. The economy has changed since then.

Congress has done nothing to upgrade the means test, despite massive increases in the cost of living. Adjusting the cash assets level would be one way of making sure minimum benefit recipients do not slip through the cracks.

It would be far wiser and far more prudent to provide an additional \$100 million or so in this regard than it would to dump \$7 billion back into the minimum benefit provisions of the Social Security Act.

It should be noted here that the value of one's house does not count in

determining SSI eligibility. A person could own a \$200,000 house fully paid for, and still be eligible for SSI. So let nobody claim that the elderly will be forced to sell their homes.

A person can own an automobile valued up to \$4,500, and household furnishing worth up to \$2,000, and still be eligible for SSI.

I should also point out that the reconciliation conference report contains special language making minimum benefit recipients between ages 60 and 64 eligible for SSI. Under current law, you have to be age 65 before being eligible. This will help to prevent people in this age group from falling through the cracks.

Mr. PASHAYAN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from California.

Mr. PASHAYAN. Mr. Speaker, I applaud the gentleman, who for so many years has shown leadership in this difficult area, and of course I stand with him on his position.

I think, if I understand what the gentleman is saying, to tie it with the words coming from the gentleman who is the chairman of the Rules Committee, the unearned benefit is repugnant to the idea of an insurance fund, and you cannot have an insurance fund that benefits in the same manner and same amount people who do not pay in proportion. That is not consistent with the idea of an insurance fund, and it seems consistent with the idea of an insurance fund the efforts of the gentleman in the well, in fact, to remove the minimum payments from those people who in fact do not contribute in terms of premiums to the insurance fund. So, I think what the gentleman in the well is saying is perfectly consistent with the chairman of the Rules Committee's notion of an insurance fund.

Mr. MICHEL. I appreciate the gentleman's contribution.

Ms. OAKAR. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Ohio.

Ms. OAKAR. Mr. Speaker, if the gentleman uses that philosophy of earned right, does he realize that he is going to cut out many, many women who are eligible for social security because of the dependent spouse benefit, because they felt that having an option, as we want all women to have, to be a homemaker, raise children, going in and out of the labor force to raise children and so forth, that their economic contribution to a marriage was to be a good mother, if the gentleman uses that philosophy, then I want to tell him as of now that he is cutting out about 30 percent of the future and current recipients.

I really think that is very, very serious, and I think women ought to be very concerned. Some of us want to

correct the inequities that occurred for married women who do work, who paid into the system, and indeed are entitled to a better benefit. That is another issue, but is not marriage an economic partnership also? Is the gentleman really saying—and I hope he is not—that he feels that anyone who has not contributed, even if the spouse contributed, that they should not get social security benefits?

The SPEAKER pro tempore. The time of the gentleman from Illinois has again expired.

Mr. MICHEL. Mr. Speaker, I yield myself 2 additional minutes.

I have noted the gentlewoman's remarks from time to time, and I am not sure it is only confined to women, but I think we are in an area now where we are recognizing even in the Social Security Act and beyond, the equality of women.

Ms. OAKAR. I am not speaking of the equality of women.

Mr. MICHEL. I want to say that again we have an option to deal with this issue prospectively. We could, for example, grandfather in those that are currently in, and talk about the future, but not lock ourselves in so solidly today that we have got no place to turn. My feeling is that those members who serve on the Subcommittee on Social Security Revision, whether they are on the gentleman's side or on our side, ought not to be deprived of the leeway necessary to put together a good package. Chances are, when that package comes forward this gentleman is going to be supporting it, but I do not want to see those efforts really inhibited by some precipitous action today simply because we are piqued that we did not get our way one way or another in this overall omnibus reconciliation package.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. Mr. Speaker, Members of the House, I think we will all agree that perhaps the cruelest thing that an adult can do is to deceive a child, to make him a promise you do not intend to keep; shaking the confidence that he reposes in his elders.

I would say it is comparable and wrong to make a promise we do not expect to be kept to the elderly of this country who are involved in this matter we discuss today, over two-thirds of whom are above 70 years of age, over half a million of whom are above 80 years of age, many of whom are above 90 years of age, and some above 100 years of age.

They want to know, as they are sitting, many of them, in their loneliness and listening to the telecast of what we say or reading the press tomorrow reporting on what we have done, what did we mean by what we did? Are we in good faith today in voting a resolution, not expressing the sentiment of

the Congress, but legislating as a part of the constitutional legislative process of America, repudiating a part of the reconciliation resolution which will soon be adopted, denying to 3,100,000 elderly Americans the minimum social security benefit they now receive?

There were many of us who were very much indisposed to follow the leadership of the distinguished chairman of the Rules Committee because we knew that he too had to move against his conscience to do what he thought was the honorable thing for us to observe, an agreement made in respect to this reconciliation resolution by the leadership of both of our parties.

□ 1220

We agreed in the Rules Committee yesterday that we would support that leadership and would not attempt to bring out a rule that would allow the amendment of the reconciliation resolution to strike out the prohibition against the receipt of these minimum social security benefits by the elderly of America. But we chose to follow the alternative route that was so ably presented here by our distinguished chairman of the Rules Committee to have a separate resolution of legislative meaning and purport, casting the vote of this House, the people's House, that we were adamantly opposed—and, I believe, by a big majority vote—to the inclusion in the law of the feature of the reconciliation resolution that would otherwise make a prohibition against these people receiving this minimum benefit after March 1 of next year.

Now, the question is what is going to happen in the other body. Are we really meaning that we are expecting the other body to concur with us in this important matter, or is this a ploy?

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. Is this a ploy to deceive the elderly of America, that the House of Representatives is going to pass it but with the understanding that the Senate will put it by and, as one Member said, let it pend and pend and pend?

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. So, I ask the distinguished minority leader, will the faith of his President and the faith of his party, if this House today adopts this resolution today, be behind the affirmative action of the Senate on this resolution. Are they in concurrence with what we do?

Mr. MICHEL. Mr. Speaker, if the gentleman will yield, of course, the gentleman, who once served over in the other body with such distinction, knows that there are Members over



there, I am sure, who are just as sensitive as he is about this particular issue, and I would suspect, while they may not be in a position, because of the urgency of the time today and the weekend, to resolve the issue, they know that this is a vehicle for what I expect to be some significant change or adjustment in social security programs, whether it is short range or long range or in one part or another.

I am confident that the bill simply is not going to be languishing over there with no action whatsoever, because there will be the same pressure over there to which the gentleman is referring.

Mr. PEPPER. Mr. Speaker, the Aging Committee this morning, on the motion of the ranking minority member, Mr. RINALDO, unanimously got adopted a resolution that the whole Aging Committee of both parties supported this resolution and called upon the President and the leadership of the Senate to support the pending resolution. I would hope that the minority leadership in this House would do the same thing. Let us support this meaningful resolution pending and call upon our colleagues in the other body to concur with us and the overwhelming sentiment of the people of the country.

The SPEAKER pro tempore. The time of the gentleman from Florida (Mr. PEPPER) has expired.

Mr. PEPPER. Mr. Speaker, may I ask the gentleman from Missouri (Mr. BOLLING) if he will yield me 1 more minute?

Mr. BOLLING. Mr. Speaker, I regret to say to my friend, the gentleman from Florida (Mr. PEPPER), that I have no more time to yield.

Mr. MICHEL. Mr. Speaker, I yield 4 minutes to the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Speaker, I have the privilege of representing a county in Florida that has 250,000 people who get social security checks every month. I have to say in their behalf that we appreciate the fact that Congress and the administration are taking a very close look at the problems of the system. It is essential that we discuss the problems of the system and what we are going to do, not only to protect those who are presently receiving social security but also to protect those who are going to receive social security in the future.

We appreciate the fact that the President of the United States has called attention to the problems in the system because they are many. As we listen to the debate of our leader, the gentleman from Illinois (Mr. MICHEL), we know the information he presents is accurate. Of course we also know that there are a lot of arguments in this matter which need airing. There are obviously people in the system who have not earned their benefits.

We know that. There are others who actually have no real need for their social security checks. But Mr. Speaker, let me speak to say for the millions of Americans who need their social security and who have earned them.

I want to focus my comments today on the thought presented by the gentleman from Missouri (Mr. BOLLING) when he talked about the need to approach social security in a sound, businesslike fashion, not haphazardly, not as part of some reconciliation bill, not as an amendment to some other bill, but to approach the entire problem, on its own, in a very realistic way. I can say this to all of my colleagues on both sides of the aisle, that if we do not do that, if we choose to do a little today and a little tomorrow and we drop a few hints here and there, or there is a little speculation, we frighten people.

Some of those 250,000 in my area who receive social security checks came to my area from your areas. They are your constituents as well as mine, and I think we have an obligation to them.

We have an obligation to the 90-year-old lady I talked to last week who is not going to lose anything under any of the plans we talk about today, but she fears that she is. She does not understand the things we are talking about. She thinks that many of these cuts have already taken place, although they have not.

The point is that if we do not do this right, if we do not do it as spelled out by the chairman of the Rules Committee in a realistic fashion, we are going to scare people to death, and they deserve better than that.

Now, consider this 90-year-old lady who came to my district from one of your districts and who has no family; she is by herself. She fears for her life. And because of the way the social security has been handled, she is not sure whether she is going to get that social security check at the end of the month or not. We cannot do that to her; she deserves better than that. She is representative of many people who live today and survive today only because of their social security checks.

So I say to the gentleman from Missouri (Mr. BOLLING), let us do what he said. Let us approach this problem of social security in a realistic way. Let us not frighten the people with a lot of speculation and a lot of possibilities. Let us get down to business and solve the problems, not in a haphazard fashion, and not as a rider or amendment buried in some other legislative vehicle that might be working its way through Congress.

Mr. Speaker, this is a serious matter. Those who do not work on a day-to-day basis with these older Americans who in fact are surviving because they have a social security income, cannot realize the panic that goes through

some of their minds when they read a headline story that says social security is going bankrupt or that social security programs are going to be cut and they might not get their checks.

That is just not going to happen. I know that Congress is not going to let it happen, and so do you. I know the President is not going to let that happen, and so do you.

So, Mr. Speaker, I say to the Members, let us approach this issue in a responsible way and quit scaring the older people of America.

Now, Mr. Speaker, let me comment on the bill before us, a bill presented here to undo the piecemeal tampering with social security which occurs in the reconciliation bill.

Mr. Speaker, the action we are about to take will not only maintain the minimum social security benefits for 3 million Americans, more importantly, it will allow a great many senior citizens to maintain a sense of pride and dignity.

As the representative of more than 250,000 social security recipients, I know how proud these men and women who built our Nation through their hard work are to now be able to retire and receive a monthly return on the money they contributed to social security throughout their long years of work. It has been said many times in the past few weeks that the recipients of the minimum social security benefit are receiving unearned benefits, because for some reason they were not able to work enough years to collect a full share.

It has also been said that these men and women who will lose their minimum benefit will be able to make up the loss through supplemental security income, a Federal welfare program for the needy. However, Mr. Speaker, although financially these people will be receiving the same amount of money, there is a very great difference in the actual checks they will receive.

The green social security checks are a symbol of income retired workers earned through years of labor, while the gold-colored welfare checks are a symbol of an unearned Government handout.

Mr. Speaker, the social security recipients of our Nation each month proudly take to the bank their green checks—the symbol of hard work. It would be a serious blow to the dignity of those recipients who would be forced to go on the rolls of welfare to receive the same monetary benefits.

Statistics I have obtained from the Social Security Subcommittee show just how proud these older Americans are. More than 500,000 recipients of the minimum benefit are now eligible for supplemental security income because the benefits they receive are still too low to make ends meet. However, Mr. Speaker, they have been too

proud to apply for supplemental security income because they do not want to spend the remaining years of their lives on welfare.

It would be unfair for us to eliminate the minimum benefit and force these 500,000 people, many in their seventies, eighties, and nineties to swallow their pride and spend the remaining years of their lives on the welfare rolls.

The action we take today, Mr. Speaker, will allow a great many older Americans to live out their final years with dignity and there is no dollar figure we can ever put on that.

And again, Mr. Speaker, to everyone involved in the great debate on social security, let us be responsible in how we approach the issue, let us not create fear and panic in the hearts of many Americans, let us not approach this great issue in a haphazard fashion as an afterthought to some other bill. Let us resolve this matter in a responsible way that will bring credit to this Congress and a feeling of security for our older friends and neighbors.

Mr. NELSON. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Florida.

Mr. NELSON. Mr. Speaker, I want to thank the gentleman from Florida (Mr. YOUNG) for his comments. I concur with the gentleman and associate myself with his comments. Mr. Speaker, I rise in support of the bill.

I support the bill to preserve the \$122 minimum monthly social security benefit. This proposal is a vehicle to express the overwhelming support in the House to the Senate. The Senate should listen to this mandate and act accordingly.

This bill is made necessary because the budget reconciliation bill backed by President Reagan, included the President's request for elimination of this minimum monthly benefit. At the time of consideration of the budget, the gentleman from Oklahoma (Mr. JONES), the chairman of the Budget Committee, had requested the opportunity to offer an amendment that would have restored the \$122 minimum monthly benefit. I supported Mr. JONES' request, but it failed by a razor-thin margin of 212 to 215.

The overall budget reconciliation bill which cut \$44 billion of Federal spending and which I supported, contained some spending cuts with which I did not agree—the \$122 minimum monthly benefit being one of the items. Therefore, I am grateful to the gentleman from Missouri (Mr. BOLLING) for offering this bill in order to let the House express again its opposition to this social security cut.

This cut recommended by the administration would affect 3 million elderly Americans—1.8 million who are poor senior citizens, and rely on this monthly \$122 check for bare subsist-

ence. It is unfair to cut those less fortunate in our society.

I strongly urge adoption of this legislation.

Mr. BOLLING. Mr. Speaker, I yield myself 1 minute.

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Speaker, I rise to lend my support of the pending bill which as I understand would restore the minimum benefit payment under social security for an estimated 3.1 million elderly for whom it will expire on February 28, 1982.

I not only urge my colleagues here to pass this bill today but more importantly, I consider it incumbent on the Senate of the United States to also move expeditiously on final passage. Indications are that the Senate may be inclined to have the legislation languish in the Finance Committee. I contend that an indication of support from the President would motivate the Senate to act with equal dispatch on this proposal.

What is at stake here—is the economic security of over 3 million elderly Americans. If we fail to act expeditiously and approve this bill, we will have the unfortunate place in history of being the first session of Congress to ever have approved a reduction in social security benefits for existing recipients.

I contend that the suffering, in human terms, will far outweigh any cost savings which might be achieved in eliminating the minimum social security benefit. The administration, in proposing this elimination on top of massive budget cuts in this and other programs of direct help to the poor elderly, has shown that its economic policies are clearly more callous than compassionate.

It is outrageous that approval of elimination of the minimum benefit was done without regard for the impact of this elimination upon those individuals who depend on this as their sole or primary source of income. I did not support this elimination and opposed it every step of the way, including my opposition to the so-called Gramm-Latta I and Gramm-Latta II budget proposals authored by the administration.

What will happen to these people after February 28 if this minimum benefit is eliminated? Certainly a fair number of beneficiaries can be transferred to SSI, but clearly not all of them can. A U.S. General Accounting Office survey of minimum benefit recipients could not account for other sources of 26 percent of beneficiaries. This means that as many as 750,000 poor, older Americans could lose their minimum benefit on February 28 with no alternative source of income.

As one who voted consistently against the Reagan budget proposals, including the reconciliation bill which contains the elimination of the minimum benefit, I fervently hope that Congress will see the error of its way and restore these vital benefits. To do anything less will make us accomplices to one of the most grievous injustices ever perpetrated against the elderly of this Nation.

I urge my colleagues to join with me in support of this legislation before us and provide 3 million Americans who rely upon this minimum benefit the guarantee that they deserve—that we will not take away from them that which they worked so hard, so long to earn.

Mr. CORRADA. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Puerto Rico.

Mr. CORRADA. Mr. Speaker, I rise in support of H.R. 4331, a bill introduced by Mr. BOLLING to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

If passed, this bill will repeal section 2201 of the Budget Reconciliation Act of 1981 which repeals the minimum benefit provisions of the Social Security Act, thus restoring those provisions to the law.

Mr. Speaker, this bill will correct a great injustice that would otherwise be perpetrated against more than 2 million of our elderly, disabled, blind, widows, and other social security beneficiaries who are now receiving the minimum benefit payments of \$122 per month.

In Puerto Rico there are more than 100,000 social security pensioners who receive the minimum benefit payments whose pensions would be severely and drastically reduced if this bill is not enacted. In the case of Puerto Rico, the elimination of the monthly minimum payments of the social security programs would be even more severe than in the 50 States simply because these pensioners in Puerto Rico will not be able to avail themselves of benefits under the supplemental security income program (SSI) because the SSI benefits have not been extended to the residents of Puerto Rico.

Puerto Rico is subject to the payment of social security taxes and our employers and employees contribute to the social security fund with their payroll deductions and the payments of these taxes since the year 1951.

Many of our pensioners, because we did not come within this program until 1951 have made contributions that only allow them to receive the minimum benefits, and others have made contributions that allow them to be eligible only for the minimum benefits because their wages and salaries were



below Federal minimum wages for many years. Consequently, I fully support H.R. 4331 so that we can restore the minimum benefit payments under the Social Security Act to more than 2 million Americans in the United States mainland and more than 100,000 Puerto Ricans, who as American citizens, should be entitled to these benefits. I urge my colleagues to pass this bill today.

Mr. MICHEL. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. GRAMM).

Mr. GRAMM. Mr. Speaker, I thank the gentleman for yielding me this time.

I would like today to talk about minimum benefits and about what we did in reconciliation and why it is important. I am not trying to change anybody's mind. I know that virtually everybody is going to vote for this legislation. I am going to vote against it. But what I am trying to do here today is clarify the issue.

I think it is important to note what the minimum benefit is, where it came from, and what it represents. In 1939 we established the minimum benefit at \$10 a month. The idea was that a lot of people had a long work history before we ever set up social security, and that we would pay them a minimum benefit if they paid anything into social security.

In 1974 we set up SSI, and SSI was aimed at providing supplemental income to people who were needy. At that point the logic of the minimum benefit was really eliminated for two reasons. No. 1, there were very few people working who had significant participation in the labor market prior to 1939; and, second, anybody who met a needs test and an assets test, which excluded things like the value of one's house, the value of one's car, and a reasonable amount of savings and insurance, could qualify for SSI. Today anybody meeting the criteria of SSI receives almost three times as much as they do from minimum benefits.

We hear a lot of people talk about the poor widow who is going to lose minimum benefits as a result of the action taken by the committee. We hear talk about 3 million needy people being terminated. I do not believe I am going to change anybody's mind, but I would like to have as part of the record what the facts are, and here, to the best of my ability to determine the facts, is what we are talking about.

□ 1230

According to the General Accounting Office there are 3 million people who are drawing minimum benefits, part of it earned, part of it unearned. The average minimum beneficiary is due \$62 a month from what they paid into social security, \$60 less per month than the \$122 minimum benefit.

Four hundred and fifty thousand people drawing the minimum benefit have an average Federal retirement pension which exceeds \$16,000 a year. These are people that worked a few quarters under social security and are now drawing a minimum benefit in addition to their Federal retirement program.

The budget reconciliation would not deny them a dime that they have earned, but it would deny them a supplemental payment which they are not entitled to, which they did not earn, and which by any needs test they do not need.

Another 50,000 people on the social security minimum benefit have retired spouses that draw pensions exceeding an average of \$18,500 a year. They will continue to draw the benefits that they are due based on the amount they paid in.

Three hundred thousand people drawing the minimum benefit today have spouses that have an average annual income which exceeds \$21,100 a year. The reconciliation bill would not deny them a dime they are due from social security, but it will eliminate an unearned supplemental payment.

In total, we are talking about 800,000 people whose unearned supplements in the form of minimum benefits will be terminated under this amendment. An additional 1 million people will be unaffected who now draw the minimum benefits, because under the spouse rule they get the minimum benefit, plus a supplemental social security benefit, bringing them to half their spouses' earnings. The supplement will go up as the minimum goes down, and they will be unaffected.

What frightens me here today, Mr. Speaker, is not that we are talking about cutting benefits to needy people. We have clearly targeted a reduction in unearned benefits to people who do not meet the needs test of the SSI and who have not earned the benefits they are paid. The President has committed to set up a special procedure to be sure nobody falls through the cracks, to be sure that we can monitor the transition for the people who will qualify for SSI. What frightens me here is that we cannot deal rationally with this issue—one that affects the financial viability of the social security system—because it is so emotional. That, I think, is a real indictment of the democratic process and of this body.

I thank the gentleman for yielding.

Mr. BOLLING. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, if the debate we are having today, which is emotional, somewhat factual, and considerably political, is any portent of the difficulties we will have in trying to forge a social security reform bill

best for the American people, then I say it is a cause for melancholy, particularly for those on the subcommittee which must produce some kind of a bill that will be fair.

The bill before us now does not address what should happen regarding those coming on the minimum benefit roll in the future—as my subcommittee has done previously and done unanimously.

Yesterday I introduced legislation to restore the original subcommittee position on the minimum benefit. I will continue to urge that position. I seek the cooperation of the Members of this House and ask them to cosponsor it with me.

The basic problem here is that the committee process has been abrogated. It was abrogated in the passage of Gramm-Latta II, and it is further circumvented here today. It is untimely procedure and in many ways, Mr. Chairman, this is a House out of order.

Yet I recognize that this action today is an expected way for Members to protest again the minimum benefit cut. In all likelihood, the fact is that when all of this is over it will still be up to the committee to follow through and settle the issue, both for the past and for the future.

The retrospective elimination of the minimum benefit is an abomination. It was a grievous error and it ought to be corrected. But more than repeated votes, accompanied by much noise and clamor, the elderly of this land need calm and steady hands tending to the overall problem of the social security system.

In social security it is so important that we do the right thing, not just what makes us feel righteous.

I know in the view of the political pundits social security may be the main thing going for Members of Congress, but social security is the main thing some of our elderly people have going for them as well, and that is far more important.

I implore the Members to keep this in mind as we address this and other social security issues in the weeks ahead. It is important to try to think of what is best for our elderly citizens and not what we want with respect to any particular amendment.

Mr. BAILEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Pennsylvania.

Mr. BAILEY of Pennsylvania. I thank the gentleman for yielding.

There are two points I think important to correct in this debate. There may be some misimpressions.

One is SSI is clearly a welfare benefit. Second, there is a mistaken impression that people receiving, current recipients of the minimum benefit somehow receive in terms of a relationship

between pay-in and pay-out more compared to those people who are not minimum benefit recipients, who also during the life of the system, in fact practically everyone on the system received more in benefits than they paid in, in taxes, over the life of their receiving benefits.

I would like to read just one thing briefly from the social security bulletin:

The dreaded stigma associated with dependence on welfare does not seem to have been eliminated by the switch from State-administered programs to SSI. Nonparticipants were more consistently likely to report that they will never accept welfare.

There will not be a proper replacement for those people currently on minimum benefits that need that to live, and that is an important point.

Mr. PICKLE. The gentleman is correct. There are over 500,000 or 600,000 people that we know will not apply for SSI, and we know it, and it would be cruel to assume they will.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. I agree with much the gentleman in the well said. It is important that we preserve the role of the House in needed reforms for social security. Nobody is more convinced of the need for reform, I know, than the gentleman in the well.

It is ironic, then, that passage of trio retreat on the speedier phase-down of the social security minimum will give the Senate a vehicle to which major reform of the system can be attached, with the result that once again the people's branch may lose an initiative on which the people depend for the short and long term solving of the system. I pledge my best efforts for real reform of social seeming. This separate vote on the minimum works against such reform, substantively, procedurally and politically.

Mr. BOLLING. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. WEISS).

Mr. WEISS. I thank my distinguished colleague for yielding.

I wholeheartedly support this effort to restore the social security minimum benefits.

I want to commend and compliment the distinguished chairman of the Rules Committee for the statement that he made at the opening of this debate. I hope that in the future he will follow the same line of thinking and the same course of action when it comes not just to social security but to all other legislation such as those hundreds of measures which have been rolled into one bill in the course of this reconciliation process.

The basic mistake was made at the beginning in the consideration of Gramm-Latta. We allowed the basic processes of this House to be turned

into a travesty. Those entrusted with safeguarding of this institution, through a misguided sense of accommodation unwittingly rolled over and played dead for Ronald Reagan. By doing so an injustice was done not just to the membership of this House but to the entire American people.

□ 1240

We have legislation packed into a book of over 600 pages that nobody has read in its entirety. We are going to be asked to vote on that today. I hope that we are never put in that position again. I hope the gentleman will be given the support in his committee to make sure that we do not in the future exceed the bounds of the Budget Act.

Mr. BOLLING. Mr. Speaker, I yield 2 minutes to the distinguished majority leader (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I hope we will pass this bill by an overwhelming vote. By doing that we will send a message to the Senate that we expect them to act expeditiously.

Most of the 3 million people who receive this minimum benefit are old and most of them are poor. Many of them have been domestic workers who, for many years, were not covered by social security. That is the reason some qualify for the minimum benefit, because the number of quarters under which they were covered was limited. Others were homemakers and mothers. Some were religious workers. Few indeed are affluent.

I could scarcely believe my ears when one of those speaking against this bill suggested that most of these people, or a great many of them, had no moral entitlement from the Government to more than \$62 a month. I cannot really believe that any of us in a humane sense of fairness would reach that conclusion with today's prices.

I could hardly believe that any of us would ask them to abandon their rightful entitlement, swallow their dignity, and go with tin cups in hand to subject themselves to a needs test which would cut off at \$284 a month or at \$1,500 of assets.

I think we need to preserve for our elderly the dignity that we promised them when we created the social security program. That is little enough. This program can be maintained in an actuarially sound way. This Congress will maintain its actuarial integrity, and that can be done without reneging on our pledge, on our clear promise to these millions of Americans who now cannot be given back those years of their lives. The only way we can keep our commitment is to maintain good faith in what they have been led to expect they will receive.

So I hope we will pass this bill by an overwhelming vote and reestablish in no uncertain terms the good faith that

this Government owes to America's elderly.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, these last several weeks of dealing with budget and tax matters have been most trying on all of us. The Congress has worked its will on a host of measures we hope will revitalize our economy and strengthen our productive sector.

During consideration of the first concurrent budget resolution and the omnibus reconciliation bill, we gave the new President much of what he wants. However, in the omnibus reconciliation bill, both the House and Senate inserted provisions which would eliminate social security minimum benefits; in retrospect, that move was, I think, a little shortsighted. The conference locked in this provision which will now become effective in February of next year, with the March 1982 social security checks reflecting the elimination of the benefits.

On July 21, by a vote of 405-13, we passed House Resolution 181 in an attempt to effect the removal of the minimum benefit elimination provision. That effort was unsuccessful though because of the Senate's refusal to do the same.

Today we have an opportunity, a second chance if you will, to repeal the minimum benefit provision before it takes effect, and perhaps insure that those 1 million or so retirees between the ages of 70 and 90 who cannot qualify for supplemental security income will continue to receive the small \$122 per month sum for their remaining years.

I, like most of the Members of this body, received a large volume of mail from elderly constituents asking that their minimum benefits not be eliminated. These are not people who have nice pensions and substantial investments to see them through their remaining years. They are, in most cases, people who live from month to month in an economy where it is difficult at best to make ends meet for most Americans, let alone those on fixed incomes.

I am in agreement with the President on the need to get the Federal budget under control, and I commend him for his efforts to take certain steps toward this end which should have been taken long ago. But in my second thoughts on the provisions of the reconciliation bill, I think we can look to other areas of spending to achieve the President's goal.

In the meantime, let us leave the minimum benefit intact and show a little compassion for those on minimum fixed incomes by repealing the elimination provision. This is what our elderly constituents asked us to do,



and by a 405-13 vote on July 21, we agreed that their requests were not too much to ask for. Let us give this matter a second chance and vote for the bill put forth by the gentleman from Missouri (Mr. BOLLING).

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I rise in support of H.R. 4331, to restore social security minimum benefits by repealing the section of the Reconciliation Act that seeks to eliminate these benefits.

Earlier today, we lost an opportunity to restore these benefits—the social security minimum benefits—through a procedural move. Now we have one more chance to restore these benefits for the 2 million elderly Americans who depend on these small checks to meet their most basic needs.

Let us take advantage of this opportunity to reaffirm our commitment to maintaining the security of our Nation's older Americans. I strongly urge my colleagues to cast their votes today in favor of the minimum social security benefits in order to assist our senior citizens.

I am hopeful that our adoption of this bill will be followed quickly by like action in the Senate. In addition, I urge that we move quickly toward a full airing of the complex issues surrounding the entire social security program's long-term financial stability. This is a matter of utmost importance to all Americans and it should be addressed by the proper authorizing committees in a rational, deliberate, and considered manner. We must bring the most appropriate measures to bear in maintaining the program's solvency and assuring all Americans that the social security benefits they have earned and that they depend on will continue to be paid to them without any fear of loss or reduction in benefits.

However, in the interim, I urge my colleagues to support H.R. 4331, to assure our minimum beneficiaries that they will not be singled out to bear the brunt of an arbitrary and unfeeling budgetary reduction.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. PURSELL).

Mr. PURSELL. Mr. Speaker, I appreciate the leadership giving us an opportunity to act on this matter today.

Mr. Speaker, I rise in support of the legislation before us to maintain the minimum benefit under the old age, survivors, and disability insurance program.

During the year ahead, Congress must take effective action to insure the integrity of the social security retirement trust fund. Meanwhile, it is

imperative that a loud signal be sent throughout the Nation that nothing will be done to endanger the benefits of those currently on social security. Enactment of this legislation would send such a signal.

Most beneficiaries of the minimum payment are women and retired workers over the age of 65. Among retired workers alone, there are about 1.5 million individuals 70 years or older, approximately 532,000 people 80 or older, and about 80,000 beneficiaries 90 or older.

Mr. MICHEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Speaker, I rise in support of this motion to remove the minimum social security benefit from the reconciliation bill.

Mr. Speaker, I am supporting the repeal of the elimination of the social security minimum benefit for one reason. Despite the allegations on both sides of the aisle and despite the eloquence with which the program has been both revered and maligned, at no time has anyone suggested that the program is all bad or all good.

There has hardly been sufficient evidence in hearings to justify the complete elimination of this program. However—and I want to be quite clear on this point—neither has there been justification for the complete retention of this program. Both sides agree that there are hundreds of thousands of beneficiaries who will either qualify for other assistance or do not need the benefit.

I believe that there are those segments of our society who desperately need this benefit—for example, women who spent too many years as homemakers and too few in the so-called work force to qualify for more than the minimum benefit. And I also believe that there are segments of our society who have taken advantage of the system to augment their pensions with the social security minimum benefit by working just long enough under social security to qualify.

But we cannot tinker with the system by chopping this or that benefit. The minimum benefit must be considered with great care as part of the overall social security reforms. The Congress must consider this benefit based upon who receives it now—and who expects to receive it in the future. It must determine who has no other benefit and who will be covered by other income maintenance programs.

The Ways and Means Subcommittee on Social Security currently has in markup a comprehensive program to revise and reform the social security system and to insure continued benefits to present and future recipients.

In repealing the elimination of the minimum benefit, we shall clear the way for a rational decision—a decision

that is based upon intelligence and compassion.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. NELLIGAN).

Mr. NELLIGAN. Mr. Speaker, I fully support this measure.

Mr. Speaker, the vote to reinstate the minimum benefit is an important one. It shows the commitment of this House not to cut off benefits to the truly needy.

The elimination of the minimum benefit would adversely affect a great number of very old people: 1.5 million over 70 years old, 532,000 over 80 years old, and 80,000, 90 years of age or older. While some would have their income made up elsewhere, others would not.

About 1,500,000 of the elderly recipients could turn to supplemental security income. However, I fear that many of these people would refuse what they consider to be welfare or find enrollment in another program difficult if they even know about it. I think it wiser to allow these people to continue to receive the minimum benefit rather than forcing them into the inconvenience of filing for new or increased benefits under another program.

A positive side effect would be that the Social Security Administration would not be forced to go through the paperwork required to reenroll these individuals in SSI.

Even with many present minimum benefit beneficiaries having the freedom to collect SSI, at least 800,000 recipients would not have their benefits replaced. I do not think it is fair to ask these thousands of elderly to give up their minimum benefits.

Among these 800,000 recipients would be two groups of individuals who do not deserve to have their benefits reduced. The first group are the homemakers. They have made their contribution to their country by raising children and making a good home while their husbands have held jobs and paid into the social security trust fund. Their contribution is terribly important. Simply because they have not held paying jobs, they should not be penalized by loss of benefits.

The second group includes vow-of-poverty members of religious orders. They were included under the Social Security Act in 1972 and have had to make tremendous sacrifices to be included under the system.

I am aware of one congregation that had to borrow over \$1 million to enroll in the social security system in 1978 with the expectation of a continued minimum benefit. It would be unfair to end it when long-term financial decisions have been based on its continuance. In addition, it is hard to justify forcing these religious to collect wel-

fare when they work hard as teachers and in playing other important roles. I believe, therefore, that these religious—who make many types of sacrifices in their vocations—do not deserve to have their benefits cut.

I think the vote to retain the minimum benefit is crucial. We must show that we have compassion for those who need assistance.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Speaker, I am pleased to rise in strong support of the restoration of the minimum social security benefit. As I have expressed on other occasions, I feel that the House acted precipitously and without adequate deliberation when it repealed this benefit in the omnibus reconciliation bill of 1981. I do not believe that the vote on this bill is a formality or a symbolic vote. I take the leadership of the Senate on its word: It will consider this legislation in September and will act upon it. Also, it is my hope and my belief that the Senate will pass this bill and that the Congress will undo the damage which it has done to the social security system.

I do not believe that the social security system is without the need for reform or improvement. However, I believe that any change in the system should be carefully considered and fully debated. I also believe that we should consider social security as part of a larger debate on the adequacy of our entire retirement security future and that we should include in our review private savings and pension reform and alternatives for older Americans to continue in the work force if they so desire.

A great deal of the minimum benefit debate has centered on assertions that this benefit is unearned and that it is unnecessary. If these are the real issues, then let us face them directly. If the benefit should not be paid out of the social security trust fund, then let the Congress consider how it should be paid. If the benefit is not needed in certain circumstances, then let us identify those circumstances and adjust the benefit for those who have abused the system. The meat-ax approach to totally eliminate the minimum benefit is not one that I find acceptable. For many Americans, the minimum benefit is an essential part of their monthly income and cannot be reduced without causing severe economic hardship. The Congress and the President must recognize this and must be sensitive to this.

Finally, on a week that the Congress has shown great generosity toward some of the richest interests in our Nation by giving the oil companies a \$16 billion tax break, I do not think that it is unreasonable for us to show a little compassion and provide the \$1

billion necessary to retain the minimum benefit next year. By acting to restore the minimum benefit, the House can take an important step forward in restoring the confidence of elderly Americans both in the social security system itself and in the ability of the Congress to deal with the problems of social security responsibly.

Mr. MICHEL. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Speaker, I thank the gentleman from Illinois (Mr. MICHEL) for yielding to me.

Earlier in the debate, the gentleman from Missouri (Mr. BOLLING) said there are two points of view that can be expressed about social security. I would agree with him. I think they were both expressed when this issue arose in the consideration of the budget bill. At that time we had the approach taken in Gramm-Latta which said we were going to cut the minimum benefits and that may have been handled in a somewhat clumsy fashion. Hopefully, what we will be doing on the bill today will help correct any problems that might have arisen as a result of the Gramm-Latta process. But the issue was clear. What we were trying to do was, we were trying to insure the integrity of the system for those who paid into that system and deserve full benefits under the system.

Yes, there was another point of view, too, on the floor that day. It was the Democratic leadership's bill. The Democratic leadership's bill, if the Members will remember, cut future benefits for all 36 million social security recipients, every one of them, across the board. It cut those benefits. That was the other point of view before us.

Was that subject to amendment on the floor that day? No. The members of the Committee on Rules were not going to permit us to touch that provision by amendment. What would have been the conferees' choice had we gone to the conference with that particular bill? We would have had a choice between what the Senate passed on minimum benefits or the choice of cutting future benefits for all 36 million social security recipients. I thought a cut for all recipients was wrong. I think it is wrong today. I think that even though we have continued to talk about minimum benefits, that we have not really addressed the other side of the argument which was the Democratic leadership effort to the preservation of welfare aspects of social security while taking benefits away from everyone.

Mr. YOUNG of Florida. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Speaker, I think the gentleman emphasizes

the point some of us are trying to make, that social security should not be considered in a haphazard fashion as part of some other bill. The problems surrounding the social security system should be addressed by this Congress as simply that the social security trust fund, the people who are living on it, and the people planning to live on it in the future.

Mr. WALKER. Mr. Speaker, I yield back the balance of my time.

Mr. BOLLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Connecticut (Mr. GEJDENSON).

Mr. GEJDENSON. Mr. Speaker, I rise in support of this issue.

Mr. Speaker, earlier this week the House passed the largest tax cut in history. As a legislator who feels that the time has come to provide tax relief to help our citizens get out from under the burden of inflation, I supported many of the bill's provisions. I could not endorse the overall tax cut package, however, because I consider its tilt toward major corporations and wealthy individuals, to be unacceptable. By creating unprecedented tax breaks for oil companies, multinational corporations, and large businesses, the bill will place the Federal budget over \$60 billion in deficit.

This massive giveaway program will have disastrous ramifications on other areas of the budget.

I rise in support of H.R. 4331, a bill to reinstate the social security minimum benefit which is scheduled to be terminated in March 1982. Efforts to delete this benefit show us the worst effects of irresponsible fiscal policy. It is appalling that some of my colleagues would deny senior citizens of \$122 in monthly payments in order to finance billions of dollars in lavish tax cuts for oil companies.

Most minimum benefit recipients are elderly women who did not have the opportunity to attain adequate social security coverage. Nearly two-thirds of the people who receive the benefit are over age 70, and one-half million recipients are over the age of 80. Many of these individuals depend primarily on these meager payments for retirement income.

Those who favor elimination of the minimum benefit argue that the truly needy will have their losses replaced with welfare payments. To qualify for supplemental security income, however, an elderly person can have no more than \$1,500 in savings. Many Americans struggle to put aside some savings to supplement their retirement incomes. If the minimum benefit is eliminated, these individuals—thrifty men and women who planned wisely for their senior years—will be rewarded for their diligence by having to choose between a reduction in



income or quick disposal of their hard-earned assets.

Additionally, the contributory nature of social security makes it a workers' insurance program not a general welfare program. Many of our proud senior citizens would rather starve than apply for welfare.

If we eliminate the social security minimum benefit, we will be shifting critically needed funds into a massive giveaway tax plan. I urge my colleague to join me in voting for the passage of H.R. 4331.

Mr. BOLLING. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. I thank the gentleman for yielding.

Mr. Speaker, I rise today in strong support of H.R. 4331 which would restore the minimum social security benefit.

The minimum social security benefit affects the lives of approximately 3 million Americans, approximately 2 million of whom truly need that money. This benefit, which could be phased out prospectively with far less cost in human suffering, is the difference between eating and not eating for many of our Nation's elderly, especially widows over the age of 80.

Many of my colleagues stood up in this Chamber and said that these elderly citizens could qualify for SSI and that would take care of the problem. If they were going to get their money anyway, just from another budget line, any reasonable person would have to ask how that shows up as a savings on the budget ledger. That is clearly robbing Peter to pay Paul, not saving money.

The explanation has become apparent over the last 2 months. Those who proposed this cut in benefits felt that many of the recipients of the minimum social security benefit would be too proud to accept welfare. They were probably right. The resulting suffering of the cut in benefits and of their pride is far too heartbreaking to contemplate. I hope that respect for our elderly citizens, rather than numbers on a ledger, will be more important today.

Understanding the necessity of maintaining the integrity of the social security system, I support the concept of paying the minimum benefit out of general revenues funds rather than the social security trust funds.

I believe that such a removal shows good sense as well as compassion and I am pleased to be part of this effort today.

Mr. BOLLING. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, let me first of all thank and commend the gentleman, Mr. BOLLING. I rise in support of this resolution.

I want to make it clear I thought that the rule should not have cleaved off the social security issue from reconciliation. I think it is rather contradictory to pass this one measure—the reconciliation measure—a provision to repeal the minimum benefit and then to pass in the first instance a bill to, in fact, repeal the repealer; sort of a double negative.

I know the intention of the chairman of the Rules Committee, who has championed this cause, and I appreciate his comments and his support for assuring this House of having votes on these provisions. Indeed, the proposals that generally come from the Ways and Means Committee have a very tightly structured rule which do prevent Members from working their will. I take it that the gentleman is commenting that there will be no insulation for those that choose to deal with these social security benefits, that the House in fact is going to deal with any change in social security on a forthright basis. I appreciate the comments of the gentleman from Pennsylvania in pointing out the reconciliation process has the effect of glossing over substantial law change as one of its obvious flaws.

Mr. Speaker, although the House has not agreed to address in reconciliation the retention of the minimum social security benefit, this issue is not dead.

The Vento resolution, cosponsored by over 160 Members, Democrats and Republicans, would have enforced the commitment of the House to eliminate one of the the grossest attempts to violate the people's trust by any Congress or administration. It addressed an egregious error in the reconciliation bill. This strong bipartisan support demonstrates the commitment of the House to this issue.

Reconciliation contains an error for which this Congress and President Reagan must be held accountable, it is one that quietly drains the lifeblood out of the most successful and well-accepted retirement insurance program in the world.

While today we slip the rug out from underneath 3 million social security beneficiaries who are at rock bottom in terms of the benefits they receive, we may also begin the fatal process by which public trust and confidence are drained from the system. And surely that trust and confidence is the lifeblood of this system.

The immediate targets of the move to eliminate minimum benefit payment, our 3 million intended victims, are not welfare cheats; they have not defrauded the system. Their only crime, if indeed it is one, is that they have been living on a benefit each month to which their Government has determined they are legally entitled. They have not misrepresented their incomes or their contributions. It is we

who have misrepresented the entire social security system if we say to them now, you are no longer entitled to that which was pledged to you.

In the long run, is not the administration and Congress also saying that to the other 32 million social security recipients? To the millions of American workers who are now paying 6.65 percent of their incomes into social security with the expectation they too will be able to draw its benefits? We have never, never in the history of the social security program cut monthly benefit checks for those already retired. At least until today.

Are our actions, our trail of broken promises, inspired by a mandate of the American people? No. Today's DSG analysis of a recent poll conducted for the Republican Congressional Campaign Committee reveals that two-thirds of the American people do not want social security benefits cut. The overwhelming support for social security is across-the-board, from those first entering the workplace to those already enjoying their social security rights. That is the mandate to which we must listen and act. But maybe that support for social security is the selfish interest we keep hearing about from the President.

This effort to reduce social security benefits for current recipients, to go back on our legal commitment, strikes a cruel blow at a most vulnerable segment of our society. Most of the victims of this unprecedented action do not have large financial reserves upon which to draw. At least half, more than 1.5 million of them are over 70 years old; jobs aren't the answer when they ask "How am I going to make up the difference?"

The victims of this scandal are overwhelmingly female—possibly as many as 85 to 90 percent of them are elderly women. These are wives and widows; they are working women who have labored at low-paying jobs, whose work histories have been short term or sporadic—perhaps as a result of years spent outside the work force at home or in other employment not covered by the system.

The statistics go on and on but they do not tell the full story. I would like to detail for my colleagues a few case histories. John B. is 79 years old. Throughout his life he has worked at several low-paying jobs and has lived on the small family farm. He is now almost totally dependent upon the minimum benefit. In March, he will lose his social security. To live he must receive SSI but the farm, though not productive, disqualifies him. So he will have to sell his home and spend the proceeds before he can get any assistance. Mary S. has recently gone through a traumatic divorce. The only thing that she has after many years of marriage is a car worth over \$4,500

and her minimum benefits. Before she can get any aid, her car must be sold. Carol U. lives with her children and collects a minimum benefit. Come March 1, Carol will have the choice of leaving her family or getting no financial assistance because this rent-free room is an in-kind income. The loss of a home and all personal possessions, the stripping away of all dignity and the break up of families are the true impacts of the reconciliation bill.

For what savings are we asking such great sacrifice? It is estimated it will take something in excess of 6,000 staff years on a one-time basis to identify and recompute the benefits of these 3 million individuals. The administrative cost of recomputing the benefits is estimated to be \$150 to \$250 million. I doubt if even the intended victims of this cut are fully aware that it is their benefit we are axing. Despite the fact that \$122 per month is the most frequently mentioned amount of the minimum benefit, this is not in fact the amount on the face of the monthly check these individuals receive. The so-called minimum is reduced even further if the worker retires before age 65. Dependents receive less, including children of retired or deceased workers and dependent spouses and widows, since they receive only a fraction of the worker's benefit.

This minimum benefit has come under attack under the pretense of ridding the social security system of welfare-type benefits, unearned benefits, windfalls, or benefits not originally a part of the social security system. The attack is unjust and unwarranted. The minimum benefit level has always been a part of the social security system, from its earliest inception in the 1930's, the minimum benefit was included as a basic, original feature. When we froze the minimum at \$122 for the workers who retire at age 65, an automatic phaseout was built into the system. As earnings rise in our economy and fewer and fewer people have such low earnings to qualify for only \$122 per month, the minimum will cease to exist. By forcing the elimination now, the administration is turning its back on small but desperately needy portion of America.

So how much do we actually save when we tally up the administrative costs of executing this proposal? When we deduct the increase in payments for supplemental security income? When we then compute the highest cost of all, the loss of public trust and confidence? When the Congress is willing to go on record that there is nothing sacred in the commitment social security represents, indeed that benefits are subject to the whims of budget balancers at the expense of retired workers there can be no trust.

I urge my colleagues to honor our commitment of 45 years and the promise of House Resolution 181 by sup-

porting continued efforts to reinstate the social security minimum benefit.

I further have reservations about what is going to happen with this particular measure, H.R. 203. I have no doubt that there is a dusty corner waiting in the Finance Committee for dealing with this.

I want to comment a little bit about some of the comments about social security today that have been made. I do not think the solution is to bleed the social security system to restore health to the patient. I want to say that the effort to repeal the minimum benefit proposal does start a process by Congress to take one group at a time off social security insurance benefits. One can phrase it in any terms that they want: earned, unearned. The best face one can put on this is that Congress is going to convert those eligible currently for social security and make welfare recipients out of those that are really the truly needy. Believe me, there are many people in my district and I think in all other districts that will not seek supplemental security income because it is characterized as public assistance, as welfare.

I want to point out that the reason I think we have a panic among the elderly in this country today is because of the irresponsible proposals that came from the administration; unwarranted, unnecessary proposals which take the least optimistic statistics and predictions.

I think it is just this simple. The commitment to social security and the health of the system is as good as the President and Congress want to make it. I think we ought to make a commitment worthy of the people we represent.

Mr. BOLLING. Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut (Mr. RATCHFORD).

□ 1250

Mr. RATCHFORD. Mr. Speaker, I rise as a former commissioner on aging in the State of Connecticut, a State in which there are about 600,000 people over the age of 60 and a State in which there are thousands and thousands of frail elderly people in this program.

Now, let me say again what we are talking about are the frailest of the frail and the neediest of the needy. And to talk about cutting these people from that thread of life, that \$122 a month, is unconscionable.

Now, let me remind the Members what we did in the tax bill this week. And if you want to talk about fairness, if you want to talk about equity, if you want to talk about justice, can we in conscience cut the frailest of the frail and in the same week give billions of dollars of tax breaks to the oil industry, give several billion dollars of breaks to the savings and loan industry, give a large break to the commod-

ities traders and, yes, to say in the wealthiest of estates, "You are going to get a break"? To give a break to oil, to banking, to commodities, and to large estates in the same week when we propose to cut 3 million of the frailest and the neediest of the elderly is not something I care to engage in. In the name of conscience, in the name of justice, in the name of equity, let us pass this bill and keep our commitment to the older Americans.

Mr. MICHEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from California (Ms. FIEDLER).

Ms. FIEDLER. Mr. Speaker, I rise in support of H.R. 4331, to restore minimum benefits under the Social Security Act.

There are 3 million senior citizens receiving minimum social security benefits. Two-thirds of those citizens are over age 70. Some 500,000 are over age 80. Most are elderly women who never had the opportunity to make a reasonable salary. All are now tenuously balancing the very high costs of health care, food, and housing on budgets that are dependent on the minimum benefit check each month.

The Federal Government long ago made a commitment to these senior citizens, who have worked all of their lives hoping for some retirement security. To suddenly break that commitment would be a cruel and unfair measure. Current recipients of the minimum benefit are very frightened by unknown hardships they will face if assistance is cut off. Many are not able, prepared, or willing to search out welfare benefits they will need to maintain adequate incomes. They are the individuals who are most vulnerable to difficult economic conditions and least able to adapt to them. As we pursue a needed program of economic recovery for this Nation, let us not forget the commitments we have made to senior citizens with the social security program.

Mr. MICHEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Maine (Mrs. SNOWE).

Mrs. SNOWE. Mr. Speaker, I rise in support of H.R. 4331, legislation to amend the Omnibus Reconciliation Act to restore the social security minimum benefit for current recipients. While we must consider the alternatives for social security refinancing, any reforms we pass should not hurt those who are already receiving the benefits for which they have planned.

Eliminating the minimum benefit for current recipients would result in an undue hardship for the majority of these older Americans. We must look closely at exactly who is receiving the minimum benefit. Most minimum beneficiaries have a history of low wages throughout their working years.



In my home State of Maine, many people spend their lives working hard in low-paying jobs with little potential for increased earnings. Maine has the lowest per capita income in the Nation, and my constituents could not afford even the smallest reduction in social security benefits.

Most minimum beneficiaries are women; 76 percent of the workers receiving this benefit are women who characteristically earn lower wages or who have taken time out of the work force to raise families. If we include dependents and survivors, we find that an estimated 85 to 90 percent of minimum beneficiaries are women.

Most minimum beneficiaries are retired workers, and approximately 78 percent of them are at least 65 years of age. Among workers alone, there are about 1.5 million who are over age 70, about 532,000 who are over age 80, and about 80,000 who are 90 or older.

A mere 12 percent of minimum beneficiaries have a public pension and are receiving this benefit because of short-term employment in a social security covered job.

These retirees planned on the minimum benefit as a source of income because Congress promised it to them. They have every reason to believe that they will continue to receive this benefit. Most are already living on a tight budget, and it is too late for them to plan on alternative sources of retirement income. The people of this Nation are rapidly losing faith in the social security system, and a cut in benefits to current recipients will only increase this lack of confidence.

I have heard the argument that if the minimum benefit is changed, needy recipients will be eligible for supplemental security income (SSI). While it is estimated that perhaps 80,000 would become eligible if the minimum was eliminated, it is questionable how many would choose to apply. The older people in Maine see a great difference between the social security benefits which they have earned and the SSI benefits which they view as welfare. Moreover, many needy elderly are not eligible for SSI because they have a small savings or own their home. It is very difficult to tell proud older Americans that Congress has voted to reduce their social security benefits, but that the Government will supplement their losses with SSI if they are willing to sell their home and dispose of their assets.

There is also some skepticism about whether the Social Security Administration could even administer the change in benefits for these 3 million minimum beneficiaries. The benefit formula has changed many times since the program's inception, and recomputing each person's benefit would take in excess of 6,000 staff-years to carry out.

Our support for saving the minimum benefit demonstrates to the senior citizens of this country that they need not fear the reduction of their benefits and that they can continue to have faith in the social security program.

Mr. MICHEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. Mr. Speaker, I think we need to look at why we are debating this issue at all today.

We are debating it because the social security fund is going to be in deficit and unable to pay all retirement benefits at the end of next year if we do not do something. It means we are going to have to make some very difficult choices. They will not go away. We can listen to all of the political rhetoric that we want; the decision still has to be made.

The question on the minimum benefit is whether we continue to pay out to people benefits beyond what they have earned by taxes paid in when they do not need that for the source of their sustenance, when they perhaps have millions of dollars of outside wealth, when they have large pension programs, either governmentally or privately sponsored, and in doing that jeopardize the basic benefits paid to the elderly who do need social security as a major or sole source of support.

That is the issue here.

This bill takes away from the Social Security Subcommittee and the Ways and Means Committee the opportunity to devise a reform program that will implement a policy that will be constructive and beneficial to all in this country who depend on social security.

And what will it do? It will send a bill to the Senate that they will sit on until they are ready to tack on their social security proposals and then be the moving force behind what is done in this vital area, taking away the House's constitutional jurisdiction to originate all tax bills. And make no mistake about it, that is exactly what we are doing today. We are handing a vehicle to the Senate to rewrite the social security bill. I do not think we should do that.

Our chairman, who has done an outstanding job on the Social Security Subcommittee, my friend, the gentleman from Texas, JAKE PICKLE, has committed that we will take into consideration and pass out a reform on the minimum benefit structure. That is the proper way to do it, not in this hurried procedure before the House today.

Mr. BOLLING. Mr. Speaker, I yield 4 minutes to the gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. Mr. Speaker, I rise in support of the bill and commend the chairman of the Rules Committee for offering it.

Mr. Speaker, I have had the privilege for the past 3 years of chairing a task force on social security under the auspices of the Aging Committee, thanks to the gentleman from Florida (Mr. PEPPER). We have had countless hearings and numerous witnesses and, quite honestly, I do disagree with some of the findings of the Ways and Means Subcommittee.

Three former Commissioners testified that there was no immediate crisis, two funds had surpluses, one fund may have an interim problem in the mideighties interfund borrowing would take care of that difficulty for the 1980's. In fact, the trustees report—and this was not the trustees press release, but this was in the report—written by the Secretaries of Treasury, HHS, and Labor, indicated that for the next 25 years the trust fund has at least a 17-percent surplus. The Congressional Budget Office report shows an even greater surplus.

Why are press releases issued by the trustees attempting to have the people believe the system is bankrupt? Why have they induced blind panic on the part of the elderly? I believe it is because as long as the trust fund is part of the unified budget, that trust fund can be used to wash out other expenditures in the areas such as the cost of this tax bill, the cost of our defense increases, and so forth. In effect, they are going to try to balance the budget on the backs of the elderly who paid into the system.

Now, one of my colleagues from Texas talked about this GAO report, which is really a very poor report because, do you know what, it left out 25 percent of the people who collect the minimum benefit. They did not account for 25 percent of the people.

So we have to ask who really are these people. They are not the rich, as the gentleman would have you believe. They are not even the middle class, as the gentleman would have you believe. It has to do with women because the fact is that 75 percent of the people who are affected happen to be older women, two-thirds of whom are between 70 and 90 years of age. Approximately 2 million of the 3 million will suffer reduction of more than one-third by next April, and only about 600,000 of them are likely to even attempt to apply for SSI. The remaining 1.4 million persons, half of whom are estimated to have incomes under \$3,200, or \$4,800 for a couple, can expect an average net loss in annual income of over \$500.

And what about these people who have another pension? I chair a Committee on Compensation and Employee Benefits for Federal Employees; 32 percent of those people receive a pension of under \$6,000. These are the groups who are most likely to be among the 12 percent who get that

other pension. Their combined income is less than \$11,000 annually.

So I ask you: Is this fair to our people? Are we breaking our promise to the American people? And I invite every Member in this House—and really and truly, the American public and the press—to take a look at our task force findings. They will see a very, very different picture.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Speaker, I rise in support of H.R. 4331, a bill which would, in effect, amend the conference report of the fiscal year 1982 budget to delete the provisions on the minimum social security benefit provisions. I do this out of a sense of fairness and legislative deliberation.

The social security system is very, very sick. The largest portion of the system, old-age survivors and disability insurance, will be bankrupt within the year. We are, and rightfully should be, worried because ultimately the health of the system affects the financial security of almost all present and future retirees in the country.

However, social security reform has to be approached in a comprehensive fashion. I believe that we should all take our lead from the distinguished chairman of the Social Security Subcommittee, the honorable gentleman from Texas, and look at the actuarial soundness of the system as a whole rather than amending it in the hasty, piecemeal fashion outlined in the budget reconciliation bill.

In all honesty, I recognize that real changes will have to be made in the social security system. We have to get the system back to insuring retirement income for retirees and delete the frills that have been added over the past 40 years. In all honesty, major revisions in the minimum benefit may have to be made. A means test probably should be implemented. I simply cannot believe that 100 percent of all recipients of the \$122 per month minimum benefit are over 80, female, and destitute as some claim. This minimum amount has to be guaranteed for those truly dependent on it, though, and I do not think anyone would argue that point.

In sum, Mr. Speaker, I urge passage of this bill so that we can take a long, hard look at the state of the social security system now and what overall changes have to be made to guarantee that those checks still go out to our Nation's elderly who depend so fully on them.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. PARRIS).

Mr. PARRIS. Mr. Speaker, I rise in support of the legislation. Today I will vote in favor of retaining the minimum social security benefit. This \$122

monthly payment provides 3 million retirees with desperately needed assistance.

The minimum benefit would be deleted by the Gramm-Latta budget bill which the House approved last month. Eliminating this benefit would create a real hardship on those who can least afford it. It would be particularly devastating to those individuals who have worked at low-income jobs throughout their lives and depend on their monthly checks to make ends meet. One of the problems with the social security system is that it does not differentiate between the people who worked at low-income jobs and people who have multiple pensions. We would be placing an unfair burden on millions of retirees if we were to change the rules now. These people are the most vulnerable because they cannot supplement their incomes by going back to work.

Those in favor of eliminating the minimum benefit have said those individuals truly in need will be picked up by welfare or some other Federal program. The problem is that there are already 500,000 minimum beneficiaries currently eligible for welfare who have refused to apply for welfare benefits. Even the administration has said that they expect no more than one-quarter of those who are now or would become eligible for welfare will apply for welfare benefits. If all those eligible did apply for welfare, the budget savings would be cut by one-half. In addition, eliminating this necessary benefit will not help to restore confidence in the social security program. Nor will it help to solve the financial problems that face social security.

About 80 percent of current beneficiaries have paid taxes toward this benefit and they are entitled to the proceeds. Those individuals who have retired or are about to retire have counted on these benefits in planning their retirements. We have a commitment to maintain the minimum benefit.

I hope and I trust this legislation will be adopted.

□ 1300

Mr. MICHEL. Mr. Speaker, to wind up debate on this side, I yield the balance of the time remaining to the distinguished gentleman from California (Mr. ROUSSELOT), who serves with such distinction on the Social Security Subcommittee.

The SPEAKER pro tempore (Mr. BONIOR of Michigan). The gentleman from California (Mr. ROUSSELOT) is recognized for 4 minutes.

Mr. ROUSSELOT. Mr. Speaker, I compliment my colleague from Missouri for providing time for this discussion on this important issue of the minimum benefit. However, I rise in opposition to H.R. 4331.

It is of the highest importance that we, as elected Representatives, pro-

ceed in the matter of consideration of restoring integrity to the social security system with great care, addressing not parts of the problem, but by facing the entire problem of the system head on with constructive remedies.

It worries me, however, that some of my colleagues are taking actions based on haste, actions based on partisan efforts, and actions based on emotion rather than rationale.

It worries me, for the sake of the 35.6 million Americans receiving social security benefits, that this action today completely circumvents the committee process of the Congress; this bill having been introduced only yesterday, more importantly H.R. 4331 entirely bypasses the work of the Social Security Subcommittee, which is presently marking up proposals to save the system.

I regret that H.R. 4331 is not part of the overall discussion for the total reform that is needed for the social security system. I think it would be more appropriate if this bill addressed the problems facing the social security program; but I understand the political nature of this issue. It is a very, very hot issue. I can understand my Democratic colleagues wanting to jump on it with both feet and tromp everybody, and in some cases misrepresent the President's position.

But that is all part of the political game. Unfortunately, these social security benefits cannot be viewed as a game.

The main objective is to save the social security system. And I do not care how many figures we quote from the Congressional Budget Office, or anybody else, our social security computers show that unless this Congress takes positive action, those trust funds will be in desperate trouble in November 1982 or thereabouts. No matter how much we want to walk away from that fact, no matter how hard it is to face the system's problems, the truth is social security is facing its most serious crisis in its 46-year history.

I want to compliment my colleague from Texas (Mr. PICKLE), who in a bipartisan manner, has handled this issue very, very fairly and very squarely as the chairman of the Social Security Subcommittee, in trying to bring to this Congress true reform.

I want to compliment my other colleague from Texas (Mr. GRAMM), who gave some very positive constructive statistics that we are all going to have to look at. He is right on the mark in his discussion that, of those 3 million people who are now receiving the minimum benefits, many have not earned the full amount of the benefit they receive. For example, there are many minimum benefit recipients, who are receiving \$122 a month from social security, that have paid less than \$122 in



social security payroll taxes during their entire working history. He is absolutely correct in his figures and I compliment him for the way that he brought them to our attention.

First, this is a most important point which my colleague from Texas has raised. While many have shown concern today for those who receive the minimum benefit, while not quite having earned the full amount they receive, we are overlooking the majority of those beneficiaries who have paid into the system for many, many years and thereby qualifying for a normal benefit. I ask my colleagues what about these individuals' rights? What about their right for their benefits to be protected? Should not we as a Congress be concerned about the benefits of those who have paid the payroll tax for many years, and not just those who marginally qualify?

As I have already stated, this is the main objective we must address: salvaging social security for those present and future beneficiaries who have truly earned their benefits.

Second, I want to make it clear the way some of my colleagues have tried to emphasize they would believe that the reconciliation bill cuts all of these benefits retroactively. That is bunk. The reconciliation bill, over which 250 conferees have reached agreement, says that those minimum benefits will stop in March 1982.

So, all of the discussion that the beneficiaries were going to be cut off tomorrow, all of that fear that unfortunately many of my colleagues promoted, over the media airwaves, that we were cutting all these people off, is just not correct.

I want to assure the American people who presently receive social security benefits that the intent of our Social Security Subcommittee is not to cut all the benefits as the Democrat reconciliation bill would have done. If their bill had passed, 36 million recipients' benefits would have been slowed down very substantially.

My colleague from Minnesota (Mr. VENTO) did not mention that in his discussion today and I am sure he voted for that bill.

I want to say additionally that there is no doubt about the fact we need to save this system and this minimum benefit is a very sensitive area. But, it is not true that the overwhelming majority of these receiving this benefit are destitute without remuneration and will be dropped through all kinds of cracks or that they will be put out to poverty. That is just also bunk. My colleague from Texas (Mr. GRAMM) has in a very straightforward manner made this point clear.

Mr. Speaker, I think that we should face up to the fact that both President Reagan and the Social Security Subcommittee have genuinely tried to address this issue. I hate to see the

House send a bill separately to the Senate, because we know how good the other body is at picking up on legislation, as my colleague from Texas (Mr. ARCHER) said. It could well be that this bill may come back to haunt us even before we have had a chance to really address the issue the way I think it should be fully considered before the whole Congress. The best way to achieve this full and careful consideration is to work within the traditional institutional framework of the Congress—the committee system.

I therefore urge my colleagues to vote against H.R. 4331, allowing for the opportunity for full debate and consideration of proposals to save the social security system by the Social Security Subcommittee, the Ways and Means Committee, and the House of Representatives.

Mr. HEFTEL. Mr. Speaker, I rise today to defend social security minimum benefits. I refuse to believe that this distinguished body is prepared to ignore the basic needs of millions of older Americans who depend upon their small, monthly checks for their very livelihood and survival.

It is simply not fair to change the rules of the game in midstream, to the detriment of many of our senior citizens, for the sake of shortsighted budgetary considerations. Mr. Speaker, when we established the social security system, we made a solemn promise to all Americans; let us not begin breaking that promise.

Mr. Speaker, I believe that all of my colleagues realize the need to prudently control Government spending. This broad consensus is amply evident from our recent actions in the budget area. But, Mr. Speaker, there is a right way and a wrong way to cut the budget, and cutting out social security minimum benefits is clearly wrong. Let us cut Government spending, let us make the Government cost effective, but let us not do so by breaking sacrosanct promises made long ago, let us not do so by forgetting our elder Americans.

Mr. Speaker, there has been much talk in this Chamber of the "social safety net." I submit to my colleagues that the elimination of social security minimum benefits makes a mockery of this so-called safety net. Years ago, our Nation entered into a sacred contract with the American people to preserve and protect, to uphold and sustain a quality of life which they had justly earned through the fruits of their labor. This contract is now jeopardized by shortsighted policies tendered under the guise of economic progress.

But, Mr. Speaker, I ask this distinguished body, can our great Nation move forward by leaving behind those people who helped forge the American dream? I think not. I urge my colleagues to reject this myopic approach

and to reinstate the social security minimum benefits.

Mr. BOLLING. Mr. Speaker, I yield myself the balance of my time.

Mr. MOAKLEY. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Speaker, I rise in support of the bill (H.R. 4331) to restore minimum benefits under the Social Security Act and commend the distinguished chairman of the Committee on Rules, the gentleman from Missouri (Mr. BOLLING), for his leadership in attempting to provide the House with a method by which this last effort can be made to restore these vital benefits.

Mr. Speaker, last night the Rules Committee was confronted with a distressing dilemma. We were advised that the Senate, by inadvertence or otherwise, had acquired custody of the papers on the reconciliation conference report. We were advised that the Republican leadership in the Senate was prepared, in a showdown, to pass the original Gramm-Latta bill. Not only would programs salvaged in the conference be lost, the minimum benefit itself would be almost immediately lost with some of the minimum benefits cut off in only 90 days.

The choice before the Rules Committee was a simple one, if thoroughly anguishing to all of us: We could call the Senate's bluff and risk an almost immediate cutoff of these benefits, not to mention the loss of more than \$3 billion which the conferees had recapitulated.

The gentleman from Missouri indicated that the risk was unacceptable and was supported by the committee which reported a rule which lengthens the time available to try to save the minimum benefit and completes half of the legislative process toward doing so on the same day. I recognize that there are some risks regarding Senate action on H.R. 4331. But the chances will be far better than under the dangerous situation which existed last night.

However, Mr. Speaker, I for one continue to believe that even this risk is unacceptable. Today the House will have two more chances to really save the minimum benefit. A motion will be offered to recommit the conference report; I will support the motion and urge my colleagues to do so. If we are successful in this effort, the conferees can be back as early as Tuesday with a revised conference report saving the social security minimum benefit. If that effort fails, I will vote against the conference report itself. It would be regrettable to see the work that went into reconciliation lost but it would be far more regrettable to run any risk that the minimum benefit will not be saved.

Mr. BOLLING. Mr. Speaker, it is a pleasure always to listen to the gentleman from California. I suddenly realized that he must be coaching a fellow Californian. His use of language is extraordinarily apt, skillful, and sometimes quite confusing, but really fascinating.

The only reason that I take this time is to urge Members to vote in the hope that the other body will show good judgment and begin to relieve the fear that is in the land with regard to what this institution is going to do.

I am afraid of what this institution may do. I am afraid it may act on social security the way it has acted on taxes and on reconciliation in a way that is not entirely representative of this institution.

I do not like to see a situation where all the members of one party march in lockstep.

I know the diversity of both parties. I do not like to see a situation in which any President dominates the institution wholly.

It is not the first time I have seen it. But I do hope that when we consider social security we are able to do it like the House of Representatives and like the other body, not like partisans marching in lockstep.

I hope everybody votes for this bill.

● Mr. RANGEL. Mr. Speaker, I rise in support of H.R. 4331, a bill that would restore the minimum benefit under the social security system to law. In perhaps one of the most callous actions this body has taken since I have been in Congress, the House eliminated this benefit when it passed the Gramm-Latta substitute to the omnibus reconciliation bill.

When my committee considered legislative savings as mandated by the first budget resolution, we decided that the elimination of the minimum benefit would break a covenant between the Government and the people; that cutting back on benefits that people expect and have been receiving was not only wrong, but it would shake the trust that we try so hard to instill in our citizens about the integrity of their Government. To me, and to many in my district and I assume across the country, the social security system is one of the great social programs of our time, and it is a source of security to many Americans both young and old. It troubles me to see this President manipulate this system, and cause anguish and worry among our senior citizens, who deserve our support, not our politicking and rhetoric. I strongly urge my colleagues in the House to support this bill, and I hope that the other body will move with dispatch to make this bill law. ●

● Mr. BINGHAM. Mr. Speaker, I rise in support of this legislation to restore the minimum social security benefit. As I have argued on many occasions, it is unconscionable that the Congress

would eliminate this source of income for 3 million of our most needy citizens. The minimum benefit today is \$122 a month. I ask my colleagues to contemplate for just 1 minute what it would be like to live on \$122 a month. Could a person living on that amount afford to pay rent, buy food, and pay utility bills too? Yet if we eliminate the minimum benefit, 1.5 million Americans will have to make do with even less than that.

But we are told that we must reduce Federal spending. We are told that our President has pledged to balance the budget, and, besides there are people receiving the minimum benefit who do not really deserve it. I ask how any Member can dare make arguments like that after passing the President's tax bill the other day? That bonanza for the rich may well result in deficits of \$87 billion over the next 2 years and even higher deficits later. Those deficits will be caused by billions of dollars in tax cuts for our wealthiest citizens and \$16 billion in giveaways to the oil industry. Is it not ironic we will strip tens of thousands of needy Americans above the age of 90 of the minimum benefit at the very time when we are handing over tax revenues to the super rich and to those industries which could mount the most effective lobbying efforts?

I see that some of the same Republicans and conservative Democrats who voted for the Gramm-Latta reconciliation package will be voting for this bill today. Many of these Republicans and conservative Democrats voted against a rule which would have allowed us the opportunity to preserve the minimum benefit. Many of them supported the President's tax package which, in the huge and unprecedented deficits it could create only makes slashes in social security inevitable. Frankly, I am appalled at this hypocrisy.

Mr. Speaker, I am pleased that the House has another opportunity to express its position in favor of retention of the minimum benefit. The chairman of the Rules Committee, Mr. BOLLING, has made it clear that today's action will not be the last of its kind. The House leadership shall continue to press for continuation of this benefit until its continuation is assured. In doing this, this body will only be pushing President Reagan to live up to the pledge that he made during his campaign and repeated again on Monday night. To quote the President:

I will not see those of you who are dependent on social security deprived of your benefits. I make that pledge to you as your President . . . You will continue to receive your checks in the full amount due you.

Mr. Speaker, the House is making its position quite clear on this matter. The President has repeated his pledge. The ball is now in the Senate's court. The Republican Senate has yielded to

the President on almost every aspect of the President's economic program. If the President really wants to save the minimum benefit he would have little trouble in convincing the Senate to do so. If he does not do so, the public will surely know where the responsibility lies. ●

The SPEAKER pro tempore. Pursuant to House Resolution 203, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read a third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BOLLING. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 404, nays 20, not voting 10, as follows:

[Roll No. 189]

YEAS—404

Addabbo	Clausen	Evans (IN)
Akaka	Clay	Fary
Albosta	Clinger	Fazio
Alexander	Coats	Fenwick
Anderson	Coleman	Ferraro
Andrews	Collins (IL)	Fiedler
Annunzio	Collins (TX)	Fields
Anthony	Conte	Findley
Applegate	Conyers	Fish
Ashbrook	Corcoran	Fithian
Aspin	Coughlin	Filippo
Atkinson	Courter	Florio
AuCoin	Coyne, James	Fogletta
Bafalis	Coyne, William	Foley
Bailey (MO)	Craig	Ford (MI)
Bailey (PA)	Crockett	Ford (TN)
Barnard	D'Amours	Forsythe
Barnes	Daniel, Dan	Fountain
Beard	Daniel, R. W.	Fowler
Bedell	Danielson	Frank
Bellenson	Daschle	Frost
Benedict	Daub	Fuqua
Benjamin	Davis	Garcia
Bennett	de la Garza	Gaydos
Bereuter	Deckard	Gejdenson
Bevill	Dellums	Gephardt
Biaggi	DeNardis	Gibbons
Bingham	Derrick	Gilman
Blanchard	Derwinski	Gingrich
Bliley	Dickinson	Ginn
Boggs	Dicks	Glickman
Boland	Dingell	Goldwater
Bolling	Dixon	Gonzalez
Boner	Donnelly	Goodling
Bonior	Dorgan	Gore
Bonker	Dougherty	Gradison
Bouquard	Dowdy	Gray
Bowen	Downey	Green
Breaux	Dreier	Gregg
Brinkley	Duncan	Grisham
Brodhead	Dunn	Guarini
Brooks	Dwyer	Gunderson
Broomfield	Dymally	Hagedorn
Brown (CA)	Dyson	Hall (OH)
Brown (CO)	Early	Hall, Ralph
Brown (OH)	Eckart	Hall, Sam
Broyhill	Edgar	Hamilton
Burgener	Edwards (AL)	Hammerschmidt
Burton, John	Edwards (CA)	Hance
Burton, Phillip	Edwards (OK)	Harkin
Butler	Emerson	Hartnett
Byron	Emery	Hatcher
Campbell	English	Hawkins
Carman	Erdahl	Heckler
Carney	Ertel	Hefner
Chappell	Evans (DE)	Heftel
Chapple	Evans (GA)	Hendon
Chisholm	Evans (IA)	Hertel



Hightower	Miller (OH)	Schumer
Hiler	Mineta	Seiberling
Hillis	Minish	Sensenbrenner
Hollenbeck	Mitchell (MD)	Shamansky
Holt	Mitchell (NY)	Shannon
Hopkins	Moakley	Sharp
Horton	Molinari	Shaw
Howard	Mollohan	Shelby
Hoyer	Montgomery	Shumway
Hubbard	Moore	Shuster
Huckaby	Moorhead	Siljander
Hughes	Morrison	Skeen
Hunter	Mottl	Skelton
Hutto	Murphy	Smith (AL)
Hyde	Murtha	Smith (IA)
Ireland	Myers	Smith (NE)
Jacobs	Napier	Smith (NJ)
Jeffords	Natcher	Smith (PA)
Jenkins	Neal	Snowe
Johnston	Nelligan	Snyder
Jones (NC)	Nelson	Solarz
Jones (OK)	Nichols	Solomon
Jones (TN)	Nowak	Spence
Kastenmeier	O'Brien	St Germain
Kazen	Oakar	Stangeland
Kemp	Oberstar	Stanton
Kildee	Obey	Stark
Kindness	Otinger	Staton
Kogovsek	Oxley	Stenholm
Kramer	Panetta	Stokes
LaFalce	Parris	Stratton
Lagomarsino	Pashayan	Studds
Lantos	Patman	Swift
Latta	Patterson	Synar
Leach	Pease	Tauke
Leath	Pepper	Tauzin
LeBoutillier	Perkins	Taylor
Lee	Petri	Thomas
Lehman	Peyser	Traxler
Leland	Pickle	Trible
Lent	Porter	Udall
Levitas	Price	Vander Jagt
Lewis	Pritchard	Vento
Livingston	Pursell	Volkmer
Loeffler	Quillen	Walgren
Long (LA)	Rahall	Walker
Long (MD)	Railsback	Wampler
Lott	Rangel	Washington
Lowery (CA)	Ratchford	Watkins
Lowry (WA)	Regula	Waxman
Lujan	Reuss	Weaver
Luken	Rhodes	Weber (MN)
Lundine	Rinaldo	Weber (OH)
Lungren	Ritter	Weiss
Madigan	Roberts (KS)	White
Markey	Roberts (SD)	Whitehurst
Marks	Robinson	Whitley
Marlenee	Rodino	Whittaker
Marriott	Roe	Whitten
Martin (IL)	Roemer	Williams (MT)
Martin (NC)	Rogers	Williams (OH)
Martin (NY)	Rose	Wilson
Matsui	Rosenthal	Winn
Mattox	Rostenkowski	Wirth
Mavroules	Roth	Wolf
Mazzoli	Roukema	Wolpe
McClory	Roybal	Wortley
McCollum	Rudd	Wright
McCurdy	Russo	Wyden
McDade	Sabo	Wyllie
McEwen	Santini	Yates
McGrath	Savage	Yatron
McHugh	Sawyer	Young (AK)
McKinney	Scheuer	Young (FL)
Mica	Schneider	Zablocki
Mikulski	Schroeder	Zefertti
Miller (CA)	Schulze	

## NAYS—20

Archer	Erlenborn	McDonald
Badham	Frenzel	Michel
Cheney	Gramm	Paul
Conable	Hansen (ID)	Rousselot
Crane, Daniel	Hansen (UT)	Smith (OR)
Crane, Philip	Jeffries	Stump
Dannemeyer	McCloskey	

## NOT VOTING—10

Bethune	Fascell	Simon
Coelho	Holland	Young (MO)
Cotter	Moffett	
Dornan	Richmond	

## □ 1320

The Clerk announced the following pairs:

Mr. Richmond with Mr. Dornan of California.

Mr. Young of Missouri with Mr. Simon.

Mr. Fascell with Mr. Holland.

Mr. Moffett with Mr. Coelho.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### CONFERENCE REPORT ON H.R. 3982, OMNIBUS BUDGET RECONCILIATION ACT OF 1981

Mr. JONES of Oklahoma. Mr. Speaker, pursuant to the provisions of House Resolution 203, I call up the conference report on the bill (H.R. 3982) to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1981.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the provisions of House Resolution 203, the conference report is considered as read.

(For conference report and statement, see proceedings of the House of July 29, 1981, part II.)

The SPEAKER pro tempore. Under the rule, the gentleman from Oklahoma (Mr. JONES) will be recognized for 1 hour, and the gentleman from Ohio (Mr. LATTA) will be recognized for 1 hour.

The Chair recognizes the gentleman from Oklahoma (Mr. JONES).

## GENERAL LEAVE

Mr. JONES of Oklahoma. Mr. Speaker, I wish to make a unanimous consent request.

Two hours is scheduled for debate, but in an effort to accommodate all Members, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to insert extraneous matter, on the conference report to H.R. 3982.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JONES of Oklahoma. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we are bringing to the House the conference report on the Omnibus Reconciliation Act of 1981.

It is a great credit to the chairman of the House committees and to the Members who served as conferees that this conference agreement is vastly superior to the hastily thrown together and little understood bill which passed the House on June 26.

Basically, 184 House conferees in 58 subconferences fought long and hard

with 69 Senate conferees and brought back to the House a bill cleansed of many of the more misguided proposals which were originally in the Senate- and House-passed versions.

All of us here owe a special thanks to the chairmen of these House committees and to the conferees.

We also owe a special thanks to the gentleman from California (Mr. PARNETTA), who has worked almost around the clock to bring this conference to a speedy and effective conclusion. He has done a truly magnificent job in every respect.

Mr. Speaker, on May 20 this year, the Congress directed the authorizing committees of the House and the Senate to bring back savings of \$35.116 billion in fiscal year 1982. Based on the latest Congressional Budget Office analysis, this conference has accomplished savings of \$35.19 billion; almost precisely on target. Over 3 years this bill will save \$130.6 billion in Federal spending.

It is safe to say that it was not easy to make reductions of this magnitude. We were not just cutting the fat. The Education and Labor Committee alone made outlay savings of more than \$7 billion.

Many of these cuts will have direct and damaging impact on the lives of millions of Americans. The elimination of the minimum social security benefit is perhaps the most glaring example. That cutback in existing social security benefits was passed by the House in the Gramm-Latta II bill and was backed by the Reagan administration. The same cutback in benefits also passed the Senate, and it will go into effect for beneficiaries now on the rolls as of next February, as soon as President Reagan signs this bill.

Fortunately, the conferees were able to change some of the other damaging provisions. For example, the medicaid cap was rejected. Head Start was funded in this conference at \$950 million after it was totally eliminated in the Gramm-Latta II bill which passed the House.

We have seen this year an effort to use the reconciliation process in a way in which it was never intended to be used, and I hope that this will never happen again. Reconciliation should be used to reduce spending in entitlement programs, not to strip away the proper authority of the appropriations and authorizing committees.

But despite those efforts, we have seen a true victory for the legislative process as a result of this conference.

## □ 1330

The Congress has demonstrated great resiliency, and those who understand the importance of the legislative process will not desert that process.

Let me again thank the chairmen of the House committees, the conferees,

and the gentleman from California, LEON PANETTA. Special thanks also is due to the many professional and support staff members who contributed to the success and the completion of this conference. Each of them deserves the appreciation of the Congress for the hard work they have put in over the past few weeks.

We also owe our thanks to the House Parliamentarian, William H. Brown, and Assistant Parliamentarians Charlie Johnson and Peter Robinson who have been invaluable to the completion of this conference. The Office of Legislative Counsel, too, has worked diligently and quickly to produce this conference report. Larry Filson and Bob Weinhausen coordinated drafting responsibility for the entire conference report on both the House and Senate sides.

Finally, Mr. Speaker, I would like to pay a very special thanks to the Budget Committee staff itself who demonstrated the highest level of dedication and professionalism without which this demanding task could not have been accomplished.

So I commend my colleagues that this conference report deserves their support, and I hope they will give speedy, and I emphasize speedy, ratification to this conference report.

Mr. Speaker, I intend, after the ranking minority member makes his opening statement, to call on the committee chairmen in the alphabetical order of their committees and let them explain as they wish the part of the conference report pertaining to their committees.

The extraneous material follows:

HOUSE OF REPRESENTATIVES,

COMMITTEE ON THE BUDGET,

Washington, D.C.

#### SUMMARY OF THE RECONCILIATION CONFERENCE

Dear Colleague: On Wednesday morning conferees completed action on the Omnibus Reconciliation Act of 1981. This event marked the culmination of the largest and most complicated conference in the history of the Congress. For almost two weeks over 250 conferees labored long and hard to resolve differences in 58 subcommittees, involving 17 House committees.

As a result of the many agreements reached by conferees, over \$35 billion will be saved in 1982, with additional reductions in 1983 and 1984 that largely meet the goals of the Budget Resolution adopted by the Congress. In addition, a number of important programs were funded that are effective in serving the basic needs of people.

The end result is a balanced effort that seeks to achieve mandated budgetary goals while preserving many programs that the House and Senate felt were important to protect in the reconciliation process. The following is a brief summary of the agreement reached by conferees:

#### AGRICULTURE

A compromise on the food stamp program resulted in reductions \$200 million greater than those provided for in the House bill. However, the House position on FmHA water and waste disposal loans and commu-

nity facility loans was protected. Also, Senate reductions in rural water and waste grants were modified and the House position on the dairy price support reduction (to 75 percent) was adopted.

#### ARMED SERVICE

Conferees adopted the once-a-year COLA proposal contained in both bills for a reduction of \$394 million in fiscal year 1982. Also agreed to was a proposal to sell materials from the strategic stockpile and an open enrollment program for the Military Survivor Benefit Plan.

#### BANKING, FINANCE AND URBAN AFFAIRS

A Senate proposal to fund the UDAG program separately from the Community Development program was adopted by the conferees. Section 312 Rehabilitation loans, repealed in the House bill, were restored by conferees at a 1982 program level of \$85 million. Reductions in subsidized loans for the Ex-Im Bank were agreed to and a 153,000 new unit level in the subsidized housing program was adopted. A restriction on housing assistance for communities with rent control was removed and, finally, conferees agreed to increase (above the baseline) the authorization for Public Housing Operating Subsidies by \$135 million in fiscal year 1982.

#### DISTRICT OF COLUMBIA

Conferees agreed to an authorization cap of \$155 million a year on loans to the District of Columbia, a reduction of \$40 million in fiscal year 1982.

#### EDUCATION AND LABOR

Conferees agreed to fund the Head Start program at \$950 million for fiscal year 1982—\$130 million more than provided for in the Senate bill and a substantial increase over the fiscal year 1981 funding level. Few major differences existed in proposals for Child Nutrition programs and the conferees agreed to reductions totaling \$1.4 billion for fiscal year 1982. Conferees also agreed to increase funding for the Community Services Block Grant by \$35 million above the Senate proposed level and liberalized GLS provisions as presented in both House and Senate bills. Higher Education programs (including Pell Grants) were capped at a level higher than the House bill, and two Elementary and Secondary Education block grants were adopted.

In a subconference involving Education and Labor, Energy and Commerce and Ways and Means Committees, the House receded from its Social Services block grant and conferees agreed to a Title XX block grant and a community services block grant. Child welfare services and Foster Care and Adoption Assistance were retained as categorical programs. These committees also agreed to a low-income energy assistance block grant with a funding cap of \$1.9 billion in fiscal year 1982.

#### ENERGY AND COMMERCE

Conferees agreed to extend the authorization for the Consumer Product Safety Commission through fiscal year 1983 and to retain it as a separate, independent agency. It was agreed that Conrail could be sold as late as 1985 and a plan was devised to encourage the sale of Conrail as an entity and not in parts. The higher House level for Amtrak funding was adopted by conferees. The Corporation for Public Broadcasting is reauthorized for fiscal years 1984, 1985 and 1986 at \$140 million per year and various communication licensing requirements were revised.

The Senate Energy Committee agreed to the House position of an annual authoriza-

tion and appropriation of an off-budget account for the funding of SPRO, and repeal of the "off-gas" provisions for electric utilities contained in the Fuel Use Act was agreed to. Department of Energy regulatory programs were capped and energy conservation programs were cut for reductions of \$140 million.

Conferees rejected the Medicaid cap proposed by the Senate and agreed to reduce the Federal Medicaid program by 3 percent, 4 percent, and 5 percent in the next three fiscal years for savings of \$900 million. Maternal and Child Health, Prevention, Alcohol, Drug Abuse and Mental Health and Primary Care Block grants were agreed to by conferees for savings of approximately \$250 million in fiscal year 1982. Many health programs included in previous block grant proposals, including family planning, migrant health and immunization were retained as categorical programs with some reductions in funding. Conferees also agreed to fund Health Maintenance Organizations, Health Planning, Alcohol and Drug Abuse Research and the Developmental Disabilities programs.

In a subconference involving the Ways and Means committee, conferees agreed to certain provisions affecting Medicare Part B and providers of health services and rejected a House provision to eliminate PSROs by 1984 for savings of approximately \$400 million.

#### FOREIGN AFFAIRS

Conferees agreed to appropriation ceilings for 11 programs, including the Peace Corps, African Development Foundation, American Schools and Hospitals Abroad and the International Narcotics Control.

#### GOVERNMENT OPERATIONS

Conferees agreed to provisions requiring future rescissions based on reductions from federal travel and consultant accounts.

#### INTERIOR AND INSULAR AFFAIRS

Conferees adopted the lower Senate cap for Department of Interior programs for reductions of \$431 million in fiscal year 1982, and agreed to conference language containing sense of the Congress language that certain appropriation targets be set for the Land and Water Conservation Fund, National Historic Preservation and Urban Park and Recreation Recovery. Increased user fees for non-competitive oil and gas leases were also adopted.

#### JUDICIARY

Authorizations for Indochinese Refugee Assistance and the Patent and Trade-mark Office were agreed to by conferees and the Legal Services Corporation reauthorization legislation contained in the Senate bill was removed.

#### MERCHANT MARINE AND FISHERIES

Conferees agreed to authorization for maritime programs with no funding for the construction differential subsidy program. A subconference including Public Works and Transportation conferees agreed to delete ocean dumping user fees. The Senate receded in a subconference involving the Energy and Commerce and Merchant Marine and Fisheries Committees on the PHS hospital system issue. Conferees agreed to the closing of PHS hospitals at the end of fiscal year 1981, with a transition period of one year, for communities that wish to assume operation of the facilities.

#### POST OFFICE AND CIVIL SERVICE

Conferees agreed to a cap on federal pay reducing spending by \$3.7 billion in fiscal



year 1982, a once-a-year COLA for federal employees for savings of \$500 million, and a reduction in the Postal Service Public Service Subsidy and the Revenue Foregone Subsidy for savings of over \$800 million in fiscal year 1982.

#### PUBLIC WORKS

Conferees adopted the House Airport Development and Planning Grants ceiling for fiscal year 1982, the House Highway obligation ceiling for reductions of \$500 million in fiscal year 1982 and the House authorization level for Federal Highway Safety Grants. Conferees agreed to fund the Economic Development Administration, terminated in the Senate bill, at \$290 million for fiscal year 1982. Reductions in the EPA construction grant program and an authorization ceiling for the Corps of Engineers were also agreed to by conferees.

#### SCIENCE AND TECHNOLOGY

On the DOE research and development reauthorization issue conferees agreed to compromise on a level of savings somewhat closer to the House bill. It was agreed that

authorization for the National Science Foundation be considered outside the reconciliation process.

#### SMALL BUSINESS

Conferees agreed to reductions in disaster loans and business loans for savings of over \$800 million.

#### VETERANS' AFFAIRS

Conference agreement limits who may receive the \$300 VA funeral allowance, limits Class II dental benefits, eliminates flight training reimbursement for new enrollees and restricts reimbursement for correspondence training.

#### WAYS AND MEANS

Conferees agreed to reductions in Trade Adjustment Assistance totaling \$1.3 billion in fiscal year 1982. There was agreement to continue the community adjustment assistance program, terminated under the House bill. Provisions to phase out the Social Security student benefits and to eliminate the minimum benefit were contained in both bills and conferees made only minor

changes in these areas. Public Assistance (AFDC and Child Support Enforcement) reductions were also similar in both bills. Conferees agreed to the House position of allowing the continuation of cash payments in lieu of food stamps for certain SSI recipients and adopted Senate provisions relating to eligibility for ex-servicemen for unemployment compensation, state triggers for extended benefits and the 20 week work requirement for extended benefits. A requirement that interest be paid on new U.I. loans after April 1, 1982 was adopted. Medicare provisions contained in the House bill were agreed to and certain provisions affecting Hospital and Nursing Homes were adopted.

While there are those who will disagree with the particulars contained in this conference report, the reality is that the final conference effort is clearly a vast improvement over the Reconciliation bill adopted by the House.

Sincerely,

LEON E. PANETTA,  
Chairman,  
Reconciliation Task Force.

### SUMMARY OF CONFERENCE AGREEMENT OMNIBUS BUDGET RECONCILIATION ACT OF 1981

#### COMPARISON OF HOUSE INSTRUCTIONS WITH RECONCILIATION CONFERENCE

[In millions of dollars]

	Instructions to committees (May 20, 1981)			Conference agreement (July 29, 1981)		
	fiscal year 1982	fiscal year 1983	fiscal year 1984	fiscal year 1982	fiscal year 1983	fiscal year 1984
Agriculture:						
Budget authority .....	-2,208	-3,006	-3,671	-2,449	-3,042	-3,930
Outlays .....	-2,521	-2,842	-3,525	-3,264	-3,878	-4,661
Armed Services:						
Budget authority .....	-966	-899	-511	-846	-767	-374
Outlays .....	-966	-899	-511	-882	-731	-374
Banking, Finance and Urban Affairs:						
Budget authority .....	-13,177	-15,572	-17,827	-13,566	-15,954	-18,402
Outlays .....	-640	-1,398	-2,369	-481	-1,154	-2,115
District of Columbia:						
Budget authority .....	-39	-56	-72	-39	-56	-72
Outlays .....	-40	-64	-79	-40	-58	-69
Education and Labor:						
Budget authority .....	-12,099	-14,907	-18,344	-10,088	-12,414	-14,261
Outlays .....	-10,084	-13,522	-17,020	-7,297	-10,749	-13,881
Energy and Commerce:						
Budget authority .....	-5,385	-5,980	-6,285	-7,955	-7,457	-6,686
Outlays .....	-5,184	-6,315	-7,036	-7,115	-7,710	-6,961
Foreign Affairs:						
Budget authority .....	-250	-275	-300	-376	-524	-538
Outlays .....	-130	-200	-300	-286	-463	-515
Government Affairs:						
Budget authority .....				(-600)	(...)	(...)
Outlays .....				(-600)	(...)	(...)
Interior and Insular Affairs:						
Budget authority .....	-755	-736	-714	-820	+236	-68
Outlays .....	-309	-504	-594	-736	-111	-5
Judiciary:						
Budget authority .....				-72	-70	-59
Outlays .....				-30	-71	-66
Merchant Marine and Fisheries:						
Budget authority .....	-339	-439	-562	-242	-242	-265
Outlays .....	-207	-411	-551	-106	-212	-253
Post Office and Civil Service:						
Budget authority .....	-4,737	-6,304	-7,390	-4,706	-6,253	-7,214
Outlays .....	-5,163	-6,738	-7,728	-5,163	-6,690	-7,555
Public Works and Transportation:						
Budget authority .....	-6,346	-5,122	-6,241	-6,606	-5,070	-6,371
Outlays .....	-1,218	-3,565	-5,720	-1,411	-3,136	-5,418
Science and Technology:						
Budget authority .....	-78	-90	-102	-1,395	-961	-1,209
Outlays .....	-39	-59	-83	-828	-1,016	-1,065
Small Business:						
Budget authority .....	-526	-564	-554	-504	-540	-527
Outlays .....	-390	-541	-533	-823	-517	-506
Veterans' Affairs:						
Budget authority .....	-110	-108	-106	-110	-122	-124
Outlays .....	-110	-108	-106	-116	-127	-128
Ways and Means:						
Budget authority .....	-4,677	-4,954	-5,158	-4,140	-4,455	-4,763
Outlays .....	-9,241	-10,559	-11,248	-8,981	-9,822	-10,803
Grand total adjusted for jurisdictional overlap:						
Budget authority .....	-50,694	-57,599	-66,016	-51,900	-55,734	-61,721
Outlays .....	-35,116	-46,312	-55,572	-35,190	-44,033	-51,353

Note.—These numbers are subject to final CBO verification.

## MINICONFERENCE No. 1

Committees: House Agriculture/Senate Agriculture, Nutrition and Forestry.

## ISSUES

## A. Storage facility loans

The Senate required a phaseout of storage facility loans. The House had no comparable provision.

*Conference agreement.*—The conferees agreed on the Senate version.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			
Outlays.....	-100	-110	-120

## B. Grain reserve

The Senate and the House required the elimination of the interest waiver on the first year of the farmer-owned grain reserve. This provision covered the 1980 and 1981 crops.

*Conference agreement.*—This provision was deleted by the conferees since a separate bill covering this provision has been signed into law. However, the Agriculture Committees will still be credited with these savings.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			-60
Outlays.....	-165		

## C. Farmers Home Administration

The Senate and House raised the interest rates on water and waste disposal and community facility loans. The House had some additional qualifying language for recipients. The Senate eliminated the interest subsidies on farm ownership, operating and disaster loans except for limited resource loans in which case an interest subsidy of at least two percent was provided. The House provided for the interest rate to be not in excess of one-half the cost of money, but not less than 5 percent. The House bill also provided for disaster loans to be available if at least 20 percent loss occurred. The loans were to be available up to 90 percent of the loss incurred.

*Conference agreement.*—The Senate conferees receded on the water and waste disposal loans and the community facility loans. On the other provisions, the conferees compromised by setting the interest rate for limited resource, farm ownership loans at not more than one-half the cost of money; the limited resource, farm operating loans at not more than 2 percent below the cost of money; and limited resource disaster loans at not more than 8 percent. The conferees compromised on an 30 percent loss provision with an 80 percent coverage on losses.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-179	-267	-272
Outlays.....	-425	-212	-305

## D. Commodity inspection (user fees)

The Senate and House provided for the implementation of user fees to pay for federal inspection of cotton, tobacco, and grain.

*Conference agreement.*—A compromise was reached by the conferees on the slightly differing versions.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-49	-52	-56
Outlays.....	-49	-52	-56

## E. CCC administration expenses

The House capped the Commodity Credit Corporation's administrative expenses at \$52 million per year. The Senate had no comparable language.

*Conference agreement.*—The Senate conferees receded.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			-6
Outlays.....	-6	-7	-7

## F. Dairy

The House provided for the dairy price support to be set at a minimum of 75 percent of parity with an annual adjustment in fiscal year 1982 and semiannual adjustments in fiscal years 1983 and 1984. The Senate had no comparable language.

*Conference agreement.*—The Senate conferees receded.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			-449
Outlays.....	-449	-891	-1,188

## G. Food stamps

The House reconciliation bill proposed savings of \$1.45 billion in fiscal year 1982. The Senate reconciliation bill proposed savings of \$1.85 billion in fiscal year 1982. The following major differences existed between the two bills:

The Senate bill lowered from 20 to 15 percent the amount of earnings that can be deducted in calculating a household's income. The House bill had no comparable provision.

The House bill increased the amount by which benefits are reduced for each dollar of earnings from the current rate of 30 percent to 31.5 percent in fiscal year 1983 and 32.5 percent in fiscal year 1984. The Senate bill had no comparable provision.

The House bill provided for a block grant for Puerto Rico beginning in fiscal year 1983. The Senate bill created a block grant beginning April 1, 1982. The Senate also reduced eligibility for the program in Puerto Rico to 55 percent of that of the continental United States beginning October 1, 1981 until the block grant is in place on April 1, 1982.

*Conference agreement.*—The conferees agreed to reduce the earned income deduction limit from 20 to 18 percent of earnings. The House conferees receded on provisions

affecting the benefit reduction rate, thereby maintaining current law at 30 percent. The conferees further agreed to implement a block grant for Puerto Rico beginning July 1, 1981, and rejected the 55 percent reduction contained in the Senate bill.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-1,658	-2,046	-2,334
Outlays.....	-1,658	-2,046	-2,334

## H. Rural water and waste grants

As part of an across the board reduction in various U.S. Department of Agriculture programs, the House reduced the authorization for these grants by \$21 million in fiscal year 1982. The Senate reduced the authorization for these grants by \$118 million in fiscal year 1982.

*Conference agreement.*—The conferees compromised and reduced the authorization for these grants by \$63 million in fiscal year 1982.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-63	-82	-99
Outlays.....	-7	-22	-24

## I. Other development and conservation programs

As part of an across the board reduction in various U.S. Department of Agriculture programs, the House reduced the authorizations for various development and conservation programs, including the water bank and agricultural conservation programs, by 9.2 percent in fiscal year 1982. The Senate had no comparable provision.

*Conference agreement.*—The conferees compromised on the authorizations caps for the various programs. These caps included authorization caps in fiscal year 1982 of \$11 million for the Water Bank Program, \$201 million for the Agricultural Conservation Program, and \$589 million for expenses for carrying out the programs administered by the Soil Conservation Service.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-40	-55	-75
Outlays.....	-25	-45	-67

## J. U.S. Department of Agriculture's salaries and expenses

The House reduced the authorizations for the Department of Agriculture's salaries and expenses resulting in a 9.2 percent reduction in fiscal year 1982. The Senate reduced the Department of Agriculture's personnel ceiling from 121,000 to 118,360 staff years, excluding overtime.

*Conference agreement.*—The conferees compromised on a personnel ceiling of 117,000 staff years, including overtime.



## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority .....	-175	-187	-200
Outlays .....	-158	-181	-194

## MINICONFERENCE No. 2

Committees: House Agriculture, House Foreign Affairs/Senate Agriculture.

## ISSUES

## A. Interest rates on Public Law 480 title I loans

The Senate bill included an increase in interest rates on Public Law 480, Food for Peace loans. The House bill made no change in interest rates.

*Conference agreement.*—The Senate receded and accepted the House position that there be no change in interest rates.

## B. Level of annual ceilings on Public Law 480 programs

The three committees had set ceilings on appropriations for Public Law 480, Food for Peace programs, at the different levels indicated below.

[Budget authority in millions of dollars]

	Fiscal year—		
	1982	1983	1984
House Foreign Affairs .....	1,392	1,448	1,553
House Agriculture .....	1,305	1,355	1,425
Senate Agriculture .....	1,362	1,193	1,252

*Conference agreement.*—The conferees agreed to the House Agriculture Committee level for fiscal year 1982 and split the difference between the Senate Agriculture Committee levels and the House Foreign Affairs Committee levels for fiscal years 1983 and 1984.

The agreement sets appropriation ceilings for Public Law 480 of \$1,305 million in fiscal year 1982; \$1,320 million in fiscal year 1983, and \$1,402 million in fiscal year 1984.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority .....	-132	-199	-224
Outlays .....	-238	-186	-213

## MINICONFERENCE No. 3

Committees: House Agriculture and House Interior and Insular Affairs/Senate Agriculture, Nutrition, and Forestry and Senate Energy and Natural Resources.

## ISSUES

## A. Forest Service

The above House and Senate committees capped the authorizations for appropriations for the forestry programs under their respective jurisdictions.

*Conference agreement.*—The conferees agreed on a compromise cap. The House Interior and Insular Affairs cap of one million dollars on their forestry programs was deleted. The House Agriculture Committee's fiscal year 1982 authorization cap of \$1,446 million was increased to \$1,498 million in the conference agreement.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority .....	-94	-94	-93
Outlays .....	-42	-69	-93

## MINICONFERENCE No. 4

Committees: House Agriculture, House Interior and Insular Affairs, House Public Works and Transportation/Senate Environment and Public Works.

## ISSUES

## A. Water resources

The House bill provided \$12.5 million for fiscal years 1982, 1983 and 1984 respectively for a National Board on Water Resources Policy. The Senate bill provided \$36.4 million for fiscal years 1982 and 1983 and \$32.2 million for fiscal year 1984 for water resources planning grants to the States, river basin commissions, Federal coordination of water resources policy and water resources research.

*Conference agreement.*—The conferees agreed to \$23.065 million for each fiscal year 1982-1984 for water resources research and related activities. The conferees also agreed to \$12 million for each fiscal year 1982-1984 for a national water resources board only when and if legislation establishing such a board is enacted.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority .....	-9	-10	-12
Outlays .....	-2	-7	-10

## MINICONFERENCE No. 5

Committees: House Agriculture and House Education and Labor/Senate Agriculture, Nutrition, and Forestry.

## ISSUES

## A. Bankhead-Jones

The House eliminated funding for the Bankhead-Jones Act which provides funding for agricultural teaching assistantships in agricultural land grant colleges and universities. The Senate had no comparable provision.

*Conference agreement.*—The House conferees receded.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority .....			
Outlays .....			

## MINICONFERENCE No. 6

Committees: House Agriculture and House Ways and Means/Senate Agriculture, Nutrition, and Forestry and Senate Finance.

## ISSUES

## A. Eligibility of SSI recipients for food stamps

The House extended the provision in current law which under certain conditions allows certain states (Massachusetts, Wisconsin, and California) to continue providing a cash payment to certain SSI recipients in lieu of food stamps. The Senate had no comparable provision.

*Conference agreement.*—The Senate conferees receded.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority .....	-50	-50	-50
Outlays .....	-50	-50	-50

## MINICONFERENCE No. 7

Committees: House Agriculture/Senate Labor and Human Resources.

## ISSUES

## A. Second Morrill Act

The Senate capped the authorizations for appropriations of funds under this Act at \$2.8 billion dollars per year. This Act provides funding for agriculture teaching assistantships in agricultural land grant colleges and universities. The House had no comparable provision.

*Conference agreement.*—The conferees compromised by providing for annual authorizations for appropriations rather than permanent authorization for appropriations as is contained in current law.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority .....			
Outlays .....			

## MINICONFERENCE No. 8

Committees: House Agriculture and House Energy and Commerce/Senate Energy and Natural Resources.

## ISSUES

## A. Alcohol fuels

Authorizations for biomass energy development activities under the Biomass Energy and Alcohol Fuel Act of 1980 were reduced from \$600 million to \$460 million. The Senate also capped authorizations for the biomass energy and alcohol fuel programs under the Biomass Energy and Alcohol Fuel Act of 1980 at \$10 million for fiscal year 1981 and zero dollars for fiscal years 1982, 1983, and 1984. The House did not have any comparable provisions.

*Conference agreement.*—The conferees agreed to the first Senate provision of reducing authorization for energy development activities from \$600 to \$460 million. This results in savings of \$65 million in budget authority in fiscal year 1981. The other Senate provisions were dropped.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority .....			
Outlays .....			

## MINICONFERENCE No. 9

Committees: House Agriculture/Senate Environment and Public Works.

## ISSUES

## A. Rural clean water program

The House capped the authorization for appropriations for the rural clean water program resulting in a cap in fiscal year

1982 of \$19.8 million. The Senate had no comparable provision.

*Conference agreement.*—The House conferees receded.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....			

#### MINICONFERENCE No. 10

Committees: House/Senate Armed Services.

##### ISSUES

#### A. Once-a-year cost-of-living adjustment for retired military personnel

Both the House and Senate provided for a once-a-year COLA for retired military personnel. There were minor differences in language. The House Bill implemented the once a year COLA by referring to existing legislation, the Department of Defense Authorization Act 1981. The Senate repeated the language contained in the Department of Defense Authorization Act 1981.

*Conference agreement.*—The Conferees agreed to the House version.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-394	-327	-285
Outlays .....	-394	-327	-285

#### B. Stockpile sales

Both the House and Senate provided for the sale of materials from the strategic stockpile. The Senate provided for the sale of only silver for a savings of \$572 million. The House provided for the sale of various materials, including silver, for a savings of \$535 million. Additionally the House authorized the purchase of material for the stockpile. The Senate had no such provision. Various other minor differences existed in language.

*Conference agreement.*—The Conferees agreed on the House proposed sales from the stockpile with minor changes in language. This proposal would authorize the sale of silver as well as various other materials in all years.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-535	-534	-193
Outlays .....	-535	-534	-193
Savings do not include authorized stockpile purchases which are subject to appropriation action. Authorized purchases are:			
Budget authority .....	+120	+130	+139
Outlays .....	+84	+166	+139

#### C. Open enrollment for military survivor benefit plan

The House provided an open season for enrollment of those retired military who did not participate in the survivor benefit plan or who did not opt for full coverage to enroll or increase benefits. The Senate did not have such a provision.

*Conference agreement.*—The Senate accepted the House proposal with a change to

extend from twelve to twenty-four months, the period of time required from enrollment until death to qualify for the death benefit.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-37	-36	-35
Outlays .....	-37	-36	-35

#### MINICONFERENCE No. 11

Committees: House Banking/Senate Banking.

##### ISSUES

#### A. Subsidized housing

The House reduced the authorization for new subsidized housing contracts to \$18.36 billion, which would support an estimated 158,000 new units. The Senate reduced the authorization to \$17.81 billion, which would support and estimated 150,000 new units.

*Conference agreement.*—The conference committee compromised on a funding level of \$18.09 billion, which would support and estimated 153,000 new units.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-11,557	-13,663	-15,509
Outlays .....	-116	-335	-721

#### B. Community development and UDAG

Both the House and Senate bills authorized a total of \$4.166 billion for these programs. However, the Senate bill provided a \$500 million setaside within that \$4.166 billion for a separate UDAG program.

*Conference agreement.*—The House receded to the Senate, allowing for a UDAG set-aside.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-469	-892	-1,257
Outlays .....	-47	-251	-642

#### C. Section 312 rehabilitation loans

The House repealed the section 312 rehabilitation loan program. The Senate extended the program, but allowed new loans to be made only from repayments of existing loans not from new budget authority.

*Conference agreement.*—The House receded to the Senate, resulting in a 1982 program level of \$85 million in new loans.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-137	-147	-156
Outlays .....	-160	-140	-142

#### D. Public housing operating subsidies (PHOS)

The House authorized \$1,640.7 million for PHOS in 1982. The Senate authorized \$1,204.6 million.

*Conference agreement.*—The conferees compromised at an authorization of \$1,500 million.

#### INCREASES ABOVE BASELINE

(In millions of dollars)

	1982	1983	1984
Budget authority .....	+260	+305	+359
Outlays .....	+135	+284	+333

#### E. GNMA mortgage purchases

The House limited 1982 GNMA mortgage purchases to \$1.97 billion, the current policy baseline level. The Senate authorized a mortgage purchase level of \$3.2 billion.

*Conference agreement.*—Senate receded to the House.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....			

#### F. Export-Import Bank

Both bills contained a 1982 program level of \$5,065 million of new subsidized loans for the Ex-Im Bank.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-1,349	-1,469	-1,578
Outlays .....	-111	-464	-775

#### Subconference Total

The items above are the major issues resolved by this Mini-Conference. A long list of smaller and more minor issues were also resolved.

The following table summarizes the total savings achieved by this subconference (in millions of dollars):

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-14,405	-17,072	-19,447
Outlays .....	-539	-1,292	2,449

#### MINICONFERENCE No. 12

Committees: House Banking, House Energy/Senate Energy.

##### ISSUE

#### A. Low-income weatherization

The House bill contained conflicting provisions on the low-income weatherization program. One section authorized the current policy level of \$193.4 million in 1982; another section repealed the authorization for this program. The Senate authorized \$350 million for energy conservation grants to States and localities, under which low-income weatherization would be an explicitly permitted activity.

*Conference agreement.*—The conference agreed to Senate approach with an amendment to include language that up \$175 million of energy conservation funds may be used for low-income weatherization.



## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-18	-20	-21
Outlays.....	-2	-13	-24

These amounts are also credited as savings in Miniconference No. 24.

## MINICONFERENCE No. 13

Committees: House Banking/Senate Energy.

## ISSUE

## A. Solar bank

The House authorized the current policy program level for subsidizing residential conservation and solar improvements of \$132 million a year starting in 1982. The Senate limited the Solar Bank to \$50 million a year.

*Conference agreement.*—The House receded to the Senate.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	+50	+50	+50
Outlays.....	-46	-108	-102

(The increase in budget authority is an artificial result. The CBO current policy baseline assumes that these subsidies would be funded from the solar and conservation reserve which was scored as budget authority in 1980. However, that reserve was eliminated by a rescission enacted after the CBO current policy baseline was selected. As a result, new budget authority is required by the conference agreement, but it still reflects a permanent reduction in the Solar Bank program level from \$132 million down to \$50 million.)

## MINICONFERENCE No. 13A

Committees: House Banking/Senate Foreign Relations.

## ISSUE

## A. International financial institutions (IFIs)

The House reduced the authorization for U.S. contributions to the International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank below the current policy baseline and well below the administration request for contributions to the IFIs. The Senate had no comparable provision.

*Conference agreement.*—The Senate receded to the House with an amendment funding these activities at the level of the administration request.

## INCREASES ABOVE BASELINE

(In millions of dollars)

	1982	1983	1984
Budget authority.....	+807	+1,088	+1,016
Outlays.....	+106	+259	+460

## MINICONFERENCE No. 14

Committees: House District of Columbia/Senate Governmental Affairs.

## ISSUES

## A. Loans to the District of Columbia

Both Houses had an authorization cap of \$155 million per year and minor differences, such as an outlay cap, were worked out in conference.

*Conference Agreement.*—Cap of \$155 million per year for fiscal year 1982, 1983 and 1984.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-39	-59	-72
Outlays.....	-40	-58	-69

MINICONFERENCE No. 15<sup>1</sup>

Committees: House Education and Labor/Senate Labor and Human Resources.

## ISSUES

## A. Elementary and secondary education (ESEA)

The House bill and Senate amendment proposed two block grants for education programs: one for title I and another for smaller programs, such as emergency school aid, library and learning resources, and support and innovation programs. The House bill capped the title I program authorization at \$3,544.3 million in fiscal year 1982, while the Senate capped the program at \$3,348.0 million for each of the fiscal years 1982-1984. The House bill also capped the other education block grant authorization at \$584.4 million for each of the fiscal years 1983-1984, while the Senate capped the program at \$584.2 million in fiscal year 1982, and \$583.9 million in fiscal year 1983.

*Conference agreement.*—The conferees agreed to an authorization cap of \$3,480 million for title I in fiscal year 1982. Further, the conferees agreed to cap the new title II block grant authorization (a consolidation of 28 existing programs) at \$589 million in each of the fiscal years 1983-1984. The programs to be consolidated in the new title II block grant would continue as categorical programs in fiscal year 1982 with individual authorization ceilings.

## B. Employment and training: CETA, youth training, and employment service

The House bill and Senate amendment proposed different funding level ceilings for the various CETA adult training and youth training programs. Further, the Senate amendment capped the appropriation for State employment security agencies at \$607 million. The Senate amendment capped the CETA program authorizations in fiscal year 1982 at \$3,900.5 million of which \$75.5 million would be for program administration. The House bill did not have a similar provision.

*Conference agreement.*—The House receded with amendments to the various CETA program authorization caps. The total amount of authorization caps is \$3,970.5 million for fiscal year 1982. The conferees also agreed to cap the appropriation for State employment security agencies at \$677 million.

## C. Headstart

The Senate amendment capped the Headstart program authorization at \$820 million in fiscal year 1982, \$1,007 million in fiscal year 1983, and \$1,058 million in fiscal year

1984. The House bill did not have any comparable provisions.

*Conference agreement.*—The House receded with an amendment capping the program authorization at \$950 million in fiscal year 1982, \$1,007 million in fiscal year 1983, and \$1,058 million in fiscal year 1984.

## D. Guaranteed student loans (GSLs)

The House bill provided that GSLs would be available only for a student's "remaining need" for college expenses. The Senate amendment provided the full \$2,500 loan to students from families with incomes at or below \$25,000 adjusted gross income, and those from families with incomes in excess of \$25,000 would be eligible for remaining need.

*Conference agreement.*—The conferees agreed to cap the eligibility for the full \$2,500 loan at \$30,000 adjusted gross income and provide "remaining need" to those students from families with incomes in excess of \$30,000.

## E. Other higher education (Pell Grants)

The House bill and Senate amendment capped the Pell Grant and other higher education program authorizations for each of the fiscal years 1982-1984. The House bill capped the Pell Grant program at \$2,466 million in fiscal year 1982, \$2,353 million in fiscal year 1983, and \$1,965 million in fiscal year 1984. The Senate amendment capped the program at \$2,820 million, \$3,000 million, and \$3,300 million for these years.

*Conference agreement.*—The Senate receded with an amendment to cap the Pell Grant program authorization at \$2,650 million in fiscal year 1982, \$2,800 million in fiscal year 1983, and \$3,000 million in fiscal year 1984.

## F. Federal Employees' Compensation Act (FECA)

The House bill reformed the FECA benefits program. The Senate amendment did not have any comparable provision. (Also see mini-conference #21 for companion House provisions relating to retirement.)

*Conference agreement.*—The House receded.

## G. Community services block grant

The Senate amendment provides for a community services block grant which would be capped at \$354 million for each of the fiscal years 1982-1986. The block grant would incorporate most of the programs administered by CSA into a single block grant to the States. The House bill did not have a similar provision. (See Mini-Conference #19 for a discussion of the House bill's social services block grant.)

*Conference agreement.*—The House receded with technical amendments to the Senate block grant with an authorization cap of \$389 million for each of the fiscal years 1982-1986.

## H. Refugee Education

The House bill capped the Refugee Education program authorization at \$50 million for each of the fiscal years 1982-1984. The Senate amendment did not have a similar provision.

*Conference agreement.*—The Senate receded with an amendment to cap the authorization at \$5 million in fiscal year 1982, \$7.5 million in fiscal year 1983, and \$10 million in fiscal year 1984.

## Subconference Total

The following table summarizes the total savings achieved by this Mini-Conference. CBO estimates for the individual issues are not yet available.

<sup>1</sup> These members are staff estimates subject to CBO verification.

## TOTAL SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-8,154	-10,035	-11,419
Outlays.....	-5,448	-8,418	-11,073

## MINICONFERENCE No. 16

Committees: House Education and Labor/  
Senate Agriculture.

## ISSUE

## A. Child nutrition

The House reconciliation bill proposed savings of \$1.55 billion in fiscal year 1982. The Senate reconciliation bill proposed savings of \$1.50 billion in fiscal year 1982. Overall, the House Senate reconciliation packages contained only a few major differences. Of the differences that existed between the two bills, the following compromises were reached.

**School Lunch Reimbursements:** The conference agreement set the reimbursement rate for a paid lunch at 21.5¢; a reduced-price lunch at 80.25¢; and a free lunch at 120.25¢.

**School Breakfast Reimbursements:** The conference agreement adopted the Senate proposals setting breakfast reimbursement for paid at 8.25¢, for reduced-price at 28.5¢, and free at 57.0¢. The conferees also adopted an amendment setting the maximum charge for a reduced-price breakfast at 30¢.

**Summer Feeding Program:** A compromise was reached between the House and Senate adopting the House language on sponsorship (limited to public or private non-profit school, local, city or county governments, or residential non-profit summer camps); adopting the Senate restriction that the program can only operate in areas where 50 percent or more of children would be eligible for free or reduced-price meals; and adopting the House authorization of the program through fiscal year 1984.

**WIC:** The conference agreement splits the difference in fiscal year 1982 setting funding for the WIC program at \$1.017 billion and adopted the Senate funding levels in fiscal years 1983 and 1984 of \$1.06 billion and \$1.126 billion, respectively.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-1,474	-1,579	-1,682
Outlays.....	-1,457	-1,566	-1,672

## MINICONFERENCE No. 17

Committees: House Education and Labor/  
Senate Judiciary.

## ISSUES

## A. Civil Rights Act

The House bill capped the advisory and technical assistance program authorization for schools undergoing desegregation at \$37.1 million for each of the fiscal years 1982-1984. The Senate did not have a similar provision.

**Conference agreement.**—The Senate receded to the House level of \$37.1 million for each of the fiscal years 1982-1984.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-13	-15	-18
Outlays.....	-1	-11	-15

## B. Juvenile justice

The House bill capped the Juvenile Justice program authorization at \$70 million for each of the fiscal years 1982-1984. The Senate amendment capped the program at \$77 million for each of the years.

**Conference agreement.**—The House receded to the Senate level of \$77 million for each of the years.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-39	-55	-69
Outlays.....	-4	-25	-50

## MINICONFERENCE No. 18

Committees: House Education and Labor  
and Energy and Commerce/Senate Labor  
and Human Resources.

## ISSUES

## A. Black lung clinics

The Senate amendment consolidated the Black Lung Clinic program into one of the health block grants. The House bill did not have a similar provision.

**Conference agreement.**—The Senate receded.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			
Outlays.....			

MINICONFERENCE No. 19<sup>1</sup>Committees: House Education and Labor,  
Energy and Commerce, and Ways and  
Means/Senate Finance, Labor and Human  
Resources and Judiciary.

## ISSUES

## A. Social services block grant

The House bill consolidated 10 social services programs including title XX and the Community Services Administration (CSA) programs into one block grant to the States which would be capped at \$3,123 million for each of the fiscal years 1982-1985.

The Senate amendment did not have a comparable provision. Instead, the Senate amendment separated title XX from the CSA programs and established 2 block grants to the States.

**Conference agreement.**—The House receded from its social services block grant in this Mini-Conference and receded to the Senate, with amendments, to the title XX block grant (Mini-conference #58) and to the community services block grant (Mini-Conference #15). The Social Services agreement incorporates the title XX programs into a new block grant with a fiscal year 1982 funding level of \$2.4 billion which will be increased by \$500 million per year through fiscal year

<sup>1</sup> These numbers are staff estimates subject to CBO verification.

1986 and retains the current titles IV B (child welfare services) and title IV E (Foster Care and Adoption Assistance) as categorical programs. (The savings associated with this block grant are identified in Mini-Conference #58). The community services block grant agreement incorporates the programs administered by CSA into a new block grant with a funding level of \$389 million in each of the fiscal years 1982-1986. (The savings associated with this block grant are identified in Issue E, Mini-Conference #15.)

## B. Low-income energy assistance and House energy assistance block grants

The House bill provided for two separate energy assistance block grants: one, a Home Energy Assistance Block Grant in the Education and Labor title of the bill, capped the program at \$1,875 million for each of the fiscal years 1982-1984, and the other, a Low-Income Energy Assistance Block Grant in the Ways and Means title of the bill, at \$1,400 million in fiscal year 1982 and \$1,600 million in fiscal year 1983.

The Senate amendment provided for one low-income energy assistance block grant which was capped at \$1,875 million for each of the fiscal years 1982-1984.

**Conference agreement.**—The House receded from its two separate provisions and amended the Senate version capping the program at \$1,875 million.

## TOTAL SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-1,268	-1,662	-2,077
Outlays.....	-1,189	-1,647	-2,054

## MINICONFERENCE No. 19A

Committees: House Education and Labor/  
Senate Labor and Human Resources, Fi-  
nance, and Judiciary.

## ISSUE

## A. Child abuse

The Senate amendment capped the Child Abuse and Prevention and Treatment Act authorization at \$7 million in both fiscal years 1982-1983. The House did not have a similar provision.

**Conference agreement.**—The House receded with an amendment to cap the program authorization at \$19 million of which \$2 million would be reserved for adoption opportunities, \$7 million for child abuse, and \$12 million for discretionary programs.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			
Outlays.....			

Note.—Estimates are not yet available from CBO.

## MINICONFERENCE No. 20

Committees: House Education and Labor  
and Ways and Means/Senate Finance.

## ISSUES

## A. Black lung

The Senate reconciliation bill contained no provision affecting the Black Lung Trust Fund. The House bill contained major changes including the following:



Increase the tonnage tax to \$1.00 on coal extracted from surface and underground mines from the current law tax of \$.25 and \$.50 per ton, respectively.

Reimburse mine operators for paid claims filed for miners whose last coal mine employment ended after 1969 and whose original claim was denied prior to March 1, 1978 but was subsequently approved based on changes made by the Black Lung Reform Act of 1977.

Conference agreement.—The House receded.

#### B. Community work programs in AFDC

The House and Senate bills authorized States to establish community work experience programs for AFDC recipients. Under these programs, recipients could be required to work on useful public projects in return for their AFDC grants.

Conference agreement.—The House and Senate bills contained identical provisions. This item was not in dispute.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-20	-41	-41
Outlays.....	-20	-41	-41

#### MINICONFERENCE No. 21

Committees: House Education and Labor and Post Office and Civil Service/Senate Labor and Human Resources.

##### ISSUES

#### A. Federal Employees' Compensation Act/Retirement benefits

The House bill would transfer Federal employees receiving FECA benefits to the Civil Service retirement system after the beneficiary reached retirement age. The Senate amendment did not have a similar provision. (See Issue E, Mini-Conference No. 15 for other FECA issue.)

Conference agreement.—The House receded.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....			
Outlays.....			

#### MINICONFERENCE No. 22

Committees: House Education and Labor/Senate Select Committee on Indians.

##### ISSUES

#### A. Indian education

The House bill capped Indian Education program authorizations at \$281.7 million for each of the fiscal years 1982-1984. The Senate amendment did not have any comparable provisions.

Conference agreement.—The Senate receded with an amendment capping the program authorizations at \$262.3 million in fiscal year 1982, \$276.1 million in fiscal year 1983, and \$290.4 million in fiscal year 1984.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-36	-38	-40
Outlays.....	-15	-37	-38

#### MINICONFERENCE No. 23

Committees: House Energy and Commerce/Senate Commerce, Science and Transportation.

##### ISSUES

#### A. Consumer Product Safety Commission

The House bill extended the authorization for the Commission through fiscal year 1984; provided for a Congressional veto of agency regulations and standards; requires regulatory impact analyses; standards for lawnmowers and amusement parks, public disclosure rules and advisory councils. The Senate bill had no provisions for the Consumer Product Safety Commission.

Conference agreement.—The conferees reached a compromise decision to reauthorize appropriations for the Commission for the next two years at the level of funding in the House-passed bill of \$33 million and \$35 million for fiscal years 1982 and 1983 respectively. In addition, the conferees authorized to be appropriated such funds as may be necessary for the payment of accumulated and accrued leave under section 5551 of Title 5, United States Code, and severance pay under section 5595 of Title 5, United States Code. The conferees agreed to retain the Commission as a separate independent agency; the Commission's function will remain separate from the Department of Commerce.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-10	-12	-12
Outlays.....	-10	-12	-12

#### B. Railroads

##### 1. Conrail Funding

Senate: Provided \$400 million in authorization for labor protection and related expenses and \$150 million for additional Federal subsidy for Conrail to help achieve profitability in preparation for sale of Conrail to private interests. Conrail commuter operations would be transferred to a new commuter agency and \$50 million in authorization for the program is provided.

House: Provided \$315 million in authorization for labor protection and \$375 million for additional Federal subsidy for Conrail. Commuter operations would be terminated and transferred to a new commuter agency and \$70 million in authorization and an additional \$50 million in loan guarantees would be provided.

Conference agreement.—Provides \$400 million in labor protection payments and \$262 million for continued subsidy of Conrail. Conrail could be sold as late as fiscal year 1985 and the conditions of sale would include a profitability test applied June 1, 1983. If profitable the Secretary would seek to sell Conrail as an entity to June 1, 1984, and if there is no buyer then 90 days would be allowed for the employees to purchase the railroad; 60 days is provided for Congressional review. The intent is to make maximum effort to sell Conrail as an entity and not in parts. The conference agreement also provides for termination of Conrail commuter operations and provides \$50 million in new authorization.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-120	-238	-300
Outlays.....	-355	-113	-90

##### 2. Amtrak Funding

Senate: Provided \$735 million in fiscal year 1982 and did not provide for specific train criteria or subprogram breakdown. The Senate bill did not exempt required Amtrak interest payments and assumed a lower service level than the existing system.

House: Provided \$735 million in fiscal year 1982 and increased funding in the out-years. The House provisions assumed two-year deferral of Amtrak's interest payments and forgiveness of State and local taxes, thereby providing a higher level of total funding available for Amtrak operations and maintains a substantial percentage of the existing system.

Conference agreement.—Provides a \$735 million fiscal year 1982 level and deferral of the Amtrak debt and modified provision of exemption from State and local taxes. A very substantial part of the existing Amtrak system can be funded at the conference agreed to funding levels.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-313	-351	-372
Outlays.....	-271	-407	-250

##### 3. Northeast Corridor Project

Senate: Restricted total project funding to \$385 million and thereby restricted the overall program goals by reducing the existing authorization for the program.

House: Provided \$385 million in fiscal year 1982 and 1983 but did not reduce the existing remaining \$695 million authorization and thereby allowed for a substantially larger program than the Senate bill; a program generally consistent with current law but on a slowed-down timetable.

Conference agreement.—Provided \$385 million for fiscal years 1982 and 1983 combined and does not change existing program authorities since the overall \$695 million remaining current law authorization is not reduced.

#### SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-186	-124	+200
Outlays.....	-8	-43	-82

##### 4. Rail Service Assistance

Senate: Reduces the existing rail service programs i.e., local rail service assistance formula program.

House: Reduces the existing rail service programs below the Senate assumptions and attempts to target the local rail assistance branchline program to the most needy States.

Conference agreement.—Continues local rail assistance program at \$40 million and the 505 redeemable preference share program at \$27 million, the minority business

program at \$10 million and \$11 million for miscellaneous smaller Federal Railroad Administration programs.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-51	-55	-59
Outlays .....	-10	-31	-45

## 5. USRA Administration

Senate: Reduces USRA authorizations.

House: Reduced the USRA operations funding to minimum levels.

*Conference agreement.*—Reduces the USRA operations funding to minimum levels for continued litigation needs and monitoring needs.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-18	-28	-34
Outlays .....	-15	-27	-33

## 6. Rail Labor Assistance

Senate: Eliminates the Title V labor protection program beginning in 1982.

House: Eliminates the Title V labor protection program in 1982, but preserves some funding for leftover claims and miscellaneous requirements.

*Conference agreement.*—Generally assumes the House position to eliminate the program but provides funding for leftover claims.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-25	-50	-4
Outlays .....	-25	-50	-5

## 7. Rail Research and Development

Senate: Reduces the overall authorization available for research and development.

House: Reduces the overall authorization available for railroad research and development below the Senate-recommended amounts.

*Conference agreement.*—The conference agreement follows the Senate authorization level in fiscal year 1982, and is between the Senate and House positions in the out-years.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-15	-15	-15
Outlays .....	-5	-10	-14

## 8. Rail Safety and Department of Commerce General Administration

Senate: No provision.

House: Reduction in overall authorization for miscellaneous sub-programs.

*Conference agreement.*—Assumes House position.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Rail safety:			
Budget authority .....	-2	-2	-2
Outlays .....	-1	-1	-1
Department of Commerce general administration:			
Budget authority .....	-4	-5	-6
Outlays .....	-4	-5	-6
Total budget authority .....	-6	-7	-8
Total outlays .....	-5	-6	-7

## C. Telecommunications

The House-passed bill included no provisions for the Interstate Commerce Commission (ICC), Federal Communications Commission (FCC), Corporation for Public Broadcasting (CPB), radio deregulation and television licensing and extended the Corporation for Public Broadcasting (CPB). The Senate bill lowered the authorization level for ICC; established user fees and reduced authorization for FCC and National Telecommunications and Information Administration (NITA); reduced the authorization for CPB; allowed an indefinite licensing period for radio deregulation, changed the licensing terms and reduced reporting requirements; and extended television licensing periods from 3 to 5 years, allowed random selection for licenses, and reduced reporting requirements.

*Conference agreement.*—The conferees reached the following compromise in the area of telecommunications: extension of the term of radio licenses from the present three to seven years, lengthening the television licenses from three to five years, establishment of a lottery procedure for awarding new licenses and authority for the Federal Communications Commission (FCC) to throw out challenges to existing licenses at the Commission's discretion. The conferees reauthorized the FCC for fiscal year 1982 and 1983 at \$76.9 million a year.

The conferees reauthorized the National Telecommunications and Information Administration (NTIA) for the next two years at \$16 million each year.

The conferees compromised on the funding level for the Corporation for Public Broadcasting (CPB) as follows:

CPB facilities are authorized for fiscal year 1982 at \$20 million, fiscal year 1983 at \$15 million, and for fiscal year 1984 at \$12 million.

CPB is reauthorized at \$140 million for fiscal years 1984, 1985 and 1986 respectively.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Telecommunications:			
Budget authority .....	-11	-14	-2
Outlays .....	-11	-14	-2
Corporation for Public Broadcasting:			
Budget authority .....	-9	-17	-105
Outlays .....	-1	-7	-97
Total budget authority .....	-20	-31	-107
Total outlays .....	-12	-21	-99

## MINICONFERENCE No. 23a

Committees: House Energy and Commerce and Merchant Marine and Fisheries/Senate Science and Transportation.

## ISSUES

## A. Coast Guard

Senate: The Senate version contained no such provisions.

House: The House version contained provisions limiting the Secretary of Transportation's use of Coast Guard transportation and dining facilities.

*Conference agreement.*—Drops reference to restrictions.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-175	-138	-145
Outlays .....	-112	-118	-137

## MINICONFERENCE No. 24

Committees: House Energy and Commerce/Senate Energy.

## ISSUES

## A. Strategic petroleum reserve

The House and Senate versions differed slightly as a consequence of a Senate floor amendment. The House specifically provided for annual authorization and appropriation of an off-budget account for funding the reserve. The Senate provided for a multi-year off-budget approach for funding SPRO.

*Conference agreement.*—The conferees agreed to create an off-budget account for the funding of the reserve. Funding from this account would be done on an annual authorization and appropriation basis. For fiscal year 1982, the conferees authorized \$3.9 billion from the account. All outlays from buying oil in this program in fiscal year 1982 would be off-budget.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-3,833	-3,353	-2,170
Outlays .....	-3,666	-3,791	-2,342

## B. Fuel Use Act Amendments

The House repealed the "off-gas" provision for electric utilities contained in the Fuel Use Act, and relaxed the ban on outdoor gas lighting for presently existing lights. The Senate bill did not deal with these issues.

*Conference agreement.*—The agreement essentially accepts the House position, with certain minor changes.

## C. DOE regulatory programs

The House did not authorize specific program levels for these programs, by subsuming their funding within an overall \$5.6 billion cap for DOE civilian activities. The Senate had somewhat more specificity for these programs.

*Conference agreement.*—The conference agreement provides for program authorization levels generally consistent with House report language, and within the overall \$5.6 billion cap on DOE civilian activities.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-175	-138	-145
Outlays .....	-112	-118	-137



### D. Energy conservation programs under Energy and Commerce Committee jurisdiction

The House had not specific authorization for these programs since it provided an overall \$5.6 billion cap on DOE civilian activities. In a different title of the House bill the low income weatherization program was repealed, as well as funded at a \$193 million level. The Senate provided \$350 million for these activities.

**Conference agreement.**—The conferees essentially adopted Senate program authorization levels with report language indicating that up to \$175 million of these funds could be for the low income weatherization grant program.

#### SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-252	-268	-298
Outlays.....	-27	-190	-269

### MINICONFERENCE No. 25<sup>1</sup>

Committees: House Energy and Commerce/Senate Finance.

#### ISSUES

### A. Medicaid cap and other medicaid changes

The House proposed a reduction in State funding for the medicaid program which would lower the Federal payment by 3, 2, and 1 percent in fiscal years 1982 through 1984, respectively. In addition, the House proposed certain increases in State flexibility to administer the program. These changes include allowing States to negotiate hospital reimbursement rates, to restrict patients and providers who overuse or abuse the program, and to purchase laboratory services, medical devices and drugs on a competitive basis. A total of \$935 million in 1982 outlays would be saved as a result of the changes proposed by the House. The Senate proposed a cap on medicaid which would limit Federal payments to States to 9 percent above the 1981 level. In addition, the minimum match would be reduced from 50 to 40 percent. The Senate also proposed increases in State flexibility which would reduce program costs. The Senate proposed changes include elimination of the medicaid "freedom of choice" provision and increased flexibility for States to determine hospital reimbursement rates. The combined impact of the Senate proposals would save \$1,010 million in 1982.

**Conference agreement.**—The agreement is to reduce the Federal medicaid payment by 3, 4, and 4.5 percent in 1982 through 1984, respectively. States could offset these reductions by limiting their medicaid increases below 109 percent of the 1981 base, by other specified program improvements, or if the State's unemployment level is 150 percent of the national average. In addition, States could negotiate hospital reimbursement rates, increase competitive procurement of laboratory and other services, and limit providers and recipients who abuse the medicaid system.

<sup>1</sup> These numbers are staff estimates subject to CBO verification.

#### SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-1,193	-969	-821
Outlays.....	-914	-933	-1,084

### B. Maternal and child health block grants

The House proposed a block grant to consolidate the maternal and child health, sudden infant death syndrome, adolescent pregnancy and hemophilia programs and to reduce their funding by 18 percent below the 1981 levels. The Senate proposed a similar block grant, excluding adolescent pregnancy but including genetics. Programs to be included in the block grant would be reduced by 25 percent.

**Conference agreement.**—The agreement consolidates all of the programs, including both adolescent health and genetics, which the House and Senate proposed to combine into a block grant. The 1982 funding level proposed by the House is agreed to for 1982 through 1984.

#### SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-29	-82	-121
Outlays.....	-17	-49	-73

### MINICONFERENCE No. 26

Committees: House Energy and Commerce/Senate Environment and Public Works.

#### ISSUES

### A. Noise control and toxic substances

The House bill provided substantive amendments to the Noise Control Act of 1972 and an authorization of \$7.3 million for fiscal years 1982 and 1983. The House bill also provided \$62 million for each fiscal year 1982 and 1983 for toxic substances control. The Senate had no comparable provisions.

**Conference agreement.**—The House agreed to recede. This action results in removing the item from the reconciliation bill.

#### SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			
Outlays.....			

### MINICONFERENCE No. 27<sup>1</sup>

Committees: House Energy and Commerce/Senate Labor and Human Resources.

#### ISSUES

### A. Health prevention and health services block grant

The House consolidated approximately 10 programs into a prevention block grant and an alcohol/drug abuse block grant. Funding for the programs consolidated into the first of these blocks was reduced by 20 percent and there is a 24 percent funding reduction for programs included in the latter block. The House extended categorical authorizations, but at reduced funding levels, for a number of health programs, including com-

<sup>1</sup> These numbers are staff estimates subject to CBO verification.

munity health and mental health centers, migrant health centers, and family planning programs. The Senate combined approximately 20 programs—including those which the House extended as categorical—into a prevention and health services block grant. Funding for the programs would be reduced by 25 percent.

**Conference agreement.**—The agreement provides for three block grants which includes the programs shown below:

#### Prevention

Home health, rodent control, fluoridation, health education/risk reduction, health incentive grants, emergency medical services, rape crisis, hypertension.

#### Alcohol, Drug Abuse and Mental Health

Alcohol abuse, drug abuse, mental health.

#### Primary Care

Community health centers.

Funding for the block grants reflects a split between the House and Senate differences for 1982 with an 8 percent increase for each of the years 1983 and 1984.

#### SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-335	-395	-423
Outlays.....	-129	-299	-375

### B. Authorizations for categorical health programs

#### Health Services and Prevention

The House proposed to provide categorical authorizations for immunization, tuberculosis, venereal disease, family planning, migrant health, and primary care research and development programs at reduced funding levels. With the exception of immunizations and tuberculosis, the Senate proposed to include these programs in a categorical block grant with a 25 percent reduction in funding. The Senate continued the categorical immunization program with a 22 percent reduction in funding, included no provision for tuberculosis, and provided a categorical alcoholism and drug abuse demonstration program to be authorized at \$30 million for 1982.

**Conference agreement.**—All of the above programs are continued as categorical.

#### SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-19	-17	-16
Outlays.....	-13	-16	-17

### C. Reauthorizations of discretionary health programs

#### Health Manpower

The House proposed to reduce funding for manpower programs by 25 percent, including elimination of the capitation program. The Senate placed a cap on health manpower programs which is 45 percent below the current policy level.

**Conference agreement.**—The agreement splits the difference between the House and Senate authorization levels. A total of 550 new assignees per year would be supported for the National Health Service Corps.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-186	-198	-222
Outlays.....	-31	-140	-190

National Centers for Health Research, Technology and Statistics, National Library of Medicine, and Research Service Awards

The House extended the authorizations for these programs at 16 percent below the current policy levels. The Senate imposed caps on the National Institutes of Health and the Office of the Assistant Secretary for Health which are to include funding for all of the programs. The caps are the same as the funding levels requested by the administration.

*Conference agreement.*—The agreement funds approximately 80 percent of the current policy level.

## SAVINGS ACHIEVED

	1982	1983	1984
Budget authority.....	-43	-41	-43
Outlays.....	-20	-39	-41

## Health Maintenance Organizations

The House continues the categorical authority, providing planning and initial development grants only for entities funded in 1981. The Senate provided no specific authorization, but assumed that the program could be included in the cap for the Office of the Assistant Secretary for Health.

*Conference agreement.*—The agreement provides for funding to currently funded HMO's and sufficient funds to cover loan defaults plus \$5 million for new HMO loans.

## SAVINGS ACHIEVED

	1982	1983	1984
Budget authority.....	-6	-20	-23
Outlays.....	-3	-12	-18

## Health Planning

The House provides for continuation of the health planning program at a reduced funding level. The Senate would phase out the program at the end of fiscal year 1982.

*Conference agreement.*—The agreement provides a fiscal year 1982 authorization of \$102 million. The issues of 1983 and 1984 authorization levels are not addressed.

## SAVINGS ACHIEVED

	1982	1983	1984
Budget authority.....	-45	-75	-80
Outlays.....	-18	-51	-73

## Alcohol and Drug Abuse Research

For 1982, the House and Senate both recommended the current policy level for alcoholism research. For drug abuse research, the House recommended the 1981 funding level and the Senate recommended an 11 percent increase.

*Conference agreement.*—The House level was adopted for drug abuse research for 1982. The agreement does not address the issues of funding for 1983 and 1984.

## SAVINGS ACHIEVED

1982 1983 1984

Budget authority.....			
Outlays.....			

## Developmental Disabilities

The House provided continuation of the categorical program with a 25 percent reduction in funding compared to an 8 percent reduction below current policy level recommended by the Senate.

*Conference agreement.*—The agreement for 3 years is the same as the Senate recommendation for 1982.

## SAVINGS ACHIEVED

	1982	1983	1984
Budget authority.....	-5	-10	-14
Outlays.....	-3	-8	-12

## Adolescent Family Life Program

Neither the House nor Senate bills included the provision. However, other family and adolescent health activities are included in the bill. This program originated in S. 1090 which was reported out of the Senate Labor and Human Resources Committee.

*Conference agreement.*—The agreement provides an authorization of \$30 million for adolescent pregnancy prevention and family support activities.

## SAVINGS ACHIEVED

	1982	1983	1984
Budget authority.....	+30	+30	+30
Outlays.....	+10	+10	+10

## D. Railroad retirement

The Senate bill repeals benefit provisions which provide windfall benefits to spouses of former rail workers and provide benefits to survivors of deceased railroad workers that increase more rapidly than does the Consumer Price Index. The benefit changes in the House bill are intended to help increase the stability of the system.

*Conference agreement.*—The conferees accepted the House package with the following modifications: The indexing provisions for the industry component of the pension, which is a cost item, will not go into effect until a tax increase is enacted into law; the House accepts the Senate proposal to eliminate the so-called windfall benefit for spouses of former rail workers; the Railroad Retirement Board must draw up a plan to allocate the trust balances if in any month the balances will be insufficient to make full benefit payments; and a loan provision included in the House-reported tax bill is also included in the conference agreement.

## SAVINGS ACHIEVED

	1982	1983	1984
Budget authority.....			
Outlays.....	-320	-140	-160

## MINICONFERENCE No. 28

Committees: House Energy and Commerce/Senate Judiciary and Senate Environment and Public Works.

## ISSUE

## A. Controlled Substances Act

The House proposed to repeal the authorization for activities under the Controlled Substances Act. The Senate had no comparable provisions.

*Conference agreement.*—The agreement is to repeal the authorization. The activities will continue to be funded under more general authorizations available to the Justice Department.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			
Outlays.....			

## MINICONFERENCE No. 29

Committees: House Energy and Commerce, House Interior and Insular Affairs/Senate Energy and Natural Resources.

## ISSUES

## A. Office of Federal Inspector for the Alaska Natural Gas System

The House provided \$36.6 million, \$45.5 million and \$46.9 million for fiscal years 1982, 1983, 1984 respectively. The Senate provided \$21.0 million, \$36.6 million, \$45.5 million and \$46.9 million for fiscal years 1981, 1982, 1983, and 1984 respectively.

*Conference agreement.*—The conferees agreed to accept the House levels for fiscal years 1982-1984 and the Senate level for fiscal year 1981.

## SAVINGS ACHIEVED

[In millions of dollars]

	1981	1982	1983	1984
Budget authority.....	( <sup>1</sup> )	+14	+23	+24
Outlays.....	( <sup>1</sup> )	+13	+22	+24

<sup>1</sup> Less than \$1 million.

## MINICONFERENCE No. 30

Committees: House Energy and Commerce, House Interior and Insular Affairs/Senate Environment and Public Works.

## ISSUES

## A. Nuclear Regulatory Commission

The House provided \$485.9 million, \$513.1 million and \$544.9 million for NRC for fiscal years 1982, 1983 and 1984 respectively. The Senate had no comparable provision.

*Conference agreement.*—The conferees agreed that the House would recede to the Senate position. Since the Senate-passed bill did not reconcile NRC, the conference agreement results in removing this item from the bill.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			
Outlays.....			

## MINICONFERENCE No. 31

Committees: House Energy and Commerce, House Interior and Insular Affairs/Senate Indian Affairs.



## ISSUES

*A. Indian Health Service*

The House provided \$725.9 million, \$781.9 million and \$853.9 million for IHS for fiscal years 1982, 1983, 1984 respectively. The Senate had no comparable provision.

**Conference agreement.**—The House receded to the Senate. The Senate had not reconciled the Indian Health Service so the conference agreement resulted in removing this item from the reconciliation bill.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....			
Outlays.....			

## MINICONFERENCE No. 32

Committees: House Energy and Commerce, Interior and Insular Affairs and Science and Technology/Senate Energy.

## ISSUES

*A. Fair value pricing of uranium enrichment services*

The House Interior Committee proposed a change in the basis under which uranium enrichment prices are set by DOE, allowing DOE the flexibility to price its services at price levels comparable to those private enterprise might charge. This change was estimated to increase receipts by \$200 million in fiscal year 1982. The Senate did not address this issue.

**Conference agreement.**—The House receded to the Senate on this issue and did not change present law regarding this issue.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....			
Outlays.....			

*B. DOE shared jurisdiction program authorization levels*

The House generally did not authorize specific program levels for these programs, choosing to place caps on overall program levels instead. For example, the House Energy and Commerce Committee placed a \$5.6 billion cap on all civilian activities of DOE for fiscal year 1982. In the House Committee's report there was somewhat more specificity for some of the programs under its jurisdiction. The Senate Energy Committee authorized specific levels for certain individual programs and other levels for groupings of other programs. The Senate, however, authorized a total of DOE activities at nearly a \$5.9 billion level. The largest of these programs is the uranium enrichment program.

**Conference agreement.**—The conference agreement provides for program authorization levels consistent with the House cap of \$5.6 billion for DOE programs, while representing compromises with Senate figures for individual programs. The uranium enrichment program was authorized essentially at levels recommended by the administration which happen to be significantly above the CBO current policy baseline used for measuring reconciliation bill savings. This accounts for a large part of the increases reported below. In addition, the bill authorizes the Naval Petroleum Reserve drilling

and production program that also is at the President's request level, but above the baseline for reconciliation.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-32	+503	+353
Outlays.....	-213	+204	+406

## MINICONFERENCE No. 33

Committees: House Energy and Commerce, Public Works and Transportation/Senate Commerce Science and Transportation.

## ISSUES

*A. Office of the Secretary of Department of Transportation and Department of Commerce*

**Senate:** The Senate had no such provisions.

**House:** The House version limited the Secretary's use of funds for the office of the Secretary to those funds specifically authorized for that purpose.

**Conference agreement.**—Drops reference to restrictions on Secretary.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....			
Outlays.....			

*B. Transportation research and special programs*

**Senate:** The Senate version limited the authorization for the Research and Special Programs Administration to \$30 million for fiscal year 1982, and \$32 million for fiscal year 1983 and fiscal year 1984.

**House:** The House had no such provisions.

**Conference agreement.**—Reduced the research activities by eliminating the cooperative automobile research project.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-76	-16	-17
Outlays.....	-11	-16	-17

## MINICONFERENCE No. 33A

Committees: House Energy and Commerce, Public Works and Transportation, and Merchant Marine and Fisheries/Senate Commerce, Science, and Transportation.

## ISSUES

*A. Secretary of Transportation expenses*

**Senate:** The Senate contained no such provisions.

**House:** The House limited the authorization of funds for the Secretary's discretionary expenses, and for transportation planning, research and development.

**Conference agreement.**—Reduce funding for the Office of the Secretary by 2 percent (approximately). Dropped reference to Coast Guard and FAA services provided to Secretary.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-5	-7	-8
Outlays.....	-3	-5	-7

## MINICONFERENCE No. 34

Committees: House Energy and Commerce, House Public Works and Transportation/Senate Environment and Public Works.

## ISSUES

*A. Environmental Protection Agency*

The House bill provided a cap of \$540 million in fiscal year 1982 for EPA's non-energy research and development, abatement, control and compliance activities. The Senate bill provided the same cap of \$540 million for these activities in fiscal years 1982, 1983 and 1984.

**Conference agreement.**—The conferees agreed to remove this issue from reconciliation.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....			
Outlays.....			

## MINICONFERENCE COMMITTEES No. 35

Committees: House—Ways and Means, Post Office and Civil Service, Energy and Commerce. Senate: Finance.

## ISSUE:

*Coordination of medicare and FEHB programs*

The Ways and Means Committee include provisions that would make Medicare secondary payor to FEHB program for persons eligible for disability benefits. The Post Office and Civil Service Committee included language that would maintain the existing system unchanged. The Energy and Commerce Committee had no provision affecting the coordination of these programs.

The Senate Finance Committee had Medicare-FEHB coordination provision in S. 1377 which was deleted on the Senate floor.

**Conference agreement.**—The Ways and Means Committee receded thereby retaining current law.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....			
Outlays.....			

## MINICONFERENCE No. 36

Committees: House—Ways and Means, Energy and Commerce/Senate: Finance.

## ISSUES

*A. Provisions affecting premiums, deductibles and enrollment in medicare part B*

1. The House bill eliminated the carryover of incurred expenses from previous years as a means of meeting Part B deductible in current year. Savings: \$51 million each year.

2. The House bill increased the Part B deductible to \$70 million in 1982 and indexed the deductible to the CPI thereafter. Sav-

ings: 83/200/305 million. The Senate bill increased the Part B deductible to \$75 with no indexing. Savings: 111/194/221 million.

3. The Senate bill indexed the Part B premium so that it represented a constant 24% of program costs. Revenue impact only.

4. The Senate bill limited the enrollment period for Part B to January and March of each year and limited States ability to "buy-in" to Part B for their aged Medicaid recipients. Savings: 18/20/22 million.

**Conference agreement.**—The agreement included the elimination of the House carry-over provisions, the Senate change in the Part B deductible and the Senate's limitation on the Part B enrollment period.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	+13	+20	+23
Outlays.....	-171	-255	-283

## B. Provisions affecting providers of services

1. Both bills provided for reduced reimbursement for hospital patients who cannot be transferred to nursing homes because of their unavailability regardless of the hospitals occupancy rate. Certain exceptions to the reduction would be permitted. Savings: House—78/90/103 million; Senate—90/105/115.

2. The House bill established a prospective reimbursement system for renal dialysis services including both institutional and home care. Savings: 105/130/155 million.

3. The House bill limited reimbursement for home health services. Savings: 12/23/27 million.

4. Both bills authorized the Secretary to level civil penalties for fraudulent claims by practitioners and providers. Savings: 21/21/21 million.

5. Both bills provided incentives to promote closure and conversion of underutilized facilities. Savings: 2/9/23 million.

6. The House bill prohibited payment for drugs determined by FDA to be ineffective. Savings: none.

7. The Senate bill eliminated occupational therapy as a sole qualifying criteria for home health services.

8. The Senate bill limited payments for outpatient services in hospitals, community health centers and clinics.

9. The Senate bill provided that Medicare payments be secondary to private insurance in cases of end-stage renal disease.

**Conference agreement.**—The agreement adopted the House provisions relating to renal dialysis prospective reimbursement with some modifications; the House provisions on payment for home health services; a modified version of the Senate provisions relating to occupational therapy as a criteria for home health services and changes in payment for outpatient services; and the Senate provision making Medicare the secondary payor for renal dialysis services, but requiring the Secretary to collect directly from insurance carriers.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-26	-36	-71
Outlays.....	-252	-329	-393

C. Provisions affecting Medicare benefits. The Senate bill eliminate coverage for pneumococcal vaccine. Savings: 36/23/23

**Conference agreement.**—The agreement did not include the Senate provision. No savings, therefore, are achieved.

## D. PSRO and utilization review

The House bill repealed the PSRO provision effective in fiscal year 1984 and made other changes in the interim. The House bill also eliminated the requirement for UR committees in hospitals and nursing homes. Savings: 31/34/31 million.

**Conference agreement.**—The agreement does not include repeal of PSRO and UR provisions, but authorizes the Secretary to terminate up to 30 percent of PSRO base on effectiveness criteria by the end of fiscal year 1982.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-31	-34	-34
Outlays.....	-31	-34	-31

## TOTAL SAVINGS ACHIEVED NO. 36

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-44	-50	-82
Outlays.....	-454	-618	-707

## MINICONFERENCE No. 37

Committees: House Foreign Affairs/Senate Foreign Relations.

## ISSUES

## A. Program ceilings

Both bills had put annual appropriations ceilings on specific programs under their jurisdiction. The House had put ceilings on 11 programs, the Senate amendment provided for ceilings on nine of the same programs. The Senate amendment did not address the African Development Foundation and the International Communication Agency.

**Conference agreement.**—The House and Senate proposals and the ceilings established by the conferees for 1982 are as follows:

	Proposals (in thousands of dollars)		Conference agreement (in thousands of dollars)
	House	Senate	
American schools and hospitals abroad.....	20,000	12,000	20,000
International organizations and programs.....	255,650	229,050	255,650
International Narcotics Control.....	37,700	37,700	37,700
International disaster assistance.....	27,000	27,000	27,000
Inter-American Foundation.....	12,000	12,000	12,000
Peace Corps.....	105,000	105,000	105,000
International Organizations and Conferences.....	494,591	454,591	454,591
International Communication Agency (salaries and expenses).....	452,187		452,187
Arms Control and Disarmament Agency.....	18,268	18,268	18,268
Board of International Broadcasting.....	98,317	98,317	98,317
African Development Foundation.....	2,000		

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-244	-325	-314
Outlays.....	-158	-277	-302

## MINICONFERENCE No. 38

Committees: House Government Operations/Senate Government Affairs.

## ISSUES

## A. Travel

The Senate position required a reallocation of \$500 million deducted from travel accounts, but the funds would be available for use in other accounts. The House had no provisions with respect to travel.

**Conference agreement.**—House receded to the Senate with amendments to require a rescission of \$100 million rather than a \$500 million reallocation authority to be submitted in a rescission message in the fiscal year 1983 budget.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	<sup>1</sup> (-100)		
Outlays.....	<sup>1</sup> (-100)		

<sup>1</sup> These numbers are not included in the total and are contingent on subsequent Congressional enactment of fiscal year 1982 rescission bills.

## B. Consulting

The Senate required a reallocation of \$500 million deducted from accounts providing for consultants, but the funds would be available for reallocation to other accounts. The House had no provision with respect to consultants.

**Conference agreement.**—House recedes to the Senate with amendments to require a \$500 million rescission.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	<sup>1</sup> (-500)		
Outlays.....	<sup>1</sup> (-500)		

<sup>1</sup> These numbers are not included in the total and are contingent on subsequent Congressional enactment of fiscal year 1982 rescission bills.

## C. Block grants

The House required public reports and hearings before funds are made available to the States, a transition period of one year and GAO audits. The Senate had no provisions.

**Conference agreement.**—Senate recedes to the House with an amendment for mandatory State audits unless exempted in the act for a specific block grant and GAO access to State records on block grants. The provision was entirely re-written to accomplish the purpose of public reports and hearings on block grants before funds were made available.

## MINICONFERENCE No. 39

Committee: House Interior and Insular Affairs/Senate Energy and Natural Resources.

## ISSUES

## A. Department of the Interior

The House provided \$5.1 billion, \$5.8 billion and \$5.8 billion for fiscal years 1982, 1983 and 1984 respectively. The Senate provided \$3.9 billion, \$4.0 billion, \$4.7 billion and \$4.8 billion for fiscal years 1981, 1982, 1983 and 1984 respectively.

**Conference agreement.**—The conferees agreed to a cap on the authorization level for Department of Interior programs contained in the jurisdiction of both committees. Jurisdictional differences resulted in



Indian programs contained in the House-passed DOI cap being removed from the conference agreement. The conference agreement provides a cap at the enacted level for fiscal year 1981 and the Senate-passed reconciliation levels for fiscal years 1982-1984. The conference language also contains a sense of the Congress that the appropriation targets for these fiscal years should be not less than \$275 million for the Land and Water Conservation Fund, not less than \$30 million for National Historic Preservation, not less than \$10 million for Urban Park and Recreation Recovery, not less than \$105 million for the restoration and rehabilitation of units of the National Park System, not less than \$239 million for the Office of Territorial and International Affairs, not less than \$6.2 million for Title III of the Surface Mining and Control and Reclamation Act of 1977, and not less than \$100 million for payments in lieu of taxes.

## SAVINGS ACHIEVED

(In millions of dollars)

	1981	1982	1983	1984
Budget authority .....	+93	-633	-117	-268
Outlays .....	+66	-431	-196	-262

## B. User fees on oil and gas leases

The House provided an increase from \$10 to \$25 for each filing fee for non-competitive oil and gas leases. The House also provided an increase from \$1 to \$3 or \$5 per acre for rental fees on non-competitive oil and gas leases. The Senate had no comparable provisions.

**Conference agreement.**—The conferees agreed to a modified House provision increasing the filing fees for non-competitive oil and gas leases. The conference language provides a filing fee of not less than \$25 compared to the House provision that provided simply \$25. The conferees also agreed to strike the House language which would have provided an increase in the acreage rental fees. The conference language requires the Secretary of Interior to study and report to Congress within one year regarding the current rental charges and the feasibility and effect of raising such rentals.

## SAVINGS ACHIEVED

(In millions of dollars)

	1981	1982	1983	1984
Budget authority .....		-50	-50	-50
Outlays .....		-50	-50	-50

## C. Pennsylvania Avenue Development Corporation

The House and Senate provided about \$19 million for each fiscal year 1982-1984. The Senate also provided \$31.5 million for fiscal year 1981.

**Conference agreement.**—The conferees agreed to the House amounts for fiscal years 1982-1984 and \$31.6 million for fiscal year 1981.

SAVINGS ACHIEVED <sup>1</sup>

(In millions of dollars)

	1981	1982	1983	1984
Budget authority .....		-16	-19	-22
Outlays .....		-11	-15	-20

<sup>1</sup> Less than \$1 million.

## D. Holocaust Memorial Council

The House provided \$0.9 million, \$0.95 million, and \$1.0 million for the Council for fiscal years 1982, 1983, and 1984 respectively. The Senate had no comparable provision.

**Conference agreement.**—The conferees agreed to the House levels.

## SAVINGS ACHIEVED

(In millions of dollars)

	1981	1982	1983	1984
Budget authority .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Outlays .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> less than \$1 million.

## E. Advisory Council on Historic Preservation

The House provided \$1.9 million, \$1.9 million, and \$2.0 million for the council for fiscal years 1982, 1983, and 1984 respectively. The Senate provided \$1.6 million, \$1.7 million, \$1.8 million, and \$1.9 million for the Council for fiscal years 1981, 1982, 1983, and 1984 respectively.

**Conference Agreements.**—The conferees agreed to the House amounts for fiscal years 1982-1984 and the Senate amount for fiscal year 1981.

## SAVINGS ACHIEVED

(In millions of dollars)

	1981	1982	1983	1984
Budget authority .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Outlays .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> less than \$1 million.

## MINICONFERENCE No. 40

Committees: House Interior and Insular Affairs, House Public Works and Transportation/Senate Environment and Public Works.

## ISSUES

## A. Corps of Engineers recreational user fees

The House provided \$5.2 million, \$6.0 million and \$6.0 million for this item for fiscal years 1982, 1983 and 1984 respectively. The Senate provided \$5 million for fiscal year 1981 and the same amounts as the House for fiscal years 1982-1984.

**Conference agreement.**—The conferees agreed to \$5 million for fiscal year 1981 and the levels provided in both the House and Senate bills for fiscal years 1982-1984.

## SAVINGS ACHIEVED

(In millions of dollars)

	1981	1982	1983	1984
Budget authority .....		( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Outlays .....		( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Less than \$1 million.

## MINICONFERENCE No. 41

Committees: House Interior and Insular Affairs/Senate Indian Affairs.

## ISSUES

## A. Navajo/Hopi Indian Relocation Commission

The House provided \$15.6 million, \$25.3 million and \$28.0 million for fiscal years 1982, 1983, and 1984 respectively. The Senate had no comparable provision.

**Conference agreement.**—The House receded which removed this item from the bill.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....			

## MINICONFERENCE No. 44

Committees: House Judiciary/Senate Judiciary.

## ISSUES

## A. Department of Justice authorization

The Senate included an authorization for the Department of Justice programs. The House had no such provisions.

**Conference agreement.**—The conferees agreed to authorizations for Indochinese refugee assistance and the Patent and Trademark Office for fiscal year 1982. No other authorizations were approved.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-72	-70	-59
Outlays .....	-30	-71	-66

## MINICONFERENCE No. 45

Committees: House Judiciary/Senate Labor and Human Resources.

## ISSUES

## A. Legal Services Corporation

The House was silent on the Legal Services Corporation. The Senate provided a \$100 million authorization for 1982 and 1983.

**Conference agreement.**—The Senate receded to the House.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....			

## MINICONFERENCE No. 46

Committees: House Judiciary and Small Business/Senate Judiciary and Small Business.

## ISSUE

## A. Equal access to justice

The House had provisions amending the Equal Access to Justice Act. Basically, the amendments would restrict the use of the act to disputes involving \$500 or more, or to those involved in regulatory flexibility disputes with the Federal Government, where the Federal Government is not found to be substantially justified. The Senate had no such provision.

**Conference agreement.**—The House receded to the Senate.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....			

## MINICONFERENCE No. 47

Committees: House Merchant Marine and Fisheries/Senate Commerce, Science and Transportation.

## ISSUE

**A. Maritime programs authorization**  
(construction differential subsidy)

Senate: Includes only money provisions from the fiscal year 1982 maritime authorization bill and provides no funding for the maritime ship construction differential subsidy as recommended by the Administration.

House: Included the full maritime authorization bill including non-money provisions but also provided no funding for the ship construction differential subsidy program.

Conference agreement—Authorization for the maritime programs are provided for with no funding for the construction differential subsidy program. The non-money provisions provided for in the House bill are included in slightly modified form.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-150	-63	-74
Outlays .....	-14	-33	-62

## MINICONFERENCE No. 48

Committees: House Merchant Marine and Fisheries, House Public Works and Transportation/Senate Commerce, Science and Transportation.

## ISSUE

**A. Ocean dumping user fees**

Senate: did not include any provision relating to ocean dumping user fees.

House: the Merchant Marine and Fisheries Committee proposed the institution of up to \$5 a ton ocean dumping user fees for fiscal years 1983 and 1984 whereas the House Public Works Committee included language which prohibited the institution of ocean dumping user fees.

Conference agreement.—No provision for the institution of ocean dumping user fees was included in the reconciliation conference bill.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....			

## MINICONFERENCE No. 49

Committees: House Merchant Marine and Fisheries, House Energy and Commerce/Senate Labor and Human Resources.

## ISSUE

**A. Merchant seamen health care entitlement**

Senate: The Senate provided for closure of the PHS hospital system and termination of the merchant seamen entitlement; the Senate also allowed transfer of facilities to communities by March 31, 1982.

House: The House proposed to close the PHS hospitals at the end of fiscal year 1981. An additional transition period of one year is allowed for communities that wish to assume operations of the facilities or where the facilities can operate on a self-sufficient basis through third party reimbursements. The House also provided for continuation of

the entitlement with recipient paying the cost of care.

Conference Agreement.—The Senate receded to the House with an amendment to repeal the entitlement to merchant seamen.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-92	-179	-191
Outlays .....	-92	-179	-191

## MINICONFERENCE No. 50

Committees: House Post Office and Civil Service/Senate Government Operations.

## ISSUES

**A. Federal employee pay cap**

The Senate bill capped Federal pay at 4.8 percent in fiscal year 1982 only while the House bill capped Federal pay in fiscal year 1982 at 4.8 percent and at 7.0 percent in fiscal years 1983 and 1984.

Conference Agreement.—Senate receded to the House position.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-3,781	-5,227	-6,129
Outlays .....	-3,694	-5,247	-6,110

**B. Once a year COLA for Federal employees**

Both the Senate and House bills reduce the current twice a year cost of living increase for retired Federal employees to once a year.

Conference Agreement.—This was not a conferenceable issue.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....	-313	-414	-357

**C. Voluntary withholding for annuitants**

The House bill contained a provision to require OPM to enter into agreements with States to withhold State income taxes from the annuities of civil service annuitants who request such withholdings. The amounts withheld would then be disbursed to the States on a quarterly basis. The Senate bill had no similar provision.

Conference agreement.—The Senate receded to the House position to allow voluntary withholdings.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....		+1	+1
Outlays .....	31	-2	-2

**D. Reduction in postal service public subsidy**

Both the Senate and House bill proposed a reduction and eventual phase-out by 1984 of the public service subsidy. The primary difference between the House and the Senate position was the speed the subsidy is phased out.

Conference agreement.—The Senate receded to the House position with amendments which will slightly speed the phaseout of the subsidy.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-394	-452	-460
Outlays .....	-394	-452	-460

**E. Revenue foregone postal subsidy**

Both the Senate and the House bill contained provisions to reduce the revenue foregone subsidy to the Postal Service. The Senate bill contained a slightly deeper cut in this area than the House bill.

Conference agreement.—The House receded to the Senate position with amendments to accept a larger reduction in revenue foregone.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-416	-467	-542
Outlays .....	-416	-467	-542

**F. Transitional appropriation**

The House bill contained a provision to reduce the so-called "transitional appropriation" which liquidates the unfunded liabilities of the old Post Office Department. The Senate had no similar provision.

Conference agreement.—The Senate receded to the House position to reduce the transitional appropriation to the Postal Service.

SAVINGS ACHIEVED<sup>1</sup>

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-69	-69	-51
Outlays .....	-69	-69	-51

<sup>1</sup> Staff estimates subject to CBO verification.

**G. Quarterly payments to the Postal Service**

The House bill contained a provision to make quarterly payments to the Postal Service as opposed to the current practice of making once a year payments; this change would result in interest savings to the U.S. Treasury. The Senate bill contained no equivalent provision.

Conference agreement.—The Senate receded to the House provision which would allow for quarterly payments.

SAVINGS ACHIEVED<sup>1</sup>

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-46	-39	-34
Outlays .....	-46	-39	-34

<sup>1</sup> Staff estimates subject to CBO verification.

## MINICONFERENCE No. 51

Committees: House Public Works/Senate Commerce, Science and Transportation.



## ISSUES

**A. Airport development and planning grants (ADAP)**

Senate: authorizes \$450 million in new contract authority beginning in 1981.

House: provides for a 1982 ADAP obligation ceiling of \$650 million contingent upon enactment of a new program.

**Conference agreement.**—\$450 million authorized for the fiscal year 1982 program and \$600 million for 1982 expressed as an aggregate of \$1,050 million for fiscal years 1981 and 1982.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-189	-209	-226
Outlays .....	-152	-177	-202

**B. National Highway Transportation Safety Administration safety grant funding (NHTSA)**

Senate: Reduced authorizations for NHTSA safety grants as well as allowing prior year contract authority to lapse and provides a three year cap on the program.

House: current law budget authority for the NHTSA 402 safety grant program is reduced from \$200 million to \$100 million. The FHWA program from \$25 million to \$10 million, as well as reductions in the 55 m.p.h. enforcement and NHTSA's innovative projects programs and rescission of \$173 million in unobligated contract authority.

**Conference agreement.**—Reduces fiscal year 1982 spending by \$327 million in budget authority and \$118 million in outlays. For fiscal years 1982-1984, \$100 million is authorized for NHTSA's section 402 highway safety program with \$20 million earmarked for 55 m.p.h. enforcement. For fiscal years 1982-1984, \$10 million is authorized for FHWA's section 402 highway safety program, with 1983 and 1984 funding targeted at "most effective programs." \$133 million in old NHTSA funding is rescinded and \$40 million in old FHWA 402 funding. Schoolbus driver training funding is phased out and innovative grants, 55 m.p.h. incentive grants, accident data and 55 m.p.h. categorical grants are eliminated.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-327	-172	-192
Outlays .....	-118	-116	-164

**C. Interstate Commerce Commission (ICC) funding**

Senate: Reduces ICC operations funding in fiscal years 1982-1984.

House: No House provision.

**Conference agreement.**—Reductions in fiscal years 1982-1984 at slightly below the Senate recommended level.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-11	-11	-13
Outlays .....	-10	-11	-13

**D. Civil Aeronautics Board (CAB) funding**

Senate: No provision.

House: Reduce CAB funding by capping the section 406 and 419 programs at \$75 million.

**Conference agreement.**—No provision.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....			

## MINICONFERENCE No. 52

Committees: House Public Works and Transportation/Senate Environment and Public Works.

## ISSUES

**A. Federal-aid highways**

Senate: Reduces highway outlays by establishing a restrictive obligation ceiling of \$8.1 billion and a limitation on obligations by quarter. Provides for reduced program for fiscal years 1982-1984.

House: Provides for a restricted obligation ceiling of \$8.2 billion in fiscal year 1982, quarterly obligation controls and addresses only the fiscal year 1982 highway program.

**Conference agreement.**—Reduces fiscal year 1982 spending by establishing an obligation ceiling at \$8.2 billion and a limitation in the first quarter of 25 percent. A fiscal year 1983 obligation ceiling of \$8.3 billion is also included. The ceilings do not include emergency relief or certain bridge acceleration projects.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....			
Outlays .....	-500	-840	-1,245

**B. Federal highway safety grants (FHWA)**

Senate: No provision.

House: Reduction in the authorization level for FHWA safety programs.

**Conference agreement.**—Acceptance of the House-proposed funding reductions.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-15	-15	-18
Outlays .....	-3	-7	-12

**C. Tennessee Valley Authority (TVA) coal gasification project**

Senate: Assumes no funding for the TVA coal gasification plant (Murphy Hill) in fiscal year 1982 or beyond.

House: Assumes no Murphy Hill funding in fiscal year 1982 or beyond but allows \$50 million in currently available TVA funds plus \$42 million from a fiscal year 1981 deferral to be expended.

**Conference agreement.**—Prohibits the authorization of appropriations for the Murphy Hill project after fiscal year 1982.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-202	-223	-242
Outlays .....	-45	-125	-184

**D. Title V regional commissions**

Senate: Proposed elimination of Title V Regional Commissions.

House: Proposed elimination of Title V Regional Commissions.

**Conference agreement.**—Elimination of Title V Regional Commissions as of September 30, 1981.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-46	-49	-52
Outlays .....	-36	-45	-50

**E. Economic Development Administration (EDA) funding**

Senate: Terminates EDA except for trade adjustment assistance and legally required activities under loan guarantee programs.

House: Continues EDA funding at a fiscal year 1982 level of \$360 million.

**Conference agreement.**—Maintains EDA at a fiscal year 1982 level of \$290 million. Existing EDA funding for redevelopment loans, supplemental and basic grants to States, bonus grants to economic development districts, Indian economic development grants, disaster area economic recovery assistance, and job opportunity programs are repealed.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-377	-405	-440
Outlays .....	-27	-200	-301

**F. Appalachian regional development (ARC) funding**

Senate: Provides for reduced authorizations in the ARC program by eliminating all but the highway funding.

House: Provides for the same overall funding as the Senate provision but retains some funding for non-highway ARC programs. The House bill only deals with the fiscal year 1982 funding.

**Conference agreement.**—Overall ARC funding in fiscal year 1982 is reduced to \$215 million with \$50 million reserved for non-highway projects

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority .....	-164	-180	-194
Outlays .....	-7	-59	-109

**G. EPA construction grant funding**

Senate: Provides no funding for fiscal year 1982 but contingency language for an authorization of \$2.4 billion dependent upon enactment of program reforms.

House: Reserves \$100 million in funding for ongoing planning and staffing needs (section 205(g) program) but no funding for grant projects.

**Conference agreement.**—No funding for the grant program but \$40 million reserved for section 205(g) programs and contingency language for a \$2.4 billion program based on enactment of program reforms.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-3,550	-1,520	-1,800
Outlays.....	-105	-425	-940

**Corps of Engineers funding**

Senate: Provides a cap for designated water resources policy, planning and research in addition to the House limitation on the general construction account.

House: Establishes an authorization ceiling for the Corps of Engineers construction general account at \$1,588 million for fiscal year 1982.

**Conference Agreement.**—Established an authorization ceiling for the Corps of Engineers construction general account at \$1,547 million for fiscal year 1982; \$1,688 million for fiscal year 1983 and \$1,575 million for fiscal year 1984.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-178	-162	-391
Outlays.....	-135	-156	-336

## MINICONFERENCE No. 53

Committees: House Public Works Transportation/Senate Banking.

## ISSUE

**A. Urban Mass Transportation Administration (UMTA) funding**

Senate: Reauthorizes a lump sum for fiscal year 1982 only.

House: Reauthorizes the various UMTA programs on a reduced individual program basis.

**Conference Agreement.**—Generally follows the House provisions and both Houses had the same overall funding assumptions.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-1,298	-1,846	2,471
Outlays.....	-198	-710	-1,355

## MINICONFERENCE No. 54

Committees: House Science and Technology/Senate Energy and Natural Resources.

## ISSUES

**A. DOE authorization (R. & D.)**

The House bill provided line-by-line authorizations for the research activities under its sole jurisdiction. The Senate bill provided an overall appropriations cap of \$5.6 billion for all DOE civilian energy programs. The Senate bill also included authorizations for major DOE appropriations accounts, but not line-by-line authorizations as contained in the House bill.

**Conference agreement.**—For only the programs under the sole jurisdiction of the House Science and Technology Committee and addressed in this subconference, the conferees agreed to compromise on a level of savings somewhat closer to the House bill. The remaining portions of the DOE Authorization are addressed in subconference No. 32.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-1,363	-1,464	-1,562
Outlays.....	-615	-1,220	-1,471

## MINICONFERENCE No. 55

Committees: House Science and Technology/Senate Labor and Human Resources.

## ISSUES

**A. NSF authorization**

The Senate bill contained an overall cap for NSF programs. The House bill contained no comparable provision.

**Conference agreement.**—The conferees agreed to adopt the House position thereby deleting this authorization from the reconciliation bill. The conferees agreed to consider this authorization in the context of the regular legislative process.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....			
Outlays.....			

## MINICONFERENCE No. 56

Committees: House Small Business/Senate Small Business.

## ISSUE

**A. Disaster loans**

Senate: Had an open-ended authorization; interest rate for homeowners and non-credit worthy business figured by a new formula; business loans were not limited to a percentage of actual loss.

House: Imposed an annual maximum program level; interest rate for homeowners was 5 percent; interest rate formula, reduced term and loan limit for credit-worthy businesses; interest rate of 7 percent for non-credit worthy businesses; business loans limited to 85 percent of actual loss.

**Conference Agreement.**—Open-ended authorization; interest rate for homeowner equals half the cost of money plus one percent; for credit-worthy businesses the interest rate equals the cost of money plus one percent and the loan term is two years; for non-credit worthy business the interest rate is 7 percent. Business loans are limited to 85 percent of actual loss.

## Savings Achieved

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-180	-191	-242
Outlays.....	-607	-227	-251

**B. Business loans**

Senate: Program levels were \$180 million in direct loans and \$4 billion in loan guarantees for fiscal year 1982; did not change ex-

isting law on interest rates, which sets different rates for different programs; loan guarantee percentage unchanged.

House: Program levels were \$260 million in direct loans and \$3.15 billion in loan guarantees for fiscal year 1982; allowed the sale of assets from Business loan and Investment Fund (BLIF) to support these program levels, consolidates five BLIF loan programs into one program and established a uniform interest rate formula plus up to a one percent add-on for all direct loans (except handicapped loans, which remain at 3 percent interest).

## LOAN GUARANTEE PERCENTAGE

Loan amount	Guarantee percentage
Up to \$100,000.....	90 percent.
From \$100,000 to \$714,285.....	Between 70 percent and 90 percent.
More than \$714,285.....	Less than 70 percent.

**Conference agreement.**—Program levels are \$230 million in direct and \$3.3 billion in loan guarantees; adopted House provisions on loan consolidation and interest rates; the SBA interest differential paid to the Treasury (the amount above and beyond interest received which SBA pays) is forgiven for 1981.

## SAVINGS ACHIEVED

[In million of dollars]

	1982	1983	1984
Budget authority.....	-324	-349	-285
Outlays.....	-216	-290	-255

## MINICONFERENCE No. 57

Committees: House and Senate Veterans' Affairs.

## ISSUES

**A. Non-service-connected VA burial benefits**

The House bill eliminates burial and plot allowance benefit eligibility for veterans whose income exceeded \$20,000 in the year prior to death (at an estimated fiscal year 1982 savings of \$42 million), effective during fiscal years 1982-1984. The Senate bill limits VA funeral and plot benefits for the last 3 months of fiscal year 1981 to veterans who are eligible for or receiving VA pensions or who are compensation beneficiaries with service-connected disabilities rated at 30 percent or more. In fiscal year 1982 the Senate bill limits VA funeral and plot allowances to veterans with service-connected disabilities rated at 20 percent or more, or eligible for or receiving VA pension. The Senate bill limits these benefits in fiscal year 1983 and thereafter to veterans with any compensable service-connected disability, or to individuals entitled to or in receipt of VA pension. The Senate provisions are estimated to save \$99 million in fiscal year 1982.

**Conference agreement.**—The conference agreement limits the \$300 VA funeral allowance to survivors of veterans who were in receipt of VA pension or compensation at the time of death, or who would have been except for the receipt of retirement pay. It does not affect the \$150 plot allowance.



## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-75	-80	-84
Outlays.....	-75	-80	-84

## B. Class II dental benefits

The House bill eliminates Class II dental benefits effective October 1, 1981, at an estimated savings of \$36 million in fiscal year 1982. The Senate bill, estimated to save \$13 million in fiscal year 1982, limits eligibility to veterans who have served at least 180 days and restricts the application period to within 6 months after military discharge.

*Conference agreement.*—The compromise limits Class II outpatient dental treatment to veterans who served at least 180 days of active military duty and restricts the eligibility period to within 3 months after discharge.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-18	-19	-20
Outlays.....	-18	-19	-20

## C. Flight training

The Senate bill does not address flight training. The House bill terminates the benefit effective October 1, 1981, at an estimated savings of \$23 million in fiscal year 1982.

*Conference agreement.*—The conferees agreed to eliminate flight training reimbursement for new enrollments after August 31, 1981. Veterans already in the program on that date will be permitted to complete their vocational objectives.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-14	-20	-17
Outlays.....	-14	-20	-17

## D. Education loans

The House bill terminates VA education loans effective October 1, 1981. The Senate bill eliminates for veterans, with two exceptions, beginning October 1, 1982. The first year savings in both provisions would be \$6 million.

*Conference agreement.*—The agreement eliminates the VA education loan program effective October 1, 1981, for all veterans except those enrolled in flight training or currently eligible for these loans under the special two-year extension provision.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-6	-5	-4
Outlays.....	-6	-5	-4

## E. Correspondence training

The House bill terminates reimbursement for correspondence training effective October 1, 1981, at an estimated FY 1982 savings of \$9 million. The Senate bill has a provision affecting this program.

*Conference agreement.*—The VA reimbursement rate for veterans eligible for correspondence training will be reduced from 70 percent to 55 percent, effective October 1, 1981.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-3	-3	-3
Outlays.....	-3	-3	-3

## MINICONFERENCE No. 58

Committees: Ways and Means/Finance.

## ISSUES

## A. Trade adjustment assistance

Excepting minor differences in language and effective dates, both the House and Senate bills had similar changes, which were to limit the duration of trade adjustment assistance benefits to 52 weeks (65 weeks if a worker participates in retraining) and to limit the amount of benefits to what is payable under the regular unemployment insurance program of the State in which a worker resides. The only difference with a budgetary impact was \$5 million in additional savings in the House bill as a result of reduced authorization levels for assistance to communities and firms.

*Conference agreement.*—The conference agreement achieves fiscal year 1982 savings of \$1,338 million, which is \$2 million below the House level. This difference reflects the conference agreement to continue the community adjustment assistance program which under the House bill would have been terminated.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-1,300	-803	-454
Outlays.....	-1,300	-803	-454

## B. Social security

The major benefit changes—elimination of the minimum benefit and the phase out of the student benefit—were not at issue in the conference since, except for the effective date of the elimination of the minimum benefit, the provisions in the House and Senate bills were identical.

*Conference agreement.*—The conferees agreed to eliminate the minimum benefit for current recipients effective February 1982, which means that the elimination will be reflected in the March 1982 checks. The other significant benefit change on which the conference agreement differs from the House-passed bill is that the House accepted the Senate's provision to reduce or offset social security disability benefits by amounts received from other disability programs (not subject to this offset are benefits from certain programs, the most important of which are veterans' disability benefits).

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-2,198	-3,788	-4,631
Outlays.....	-2,198	-3,788	-4,631

## C. Public assistance (AFDC and child support enforcement)

Except for one provision relating to aliens in the House bill, the AFDC benefit reductions, which would reduce fiscal year 1982 spending by \$1 billion, were not at issue in the conference because the House and the Senate provisions were the same. The House provision on aliens provided that for three years after entry into the United States, the income and resources of an alien's sponsor will be deemed available to the alien for the purposes of determining eligibility for AFDC. The fiscal year 1982 savings from this proposal are \$15 million in budget authority and outlays.

Many of the AFDC benefit changes not at issue in the conference would tend to reduce the income of persons who are receiving AFDC and also have earnings. For persons without earnings who are subject to the work registration requirements under current law and for certain mothers with children under age 6, the conference agreement will require work on useful public projects in return for their AFDC grant. This requirement is covered in Miniconference No. 20.

The only difference between the House and Senate relating to the Child Support Enforcement program was a provision in the House bill, which saves \$20 million in fiscal year 1982, authorizing the withholding of a portion of unemployment or trade adjustment assistance benefits to pay for child support obligations.

*Conference agreement.*—The conference agreement reflects the savings in the House bill because the Senate receded to the House on the issues involving aliens and child support enforcement.

## SAVINGS ACHIEVED

[In millions of dollars]

	1982	1983	1984
Budget authority.....	-1,158	-1,378	-1,419
Outlays.....	-1,158	-1,378	-1,419

## D. Supplemental security income (SSI)

There were two issues on which there were significant House-Senate differences. The first was that the House extended the provision in current law which allows certain States (Massachusetts, Wisconsin and California) to continue under certain conditions providing a cash payment to certain SSI recipients in lieu of food stamps. The second issue is that the Senate bill repealed the authority for the Secretary to reimburse State vocational rehabilitation agencies for services to blind and disabled recipients of the SSI program.

*Conference agreement.*—The conference agreement includes savings of \$95 million, of which \$50 million are attributable to the continuation of cash payments in lieu of food stamps for certain SSI recipients. This issue is covered in Miniconference No. 6. The conferees approved the continuation of reimbursement for vocational rehabilitation services, but only if the recipient of the services has been successfully rehabilitated.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-50	-78	-75
Outlays.....	-50	-78	-75

## E. Social services

There were two major differences between the House and Senate proposals for a Social Services block grant for programs under the jurisdiction of the Committee on Ways and Means and the Finance Committee. The first is that the House bill did not include two programs in the block grant which were included in the Senate version. These were the following programs established by the Social Security Act: Title IV B, Child Welfare Services; and Title IV E, Foster Care and Adoption Assistance. The second major difference is that the House bill represented a 16 percent reduction below the CBO baseline estimates for fiscal year 1982, while the Senate reduction was 25 percent.

**Conference agreement.**—The conference agreement retains Title IV B and IV E of the Social Security Act as separate programs and reduces funding for the Social Security block grant provisions (the former Title XX provisions in the Social Security Act) to \$2,400 million, which is a reduction of 22.6 percent from the fiscal year 1982 CBO baseline estimate of \$3,099 million. (The savings for this program are included in Miniconference No. 19.)

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	(-699)	(-755)	(-812)
Outlays.....	(-699)	(-755)	(-812)

## F. Unemployment compensation

The House and Senate bills differed in the following areas: both restricted the eligibility of ex-servicemen for unemployment compensation but the Senate provisions were more restrictive; the Senate increased the State trigger requirements for extended benefits effective fiscal year 1983, while the House had no comparable provision; and the Senate had a comprehensive system, while the House had no comparable provision in the reconciliation bill but did include its own loan reform proposal in the Ways and Means tax bill (H.R. 4242).

**Conference agreement.**—The conferees achieved outlay savings above the House bill of \$105 million in fiscal year 1982, \$197 million in fiscal year 1983, and \$166 million in fiscal year 1984 by accepting the Senate provisions related to eligibility for ex-servicemen for unemployment compensation, State triggers for extended benefits, and the 20 week work requirement for extended benefits. The conferees adopted a comprehensive restructuring of the loan provisions in the unemployment compensation program, which includes a requirement that interest be paid on new loans after April 1, 1982, and places a cap on the effective Federal tax if debtor States have taken steps to improve the financial status of their unemployment systems. This loan reform package has a cumulative revenue impact in fiscal year 1982 of \$+5 million.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-270	-414	-594
Outlays.....	-1,488	-894	-724

## G. Medicare

1. *Provisions affecting beneficiary deductibles and coinsurance under medicare.*—The House bill contained the following:

(a) A new \$1 copayment for each of the first 60 days of hospitalization. Savings: \$106/\$108/\$110 million.

(b) Applying the Part A coinsurance rate in effect in the year in which services are furnished rather than the rate in effect when the illness began. Savings: 5/9/9 million.

(c) Recalculating Part A coinsurance and deductible rates so that they more accurately reflect inflation. Savings: 170/280/330 million.

The Senate bill did not contain similar provisions:

**Conference agreement.**—The conference agreements eliminated the \$1 per day copayment provision and accepted the other two House provisions affecting deductibles and coinsurance.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-175	-289	-339
Outlays.....	-175	-289	-339

2. *Provisions affecting hospital and nursing homes.*—

The House bill contained the following provisions:

a. Interest and other income earned by hospitals on funded depreciation would be offset against allowable interest expenses in determining reimbursement rates. Savings: 115/1409/165 million.

b. Reimbursement limits on routine inpatient costs would be lowered from 112 percent to 108 percent of the mean costs of comparable hospitals. Savings: 88/123/145 million.

The Senate bill would reduce the current 8½ percent nursing salary cost differential for medicare patients to 4.5 percent. Savings: 130/150/185 million.

Both bills would repeal the temporary delay in the PIP payments included in the 1980 Omnibus Reconciliation Act (P.L. 96-499) and repeal the requirement that skilled nursing home medicare agreements be renewed annually. Savings: 696/4/4 million.

**Conference agreement.**—The conference agreement adopted the House provision limiting reimbursement for routine hospital costs to 108 percent of the mean costs of comparable hospitals and adopted a modification of the Senate's 4 percent reduction in the nursing differential by allowing a 5 percent nursing differential.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-899	-257	-309
Outlays.....	-899	-257	-309

3. *Changes in medicare benefits.*—The Senate bill eliminated hospital coverage for severe dental procedures. Both bills eliminated coverage of alcohol detoxification facility services. Savings: 12-13-16 million.

**Conference agreement.**—The conference agreement excluded the elimination of hospital coverage for severe dental problems.

## SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-2,778	-2,678	-2,542
Outlays.....	-7,268	-7,487	-7,951

## TOTAL SAVINGS ACHIEVED

(In millions of dollars)

	1982	1983	1984
Budget authority.....	-2,778	-2,678	-2,542
Outlays.....	-7,268	-7,487	-7,951

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. PAUL. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Speaker, I intend to vote against the conference report on reconciliation for several reasons. At the same time that the conferees recommend the minimum social security benefit be eliminated, they also recommend that an additional \$13 billion be authorized for the World Bank and other multilateral development banks. It seems to me that the conference has gotten its priorities backward. Since when are foreign governments more important than American citizens? Why are we cutting social security so that we can increase foreign aid? I find this procedure repulsive.

It is not, however, simply a matter of increasing foreign aid. The language in the conference report about the MDB's was passed by the House Banking Committee on May 6 as H.R. 3439. Knowing, however, that H.R. 3439 would never pass the House of Representatives if it had to be voted on as authorization bills usually are, the Banking Committee buried it into the reconciliation package. Thus, in a bill designed to cut spending, a massive increase in foreign aid was made. In conference, the Senate was pressured into accepting the House language, and today we are presented with a measure that cuts social security by \$4 billion, and increases foreign aid by \$13 billion.

Parliamentary trickery was relied on throughout the process to achieve this result.

Let me explain the language of the report in some detail. Below is the list of authorizations the report contains on the international banks:

(In millions)

World Bank, paid-in capital.....	\$658
World Bank, callable capital.....	8,200



International Development Association.....	3,240
African Development Bank .....	360
Asian Development Fund.....	67
Inter-American Development Bank.....	345
<b>Total.....</b>	<b>13,000</b>

It is worthwhile to compare these figures with what we have contributed and subscribed to these institutions in the past. Take the World Bank first:

World Bank [In millions]	
1945 .....	\$3,175
1959 .....	3,175
1970 .....	123
1972 .....	560
1974 .....	773
1977 .....	706
<b>Total 1945-1980.....</b>	<b>8,500</b>
Reconciliation .....	8,900

In the first 35 years of its existence, the United States subscribed \$8.5 billion to the World Bank. Now, in this one bill, we are subscribing more than we did in the entire previous history of the Bank. This is hardly an example of fiscal restraint. It certainly is not an example of how we can cut the growth of the budget, the debt, and the deficit.

But the World Bank is not unique. The International Development Association, which is the "soft-loan window" of the World Bank—the agency that gives 50-year loans with little expectation of repayment—has received \$6 billion since 1960:

International Development Association [In millions]	
1960 .....	\$320
1965 .....	312
1969 .....	480
1972 .....	1,080
1974 .....	1,640
1977 .....	2,400
<b>Total.....</b>	<b>6,200</b>
Reconciliation .....	3,240

In this one bill we are giving more than 50 percent of our total contributions to the IDA in the past 20 years. This is not practicing fiscal restraint; it is not cutting the growth of the budget, the debt, and the deficit.

A similar story, though not quite as egregious, applies to the Inter-American Development Bank, the African Development Bank, and the Asian Development Fund:

Inter-American Development Bank [In millions]	
1959 .....	\$450
1965 .....	750
1968 .....	1,300
1970 .....	1,824
1972 .....	340
1974 .....	509
1976 .....	2,200
<b>Total.....</b>	<b>7,500</b>
Reconciliation .....	345

#### African Development Bank

Instead of cutting foreign aid, this bill creates a whole new vehicle for ad-

ditional foreign aid. Not only are we adding more dollars to our old foreign aid channels, we are creating an entirely new system as well. U.S. membership in the African Development Bank is authorized by this bill for the first time, and our first subsidy amounts to \$360 million.

Asian Development Fund [In millions]	
1972 .....	\$100
1974 .....	50
1977 .....	120
<b>Total.....</b>	<b>270</b>
Reconciliation .....	111

#### FOREIGN AND DOMESTIC POLICY

There are many reasons for opposing this bill. One is that by spending this money, we are subsidizing the same programs for foreign countries that the administration wants to eliminate or reduce here in this country. For example, the World Bank has loaned over \$1 billion to India so that the Indian Government can develop its railroad system. Thus we are subsidizing nationalized railroads in India, while cutting Amtrak and Conrail here at home. This makes no sense at all. Every informed taxpayer will reject these outrageous subsidies.

The Inter-American Development Bank has recently made a grant to the Dominican Republic of half a million dollars for improvement of its urban transportation system. Yet this administration has favored the reduction of mass transit subsidies in this country.

In the past few weeks, the World Bank has approved a \$50 million loan for a cooperative in Korea. But the administration is trying to eliminate the National Consumer Cooperative Bank in this country.

The administration has also—and correctly—begun the withdrawal of the Federal Government from our fuel production and distribution system. Yet the World Bank has made many oil and gas development loans in the past 3 years:

[In millions]	
India.....	\$150.0
Turkey .....	2.5
Pakistan.....	30.0
Egypt.....	125.0
Thailand.....	112.0
Congo.....	5.0
Peru.....	32.5
Morocco.....	50.0
Madagascar.....	12.5
Bolivia.....	16.0
Honduras.....	3.0
Tunisia.....	37.0
Somalia.....	6.0
Tanzania.....	30.0
Argentina.....	27.0
Yemen (People's Republic).....	9.0

Worse still, this report seriously contemplates establishing "a new lending facility \*\*\* for the development of new energy resources in developing countries." Why is one and the same policy bad for Americans but good for the Indians and the Tunisians? Why

are energy subsidies bad for Americans and good for Peruvians? Why does socialism become not only acceptable but worthy of being subsidized by our tax money when it is practiced outside our borders?

In this bill we are giving away money that we do not have. This global revenue sharing program is not funded out of our surplus, we have no surplus. Every penny in this bill must be borrowed or created out of thin air. If it is borrowed, it will drive interest rates up still higher. For those who think that a 19 percent prime rate is not high enough, a "yes" vote is in order on this bill. When the Federal Government enters the capital market to borrow the \$5 billion authorized by this bill, and the World Bank borrows the \$8 billion in "callable capital," they will put that much more pressure on interest rates. The next time a taxpayer complains about having to pay 15 percent for a home mortgage loan, it would be appropriate to ask him if he is not glad that Lower Slobovia got a 50-year loan at zero percent interest with no repayment at all for the first 10 years. The next time a social security recipient complains about the smaller benefits, perhaps we should tell him that Congress thought it more important that the Communist Government of Nicaragua continue to receive its grants and loans for collectivizing agriculture.

I do not want to be misunderstood. In any serious attempt to cut the Federal Government down to constitutional size, these domestic programs must be cut. What is unconscionable is cutting them before we cut off the foreign aid. It is doubly outrageous that we should be cutting domestic programs in this bill while increasing foreign aid.

But the increase in foreign aid is not the only objectionable feature of this reconciliation report. The Export-Import Bank, a welfare organization for multinational corporations and banks, is also given another \$5 billion. In May, the administration loaned the Communist Government of Romania \$120 million through the Export-Import Bank to purchase two nuclear steam turbine generators from the General Electric Co. Why are the Communists in Romania regarded with greater favor than elderly Americans?

Then there is the problem with the announced military budget. How massive increases for the Pentagon—when half of our military budget goes for the defense of foreign nations—are good for the American people escapes me. Such increases might be good for big corporations and banks, but they are not good for the American people. They do not increase our defense; they weaken it. They do not strengthen our economy; they debilitate it.

Furthermore, the planned massive increases for defense cannot be reconciled with the revenue effects of the tax cuts passed last Wednesday. Budget increases, for no matter what purpose, will increase the deficit, enlarge the debt, pushing it past \$1,000,000,000 follow and aggravate inflation.

This reconciliation report endorses a budget that is far too big, tax revenues that are much too great, a deficit that is inexcusable, and, worst of all, projected increases in the Federal budget. The resolution last November was in favor of lower taxes, less spending, and smaller Government, not a Federal Government that merely grows more slowly than it has in the past. We were elected to reduce the size of the Federal Government, not increase it more slowly than the Democrats were doing.

The budget resolution passed earlier this year included a provision that would increase the debt ceiling \$15 billion in fiscal year 1981, and \$80 billion in fiscal year 1982. For fiscal year 1984, the year the budget is supposed to be balanced, the debt ceiling, according to the budget resolution, is to be raised almost \$40 billion. The reconciliation report is an attempt to lend credibility to a procedure that will not reduce spending, the deficit, or the debt, and I must strongly object.

I intend to vote against this report, for I fear that the lack of large spending cuts will destroy all that the President has achieved with his victory on the tax cuts. This Government cannot continue to spend like a drunken Congressman and expect the Reagan program to work. It will not.

Mr. LATTA. Mr. Speaker, For almost 23 years I have had the privilege of representing the people of the Fifth District of Ohio in this House. I would like to think that I have also represented, to the best of my ability, the views and aspirations of millions of other Americans beyond my district. While I have stood in this House on literally hundreds of other occasions, this is probably the most historic. After years and years and years of talking about controlling Federal spending, of giving lip service to the idea of balancing the budget and reducing the national debt, we are finally being given the opportunity of voting on a bill which will reverse the 25-year trend toward bigger and bigger Government. This conference report on the Omnibus Reconciliation Act of 1981 will reduce Federal spending in 1982 by approximately \$35 billion; by \$44 billion in 1983, and by \$51 billion in 1984.

Before going any further, I think it is only appropriate to acknowledge the hard work and dedication of a number of people. This bill is not the product of one committee or a handful of people. I would like to start by thank-

ing the members of the House Budget Committee, starting with our chairman, the gentleman from Oklahoma, and the chairman of the reconciliation task force, Mr. PANETTA. I fully realize that they did not originally support either the President's budget or the reconciliation instructions necessary to achieve all of the savings continued in this bill. Nevertheless, once the House had agreed to the reconciliation bill with our amendments, they did their very best to see that it was carried out in conference. This was no small accomplishment, and without their total and complete support this conference agreement would not have been possible.

I would also be remiss if I did not thank the minority members of the Budget Committee for the support they have given not just me, but President Reagan as well. The American people owe RALPH REGULA, BUD SHUSTER, BILL FRENZEL, JACK KEMP, JIM MARTIN, PAUL TRIBBLE, ED BETHUNE, LYNN MARTIN, ALBERT LEE SMITH, GENE JOHNSTON, and BOBBI FIEDLER a great debt of gratitude for seeing to it that the President's program was carried out. Likewise, this conference report is the product of thousands of hours of meetings and negotiations between the 245 House and Senate conferees. I would particularly like to single out the ranking minority members of the House committee involved in reconciliation; First, for their help in writing the amendment we adopted in the House, and second, for their tenacity during the conference.

I hope the American people realize the importance of what we will be doing today. We are about to adopt the largest package of spending cuts in the entire 105 year history of the Congress. Over the next 3 years this bill will save the taxpayers over \$130 billion. Never have we ever come close to doing so much. Last year, for example we passed a reconciliation bill saving barely \$8 billion, and half of that amount came from increased taxes rather than spending cuts.

I would be less than candid if I did not admit that I am not totally pleased with this final product. There are many things we should have accomplished in conference, but did not. We did not succeed in placing a binding cap on medicare expenditures. We provided excessive funding for Conrail and Amtrak. We did not face up to the problem we had with mounting dairy surpluses which will mean that the taxpayers must continue to buy thousands of tons of butter, milk, and cheese every year to add to this surplus. The House conferees dropped provisions reforming the scandal-plagued Federal Employees Compensation Act which would have saved \$600 million over the next 5 years. We agreed on provisions so loose that many States will not have to repay

loans to the Federal unemployment trust funds for many more years. We established caps on Department of Energy programs more than \$600 million above the President's budget. We further watered down all of the block grants requested by the President. I could go on and on about the provisions of this bill which fall short of the standard we could have and should have achieved.

But then, remember, that this like all good pieces of legislation, is the result of a series of compromises. On the other hand, I appreciate that to many of my friends on the other side of the aisle, including my close friend of so many years, the Speaker, the bill may appear to go too far. So I suggest that what we have before us is a compromise. I have mentioned a few of the things which I see as shortcomings in this bill. I plan to yield to ranking members of all of the committees involved to explain in more detail what was done in conference in the areas under their jurisdiction. But lest you get the idea that I am unhappy with this bill, let me review some of the more important provisions.

In those items under the jurisdiction of the Agriculture Committee, we accomplished permanent reforms in the food stamp program worth approximately \$1.6 billion in 1982. This is not an artificial cap, but rather a guarantee that this program, which started at less than \$60 million in 1965 and today is over \$11 billion, will not continue to grow at a rate which was clearly out of control.

In Armed Services, we agreed to put military retirees on the same footing as social security recipients by adjusting their pensions once a year for inflation instead of twice yearly. We also agreed to sell \$500 million in surplus materials from the strategic stockpile. The total savings for the programs under the Armed Services Committee total \$882 billion in 1982.

In matters under the Banking Committee's jurisdiction, we made great progress. The subsidized housing programs in HUD was reduced to a level of 153,000 units, a reduction of over 100,000 units compared with the Carter budget request. While this does not produce substantial outlay savings in the short run, it will save the taxpayers over \$41 billion during the next 25 years. We reached a compromise position on barrier island flood insurance which will not harm developments already underway, but will provide for a limitation on new liabilities under this program in areas particularly prone to flooding. The Senate dropped their provisions relating to rent control which would have eliminated section 8 housing assistance to those communities which continued to control rents on new and vacated units. Total savings in programs under



the Banking Committee's jurisdiction will total \$5.4 billion in outlays and \$53.6 billion in budget authority.

Under Education and Labor, we were able to preserve most of the savings in the House-passed bill. The guaranteed student loan program will be reformed by applying a means test to students from families earning more than \$30,000. These students will be able to get loans to the extent that they demonstrate a need for assistance after accounting for a reasonable family contribution. Hopefully, this will do away with those people who have borrowed this interest-free money and then turned around and invested the funds in high-yielding money market certificates. Funding for the Head Start program was set at \$950 million, in line with the President's request. The elementary and secondary block grants survived basically as contained in the House-passed version. The school lunch program was reformed to eliminate unnecessary subsidies to children from middle- and upper-income families, with savings equaling \$1.4 billion a year. Total savings for Education and Labor programs will be \$7.3 billion in 1982 and \$31.8 billion over the next 3 years.

Under the programs from the Energy and Commerce Committee, we did not achieve all that we might have. These subconferences were long, often bitter, but nonetheless achieved savings of \$7.1 billion in 1982 and \$21.8 billion over 3 years. As you know, the differences between House and Senate were particularly pronounced in this area. The Senate's cap on medicaid payments to States, even though it was almost twice as high as the administration had requested, was none the less dropped in favor of arbitrary reductions in the matching rate of 3, 4, and 5 percent respectively for 1982 through 1984. The block grants for health programs—maternal and child health services, primary care, and prevention, alcohol, drug abuse and mental health services—were adopted to save only about \$250 million. Many programs, including migrant health, family planning, and HMO assistance were continued as categorical programs.

The Conrail issue was particularly difficult, but after many hours, the conferees agreed on a plan which would allow the sale of the system beginning in November 1983. There are still, in my mind, excessive labor protection clauses which will cost \$400 million, but over all I believe we have made progress in reducing the taxpayers' subsidies to this system. The House level of \$375 million for Amtrak was adopted, which will lead to savings of \$271 million next year. The committees also agreed to establish the strategic petroleum reserve as an off-budget entity with annual authorizations and appropriations. The so-called off-gas

provisions relating to the phaseout of natural gas as a fuel for electric utilities was repealed in line with the House provision, and the conferees agreed to a compromise on the Senate's provisions lengthening the period that radio and TV licenses may run and easing the renewal restrictions.

Under the Government Operations Committee, the conferees accepted modified versions of the Senate bill which will mandate reductions in Government consulting services of \$500 million in 1982 and reduce administrative travel of Government employees by \$100 million. In both instances, the President will be required to send up a rescission bill in January should the 1982 appropriations bills fail to make the consulting and travel reductions called for.

Under the Judiciary Committee, I am happy to report that the Senate agreed to drop its provisions reauthorizing the Legal Services Corporation at \$100 million without any of the restrictions contained in the House-passed legal services bill. The funding and reauthorization of that program do not appear in the reconciliation bill.

The Post Office and Civil Service Committee was one of the very first to finish its portion of the conference. The agreement limits Federal civilian retirees to one cost-of-living increase a year, reduces the general subsidy to the Postal Service by \$400 million and the subsidy for revenue forgone special mailing rates by \$416 million. Federal civilian pay increases for this October were also capped at 4.8 percent. In all, savings under the Post Office Civil and Service Committee will amount to \$5.2 billion in 1982 and \$19.5 billion over the next 3 years.

I will leave the descriptions of the agreements reached in several of the other committees to the ranking minority members of those committees. I do not mean to suggest that they did not do a good job, only that I wish to concentrate on those areas involving large savings and issues of particular controversy. Let me conclude by summarizing the actions taken by the Committee on Ways and Means. I do not think it is necessary to discuss any further the social security minimum benefit. I would only hope that today will mark the end of using social security as a political football, and after the August recess we can address the critical funding issues of this vital program in a bipartisan and dispassionate manner.

On other matters under Ways and Means jurisdiction, the conferees agreed to long-overdue reforms of the trade adjustment assistance program which will save \$1.3 billion next year. Basically, workers laid off because of foreign competition will not be eligible for TAA benefits until their regular unemployment benefits have expired,

and then the TAA benefits may not exceed the amount these workers received under unemployment. I hope that American working men and women will understand that these changes were necessary to save the best aspects of this program; namely, that of providing extended unemployment benefits for those workers who have suffered a permanent job loss due to the importation of foreign products.

Social security benefits to adult students will also be eliminated, with the provision that those adult students in need of assistance to attend college will be able to receive guaranteed student loans and, if eligible based on income, Pell Grants. The reforms in the aid to families with dependent children (AFDC) were similar in both bills, and will result in savings of \$1.2 billion in 1982, and \$3.9 billion over the next 3 years. By eliminating the national trigger on unemployment extended benefits, as well as other changes in this program, we will save \$1.5 billion next year. Various changes in the medicare program will save \$1.1 billion, without reducing essential medical benefits to our elderly citizens. These savings will also strengthen the overall condition of the social security trust funds.

The conferees adopted a scaled-down version of the administration's social services block grant which will allow States more flexibility in carrying out activities previously funded under the title XX program while saving \$700 million. Adoption assistance and child welfare services were, in accordance with the House position, retained as separate programs outside of the block grant. Low income energy assistance was combined with conservation and weatherization aid into a block grant at a funding level of \$1.87 billion. This level of funding was the same in both the Senate and House bills and will result in savings of \$1.2 billion. Overall, the Ways and Means Committee has achieved savings of \$8.1 billion in 1982, and \$26.6 billion through 1984.

As I stated earlier, I intend to call upon the ranking members of each committee to discuss, in more detail, the individual provisions in each of their subconference agreements. Should you have specific questions, I ask that you save them until that time.

Before I conclude, let me make several observations. There is no question that the conferees passed up several opportunities to enact many overdue program reforms, and as a result the savings in this bill are actually lower than either the House or Senate bills by approximately \$5 billion over the 3-year period 1982 through 1984. Moreover, this reconciliation bill marks only the beginning of a long, hard, and painful process. This alone will not

produce a balanced budget in 1984. We need more spending cuts in every area of the budget, and I do not exempt defense. I sincerely hope we do not need to go through this again next year. I mean that. But we must continue to examine each and every appropriation bill, every new spending and authorization bill, to keep them within or below the President's budget request. If we do not do that, if we do not originate additional changes in the 75 percent of the budget which is considered by some as uncontrollable, then I must tell you that the painful work we have just completed will have to be repeated again next year. Keep in mind that even though we will reduce spending in fiscal year 1982 by \$35 billion, total Federal spending will still exceed \$700 billion. That is \$50 billion more than in 1981. Interest on the public debt will probably approach or exceed \$90 billion next year. The public debt will surpass the \$1 trillion mark. Federal borrowing—direct, off budget, and through loan guarantees and insurance, may consume nearly one-third of all available credit. This is not a happy prospect. But after 25 years of talking, we have made a big start in reversing this trend. For the first time each and every one of us can go back to our constituents and say, honestly, that we have turned the tide. I tell the credit markets that high as the public debt may be, it will be \$35 billion less next year than it otherwise would have been, and \$130 billion less over the next 3 years. Is that enough? No; but it is a good start. I would tell the taxpayers that we intend, we have a commitment, to balance the budget in 1984 at lower rates of taxation than exist today. We will not balance the budget on the backs of the taxpayer. To our elderly citizens, I would tell them that we fully intend to honor our commitments to them, to reverse the tide of inflation which has eroded their savings and to make sure that they will continue to receive the social security benefits they worked so long and hard to earn. To our grandchildren, I can say that we have taken the first step in reducing a burden of debt that they will otherwise shoulder for the extravagance of politicians before they were even born.

But while the Members of Congress can be justly proud of what they have accomplished in this reconciliation bill, the real credit belongs to that man at 1600 Pennsylvania Avenue. Without the leadership of President Reagan, we would not be considering this conference report. Without Ronald Reagan in the White House Federal spending would be \$35 billion more next year; interest rates would be even higher with no hope of relief; inflation would be in the double-digit range; the American people would not have the confidence in the future they now have. And let me also say, as un-

popular as this may be to some of my colleagues, that we could not have done what we did without the help, the pressure, the leadership of the President's Director of Management and Budget, David Stockman. I am proud to have served in this House with him, and even prouder to have had the privilege of working with him over the last 7 months in helping, in my way, to achieve those essential parts of the President's program for economic recovery.

Mr. Speaker, this bill is much less than I hoped it would be 3 weeks ago when we began conference, but it is so much more than I ever dreamed was possible less than a few months ago. I ask my colleagues not to concentrate on the shortcomings of this bill, but rather to remember that this Congress—in its entire 205-year history—has never before today had the courage to confront the relentless growth of Federal spending. We have that opportunity today. We should be proud of what we have done. We have not buckled under to the executive branch, but rather we have proved that we do have the guts to do what we must do. I urge a unanimous vote on H.R. 3982, the Omnibus Reconciliation Act of 1981.

□ 1340

I reserve the balance of my time.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. Latta) has consumed 9 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the reconciliation task force, the gentleman from California (Mr. Panetta).

Mr. PANETTA. Mr. Speaker, before I discuss some of the particulars in reconciliation, I think it is important to make several general comments about this conference report and what it represents.

There is no question but that this has been a very difficult and a challenging process, and it has produced a long and very complex document. I think what is before the House is historic. It is historic in terms of its impact on people and their relationship to Government. It is historic in terms of its impact on the budget process and on reconciliation, and it is historic in confirming faith in the legislative process and in this institution.

I know that there are many who disagree as to its impact and as to its effect, but no one, no one, can disagree with the fact that this institution has reaffirmed its legitimate role and responsibility in the legislative process.

It did not begin that way. Reconciliation left this House raising very real questions about our ability as legislators to control the destiny of our actions. Reconciliation was made up of an amendment that was over 800

pages long, that was done without the knowledge of many of the Members of the House, that contained errors, that contained inequities, that contained inadvertent deletions of programs, without hearings, without consideration, and without knowledge; that was no way to do business.

I do not think that can any longer be said about the document that is before the House. This document is not the work of one Member or one committee or one group either inside or outside of this institution. It is the work of the Members, over 250 conferees, over 30 chairmen on both sides of the Hill, 17 committee jurisdictions involved on the House side, 58 subconferences, many of them meeting late into the evenings and on weekends. It is the result of hard and dedicated efforts to find legitimate reductions, to eliminate inequities and errors, and to preserve programs that committees felt were indeed important to people.

Make no mistake about it. We are dealing with almost \$36 billion in reductions in the proposal that is before the House. It will hurt. It will impact on people. There are children that will no longer be able to afford nutrition benefits. There are those that will lose housing assistance and education assistance. There are communities that will lose highway assistance and mass transit assistance.

It will hurt, and I respect those Members who, because of those concerns, will not support reconciliation; but for those who feel that there is a mandate to reduce Federal spending and for those that feel that we must adhere to the goals of the budget resolution that was passed by this House and by the Congress, then I think there is a basis to urge your support for this reconciliation conference.

It is a balanced document. It tries to meet the mandated budgetary goals, but it also tries to preserve those programs that are important to people.

Very briefly, the balance is reflected in each of the committee areas. In Agriculture, while there were reductions in food stamps, programs were protected for the farmers in the Farmers Home Loan area.

In Banking, there were reductions in subsidized housing, but yet there was protection for the 312 rehabilitation program and for UDAG and CDBG.

In the Education and Labor area, while there were cuts in child nutrition, we were able to protect in the conference funding for education programs, for student loans, for child care, and adoption services.

In the Energy and Commerce area, while there were reductions in Conrail and Amtrak, we were able to protect funding for many of the important health programs and energy programs that are before that committee.



In the Public Works area, although there were cuts in highway programs, we were able to preserve the Economic Development Administration.

In the Ways and Means area, while there were cuts in trade assistance adjustment and AFDC, there was protection for programs in the title XX area.

So this document represents that kind of balance because of the work of the conferees. As a result, I want to thank the leadership on both the House side and in the other body for the support they provided in this effort. I want to thank the chairmen and the Members who dedicated themselves to each of these conferences to try to find solutions, to try to find compromises.

I want to thank the gentleman from Oklahoma (Mr. JONES) and his counterpart, the gentleman from Ohio (Mr. LATTA), on the Republican side, as well as the gentleman from Ohio, RALPH REGULA, who worked very closely with me in the task force on reconciliation, as well as the members of the reconciliation task force who covered each of those conferences.

I also want to pay special tribute to the staffs and the support personnel in the House who provided so much help in this effort. There may be those, as I said, who will question the impact of reconciliation on the economy and on the budget process; but there is no one who can question that this document represents the ability of this institution to do its job, and to that extent I think our democracy has been well served.

The SPEAKER pro tempore. The gentleman from California (Mr. PANNETTA) has consumed 7 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, before I call on the chairmen of the various committees, I want to state that upon adoption of the conference report, I plan to request unanimous consent for the House to consider a concurrent resolution to make technical corrections in the conference report. I have cleared this with the ranking Republican member.

I yield such time as he may consume to the chairman of the Agriculture Committee, the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Speaker, we are considering the conference report on the omnibus budget reconciliation bill, legislation which will sharply cut programs vital to the needy and to the farmers of this Nation.

The President and the Congress have spoken. We have our marching orders from the Gramm-Latta budget resolution. Like good soldiers, we have done our duty.

Mr. Speaker, I would like to pay special commendation to the ranking minority member of our committee, the gentleman from Virginia, the Honorable BILL WAMPLER, all of the subcommittee chairmen and all of the ranking

members, and all of my colleagues on the committee who stood by me as we worked painfully but diligently in the task we had before us.

I would like to pay a special commendation to the chairman of the Senate conferees, the distinguished Senator from North Carolina, JESSE HELMS, for his patience and understanding as we labored together to accomplish the task which we had before us.

□ 1350

The conferees on aspects of the House and Senate reconciliation bills concerning agriculture, forestry, and related matters faced a formidable task. The bills adopted by the two bodies reflected substantial differences in programs such as food stamps, dairy price supports, and agricultural credit. These are matters about which the House and the Senate conferees held firm and, in some cases, quite divergent views. Very painful choices were presented. However, under the savings directives imposed by the budget resolution, there was no way to avoid pain—to escape cutting programs which in many cases are the lifeblood of rural America and our less fortunate. On a bipartisan basis, the conferees forged a compromise which met the mandate under which we labored.

Congress, in the first concurrent budget resolution, had directed our committee to produce legislation cutting budget spending in fiscal 1982, 1983, and 1984 by a 3-year total of \$8.8 billion. The conferees made a 31-percent greater cut, I inform my colleagues, which amounts to a total of \$11.6 billion in outlays.

Outlays cuts resulting from the conference agreement total \$3.2 billion for fiscal year 1982 compared to our directive of \$2.5 billion; \$3.8 billion for fiscal year 1983 compared with a directive of \$2.8 billion; and \$4.6 billion for fiscal year 1984 compared with a directive of \$3.5 billion.

This was due largely to differences in the Senate and House measures. While both versions made severe cuts in the food stamp program, the Senate's were deeper. The Senate bill contained no provision for dairy price supports. The House bill did—with outlay savings amounting to \$449 million in fiscal 1982; and up to \$1.188 billion for fiscal 1984. The Senate achieved its targets by heavily reducing rural credit programs, including those directly benefiting farmers—a course the House had struggled to avoid. The conferees to some degree split the difference on these crucial matters by accepting the House provision on dairy and a number of the Senate provisions dealing with reductions in the rural credit programs.

With respect to food stamps, the conference report provides a number

of program changes. It reduces food stamp benefits by more than \$6 billion over the next 3 years, for an average of \$2 billion a year. The bill reduces food stamp costs by \$1.657 billion in fiscal year 1982—or \$200 million more than the budget resolution required. In fiscal year 1983, the reduction is \$2.046 billion, or about \$75 million more than the budget resolution required. In fiscal year 1983, food stamp costs are cut by \$2.335 billion, or \$8 million more than the resolution required.

These are deep cuts. The great bulk of these savings come from families below the poverty line. Of the 22 million persons now receiving food stamps, about 1 million will be terminated from the program and about 20 million, including virtually all of the poorest participants in the program, will receive lower benefits than current law would provide. The only households who will not be adversely affected by the bill are those receiving the minimum benefit of \$10 per month.

I am disturbed by the provision of the report that replaces the food stamp program in Puerto Rico with a block grant. Puerto Ricans are American citizens, they fight in our wars, and they should not be treated in a discriminatory fashion in the food stamp program.

Nevertheless, the report does establish a block grant effective July 1, 1982. The block grant is funded at 75 percent of the 1982 current services level in Puerto Rico. This level is not increased in future years to take account of future increases in food prices. This means that as the years go by, the block grant will fall further and further below the 75-percent level, and that as food prices rise, poor citizens in Puerto Rico will have to eat less.

We did succeed in removing a provision of the Senate bill that would have established special income limits for Puerto Rico—lower than those for the rest of the United States—for the interim period before the block grant is implemented.

The report provides a 4-year dairy price support program, effective October 1, 1982, with supports ranging from 75 to 90 percent of parity and with semiannual adjustments to keep supports from falling below 75 percent during the last 3 years of the program. The conferees agreed, however, that the dairy provision is to be regarded as an interim step and that milk supports will be reconsidered, along with other farm supports, when a general farm bill is debated later this year.

The report also puts a ceiling of 117,000 on the number of full-time equivalent staff years—including overtime—the Agriculture Department may have during the 3 fiscal years be-

ginning October 1, 1981. The Department currently operates at the level of about 121,000 full-time equivalent staff years and had asked for permission to raise this figure to 124,000 in fiscal 1982. I would note that the Department of Agriculture, notwithstanding the budget-cutting crusade of the administration, vigorously opposed provisions in the House bill which would have reduced authorizations for salaries and expenses for most Department agencies by about 9 percent.

A number of USDA programs, which had also been subject to a blanket 9-percent cut in the House bill, were reduced by lesser amounts by the conferees. Final agreements include a decision to cap Forest Service spending on forest research, State and private forestry, the national forest system, and construction and land acquisition at a total of \$1.498 billion for fiscal year 1982 instead of the \$1.446 billion proposed by the House. The cap does not apply to other authorizations for the Forest Service, including permanent appropriations.

Public Law 480 appropriations were limited to \$1.305 billion in fiscal year 1982, \$1.320 billion in 1983, and \$1.402 billion in 1984.

In the energy field, the report reduces the authorization for spending by the Secretary of Agriculture on biomass energy development under the Biomass Energy and Alcohol Fuels Act of 1980 from the original \$600 million to a new level of \$460 million.

The report imposes fees to be paid by farmers and others who use Agriculture Department programs of grain inspection and weighing, cotton classing and related services, tobacco inspection and related services, warehouse examination, inspection and licensing, and naval stores inspection.

In provisions dealing with agricultural credit, for fiscal 1982 Farmers Home Administration insured farm operating loans were capped at \$700 million and farm operating loans at \$1.325 billion. The report earmarks not less than 20 percent of these funds for low-income, limited-resource borrowers in lieu of 25 percent under current law and 15 percent in the Senate provision. Interest rates on disaster loans were raised to market levels for borrowers able to get credit elsewhere, but to not more than 8 percent for farmers who cannot get credit elsewhere. Interest rate provisions for low-income borrowers would be revised to not more than half the cost of money to the Government on farmownership loans, and to a rate set at 3 percent below the cost of money to the Government, plus up to 1 percent, for farm operating loans. Also, the bill makes discretionary with the Secretary after September 30, 1981, the permanent authority for a storage facility loan program. The conferees, however, expect that the Secretary of Agriculture

would continue this program in storage-deficit areas. The Members may be further reviewing the action taken on this issue during consideration of the farm bill later this year.

Finally, the report would require the Federal Financing Bank, on the request of any rural electric or telephone borrower, to handle any REA-guaranteed loan. And insured loans to rural utilities would normally be made at a 5-percent rate, as opposed to the current 2-percent rate, but the REA Administrator would have discretionary authority to reduce rates to as low as 2 percent in unusual cases of extreme need or hardship.

Mr. Speaker, I will not burden my colleagues with further details of the cuts made and of the reconciliation process followed in the conference, except to say that we met the mandate; we exceeded the mandate. Everything that we submitted for the reconciliation package which the Members have before them was not adopted unanimously. There were items that we did not agree on individually, but in the end, no one being satisfied completely, all agreed that we had done our work, that we had done our best under the circumstances and that we brought the House a package which surpasses the savings mandated by the Gramm-Latta resolution and by the Budget Committee. While many of the cuts will fall heavily upon the needy and the farmers of the Nation, they respond to the mandate adopted earlier by the Congress. Inasmuch as they meet the standards which have been imposed upon us, I urge their support.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia (Mr. WAMPLER).

Mr. WAMPLER. Mr. Speaker, consideration of this conference report marks the last legislative stage of what has been an historic undertaking for the Congress. It has been a painful process, but I believe it has been a productive one for the American people. The action we are taking today is one part of what I would characterize as a good-faith effort by the Congress to carry out a clear mandate of the electorate—to bring Federal spending under control.

Many adjectives have been used to describe what we are doing here—clumsy, awkward, confusing—and I think most of us would agree that they are not altogether inaccurate. It has been a difficult process, unquestionably. But, given the realities of the legislative process, there is no easy way to do this. It may well be that when the dust settles we will see some areas where we could have done better, some inequities that should be corrected. The Congress is an imperfect vehicle. We hope that such problems will be few.

At the same time, I believe that what we have done here speaks well

for the responsiveness of the legislative system to the electorate. To bring Federal spending under control will require some sacrifices and the people of this country have indicated a willingness to make sacrifices if they are equitable and evenly spread.

I doubt if anyone here is altogether pleased with everything that is in this package. I am not. But as a whole, it represents a reasonable effort to do what must be done to place some meaningful constraints on the Federal budget.

The budget resolution directed the Agriculture Committees to produce legislation reducing Federal spending for food stamps and agriculture program by \$8.9 billion in fiscal years 1982, 1983, and 1984. That goal has more than been met. The conference agreement would result in budget authority reductions of \$9.3 billion, and outlay reductions of \$11.7 billion.

The larger outlay reduction reflects the decision of the conferees to include both the dairy program provisions of the House bill and the Farmers Home Administration and farm storage facility program lending modifications of the Senate bill. The conferees agreed that this does not resolve the dairy price support issue as it relates to the pending farm bill.

I will not discuss every item in the conference report on this portion of the bill, Mr. Speaker, but I do want to mention a few of them.

#### FOOD STAMP PROGRAM

The 1981 Omnibus Reconciliation Act conference report contains several reforms to the food stamp program—some of which are long overdue. I support these reforms. The issue I would like to address concerns the implementation of these food stamp reforms. Unless otherwise stipulated, the effective date of these provisions will be up to the Secretary of Agriculture, taking into consideration the need for orderly implementation.

Many of the provisions in the food stamp section of the Reconciliation Act, in particular those such as the Outreach provision, can and should be implemented upon enactment—October 1, 1981, at the latest. This provision will require that the Secretary rescind regulations concerning Outreach. The current regulations now require States to submit plans every fiscal year that describe the activities they and their local departments of welfare will conduct. The list of activities is long and need not be discussed again. The issue of Outreach has been decided.

It is now important that State agencies be given the authority to stop these activities at the earliest possible time so that they will not be required to submit their plans for the 1982 fiscal year.



It is my hope and my belief that in those instances where it is up to the Secretary of Agriculture to prescribe the implementation dates for the food stamp amendments—that he will do so without delay, taking into consideration both the savings that are realized in 1982 and the need for orderly implementation of this new law.

The results of the House-Senate conference reconciliation efforts on food stamps are as follows:

HOUSE/SENATE RECONCILIATION CONFERENCE, JULY 21, 22  
AND 23, 1981 FOOD STAMP PROGRAM

(In million of dollars)

	1982	1983	1984
Total savings.....	\$1,658	\$2,046	\$2,334
Grammy/Latta savings.....	1,458	1,971	2,327
Difference.....	.200	.075	.007

GRAIN INSPECTION

To reduce Treasury outlays for the Federal Grain Inspection Service in the reconciliation bill, we provided that costs for supervision and administration, which are now covered through appropriations, will be paid by the industry through user fees. To limit bureaucratic growth, we provided that user fees for these functions cannot exceed 35 percent of the total Federal Grain Inspection Service budget, adjusted to remove costs for standardization, compliance and foreign monitoring. These last items we believed to be legitimate functions of the Federal Government.

PUBLIC LAW 480

With regard to the provision of this reconciliation package as it affects Public Law 480, I am satisfied that we have not violated the wishes of the House in that we held firm and had most of the provisions that were in the House package accepted by the conferees.

The limitation agreed upon on authorization for appropriations for fiscal years 1982, 1983, and 1984 are within the President's budget request for fiscal year 1982 and his forecasted request for fiscal years 1983 and 1984. Consequently, this should not seriously affect the Public Law 480 program and yet meet the requirements of authorization reductions mandated of conferees.

The provision affecting Public Law 480 which created the most interest was the Senate proposal to increase the minimum interest rates on title I loans from the present 2 percent during the grace period and 3 percent thereafter to 4 percent and 6 percent respectively. It was considered by the House conferees that not enough information was available to determine the ultimate consequences of such a provision so it was better to await more details before implementing such a provision.

USDA presently is conducting a study of this latter entire area which

will include "the potential for using terms and interest rates on title I loans as incentives for development use of Public Law 480" and since this study is due by December 31, 1981, the conferees felt there was plenty of time for any future congressional action. Thus, the Senate provision was eliminated.

CREDIT (FMHA) PROGRAMS

In regard to credit programs, the conferees reached agreement on provisions which will tighten up the various programs, produce significant budget savings, and still target services to those borrowers who are most needy and unable to get credit elsewhere. Insured farm ownership loans would be capped at \$700 million and farm operating loans at \$1.325 billion. These figures match the amounts already approved by the House Appropriations Committee as part of the fiscal 1982 agricultural appropriations bill.

In addition, the legislation earmarks not less than 20 percent of available FmHA farm ownership and operating funds for low-income limited resource borrowers. Interest rate provisions for such borrowers would be revised to not more than half the cost of money to the Government on farm ownership loans, and at a rate set to 3 percent below the cost of money to the Government, plus 1 percent for administrative costs, for operating loans.

The FmHA disaster loan program also was significantly tightened by the conference committee. As you are aware, Mr. Speaker, this program has been badly abused and widely criticized over the past few years. Interest rates on disaster loans would be raised to market levels for borrowers able to get credit elsewhere, but not to more than 8 percent for borrowers unable to obtain credit from agencies other than FmHA. Emergency loan funds will only be made in such amounts as may be provided in advance in annual appropriation acts, and a borrower must sustain at least a 30-percent loss on a basic part of his operation in order to qualify for a disaster loan. I believe these provisions will streamline the services of the emergency program and target its resources to those borrowers who truly need disaster assistance.

The conferees also reduced funds for rural development loans, and interest rates on these loans would be increased to more accurately reflect market conditions. However, interest rates for FmHA water and waste disposal and essential community facility loans shall not exceed 5 percent when such loans are for the required upgrading or construction of facilities to meet health or sanitary standards in areas where the median family income of persons to be served by the facility is below the poverty line.

In other credit areas, the conference agreement permits the administration

to phase out its farm storage facility loan program, but the Secretary of Agriculture would be requested to continue this program in storage deficit areas. And finally, in regard to the Rural Electrification Administration, the legislation requires the Federal Financing Bank, on the request of any rural electric borrower, to handle any REA-guaranteed loan. The conference report also repeals a provision under which small REA co-ops meeting designated standards were entitled to REA-insured loans of 2 percent. Under the new bill, all insured loans would normally be made at the 5-percent rate which is already used in most cases. The REA Administrator, however, would have discretionary authority to reduce rates to as low as 2 percent in unusual cases of extreme need or hardship.

FOREST SERVICE FUNDING

The members of the conference committee have also placed a cap on the amount of funds that may be appropriated for programs administered by the Forest Service. This cap is below that recommended in the President's budget but above the figure contained in the House bill. While the cuts may not be as deep as some have suggested, we must remember that the Forest Service is a revenue-producing agency.

The national forests of this Nation return to the Treasury funds from timber sales, mineral, oil and gas exploration, and recreational fees. The appropriations cap set by the conference committee members, although tight, will permit the Forest Service to continue their balanced approach to management of our national forests.

I believe that the committee has acted in a manner that will continue to assure adequate timber supplies for the housing industry, assure continued employment in the timber industry, provide adequate recreational opportunities, and continue to provide revenues to the Treasury and to the State and local governments where the forests are located.

In conclusion, I wish to state that this reconciliation bill together with the tax bill are two of the most important pieces of legislation that this body will have passed in many, many years. They are two integral parts of President Reagan's economic recovery program. One is just as important as the other. I think we all want to see the President's program succeed because it is important for America as a nation and it is important for all of us individually that we see that economic recovery where the President's program will lead us.

I urge you to vote for this measure.

Mr. COLEMAN. Mr. Speaker, will the gentleman yield?

Mr. WAMPLER. I yield to my colleague, the gentleman from Missouri.

Mr. COLEMAN. Mr. Speaker, I rise in support of the 1981 omnibus reconciliation bill. I would like, at this point, to briefly discuss the food stamp provisions contained in that bill. As you may recall the bipartisan substitute amendment—better known as Gramm-Latta II—contained the Coleman amendments to the food stamp program, agreed to by the Republicans on the House Committee on Agriculture. These amendments achieved the savings levels required over the next 3 years. They contained the necessary changes in law rather than an artificial cap on food stamp program expenditures.

Because of these amendments the conferees, during the food stamp reconciliation conference, were able to compromise and agree on various reforms to the food stamp program, rather than discuss one package of amendments with no legislative reforms and another with several of these reforms.

I support the compromises agreed to during the conference. As in any conference, no one conferee achieves all that he or she would desire—compromise is essential. The Gramm-Latta mandated savings level for the food stamp program are \$1.458 billion for fiscal year 1982; \$1.971 billion for fiscal year 1983; and \$2.327 billion for fiscal year 1984. The savings actually achieved for the program for fiscal year 1982 are \$1.658 billion; for fiscal year 1983 they are \$2.046; and for fiscal year 1984 they are \$2.334. The overall savings surpass the Gramm-Latta levels by \$282 million for the 3 years.

It pleases me that most of the conferees from the House were able to agree on the various compromises. I believe that the various options chosen by our Members are sound and represent reform for the food stamp program.

Many of the provisions contained in both reconciliation bills were identical. Others were discussed and agreement was reached. As a result the provisions in disagreement have been resolved as follows:

First, parents and their children living together shall be treated as one household for food stamp purposes. Elderly parents are exempt from this provision.

Second, program eligibility is limited to households with gross income at or below 130 percent of the poverty level. The elderly and the disabled are exempt. Their eligibility will continue to be calculated as it is currently.

Third, the standard and the shelter deductions are frozen until July 1983. They are then indexed, then again in October 1984 and every October thereafter—exclusive of the homeownership component but reweighted.

Fourth, the earned income deduction is reduced from 20 percent of earnings to 18 percent.

Fifth, the penalties for fraud and willful misrepresentation are increased and the method of recovery of overpayments is improved.

Sixth, a block grant is provided for Puerto Rico beginning in July 1982.

I urge you to support the 1981 reconciliation bill and the conference report.

Mr. WAMPLER. I thank the gentleman for his contribution, and I would like to commend him for his effort in making this report possible.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky (Mr. SNYDER).

Mr. SNYDER. Mr. Speaker, I rise in support of the conference report on H.R. 3982 and to explain the portion of that report submitted by the Committee on Merchant Marine and Fisheries.

The Merchant Marine and Fisheries conferees participated in four reconciliation subconferences: The maritime authorization; Public Health Service hospital/merchant seamen entitlement; ocean dumping fees; and expenses associated with the Office of the Secretary of Transportation.

#### MARITIME AUTHORIZATION

The maritime authorization bill was included, in toto, in the committee's submittal to the budget committee and was adopted by the full House when H.R. 3982 was passed. The House version of the maritime authorization bill differed from the Senate version in the level of funding authorized for research and development, operations and training and the House has included several substantive amendments.

The conferees agreed to increase the level of funding for research and development by \$2 million over the House figure and to reduce by a comparable amount, funding authorized for State and Federal maritime school assistance and reserve fleet expenses. These adjustments in funding levels are consistent with the overall request by the President of \$502.5 million for fiscal year 1982 for maritime programs.

The rest of the maritime authorization bill remains in the conference report with the exception of amendments dealing with title XI and construction differential subsidies (CDS) eligibility for methanol barges, reduced CDS payments for nonseries production, the use of capital construction funds (CCF) for hazardous waste vessels, CDS eligibility for wind powered vessels, and the deferral of certain fiscal year 1981 CDS funds to fiscal year 1982. Amendments dealing with title XI, freight forwarders and an operating differential subsidies (ODS) recipient's option to build in a

foreign shipyard, were slightly altered in conference in order to ameliorate certain Senate objections.

#### PUBLIC HEALTH SERVICE HOSPITAL/MERCHANT SEAMEN ENTITLEMENT

The Senate agreed to the House language on the closure of PHS hospitals, which is solely within the jurisdiction of the Energy and Commerce Committee. However, the Merchant Marine and Fisheries Committee has jurisdiction over the entitlement of merchant seamen to free medical care in PHS facilities. The Senate objected to this committee's language which would continue the seamen eligibility but require that the seamen pay for that care. In lieu of the Merchant Marine and Fisheries Committee language, the Senate proposed, and the House agreed, to repeal the merchant seamen entitlement but retain the House language authorizing continued care for 12 months for those hospitalized on the date of enactment.

#### OCEAN DUMPING FEES

The conferees have agreed that the House will recede to the Senate and strike sections 9401 and 11141, the provisions dealing with ocean dumping fees. The effect of this action will be to delete the Merchant Marine and Fisheries Committee provision which imposes a fee on material dumped in the ocean and the provision of the Committee on Public Works and Transportation which prohibited such a fee.

As part of the agreement the conferees have placed in the conference report language committing the conferees to resist any effort to direct the Committee on Merchant Marine and Fisheries to achieve savings in future reconciliation bills which would be achieved by the imposition of Coast Guard user fees.

The conference report language is as follows:

The Merchant Marine and Fisheries Committee proposed that ocean dumping fees of \$5.00 per wet ton be imposed in fiscal years 1983 and 1984. This action satisfied the assumption of the First Concurrent Budget Resolution that the Committee would effect savings of \$200 million in FY 1983 and \$300 million in 1984, an instruction that originated with the Senate Budget Committee's desire to impose Coast Guard user fees. In fact, the CBO estimates that the savings resulting from ocean dumping fees would be \$400 million per year.

In view of the conflict between section 9401 and section 11141, added by the House Public Works and Transportation Committee, and the absence of language on ocean dumping fees in S. 1377, the conference managers recommend that the House recede to the Senate position. In doing so, the managers recognize that the Merchant Marine and Fisheries Committee has fully complied with its reconciliation responsibilities in this area. The conference managers observe that dropping of the ocean dumping fee proposal will not lead to a future reconciliation instruction to the Merchant Marine and Fisheries Committee to achieve



savings in FY 1983 and FY 1984 by imposing ocean dumping fees or assessing fees on users of Coast Guard services.

There is strong bipartisan opposition to Coast Guard user fees in that such a proposal represents a dramatic reversal of traditional policy.

As the Members may know the administration has proposed legislation to impose a fee on users of Coast Guard services. This provision has virtually no support and not one Member of the House has agreed to introduce this legislation, which I would state is strong evidence of the bipartisan opposition to this proposal.

Due to the action of the Senate, the Committee on Merchant Marine and Fisheries was faced with the option of imposing Coast Guard fees in the reconciliation bill or finding an alternative. Ocean dumping fees represent that alternative. The members of the Merchant Marine and Fisheries Committee and the other conferees believe that if we are to impose any fee on Coast Guard services that it should be done only after a lengthy analysis of this issue and as part of the normal legislative process—not by use of the mechanism of reconciliation to enact controversial legislation.

#### LIMITATIONS ON THE OFFICE OF THE SECRETARY

Section 6531 of the reconciliation bill imposes limitations on appropriations of the Office of the Secretary of Transportation. Included in that limitation is a prohibition on the use by the Secretary of Transportation of Coast Guard aircraft and Federal Aviation Administration aircraft, as well as a further prohibition on the use of the private dining facility by the Secretary.

This amendment was offered by the Committee on Energy and Commerce. However, the jurisdiction over the Department of Transportation lies primarily with the Committee on Public Works and Transportation and the Committee on Merchant Marine and Fisheries, who objected to the amendment on the grounds that it was beyond the jurisdiction of the Committee on Energy and Commerce to impose such limitations. As a result, the conferees have agreed to delete the limitations placed upon the Secretary, but have reduced the authorization for appropriations for his Office by 10 percent. In doing so, the conferees note that the aircraft of the Department of Transportation should be available for travel by the Secretary as long as this action is cost effective and necessary to accomplish the mission of the Department.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 4 minutes to the distinguished chairman of the Banking, Finance and Urban Affairs Committee, the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Speaker, the Committee on Banking, Finance and

Urban Affairs, as everyone knows, had the largest cut in budget authority of all of the committees of the House under the reconciliation process. I must say that I stand here unable to express any joy or jubilation. If anything, my feeling is one of pain and suffering.

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However, we have indeed carried out our responsibilities with respect to the cuts in as fair and equitable a manner as possible. We were required to adjust existing authorization legislation in a number of vital areas, housing, community development, National Consumers Cooperative Bank, as well as many other areas.

We performed our task, and I think we performed it as well as possible under the circumstances.

I would like to take this opportunity to commend the conferees on the House side who worked with me, both majority and minority.

I want to express my deep appreciation to our ranking minority member, the gentleman from Ohio (Mr. STANTON). As a result of his cooperation, his assistance, we were able to handle this conference in an orderly manner.

We fortunately did not get hung up on any one or two major issues, as many thought would occur. This came about as a result of a bipartisan effort in conjunction with the Senate conferees.

I want also to pay special tribute to the staff, both majority and minority, on the House side, who worked together in a spirit of cooperation and who indeed represented well the House position throughout the deliberations in the difficult technical sessions that were held.

Mr. Speaker, the bulk of the Banking Committee's title of the omnibus reconciliation bill dealt with the budget issues and substantive legislative matters with regard to the housing and community development programs. Adoption of the Latta substitute restricted the Banking Committee in its efforts to negotiate and legislate wisely on the major programmatic changes with regard to the community development block grant program and a large number of assisted housing related changes.

It is not often that the House conferees can, on the housing and community development legislation, say that the Senate legislated in a wiser fashion, but with regard to the community development program we must give credit where credit is due. The Senate simply had a better version of community development block grant revisions and the House conferees adopted in most every instance the better version that was before the conferees. I am happy to report that the urban development action grant program remains a separate identifiable

program entity with an authorization level of \$500 million each for the next 2 fiscal years. Numerous changes have been adopted with regard to the community development block grant program. The application and review process is revised thoroughly making it more in the nature of a revenue-sharing program with the eligible communities basically certifying that they are making use of Federal funds to principally benefit low- and moderate-income people.

With regard to nonentitlement cities, those under 50,000 population, the conference report provides that the States who administer grants to these units of local government, but with an opting in process that demands that the States are engaging, or will engage, in community development type programs and planning, will provide the technical assistance to these nonentitlement communities and that States will provide their own funds for community development activities of at least 10 percent of the community development funds that it is receiving. The conference report contains the section 312 rehabilitation loan program at approximately \$85 million for fiscal year 1982, through the use of loan repayments. This program was terminated in the Latta substitute.

With regard to our assisted housing programs, the Senate version of the reconciliation bill left much to be desired. Their version had lower authorization amounts and a series of severely restrictive provisions that would have made our assisted housing programs in many areas of the country totally unworkable. The conferees split the difference on the authorization level providing budget authority of \$18.08 billion that will provide only 153,000 new units beginning in fiscal year 1982. Fifty-five percent of these units will be for existing housing and 45 percent will be for new construction. Our conference report provides a set-aside for State housing finance agencies, the Indian public housing program, the Farmers Home Administration and those section 8 units that are used by the section 202 elderly housing program. The conference report also provides that the preferences of local governments regarding the manner in which these funds are utilized must be accommodated by the HUD Secretary. Rents will be increased for all people living in assisted housing from the current 25 percent of their adjusted income to 30 percent. It permits the HUD Secretary to determine which amounts are to be deducted from the tenants incomes, but limits any increases in rents not related to increases in tenant income, during any 1 year to 10 percent. The conference report deletes the ill-advised Senate provision barring assisted housing

funds to those communities which have rent control or rent stabilization laws.

The most difficult issue that was before the conference was the Senate provision to reduce the eligibility for assisted housing from the current 80 percent of area median income to 50 percent of area median income. While the conference report retains the 80-percent eligibility level that is in existing law, it provides that not more than 10 percent of assisted housing units under contract as of the end of the current fiscal year and not more than 5 percent of addition units available for occupancy on or after beginning of fiscal year 1982 will be available for persons with incomes between 50 to 80 percent of area median income. As I have indicated this was the most difficult issue that we faced and the Senate was adamant, as were we, but I believe that the compromise that was struck here was a realistic one.

With regard to assisted housing, the conference report further provides that newly constructed housing under the section 8 program will be modest in design, limits increases in rental subsidy payments to operating cost increases and provides a preference to section 8 projects located on land provided by local and State governments. Single-room occupancy units are made eligible in certain instances under the section 8 program. The report also will extend the section 235 homeownership program through the end of fiscal year 1982, but prohibits HUD from entering into any new contracts after September 30, 1983.

The House conferees convinced the Senate to extend all of the insuring authorities under the National Housing Act through fiscal year 1982 and provided increased mortgage purchase authority for GNMA at an aggregate amount of \$2 billion with no assertion nor assumption that the GNMA tandem program will no longer be available beyond fiscal year 1982. It is the House conferees position that the tandem program will remain available and will continue to be used to provide permanent financing for assisted rental housing projects after fiscal year 1982. Our conference report also clarifies the situation for mortgages eligible for purchase by GNMA that have FHA firm commitments and FHA is to continue processing applications for these mortgages through the end of this year.

I would like to clarify one matter regarding the FHA single-family mortgage loan limit that was increased in the House reconciliation version, but was dropped in conference. In the Statement of Managers, the conferees direct HUD to adjust the manner in which the HUD Secretary determines that an area is a high-cost housing area based on data of involving the sales of single-family homes in a hous-

ing market area. Because of a substantially higher proportion of sales of existing housing units, as opposed to newly constructed homes, the median sales price of a single-family home is so low that FHA mortgage limits are unrealistically low and most new homes in these areas cannot be financed with FHA-insured mortgages. In this situation, the conferees also intended for the HUD Secretary to give greater weight to the sales price of new homes in determining the median sales price.

The conference report extends for 1 year flood, crime and riot reinsurance programs. It would bar, beginning in October of 1983, any new flood insurance for so-called undeveloped Barrier Islands. The conference report extends the rural housing programs of the Farmers Home Administration and provides for a new uniform nonjudicial multifamily mortgage foreclosure procedure.

With regard to our energy-related matters that the Banking Committee has jurisdiction over, the conference report provides for a \$50 million authorization for Solar Bank for fiscal years 1982, 1983, and 1984. The \$336 million has been authorized for fiscal year 1982 for State and local conservation programs in the Department of Energy, and it is the strong expectation of the conferees that \$175 million of that amount will be available for the low-income weatherization grant program. While the conference report did not directly authorize this level, the statement of managers contains explicit language regarding the continuation of the weatherization program at the \$175 million level. The building energy performance standards have been amended so that these energy standards developed by DOE will voluntarily have all new residential and commercial buildings.

#### NATIONAL CONSUMER COOPERATIVE BANK

The conference agreement assures long-range stability for the National Consumer Cooperative Bank.

The substitute adopted by the conferees allows the Bank to convert to private status under control and ownership of its consumer co-op members. The conversion will take place by December 31, 1981, or 10 days after enactment of the HUD-Independent Agencies Appropriations Act for fiscal year 1982—whichever is the latest.

The conversion will be accomplished by issuance of class A notes by the Bank in exchange for class A stock currently held by the Secretary of the Treasury. The notes will be repaid in the same manner by the Bank as it would have handled retirement of the stock. The conferees, however, did require that 30 percent of the proceeds of sale of nonvoting stock be applied to retirement of the Treasury debt. Otherwise, the payments, terms, conditions and preferences and other rela-

tionships of the class A notes will be identical with those existing in the present act in reference to class A stock.

After the notes are exchanged for the stock, the co-op stockholders will elect 12 of the 15 board members. The President will appoint the remaining three.

The Bank, as intended in the original act, will be eligible to borrow in the private markets and to issue stock to cooperatives and the public. It will retain its mission as a credit facility for cooperatives formed by senior citizens, students, inner-city residents, rural craftsmen, suburban families, workers, and other consumers across the Nation. The cooperatives, operating under democratic principles, provide their members with a variety of goods and services including housing, health care and food.

The conferees provided that the Bank will have regular examinations and audits and that the Securities and Exchange Commission will have jurisdiction in supervising the issuance of securities by the Bank. While both the Farm Credit Administration and the General Accounting Office are given "examination and audit" authority, it is not intended that there be duplicative efforts in this area. Certainly it is not the intention that the Bank undergo two audits each year. Rather, FCA is expected to carry out the type of "examination" process it now employs for its entities such as the Bank for Cooperatives and similar farm banks. The GAO's expertise is in the audit area and this is to be the thrust of its efforts. The conferees anticipate that the GAO and FCA have the ability and imagination necessary to coordinate the authority and that there will be no duplicative audits or examinations or that their frequency will be no greater than that necessary to provide the Congress with a clear picture of the operations of the Bank.

Upon redemption of the Government's stock the Bank will cease to be a "mixed-ownership Government corporation" but its congressionally granted Federal charter will remain. The status under a Federal charter is retained in the same manner as other Federal charters have been retained for Federal instrumentalities that have evolved into a private status. The federally chartered instrumentalities of the Farm Credit System are a primary example of this.

The title II activities of the Bank—designed to assist newly developing cooperatives with a predominantly low-income membership—will be folded into a separate nonprofit corporation with 501(c)(3) status. The nonprofit corporation, although separate, will retain a close working relationship with the Board and the Bank's board of directors will appoint the board of



the corporation, drawing from low-income co-ops.

All assets of the present Office of Self-Help Development will be transferred to the corporation and the corporation is expected to meet its expenses out of income generated from its loans and technical assistance operations. The Bank is authorized to make tax-free contributions to the nonprofit corporation and to make staff and other support available. It is essential that the Bank and the nonprofit corporation work closely together to make certain all elements of the consumer cooperative movement are served and that there is no duplication of efforts or other waste of money.

It is the clear intent of the conference that all moneys from fiscal year 1981 and fiscal year 1982 Appropriations Act be transferred to the Bank without delay so that the conversion to private status can be accomplished without undue delay or confusion. After fiscal year 1982 there will be no further authorizations for the Bank or the Self-Help Fund and the Federal Government will not be responsible for the obligations incurred by the Bank after the redemption of the class A stock.

The future success of the Bank will depend heavily on its acceptance in the private market and the vigor and dedication of the cooperatives in accepting this responsibility. Clearly, the Congress is forcing the Bank to move to private status years ahead of the schedule envisioned in the original act and with a far smaller capital base. But, the conversion does give the Bank an independent status and the freedom and long-range stability so necessary to be accepted in the private market. Clearly, the Bank had no chance of raising private funds while political events continued to cast doubt on its future structure, or even its survivability. This conference agreement removes the doubt and gives the Bank the right to survive on the basis on the market decisions, rather than political decisions.

The next few months will be critical for the Bank as it moves toward the private status assured in this conference report. It is a period in which the Bank needs the maximum stability and the experience of the board members and staff who have been in on the ground floor of implementing the 1978 National Consumer Cooperative Bank. The Bank is obligated to draft bylaws to provide orderly transition to a private bank and it is very important that these changes be transmitted to the consumer cooperatives and that they be given an opportunity to comment before the structure is locked into place. It is their Bank, according to the decisions reached in this conference, and they should govern the transition.

While I know elements of the administration remain philosophically opposed to the Bank and cooperatives, I have been pleased by the cooperation shown by the White House as we attempted to work out the details of this conference substitute. The White House has been straightforward and it has kept its word as these negotiations have gone forward. While I am sure no one has given up their philosophical positions, I appreciate the attitude of "let's make it work" that seems to have developed. I am very hopeful that this attitude will prevail in the Bank's transition and that there is a tacit understanding by all parties that there will be no disruptive moves which would make a mockery of the decision to give private control to the Bank.

It is in the interests of the administration, the Congress, the Bank, and the consumer cooperatives that the plan developed by the conference work. The decision has been made and it should be allowed to go forward in an orderly, open, and expeditious manner.

#### EXPORT-IMPORT BANK

The conferees adopted the Senate provisions which limited direct loans by the Exim Bank to \$10.478 billion for fiscal years 1982 and 1983. Of this amount, \$5.065 billion is designated for 1982 and \$5.413 is designated for 1983. The administration may, under extraordinary circumstances, use amounts designated for 1 year in another year if necessary to enhance the negotiating position of the U.S. delegation to the OECD export credit negotiations.

The conferees agreed to drop the Senate's direct loan limit for 1981 and the House's limit for 1984. The conferees agreed to a provision in the House bill that requires the Secretary of the Treasury to transmit to the Congress a report on the status of negotiations to reform existing international agreements on export credit by March of 1982. The report would include a recommendation as to whether the Congress should enact legislation to enhance the ability of the Export-Import Bank to offer credit fully competitive with the subsidized export credit offered by other governments, in order to improve the prospects for a successful conclusion of these negotiations.

#### SALARIES AND EXPENSES—TREASURY DEPARTMENT

The House bill contained various provisions limiting the authorizations for the Treasury Department's salaries and expenses. The conferees agreed to retain the provision repealing the Bureau of the Mint's permanent authorization, also agreeing to a Senate proposal to increase the authorized amount for 1982 by \$2.5 million. The conferees also agreed to reauthorize the Treasury's international affairs functions for 1982 and later

fiscal years. Other authorization limits, for the Office of the Secretary, the Bureau of Government Financial Operations, and the Chrysler and New York loan guarantee programs, were dropped by the conferees at the request of the Senate.

#### OTHER MATTERS

The conferees agreed to a Senate provision that makes it clear that manufactured homes are considered "real estate" for purposes of the override of State usury laws provided in the depository institutions deregulation and Monetary Control Act.

They also agreed to adopt a Senate provision that states that federally chartered non-Federal Reserve member depository institutions and nonmember depository institutions chartered by States other than Hawaii would be permitted the same 5-year exemption from reserve requirements that the Monetary Control Act gave to State-chartered banks in Hawaii.

The House bill contained no similar provision. The House receded with a technical amendment. This amendment insures that all depository institutions that were brought under reserve requirements for the first time by the Monetary Control Act have the same phase-in now granted to State-chartered nonmember commercial banks in the State. It retains the stipulation in the Senate amendment that only deposits taken in Hawaii are covered by the special exemption.

#### INTERNATIONAL DEVELOPMENT BANKS

The House bill contained authorizations for the international development banks. The bill authorized U.S. participation in the World Bank's general capital increase, the sixth replenishment of the International Development Association, and U.S. membership in the African Development Bank. It also provided authorizations for the Inter-American Development Bank and the Asian Development Bank.

In addition to these authorizations, the House bill contained various provisions relating to U.S. policy with respect to these institutions. Except for provisions relating to targeting assistance to the needy, increasing executive-congressional consultations on new U.S. contributions, those sections that did not deal directly with the authorizations were deleted from the reconciliation bill.

Mr. STANTON of Ohio. Mr. Speaker will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from Ohio.

Mr. STANTON of Ohio. I thank the gentleman for yielding.

Mr. Speaker, I wish to rise in support of this conference report. I also, of course, want to extend my congratulations to all of the conferees and especially, Mr. Speaker, to, in the other body, the distinguished Senator

from Utah (Mr. GARN) who did an outstanding job. This was our first experience with him as chairman of the Senate Banking Committee and without his cooperation, as the chairman has already reiterated, perhaps this moment could not be possible.

We have had a lot of give and take. It is a bill that is within the limits. Once again the chairman has said that we had to live with it.

Mr. Speaker, I rise in support of the conference report on the reconciliation bill. The subtitle dealing with matters under the jurisdiction of the Banking, Finance and Urban Affairs Committee is worthy of House approval.

#### HOUSING AND COMMUNITY DEVELOPMENT

The major part of the subtitle is related to programs under the jurisdiction of the Housing and Community Development Subcommittee. It contains the annual authorization for programs administered by the Department of Housing and Urban Development. I would like to briefly comment on some of the major provisions.

The community development programs, which will be funded at \$4.166 billion each year for the next 2 years, have been significantly altered. In line with the administration's request, the block grant program has been simplified and streamlined. Cities, both large and small, should find the reduced requirements for grant applications much less burdensome and time consuming.

One of the major changes from existing law is the opening up of the administration of the small cities program to the States. Under the conference agreement, however, this administration would be completely optional on the part of the States. Where the States decide not to take on this responsibility, HUD will continue to operate the program as it has in the past. Making this optional on the part of the State is, I believe, a reasonable compromise with the administration's proposal which would have made State participation mandatory after 1 year.

Two other changes from the administration's original proposal were also incorporated in the conference agreement. The first would require participating States to, in effect, buy in to the program. They must provide at least 10 percent of their own funds for CDBG activities in the small cities of their State and they must provide technical assistance to those cities. The other change would cap the amount of Federal money States could use for administrative expenses. This cap is set at 2 percent of the amount received by the State for distribution with the further requirement that the 2 percent be matched by the State on at least a dollar-for-dollar basis. Both of these changes strengthen the program. The first by requiring a commit-

ment from the State and the second by not penalizing States that do assume the responsibility while at the same time making sure Federal funds are not squandered on administrative overhead.

The conference agreements for low-income housing assistance funds for fiscal year 1982 represent splitting the difference between the House and Senate levels and are, therefore, slightly below the funding approved by Gramm-Latta. This compromise agreement will provide funds for 1982 sufficient to assist an estimated 153,000 units of low-income assisted housing.

Several program policy changes requested by the administration and which are designed to reduce assisted housing costs, improve fund allocations, and standardize more equitably low-income tenant rental payments have been incorporated into the basic assumptions for the assisted housing program by this conference report. An additional expected improvement was provided by the restructuring for low-income assistance to be redirected toward those most in need in relation to income eligibility purposes for assisted housing. These changes in combination with a more prudent budgetary approach are designed to build a solid foundation for reforming and improving HUD's performance in delivery of low-income housing assistance and will also provide more flexibility and decisionmaking powers to State and local government.

More attention has been directed, by the conference report, toward the improvement and preservation of the existing public housing stock through increased and more flexible use of the comprehensive public housing modernization improvement program funded at \$75,000,000,000 for 1982 and an increase in public housing operating subsidies to be funded at \$1.5 billion.

While the conferees agreed to reject the prohibition contained in the Senate bill on providing assisted housing to communities with rent control, the report language, for the first time, recognizes and acknowledges that local rent control restrictions are, in fact, a major barrier and disincentive working against investment in much needed rental housing production.

Part III program amendments of the conference report provide for the extension of all of the basic FHA mortgage insurance programs for 1 year and include increases in loan limits for manufactured homes and property improvement loan limits.

The conferees also agreed to the House limit of an additional \$1.1 billion for GNMA tandem purchase assistance which is expected to be sufficient to finance those projects reaching the FHA firm commitment stage in the pipeline for 1982.

The flood, crime, and riot insurance programs were all extended for 1 more year, but there were important changes made in both flood insurance and riot reinsurance. Under the conference agreement, as of October 1, 1983, Federal flood insurance would not be available on certain undeveloped coastal barriers designated by the Secretary of the Interior. The original House provision would have prohibited such insurance as of October 1, 1981. I believe the delay in the effective date is equitable. It provides time for the Secretary of the Interior to inventory the effected coastal barriers and for Congress to examine the Secretary's findings. The developers in the meantime have a good idea as to what areas will be covered in view of the fact that the report that accompanied the Omnibus Reconciliation Act of 1981, when it was reported from the House Budget Committee, provides the Secretary with specific guidance to be used in both determining what is a coastal barrier and what constitutes development. In addition, it should be pointed out that the U.S. Fish and Wildlife Service has developed a list of undeveloped coastal barriers which could provide a basis for the designations that will be made by the Secretary of the Interior.

The riot reinsurance was extended only after deleting the so-called Holtzman amendment. This amendment, which was added in 1978, barred rates on FAIR plan policies from exceeding those rates set for the voluntary market. This provision has driven several States from the riot reinsurance program and has been responsible for severely crippling the program. The conference report, in deleting this amendment, is a step in the right direction in revitalizing the riot reinsurance program and helping to increase the reserves in the national insurance development fund. These increased reserves, in turn, should provide increased resources which could assist in funding the crime insurance program and keep the reinsurance rates at a reasonable level.

The conference report also extends the housing programs of the Farmers Home Administration for an additional year. There were no major programmatic changes in the rural section and the figures the conferees agreed to were extremely close to those requested by the administration.

Part VI of the conference report authorizes a new and innovative title recommended by the administration which will result in significant cost savings for the sale and disposition of HUD-owned multifamily property. The new authority approved in conference will allow for a nonjudicial and expedited foreclosure sale and, thereby, eliminates excessive time delays in the disposition process for HUD multi-



family foreclosure sales resulting in an improved property preservation impact and a more favorable cash flow condition for the applicable FHA insurance funds.

In addition, Mr. Speaker, I would like to address some points that are included in the energy section of this conference report. Members of the Banking Committee also served as conferees on these provisions.

The conference agreements relating to energy conservation programs represent for the most part a reasonable balance between achieving necessary budgetary savings and contributing toward the Nation's energy conservation goals. Funding for the Solar and Energy Conservation Bank has been reauthorized at a reduced rate of \$50 million each for fiscal years 1982, 1983, and 1984. However, the questions raised by the administration for the need and cost effectiveness of such Federal subsidies for solar systems remain unanswered.

The conference committee also agreed to reauthorize the DOE weatherization grant program for fiscal year 1982 at an expected funding level of \$175 million. The weatherization program, administered by DOE, has had a history of bureaucratic inefficiency. It is hoped that under this administration such management deficiencies will be improved.

The final issue under Banking Committee joint jurisdiction to be resolved by the energy conference was the building energy performance standards (BEPS). These standards have been made voluntary for all new commercial and residential buildings, but remain mandatory for new Federal buildings. This represents a fair and reasonable solution for the BEPS program. In addition, the Department of Housing and Urban Development retains responsibility for providing technical assistance and monitoring State and local government adoption of energy conservation standards. The Congress thus will continue to maintain specific oversight control over BEPS through the operation of the legislative review of JUD regulations required in existing law.

#### NATIONAL CONSUMER COOPERATIVE BANK

Under the conference agreement, the bank is supposed to become more nearly a private entity than it is now. This action by the conference on the National Consumer Cooperative Bank graphically shows the extremes that are possible under the reconciliation process. In that our action will allow the bank to continue lending, the conference report, at least in its grossest terms, is a compromise between the Senate's idea of a shell bank and the House's idea of an on-budget Government instrumentality of reduced size. But by completely amending the bank's chartering act, conference has

wildly exceeded the limits of either the House or Senate version.

I note that the full Banking Committee never had an opportunity to vote on these amendments to the bank's chartering act. Few members of the conference committee saw these amendments in any form prior to the Banking Committee's miniconference on reconciliation. No Member of Congress ever saw a final version of the legislative changes before voting to change the bank's form and activities. We merely agreed to several broadly outlined changes we wished to make in the law and instructed the staff to develop legislation based on these changes and based upon legislation which had circulated in the conference. I have attached a copy of these documents at the conclusion of these remarks.

As an additional prefatory note I must add that we, as the Banking Committee acting alone, probably never could have developed this legislation. Because it has sections which affect the Farm Credit Administration, the Securities and Exchange Commission, the General Accounting Office, and the Federal tax laws, the legislation could have been referred to as many as four other committees if it had been introduced as a new bill.

Despite the procedural deficiencies I have outlined, I accept the result. My colleague from Ohio (Mr. WYLLIE), has championed the bank over the years. He has worked extensively to achieve the compromise that appears in this conference report. He is to be complimented for his dedication and for his success in resolving an extremely difficult problem.

With the abbreviated procedure which produced the amendments to the National Consumer Cooperative Bank Act, we lack an adequate legislative history. I hope, by these remarks, to add to such history as may appear in the records associated with the Banking conferees' action.

The Banking miniconference sought to preserve the bank by converting it to a private entity. It will have a Federal charter and 3 of its 15 directors will be appointed by the President, but the bank will not be a Federal agency. Its rights and liabilities should be those of a private corporation except where the Congress has expressly provided otherwise, such as an exemption from State and local taxation.

Under this amendment, the bank will not be a Federal agency, nor will it be any longer a mixed-ownership Government corporation. It will not be subject to the several Federal laws governing Federal agencies' contracting, procurement, hiring, and administrative procedure. It will be subject to the Federal laws governing those operations by banks or other private corporations. Similarly its right to sue and be sued will be the right enjoyed by a

private corporation, not by a Federal agency or a mixed-ownership Government corporation. Finally, the bank's obligations should be viewed in the market as are other issues of private corporations. The U.S. Government is not to be responsible in any way for these obligations. There is not even to be a moral obligation of the United States behind these obligations.

The bank's capital will consist primarily of the current Class A stock, which is to be converted to Class A notes on the later of December 31, 1981, or 10 days after enactment of the 1982 HUD and independent agencies appropriation. The Treasury, sole holder of Class A stock, will be sole holder of these notes. Following the pattern of other Government-established corporations set free into the private economy, we have provided a period for the bank to repay this initial capital. We expect repayment by 2020. And should the bank sell additional stock to the public, at least 30 percent of the revenues produced by that sale must be dedicated to the retirement of the Class A notes. This latter requirement applies to sales of stock through September 30, 1990.

The bank will no longer be an arm of the Federal Government, but it must be subjected to examination procedures similar to those of other private lenders. We have provided for examination by the Farm Credit Administration because the drafters feel that the FCA examiners are experienced in reviewing cooperatives' loans. The GAO will also have examination and audit authority so that the Congress, especially the Banking Committees, will be able to supervise the bank's operations. Similarly, we have given the SEC jurisdiction over the bank's securities activities when it meets the minimum size or shareholder requirements of the various securities laws. We have terminated a permanent securities law exemption because the entity issuing them will no longer have sufficient attributes of Government to justify the exemption.

Our conference agreement also reorganizes the bank's Office of Self-Help Development and Technical Assistance. The agreement mandates that the Office will become a nonprofit corporation under the District of Columbia Nonprofit Corporation Act. A special provision grants it immediate tax-exempt status when it is chartered as a corporation and provides tax deductibility for contributions. The conferees intend the statutory tax exemption to be only temporary. The corporation must promptly apply for permanent status as a charitable organization under section 501(c)(3) of the Internal Revenue Code. It is not the conferees' intent that the corporation continue in its special status as a 501(c)(3) organization. It must apply to the IRS as

soon as possible and subject to the regulations governing the activities of a charitable organization.

Whether operating in its special statutory status or after the IRS determination the corporation may reform only functions having charitable purposes. Should it exceed its powers as a 501(c)(3) organization the deductibility of contributions will be imperiled.

Because of the hasty construction of this compromise, we have not aired and resolved all possible issues involving the bank. I cite a few examples. As a bank taxable as a cooperative, the bank may be subject to title II of Public Law 95-630, governing management interlocks. Similarly, it may be subject to the Right to Financial Privacy Act.

We will surely encounter the National Consumer Cooperative Bank in a short time. The members and staff who have worked on converting the bank to a private enterprise have found the task extremely complex. Despite the best efforts of the participants, I am sure that certain key aspects of the bank's operations and supervision will prove to be unsatisfactory to someone. We will find that we ignored an important question or that we did not respond adequately to one that we specifically addressed. A technical amendments package will probably be necessary and I sincerely hope we conduct it under more usual legislative procedures.

#### EXPORT-IMPORT BANK

Our committee was involved in two subconferences with the Senate involving international issues within the jurisdiction of the Banking Committee. Our conference with Senate Banking on authorization levels for the U.S. Export-Import Bank resulted in a 2-year direct lending ceiling for Exim-Bank. The House accepted the Senate version which aggregated a fiscal year 1982 ceiling of \$5.065 billion and a fiscal year 1983 ceiling of \$5.413 passed by the House into a combined ceiling of \$10.5 billion. Under extraordinary circumstances, the administration may use amounts designed for fiscal year 1983 in fiscal year 1982 if necessary to enhance the negotiating position of the United States within the international negotiations to limit export credits. In addition, the Senate yielded to the House on a provision to report to the Congress on the status of these negotiations and whether legislative initiatives could help bring about their successful conclusion.

#### MULTILATERAL BANKS

In the committee's subconference with the Senate Foreign Relations Committee, House and Senate agreed to adopt the full authorization limits for the multilateral development banks. The Senate had already passed bills apart from reconciliation to achieve this end. The House passed

similar authorizing legislation as part of the reconciliation package but was unable to fully fund every program owing to the fact that the committee's CBO baseline was \$850 million below what it should have been despite the fact these amounts had originally been included in the President's budget. The House yielded to the figures in the Senate-passed bills but demanded that the Senate accept a stretchout of the International Development Association to 4 years rather than 3 in response to desires of conservative critics of these programs.

The results of this subconference will enable the President to keep a promise made to other heads of state at the Ottawa Summit last week. In addition to previously authorized amounts, the conference report contains authorization language and caps as follows:

(In millions)		
	Fiscal year 1982	Fiscal year 1983
World Bank (IBRD) .....	110	110
IDA .....	850	945
African Development Bank .....	18	18
Inter-American Development Bank .....	0	21
Fund for Special Operations .....	175	175
Asian Development Fund .....	111	111

#### TREASURY SALARIES

The resolution reported by the House Banking Committee contained a number of arbitrary cuts in the salaries and expense accounts of a variety of Treasury Department divisions. During the conference most of these cuts were eliminated.

The Office of International Affairs authorization was increased about \$1 million over the House-approved figure and its authorization made permanent as it had been up until a few years ago.

Interestingly enough, the Bureau of the Mint which has always had a permanent authorization had that permanent authorization terminated because members generally agreed more congressional oversight over mint operations was needed.

We favored the elimination of the committee-imposed reductions in these various salary and expense authorizations for the reason that they were made without the benefit of any hearings or other information to determine if they were appropriate or not. In our minority views on the bill we urged that the committee begin now a series of hearings into the operations of these various divisions so that we can determine before next year where realistic reductions can be made in these expenditures. We renew that request here. All should recognize that we are obligated to make further expenditure reductions for fiscal years 1983 and 1984. It will be harder each year to find appropriate places to cut and

hearings such as we propose will enable us to cut responsibly.

#### MISCELLANEOUS SENATE PROVISIONS

The Senate bill contained two miscellaneous provisions which the House accepted.

The first was a provision to make it clear that manufactured homes are considered real estate for purposes of the usury override for mortgage loans contained in the Depository Institutions Deregulation and Monetary Control Act enacted last year. Because these manufactured homes are virtually the only kinds of homes many lower income people can afford this amendment could be important in assuring a flow of credit to finance them.

The second was a fairly technical amendment dealing with the phase-in of reserve requirements in Hawaiian banks.

#### CONCLUSION

Mr. Speaker, I believe your conferees have done a good job and that all Members can support the conference version of title III in good conscience.

However, I cannot conclude without expressing my conviction that we can and should work together in a bipartisan effort to improve the procedures that have been followed in this budget exercise. I think we can all be proud that we have put some teeth into the Budget Reconciliation Act and proud that by so doing we have demonstrated our commitment to fiscal responsibility. For once we have really tackled the tough problem of establishing firm parameters for the Federal budget. It has been enlightening—and sometimes disheartening—to see how deep some of the cuts must be in budget authority to achieve cuts of any significance in actual outlays. But we can be proud to have taken the first important step in responding to the Nation's mandate to change the direction of Federal involvement in the national economy. What I am not proud of is the fact that we have included in this bill so many legislative proposals essentially unrelated to expenditures that should have been handled under regular order. For the sake of expediency Members of both parties have gone along with this but few would deny that this is an abuse we should eliminate.

For example, I have previously protested the inclusion of the housing bill in title III. It is only an example because other committees have done the same thing. But here is a large and important bill dealing with all aspects of our housing and community development programs. This bill has always been brought to the floor under an open rule so that Members of all persuasions have an opportunity to at least try to change the committee's recommendations if they care to. This is the regular order of business under which our rules are designed to pre-



serve the rights of all Members. Unfortunately, those rights have been denied in this process. I would hope that Members of both parties can work together to develop some rules to assure that in the future no legislation not essential to the achievement of our budgetary objectives will be permitted in budget resolutions. At this point I include the following:

**PROPOSED AMENDMENTS TO THE NATIONAL CONSUMER COOPERATIVE BANK ACT, (PUBLIC LAW 95-351, AS AMENDED)**

A new Section 116 would be added to the National Consumer Cooperative Bank Act, to read as follows:

"Sec. 116. Notwithstanding any other provision of this Act:

(a) The Final Government Equity Redemption Date shall occur not later than December 31, 1981. On the Final Government Equity Redemption Date, the Secretary of the Treasury shall have purchased all Class A stock for which the Congress has appropriated funds and all such stock held by the United States on that date shall be redeemed by the Bank in exchange for class A notes issued by the Bank to the United States having a total face value equivalent to the total par value of the class A stock redeemed. The terms of the class A notes, including, without limitation, the payments to be made thereon and the preferences thereof, shall be the same as those set forth in Section 104 with respect to the class A stock; provided, that all references to dividends with respect to the class A stock shall be deemed to be references to interest payments with respect to the class A notes after 1990 that will assure full repayment of all such notes by no later than December 31, 2020.

(b) On the Final Government Equity Redemption Date, the Bank shall cease to be a mixed ownership Government corporation. The President of the United States shall continue to appoint, in addition to the member representing small business concerns as set forth in subsection 103(b), two Board members; one of which shall be selected from among the officers of the agencies and departments of the United States and the other of which shall be selected from among persons having extensive experience in the cooperative field representing low-income cooperatives eligible to borrow from the Bank. These two members shall replace the final two Board members selected from among the officers of the United States who resign according to the provisions of Section 103(b). The Director who is a Federal officer shall be entitled to sit on any committee of the Board. After the Final Government Equity Redemption Date, all non-Presidentially appointed vacancies on the Bank's Board of Directors shall be filled according to the Bank's bylaws.

(c) As used in Section 104(a), the terms "class A stock" and "stock" shall, after the Final Government Equity Redemption Date, mean "class A notes." For purposes of Section 107(a), class A notes shall be deemed paid-in capital of the Bank.

(d) Section 109 of the Bank Act is hereby amended as follows:

(a) The present Section 109 shall be designated as subsection (a), and the words "Until the Final Government Equity Redemption Date, but not thereafter" shall be deleted.

(b) The following new subsection (b) is inserted:

"(b) Notwithstanding any other provision of law, for purposes of the Internal Revenue Code of 1954 the Office of Self-Help and Technical Assistance shall be treated as a corporation operating as an organization within the meaning of Section 501(c)(3) of the Code so long as its authorities and activities are limited to those specified in sections 203 to 208 and section 210 of the Act."

(c) The following new subsection (c) is inserted:

"(c) Notwithstanding any other provision of law, for purposes of Subchapter T of the Internal Revenue Code (the 'Code'):

"(i) The Bank shall be treated as a corporation operating on the cooperative basis within the meaning of Section 1381(a)(2) of the Code.

"(ii) The term 'patronage dividend' as it applies to the Bank and as defined in section 1388(a) of the Code shall include any patronage refunds in the form of class B or class C stock or allocate surplus that are distributed or set aside by the Bank pursuant to section 104(i) of this Act.

"(iii) The terms 'written notice of allocation' and 'qualified written notices of allocation' as defined in sections 1388 (b) and (c) of the Code shall include, to the extent of par value, any class B or class C stock distributed by the Bank pursuant to section 104(i) of this Act and shall also include any allocated surplus set aside by the Bank pursuant to section 104(i) of this Act.

"(iv) Patrons of the Bank shall be deemed to have consented under section 1388(c)(2) of the Code to the inclusion in their incomes of any qualified written notices of allocation received by them from the Bank.

"(v) Any amounts required to be included in the incomes of patrons of the Bank with respect to class B or class C stock or allocated surplus shall be treated as earnings from business done by such patrons of the Bank with or for their own patrons."

(e) The date "October 1, 1983" appearing in Section 108(a) is changed to "October 1, 1985."

(f) On the Final Government Equity Redemption Date, Section 115 is repealed and a new Section 115 is substituted therefor to read as follows:

"The Farm Credit Administration and the General Accounting Office shall have the authority to examine and audit the Bank and reports of such examinations and audits shall be forwarded to the Congress."

(g) On the Final Government Equity Redemption Date, Section 301 is repealed, and Section 302 is amended by deleting the words "(123) Director, Office of Self-Help Development and Technical Assistance, National Consumer Cooperative Bank."

(h) The first sentence of Sec. 104(a) is amended by inserting "by other public or private investors" after "public bodies."

(i) Section 105 of the Bank Act is hereby amended as follows:

(a) In the first sentence of subsection (a), the phrase "legally chartered entity entirely owned and controlled by any such organization or organizations" is deleted and there is inserted in lieu thereof the phrase "federation of cooperatives primarily owned or controlled by eligible cooperatives."

(j) Subsection 104(h) is hereby amended by adding a third sentence which shall read:

"Contributions to the Office of Self-Help and Technical Assistance from any person shall qualify as charitable contributions, as defined in Section 170(c) of the Internal Revenue Code of 1954, for purposes of the charitable contribution deduction provided for in Section 170(a) of the Internal Revenue Code, and shall also qualify for the deductions for estate and gift tax purposes provided for in Sections 2055 and 2522 of the Internal Revenue Code."

(k) Section 107 of the Bank Act is hereby amended as follows:

(a) The phrase "after consultation with the Secretary of the Treasury" is deleted from the second sentence of subsection (a).

(b) The following new subsection is inserted:

"(e) The Bank may issue bonds the interest on which shall be exempt from Federal income taxation: Provided, that the total principal amount of such bonds ever sold shall not exceed \$100,000,000 during the life of the Bank."

(l) On December 31, 1981, the Office of Self-Help Development and Technical Assistance shall be abolished and its assets and liabilities shall be transferred to a non-profit corporation to be established by the Board of Directors of the Bank under the provisions of the District of Columbia Non Profit Corporation Act (D.C. Code, Sec. 29-1001 et seq.). The Board of Directors of the Bank shall name the Directors of such corporation. Such Corporation shall perform the functions of the Office as specified in sections 203 to 208 and section 210 of the Act. Nothing contained in this section shall be interpreted to preclude the Bank from providing administrative or staff support to the Self-Help fund or to preclude members of the Bank's board of directors from serving as directors of the Self-Help Fund."

(m) The Board may make contributions to the corporation established under section (1) above in such amounts as the Board of Directors of the Bank deem appropriate, provided that such contributions may be made only out of the Bank's earnings determined in accordance with generally accepted accounting principles, and provided further, that the Bank shall set aside amounts sufficient to satisfy its obligations to the Secretary of the Treasury for payments of principal and interest on the class A notes and other debt before making any contributions to such corporation.

(n) The first sentence of Sec. 202 of such Act is amended by striking out "10,000,000 dollars for the fiscal year ending September 30, 1979, and for the next two succeeding fiscal years an aggregate amount not to exceed \$65 million for the purposes of making advances under Sec. 203 of this Act" and by inserting in lieu thereof, "for the purpose of making advances under Sec. 203 of this Act an amount not to exceed \$14 million for fiscal year 1982."

(o) The third sentence of Sec. 202 of such Act is amended by striking out "shall also be deposited in the Account" and by inserting in lieu thereof, "shall be available for use as directed by the Board of Directors of the Bank to cover the expenses of Title II activities."

**EXPLANATION OF AMENDMENT TO NATIONAL CONSUMER COOPERATIVE BANK ACT**

This amendment privatizes the National Consumer Cooperative Bank. It eliminates the Government involvement. Permitting immediate privatizing of the Bank strikes a middle ground. The amendment would accomplish this by:

1. Requiring the redemption, by December 31, 1981, of all Class A stock in the Bank held by the Secretary of the Treasury on behalf of the United States in exchange for equal value of Bank's debt obligations being issued to the Treasury. The terms and con-

ditions of these debt obligations such as interest payments, principal repayments and maturity would be exactly the same as under the present Bank charter act, except the Bank shall maintain a repayment schedule after 1990 which will assure payment of all Government debt by 2020 and at least 30 percent of revenues from sale of stock to nonborrowers after date of redemption must be used by the Bank to retire class A notes.

2. No further purchase of Class A stock by the Treasury will be permitted unless and until authorized by a further Act of Congress beyond \$47 million for the Bank and \$14 million for title II.

3. Elected shareholder directors will replace Government board members except that the President shall continue to appoint a representative of small business and two others to the 15-member board.

4. The Farm Credit Administration and GAO shall be responsible for the examination, audit, and supervision of the National Consumer Cooperative Bank. All salaries, administrative and other Bank costs shall be borne by the Bank from its own income on loans.

5. Privatization would take place no later than December 31, 1981 and after all stock purchases required by fiscal years 1981 and 1982 appropriations acts. After that date, the United States shall not be responsible for any obligation of the Bank.

6. The Bank would be treated as a cooperative for Federal tax purposes and the Office of Self-Help Development and Technical Assistance (low-income co-ops) would be treated as a charitable organization for purposes of section 501(c)(3) of the Internal Revenue Code with powers limited to their existing powers under sections 203, 208 and 210. Any additional activities by the Bank must meet the requirements prescribed by section 501(c)(3). The Bank would continue to be exempt from state and local taxes except real estate taxes.

7. The Bank would be authorized to make a portion of its income available to assist low-income co-ops under title II (self-help) which would become a separate non-profit entity under D.C. law.

8. Cooperatives eligible to receive loans from the Bank shall be amended so that any housing cooperative existing on March 21, 1980 would be eligible.

9. The of the Class A notes shall be treated as paid in capital of the Bank and the remainder shall remain first priority debt which cannot be subordinated to any new debt or equity instrument.

10. The Bank will not be authorized to issue tax exempt bonds.

11. Language will be developed by staff—if not, we go back to House language plus matter listed in item 8 above.

Mr. EVANS of Delaware. Mr. Speaker, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from Delaware.

Mr. EVANS of Delaware. Mr. Speaker, I congratulate the managers of the conference, especially the chairman of the Committee on Banking, Finance and Urban Affairs, the gentleman from Rhode Island (Mr. ST GERMAIN), and our ranking member, the gentleman from Ohio (Mr. STANTON).

Mr. Speaker, I want to commend the managers from the Committee on Banking, Finance and Urban Affairs for their leadership in representing

the position of the House with respect to the Omnibus Budget Reconciliation Act of 1981. Both the distinguished chairman of the Banking Committee, Mr. ST GERMAIN, and the distinguished ranking member, Mr. STANTON of Ohio, have skillfully represented the House in prolonged discussions with the other body, and I fully support the product of their efforts.

I would specifically like to address the provision in the Budget Act pertaining to the national flood insurance program and undeveloped coastal barriers on the Atlantic and Gulf of Mexico coasts of the United States. As a conferee from the Banking Committee, and a coauthor of this language along with the distinguished chairman, Mr. ST GERMAIN, it is important to firmly establish the legislative intent of the sponsors of the provision. My comments have been cleared with the chairman and ranking member and represent our joint interpretation of the flood insurance provision.

Section 1321 of title III, chapter 4 of the House-passed version of the Omnibus Budget Reconciliation Act of 1981 prohibited the sale of Federal flood insurance for new construction or substantial improvements of structures located on undeveloped coastal barriers on the Atlantic and gulf coasts. The Secretary of the Interior was given 90 days to designate the affected areas pursuant to several criteria contained in the statute, and the prohibition of Federal flood insurance would have been effective immediately thereafter. The Senate had no comparable language in their version of the Budget Act.

In conference, members of the House and Senate Banking Committees adopted a compromise which established October 1, 1983, as the effective date of the prohibition on flood insurance. The Secretary of the Interior will have 1 year, rather than 90 days, to designate undeveloped coastal barriers. I believe this is a fair compromise. It establishes a date certain to end Federal involvement and taxpayers' subsidies in coastal barrier flood insurance, yet it allows a transition period of 2 years for those who have purchased coastal barrier properties with the expectation of receiving Federal flood insurance. In the following remarks I set forth a more detailed explanation of the provision adopted by the conferees.

Section 1321(a) provides that as of October 1, 1983, there will be a prohibition on the sale of Federal flood insurance for new construction or substantial improvements of structures on undeveloped coastal barriers on the Atlantic and gulf coasts as designated by the Secretary of the Interior. The terms new construction and substantial improvements are standard terms defined in regulations issued by the Federal Insurance Administration (44

CFR 59.1). Prior to October 1, 1983, any structures which may be erected in an area designated as an undeveloped coastal barrier will still be eligible for Federal flood insurance.

Section 1321(b) establishes three standards to guide the Secretary in designating undeveloped coastal barriers. Before describing those standards, it is important to note that the Department of the Interior has, for several years, conducted an ongoing inventory and classification of coastal barriers on the Atlantic and gulf coasts of the United States. In 1981, in response to a request from the Congress, the Department developed a list of undeveloped coastal barriers which met criteria identical to those specified in section 1321(b). It is the intent of the authors of section 1321 that this inventory, which is presently being reviewed by State and local government officials and other interested parties, will provide the basis for designations by the Secretary. It is expected, of course, that the Secretary will refine the existing inventory after having reviewed this section.

Section 1321(b)(1): the House adopted, and the Senate agreed to, a provision stipulating a definition of the term coastal barrier which only includes true barrier islands, as well as closely related geologic features such as bay barriers, spits, and tombolos. A coastal barrier is defined as a geologic feature that consists of unconsolidated sedimentary materials, is subject to wave, tidal, and wind energies, and protects landward aquatic habitats from direct wave attack. Consistent with the Department's ongoing inventory, including the list developed in 1981, it is not the intent of the authors that this definition include areas such as the interiors of large embayments such as the Chesapeake Bay.

Regarding the determination of which coastal barriers are undeveloped, the House adopted, and the Senate agreed to, section 1321(b)(2) which requires that an undeveloped coastal barrier shall be treated as such only if there are few people-made structures on the barrier, or portion of a barrier, so that these structures and human activities on the barrier do not significantly impede geomorphic and ecological processes. In interpreting the first aspect of this standard, the authors intend that the Department use the same standard which they have used in their ongoing inventory of coastal barriers. That is, an area which averages less than one structure per 5 acres should be considered undeveloped. We also expect, and this was noted in the report from the Banking Committee, that the Department will take into account the level of infrastructure—roads, water, sewers, electric lines, jetties, and so forth—in place in making this determination.



For example, the presence of scattered structures with no associated infrastructure suggests that an area is not developed. On the other hand, an area which has a full complement of infrastructure; that is, some combination of the above-mentioned items, but no structures, should be considered as being already developed. Consistent with the Department's ongoing inventory, we expect that in designating undeveloped portions of coastal barriers that such units will be at least one-quarter mile in length.

The last of the three criteria guiding the Secretary's designations is contained in section 1321(b)(3). This paragraph provides that a coastal barrier which is included within the boundaries of an area established under Federal, State, or local law, or held by a qualified nonprofit organization, primarily for wildlife refuge, sanctuary, recreational, or natural resource conservation purposes shall not be designated as an undeveloped coastal barrier for purposes of denying Federal flood insurance. As is noted in the conference report, our intention is that a qualified nonprofit organization is one which has the intent and capability to maintain the natural character of coastal barrier ecosystems.

Section 1321(c) codifies an opinion of the General Counsel of the Federal Emergency Management Agency that a federally related lending institution, such as a bank or a savings and loan association, may make loans secured by structures which are not eligible for flood insurance by reason of subsection (a) of this section. In other words, this provision severs the linkage between Federal flood insurance and the availability of mortgage money where flood insurance has been denied on undeveloped coastal barriers.

Finally, section 1321(d) requires that the Secretary conduct a study for the purpose of designating undeveloped coastal barriers and, not later than 1 year from the date of enactment, transmit to the Congress a report of the findings and conclusions of such study together with any recommendations regarding the definition of the term coastal barrier as used in this section. Although the Secretary is required to report to the Congress on these matters, the Secretary's designations of undeveloped coastal barriers shall be effective unless altered by act of Congress. Since the prohibition on flood insurance does not take effect until October 1, 1983, it is the intent of the authors that structures which are erected after an area has been designated as an undeveloped coastal barrier—but before October 1, 1983—will be eligible for Federal flood insurance.

Mr. Speaker, this concludes the interpretation of the authors of the provision in the Budget Act pertaining to flood insurance on undeveloped coastal

barriers. As the coauthor of this provision with my distinguished colleague from Rhode Island, Mr. ST GERMAIN, I am pleased at the compromise which has been agreed to by the conferees and it has my full support.

Mr. BREAU. Mr. Speaker, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from Louisiana.

Mr. BREAU. Mr. Speaker, I would like to say a word about the undeveloped coastal barriers provisions of the conference report. Initially the House bill provided that no new flood insurance coverage could be provided for any new construction or substantial improvement of structures on undeveloped coastal barriers designated by the Secretary of the Interior. The Senate bill contained no such provision.

Further, the House bill contained a provision defining a coastal barrier and requiring the Secretary of the Interior to designate coastal barriers within 90 days of the enactment of this bill.

I understand there was serious opposition to the House proposal on undeveloped coastal barriers which was compromised as follows:

First, the prohibition on new flood insurance on undeveloped barrier islands will not become effective until October 1, 1983.

Second, there was a fundamental difference of opinion over the definition of a coastal barrier and the meaning of the word undeveloped. The matter was resolved by accepting for the time being the House definition until the Secretary has an opportunity during the next year to study the problem and make recommendations to the Congress regarding the appropriate definition of the term coastal barrier.

The Secretary must also develop a principled definition of what is undeveloped in order to implement the act's vague standard of few manmade structures.

I understand in defining undeveloped coastal barriers, only coastal barriers which are truly undeveloped, unstable and environmentally fragile, either islands or coastal barriers which are connected to the mainland, but which serve in any event to protect the mainland from the effects of ocean wind, wave and tidal energies, are the subject of this legislation.

I further understand the 90-day period within which the Secretary of the Interior was to designate undeveloped coastal barriers was deleted and the designation period was extended in the compromise by providing that the study to be conducted by the Secretary of the Interior be submitted to Congress within 1 year of enactment. The report of the managers took notice of some maps that were prepared by the staff of the Fish and

Wildlife Service earlier this year. I note also that the National Park Service also prepared studies and inventories of barriers in previous years. I understand it was not the intent of the conferees to endorse any of these maps. Rather, it was the expectation that the findings and conclusions of the Secretary's study mandated in this compromise would be used as a basis for the designation process.

Mr. ST GERMAIN. Mr. Speaker, in response to the gentleman from Louisiana, let me state that I would reply in the affirmative to the issues that he has just raised regarding the provision in title III which would prohibit new flood insurance on undeveloped barrier islands.

In response to the last question raised by the gentleman with regard to the list of undeveloped coastal barriers that have been developed by the Department of the Interior, the gentleman states that his impression was that it was not the intent of the conferees to endorse any of these maps. Let me say that it was the conferees' expectation that these maps would be used as a basis for the designation.

Mr. Speaker, I would not want to leave the impression that the conferees did endorse or did not endorse any particular maps that have been developed by the Department of the Interior. Let me direct the gentleman's attention to the statement of managers which from our part clearly outlines our intentions with regard to this matter. The statement of managers states:

The conferees note that in 1981 in response to a request from the Congress, the Department of the Interior developed a list of undeveloped coastal barriers which may meet the criteria in this section. The conferees expect that this inventory may provide a basis for the designation by the Secretary. However, the conferees expect the Secretary to review carefully the definition contained in section 321 in preparing the report of findings and proposed designations of areas covered in this section.

The point that I am trying to make to my colleague is that these maps will serve as a basis upon which the Secretary of the Interior will be reporting back to us in 1 year as to what these barrier islands are. They are not the final list. Certainly there will be changes, revisions, deletions, and additions, but they should serve as a basis upon which the Secretary will be reporting to us.

Mr. GONZALEZ. Mr. Speaker, the Committee on Banking, Finance and Urban Affairs had the difficult and onerous task of making the biggest budget cuts of all. In turn, my own Subcommittee on Housing and Community Development was assigned the greatest budget cuts of any in the House.

Gramm-Latta II forced my subcommittee to cut housing programs by no

less than 40 percent—a disproportionate and disastrous cut. The people in greatest need of housing in this country are going to find it increasingly difficult to find any kind of housing that they can afford, let alone any decent housing, under the program this bill will provide.

Notwithstanding the fact that Gramm-Latta II makes no recognition of the enormous unmet needs the people of this country have for housing, and notwithstanding the fact that it will place tremendous burdens on communities that cannot make up for the losses in Federal assistance that will take place, my subcommittee worked in good faith to produce a bill that reflects the will of the majority of the House that voted for Gramm-Latta II.

Insofar as the housing and community development provisions of the bill are concerned, there were substantial differences between the House and Senate, as the conference report will clearly show. We resolved those differences in a way that produces the fairest bill possible—but a bill that inevitably falls far short of any realistic program for housing and community development. The conference report represents the best product that could be salvaged from the wreckage of Gramm-Latta II. Perhaps I should say Mr. Stockman, since in the case of housing and community development programs, not even the putative authors were allowed to see the language until after it was introduced, so great a control did Mr. Stockman exert over their supposedly independent judgment.

With respect to community development block grants, we provided for a greater amount of community planning than the House bill called for, so that there will be at least some assurance that recipients of the funds will use them for actual development needs. As called for in the House version of the bill, community development block grants would have been reduced to general revenue sharing. The conference report maintains some semblance of citizen participation in community planning efforts, and provides for some extremely modest guidance in what communities can use the funds for.

Further, also with respect to urban development action grants, we accepted the Senate language, which maintains UDAG as a separate program rather than a set-aside within CDBG funds. The conference agreement provides a \$500 million authorization for UDAG in both fiscal years 1982 and 1983. We also provide that commitments made under the previous UDAG law will be honored.

With respect to the small cities program of CDBG, the agreement turns administration over to the States, which may or may not elect to take

over the program. This particular action has caused great concern among small cities, which feared that the House language would turn CDBG into a kind of slush fund for the States, since there was no limitation on how much the States might take for administrative costs, nor much guidance on how the States would administer the program. The conference agreement limits State administrative expenses, requires a 10-percent match by participating States, and requires States to consult with local officials in determining fund allocations.

The Senate had a provision that allows metropolitan areas to receive funds that are unused by communities within a given area. Some communities around Detroit, for example, do not use CDBG funds. The bill permits central cities or other communities to obtain unused funds within their area, rather than requiring that such unused funds be turned back to HUD for national redistribution.

With regard to assisted housing, the conference agreement splits the difference between the House and Senate funding levels. Of the new units to be provided, 45.4 percent will be existing units, and the balance either new or substantially rehabilitated homes. We expect that 17,000 units will be set aside for State housing finance agencies and 4,000 units for Farmers Home Administration section 8 units. We hope that at least 2,500 Indian housing units will be provided. Altogether, assisted housing production will of course decline substantially—probably on the order of 30 percent, depending on economic developments. At best, I estimate that this bill will provide for only 153,000 new assisted housing units—only one-fourth of what a realistic goal would be in light of the need for decent, low-cost housing in this country today.

The bill will result in tenant rent increases, but hopefully these increases will be held to levels that can be managed by the low-income tenants they are aimed at. By and large these are people who have nothing to spare, and my fear is that those people in public housing who now pay the highest rents will simply elect to move out of adequate public housing and into substandard housing as a means to maintain their income. These are people who must choose between being able to buy clothing and shoes, or paying more rent. Since their total income is likely to be reduced by other elements of Gramm-Latta, there is no way that these people can reasonably be expected to pay the higher rents this bill requires. Nevertheless, this is an area for which there was no maneuvering room and the rent increase was a foregone conclusion.

With respect to other matters, we were able to maintain the House provision permitting section 8 units to be

constructed in areas where there is rent control. Section 8 units are exempt for rent control in the first place, and whether or not there is rent control is properly a local matter. The bill extends the crime, riot, and flood control provisions, FHA insuring authorities and GNMA tandem program. I am disappointed that the Senate did not agree to the House provision for higher single-family loan limits—particularly in light of the astonishing increases in home prices that we have seen in the last few months. However, the conferees do expect the Secretary of HUD to be more liberal in his interpretation of high-cost areas, so that there will be a more reasonable application of the loan limits.

There is not time in the few minutes that I have available to discuss all the agreements that we arrived at in conference. The agreement does reach the budget targets required, it represents a reasonable consensus on matters in conflict between the House and Senate, and it clearly reflects a good faith effort on the part of all conferees.

I want to close by commending Chairman St GERMAIN for his outstanding leadership on this most difficult assignment, and also to thank the staff of my subcommittee for an outstanding effort on a complex and nasty set of problems. We have accomplished a great deal in this conference. The final product is anything but a reasonable program to meet clearly defined national needs, but it is the best that could be obtained in the circumstances. This would not have been possible without the dedicated and effective efforts of Chairman St GERMAIN and a truly outstanding and professional staff, and I commend them for that effort and leadership.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 6 minutes to the distinguished chairman of the Committee on Education and Labor, the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Speaker, there is no doubt in my mind that the people prefer less taxation to bigger Government.

I am in favor of cutting taxes this year, but I feel the way we went about it was wrong. I, along with many other Members, strived hard to make the best out of a bad situation. But, I think that if you were to look clearly through today's rhetoric to the essence of what is happening by the adoption of this conference report, you will see a dramatic, and I believe harmful, change in the course of our Nation. This bill in my eyes is the first long step in the Federal Government walking away from its efforts to improve the lives of those who are less fortunate in our society.

I can certainly understand why many people in the country want cut-



backs in Federal spending. Our country is clearly being hurt by inflation year after year as it eats away at our real wages.

But, I believe that cutting back on Federal spending for the needy is not the way we are going to cure inflation.

Earlier this year, we had expert objective testimony before the Committee on Education and Labor which showed that all of these cutbacks will have a negligible impact on inflation, less than two-tenths of 1 percent.

Far more important to explaining the high level of inflation is the price of oil. The evidence for that statement is that every major industrialized country has been experiencing a high rate of inflation within the last few years. And these countries vary from those which provide higher levels of social services than the United States, such as West Germany, to countries which provide fewer social services such as Japan. So the extent of Federal spending is being painted as the culprit when it is not the true cause of inflation.

And in the process of attacking the wrong target for inflation we will be inflicting real harm on many of our citizens and long-term harm on the country as a whole.

The cutbacks in spending for housing, food stamps, child welfare services and in many other areas will soon be felt in the country. I am sure that others will talk about them so I would like to concentrate solely on some of the effects which will come from cutbacks in programs within the jurisdiction of the Committee on Education and Labor.

First, there will be an immediate loss of over 300,000 jobs in public service employment through a cutback of over \$3 billion in funding for that employment under the Comprehensive Employment and Training Act.

Second, there will be a 33-percent reduction in the other programs under CETA including the basic training programs and the youth employment and training programs.

Third, there will be the elimination of 1 million students from the guaranteed student loan program as well as the possible elimination of thousands more in the Pell grant program.

Fourth, there will be the probability that hundreds of school districts will drop out of the school lunch program due to a 42-percent cutback in the reimbursements for paying students, and if these schools eliminate their lunch programs there will be no free or reduced price meals for thousands of needy children.

Fifth, a whole range of smaller programs will be held at their current funding or decreased such as the school library book program.

Sixth, many programs will be permitted only a nominal increase which will not keep up with inflation and

therefore will mean the elimination of services for some children. For instance, the title I compensatory education program will only be increased 12 percent from fiscal year 1981 to fiscal year 1984. Clearly, even a low rate of inflation will exceed 12 percent over those 4 years.

I know that these cutbacks and eliminations are not as draconian as those the President originally proposed. For instance, the President proposed 25 percent in cutbacks in elementary and secondary education funding and the real cutback may be in the range of 5 to 10 percent. But, what must be emphasized is the cumulative impact of all of these cutbacks. Many schools benefit from CETA youth workers; many aging programs also use CETA employees. All of these cutbacks will squeeze programs from many different directions.

And, there is little chance of relief at the State or local levels. The National Conference of State Legislators reported yesterday that almost one-half of the States are facing deficits in their financing. Only 10 States have healthy surpluses. So, it is myth to say that these cutbacks at the Federal level will be picked up at the State and local levels.

For all of these reasons I am opposing the conference report today. I believe that the adoption of this conference report will take this country precisely in the wrong direction, abandoning neediest citizens, while helping very little in the fight against inflation.

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Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Speaker, I rise in support of the conference report on the Omnibus Reconciliation Act of 1981 and urge its adoption. The conference agreement culminates months of work, requiring much time and energy, as my colleagues well know. Yet the process moved forward more expeditiously than many skeptics had imagined possible, given the complexity and scope of this legislation.

Like any agreement reflecting many compromises on so many diverse subjects, none of us is pleased probably with every decision made. Still, I believe we can take pride in bringing to the floor today an agreement that represents the most significant and concrete response this body has ever made in direct response to our country's need for fiscal restraint and improved Government efficiency.

But I would point out that the hard work is only beginning. It is imperative that we continue to exercise restraint and determination to vigilantly insure that the momentous steps we

are taking today succeed in checking the limitless expenditures of the past.

Time and again I have warned of the dangers of reckless overspending and the futility of short-term, stop-gap solutions. I pointed out that we were living in a fool's paradise—overpromising and overspending. The dangers of pursuing that course of action have at last hit home. As a long-time advocate of restraint in Federal spending, I applaud this necessary action in regaining control of Federal spending.

The Budget Committee gave the Education and Labor Committee the unenviable job of coming up with approximately one-third of the total savings required by the first budget resolution. We did not lightly assume this awesome task. We made a sincere effort to distribute cuts equitably, minimize the impact of cuts and retain the integrity of the programs under the committee's jurisdiction.

We are talking about programs that affect educationally disadvantaged and handicapped children, programs which provide financial aid to enable students of low- and middle-income families to obtain a college education, programs which offer training and jobs for American youth, programs which insure the nutritional well-being of millions of youngsters, as well as our needy elderly citizens. We examined these and many other programs to determine where and how we could reconcile proposed expenditures with the totals permitted by the first budget resolution. Then we worked with the conferees of the other body to improve our joint proposals so that necessary reductions were made in the most judicious and responsible manner possible.

The Education Consolidation and Improvement Act included within the Education and Labor title represents a genuine victory for the views of President Reagan and of the vast majority of American educators. Those views are that Federal aid for elementary and secondary schools should continue at a significant level, but should be so structured that education decisions are made at the State and local level, close to the people, and that school officials set their own priorities for funding programs within a wide range of choices, and do so with a minimum of paperwork and interference.

We have accomplished that, and the final product emerging from the elementary and secondary education mini-conference was, in my judgment, superior to either the House or Senate versions of the bill standing alone.

We left the huge title I program for disadvantaged children intact as to the formula and method of distributing funds and the purpose for which those funds would be used. We left it without a specified dollar amount authorization, as under existing law, but in a

separate section provided for funding of \$3.48 billion, for each of the fiscal years 1982, 1983, and 1984, which is an increase of \$380 million over the 1981 level. But we stripped out of title I those detailed requirements and instructions on how to conduct programs which caused most of a staggering 5 million hours of paperwork each year just to administer the program at State and local levels.

We consolidated about 30 smaller programs into a single block grant funded at \$589.4 million for each of the fiscal years 1982, 1983, and 1984. At least 93 percent of this goes to the States on a school-age population basis, with up to 1 percent for the outlying territories and up to 6 percent retained by the Secretary as a discretionary fund (much of which we earmarked for the most worthwhile national programs). Of the grants going to States (which includes the 50 States, Puerto Rico, and the District of Columbia), at least 80 percent must be distributed to local school districts, primarily on a school enrollment basis but weighted for extra cost factors such as concentrations of poverty.

This means that, for the first time, every State and school district will have its own pot of Federal funds with which to plan its own programs designed to meet its own needs. And neither the State nor Federal Government can tell a local school district how to spend its Federal funds, so long as it complies with the stated requirements of the law.

One of those requirements, which does not much vary from existing law for the individual programs we have consolidated, is that nonpublic schoolchildren and teachers are to participate equitably in the benefits of the programs, with an equitable share of the funds designated for that participation. This bill is fair. And it is only fair that when we use all the taxpayers' money to improve the education of children, and count all the children to determine the distribution of funds, we insure that all children will participate equitably in those benefits without regard to whether they attend public or private schools. That has been our national policy since the National Defense Education Act of 1958, and this new act continues that in a way guaranteed to be effective.

This act—and I confess to taking enormous pride in being the author of the versions adopted by both the House and Senate—restores the balance of education power to the State and local agencies in dramatic ways. Let me cite a few examples.

First, the Secretary's authority to issue regulations is strictly limited to (1) those necessary to carry out duties specifically assigned to him, (2) those necessary for proper fiscal audit, and (3) those necessary to insure compliance with specific requirements of the

act (which are kept to a minimum). Then the bill states:

In all matters relating to the details of planning, developing, implementing, and evaluating programs and projects by State and local educational agencies the Secretary shall not issue regulations, but may consult with appropriate State, local, and private educational agencies and, upon request, provide technical assistance, information, and suggested guidelines designed to promote the development and implementation of effective instructional programs and to otherwise assist in carrying out the purposes of this (act).

I will bet most school people never thought they would live long enough to see that kind of language in a Federal aid to education law.

Second, there is a provision stating outright that the regulations which are issued shall not have the standing of a Federal statute. This brings to a screeching halt the practice of executive branch bureaucrats making law through regulation, at least under this act. I think there will be wide support for this among educators.

Third, when the Secretary moves to withhold funds from a State for an alleged infraction of the statute, the legal scales will no longer be heavily weighted in his favor. As things now stand, the courts must sustain the Secretary's findings if based upon "substantial evidence." In law, that really means that the great weight of evidence can be against the Secretary's position and he still wins. This act creates a presumption that State and local educational agencies have complied with the law, and the presumption can only be overcome if the position of the Secretary is "supported by the weight of evidence," which at law means a preponderance of evidence. Moreover, the Secretary can no longer withhold funds and negotiate from that position of strength, because the bill provides for the filing of an action against the withholding pending final determination of the matter in the courts. Again, a dramatic shift in the balance of power, and one long overdue.

There are a number of other less dramatic but important provisions for restoring authority to where it belongs. The necessary protections against supplanting local and State school funds with Federal dollars, and similar provisions, are retained but rewritten in such a way as to conform to actual school practices and not to require expensive procedures to avoid Federal audit exceptions over trivialities.

Finally, the act in very specific terms nails down "complete discretion, subject only to the provisions of this (act)" for local educational agencies in determining how to use funds under the consolidated programs. The act asserts this as a guarantee of local control, close to local voters and the parents of schoolchildren, even against ef-

forts by the State to interfere in the use of Federal funds allocated under this program.

Of course, necessary authority is preserved for the State to insure that the specific requirements of the act are met, and for the Secretary to enforce compliance with those requirements. Essential accountability is preserved, but not at the expense of State and local responsibility and not through constant Federal bureaucratic intervention. The working philosophy of the new act is that educators and school officials are a lot more accountable than Federal bureaucrats. I expect to see this philosophy extended to Federal programs, even beyond education, which are not covered under this act.

In my 20 years as a Member of this body, I have seen a steady movement of power, authority, and responsibility to the Federal Government. One of the most disturbing trends has been the shift away from broad-based grants to narrow categorical programs. With this shift have come innumerable unnecessary requirements that complicate the job of efficient administration by the States.

I am pleased that in my 21st year here we are at last reversing that trend and shifting power back to the States.

If we approve the conference agreement before us today we will demonstrate that we had the courage to take a hard look at the distribution of power and programs and recognize the need for a new set of values—a new way of looking at Government roles.

I have been asked whether States are prepared to take over greater responsibility for administering some of these programs. Perhaps a dozen years ago some of the States would not have possessed the competence or qualified personnel. Today the picture is different.

I have also been asked how we can be sure that the States will be responsive to the special needs of constituencies and localities. The basic safeguard is the requirement that funds must be used for the purposes set forth in the legislation. And, in fact, the various constituencies will have more direct access through local and State officials to the decisionmaking process.

The conference committee action on student financial assistance programs reflects many hours of negotiation and compromise. Well aware of the escalating costs of higher education, we did our utmost to retain the opportunity for a college education for those students who need Federal assistance.

For example, a student from a family with less than \$30,000 adjusted gross income will be eligible for a guaranteed student loan up to \$2,500. Where the student's family income exceeds \$30,000 after adjustment, he or



she will be required to show need in order to be eligible. The need analysis to be used for the GSL program will be determined by the Secretary of Education and subject to a one-House veto by Congress.

Only one substantive change is proposed in the basic educational opportunity grant program, or Pell grants. We establish a progressive assessment rate on family discretionary income in determining the expected family contribution toward the cost of education.

Head Start, a proven program with widespread support, is set up as a separate agency with a 3-year reauthorization. The authorization level for fiscal year 1982 is \$950 million, with small increases authorized for the 2 succeeding fiscal years. A change was made in the Head Start formula permitting all States to be funded at a level higher than last year.

The conferees adopted a Senate proposal creating a Community Services Block Grant. This block grant contains all existing authority for the Community Services Administration, which will be terminated as a separate Federal agency. Most of the funds appropriated will be allotted to the States in the same proportion as under existing programs. Under discretionary authority granted to the Secretary of Health and Human Services, he can operate programs such as the Rural Development Loan Fund and programs for seasonal and migrant farmworkers. Efforts are underway to insure that community action programs move forward effectively through the transition.

With respect to the low-income energy assistance block grant, we essentially continue the existing program but reduce paperwork and red-tape.

The Juvenile Justice Delinquency Prevention Act program, proposed for inclusion in the Social Services Block Grant requested by the administration, will not be consolidated. It will continue to be operated by the Department of Justice at an authorized level of \$77 million. This has been an effective program which I have strongly supported.

For impact aid we authorized \$475 million for both Public Laws 81-874 (maintenance and operations) and for 81-815 (school construction). Of this authorization \$20 million would be used for construction under Public Law 815, \$10 million would be available for disaster assistance, and another \$10 million would be available for the land acquisition reimbursement section.

Payments for section "B" children would be phased out over a 3-year period. The Appropriations Committee will decide the allocation of funds among categories as they do under current law. Further, the schools funded under section 6 would be trans-

ferred to the Department of Defense budget.

To clear up the muddle caused by slapdash legislation enacted in an attempt to meet the needs of State and local governments impacted by the recent Cuban, Haitian, and Indochinese influx, we have consolidated several existing authorities for refugee education into a single authorization. By clarifying the definition of refugee and the method school districts must use to determine eligibility for assistance, we eliminate existing confusion caused by piecemeal legislation that added layer upon layer to the complex matrix of Federal education refugee programs.

We have authorized funds for the education of the handicapped programs at a higher level than last year and retain it as a separate program. More than \$1 billion is authorized for education of the handicapped. The vocational rehabilitation programs are also authorized at a level in excess of \$1 billion, and the act is kept in place as a separate program. The Child Abuse Prevention and Treatment Act also continued as a categorical program, with authorized spending limited to \$19 million per year.

The child nutrition recommendations were carefully designed to achieve the necessary overall budget reductions while simultaneously guaranteeing the future financial soundness of these programs and insuring the nutritional well-being of the millions of youngsters served under the school lunch, special milk and related programs.

Despite severe cutbacks in the Comprehensive Employment and Training Act, necessitating elimination of public service jobs, we strove to keep in place the job training components necessary to insure the availability of a well-trained work force.

In sum, the provisions of title V of the legislation before us today reflect a reasonable and sensible approach to dealing with the sizable cuts mandated in programs under the Education and Labor Committee's jurisdiction. I strongly support the concept of requiring the committees of the Congress to reconcile the total amount of Federal expenditures under programs within their jurisdictions with the totals established by the budget resolution. And I would urge that we continue to view spending target in a multiyear context. The wisdom of taking a longer look at where we are headed cannot be overstated.

We had a difficult job to do. I firmly believe we can take pride in having done it with compassion in a fashion that will preserve the integrity of necessary Federal programs while at the same time truly moving us toward restoration of Federal financial stability.

## AUTHORIZATION CAPS TABLE

Mr. Speaker, I conclude these remarks by placing in the CONGRESSIONAL RECORD a table showing the authorization caps adopted by the conferees pertaining to major programs within the jurisdiction of the Education and Labor Committee. The table lists each program alphabetically by its popular name and shows the authorization cap that was placed on each program for fiscal years 1982-84. This table should be helpful to Members in responding to the many queries they will undoubtedly receive concerning the content of the Omnibus Reconciliation Act.

Education and Labor Committee  
alphabetical program list

[Authorization level as established by the Omnibus Reconciliation Act for each of fiscal years 1982-84, in millions of dollars]

Adult Education Act.....	100.0
Alcohol and Drug Abuse Education Act (fiscal year 1982 only).....	*3.0
American Printing House For the Blind.....	5.0
Arts and Artifacts Indemnity Act.....	(1)
Arts in Education (ESEA III-C) ..	(2)
Arts, National Endowment .....	119.3
Bankhead-Jones Act.....	(2)
Basic Skills (ESEA II).....	*31.5
Bilingual Education (ESEA VII) ..	*139.970
Biomedical Sciences (ESEA III-L).....	*3.0
Career Education Act (fiscal year 1982 only).....	*10.0
Child Abuse Prevention and Treatment Act.....	*19.0
Civil Rights Act of 1964 (title IV).....	*37.1
CLEO (HEA IX-D).....	1.0
College libraries (HEA II) (see Higher Education Act).....	12.2
College library resources (HEA II-A).....	5.0
College work study (HEA IV-C) ..	550.0
Community schools (ESEA VIII).....	(3)
Community services block grant..	(3)
Compensatory education (ESEA I).....	(3) 3,480.0
Consumer education (ESEA III-E).....	(3)
Consumer and homemaking education (see vocational education).....	(3)
Cooperative education (HEA-VIII).....	20.0
Correction education (ESEA III-J).....	(3)
Councils on Equality in Education (ESEA V-C).....	(3)
Cuban and Haitian domestic activities:	
Fiscal year 1982 .....	94.0
Fiscal year 1983 .....	59.0
Cuban and Haitian reception activities (fiscal year 1982) .....	20.0
Dawson, William Levi, Memorial.....	(3)
Dissemination of information (ESEA III-K) .....	(3)
Domestic Volunteer Service Act of 1978 (ACTION).....	(3)

Education and Labor Committee  
alphabetical program list—Continued  
[Authorization level as established by the  
Omnibus Reconciliation Act for each of  
fiscal years 1982-84, in millions of dollars]

Education and Consolidation and Improvement Act:	
Title I.....	3,480.0
Title II.....	589.368
Education, Department of (salaries and expenses).....	(a) 308.0
Education of the Handicapped.....	(b)
Education of the Handi- capped Act.....	
Part A—General Provisions.....	
Part B—Assistance for Educa- tion of All Handicapped Children.....	
Part C—Centers and Serv- ices to Meet Special Needs of the Handicapped.....	
Part D—Training Personnel for the Education of the Handicapped.....	
Part E—Research in the Education of the Handi- capped.....	
Part F—Instructional Media for the Handicapped.....	
Part G—Special Programs for Children with Specific Learning Disabilities.....	
Education outreach programs (HEA I).....	8.0
Educational proficiency (ESEA IX-B).....	(c)
Elementary and Secondary Education Act.....	(c)
Title I—Financial Assistance to Meet Special Educational Needs of Children.....	3,480.0
Part A—Programs Operated by Local Educational Agencies.....	
Subpart 1—Basic Grants.....	
Subpart 2—Special Grants.....	
Subpart 3—Program Re- quirements and Applica- tions.....	
Subpart 4—Exemptions from Certain Program Requirements.....	
Part B—Programs Operated by State Agencies.....	
Subpart 1—Programs for Migratory Children.....	
Subpart 2—Programs for Handicapped Children.....	
Subpart 3—Programs for Neglected and Delin- quent Children.....	
Subpart 4—General Provi- sions for State Operated Programs.....	
Part C—State Administra- tion of Programs and Projects.....	
Subpart 1—Applicability, State Applications.....	
Subpart 2—Duties Im- posed on State Educa- tional Agencies.....	
Subpart 3—Responsibil- ities of State Education- al Agencies to Commis- sioner.....	
Part D—Federal Adminis- tration of Programs and Projects.....	
Part E—Payments.....	

Education and Labor Committee  
alphabetical program list—Continued  
[Authorization level as established by the  
Omnibus Reconciliation Act for each of  
fiscal years 1982-84, in millions of dollars]

Part F—General Provisions.....	
Title II—Basic Skills Improve- ment.....	31.5
Part A—National Program.....	
Part B—State Basic Skills Improvement Program.....	
Part C—Special Programs for Improving Basic Skills.....	
Part D—General Provisions.....	
Title III—Special Projects: <sup>4</sup>	
Part A—General Provisions ..	25.5
Part B—Metric Education .....	1.38
Part C—Arts in Education.....	3.15
Part D—Preschool Partner- ship Programs.....	(3)
Part E—Consumer Educa- tion.....	3.6
Part F—Youth Employment..	(3)
Part G—Law-Related Edu- cation.....	1.0
Part H—Environmental Education.....	(3)
Part I—Health Education.....	(3)
Part J—Correction Educa- tion.....	(3)
Part K—Dissemination of Information.....	(3)
Part L—Biomedical Sciences..	3.0
Part M—Population Educa- tion.....	(3)
Title IV—Education Improve- ment, Resources, and Sup- port:	
Part A—General Provisions .....	
Part B—Instructional Mate- rials and School Library Resources.....	161.0
Part C—Improvement in Local Educational Prac- tice.....	66.130
Part D—Guidance, Counsel- ing, and Testing.....	15.0
Title V—State Leadership:	
Part A—Administration of Education Programs and Duties of the State Educa- tional Agency.....	(1)
Part B—Strengthening State Educational Agency Management.....	\$42.075
Part C—Councils on Equal- ity in Education.....	(3)
Title VI—Emergency School Aid.....	149.292
Title VII—Bilingual Educa- tion Programs (not blocked) ..	139.970
Part A—Financial Assist- ance for Bilingual Educa- tion Programs.....	
Part B—Administration .....	
Part C—Supportive Services and Activities.....	
Part D—Continued Bilin- gual Education Assistance.....	
Title VIII—Community Schools.....	3.138
Title IX—Additional Pro- grams:	
Part A—Gifted and Talent- ed Children.....	5.652
Part B—Educational Profi- ciency Standards.....	(3)
Part C—Women's Educa- tional Equity (not blocked).....	6.0

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[Authorization level as established by the  
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fiscal years 1982-84, in millions of dollars]

Part D—Special Grants for Safe Schools.....	(3)
Part E—Ethnic Heritage Program.....	2.25
Ellender fellowship program.....	1.0
Emergency school aid (ESEA- VI).....	*149.292
Environmental education (ESEA III-H).....	(c)
FIPSE (HEA X).....	13.5
Follow-Through.....	(c)
Gallaudet College.....	52.0
Gifted and talented (ESEA IX- A).....	*5.652
GPOP (HEA IX-B).....	14.0
Grants to institutions of higher education (HEA IX-A).....	(3)
Guam—land grant status for Virgin Islands and University of Guam.....	(1)
Guidance and counseling (ESEA IV-D).....	*15.0
Headstart:	
Fiscal year 1982.....	950.0
Fiscal year 1983.....	1,007.0
Fiscal year 1984.....	*1,058.0
Health education (ESEA III-I) ..	(c)
HEP/CAMP (HEA IV A/5).....	7.5
Herbert Hoover Memorial.....	(1)
Higher Education Act of 1965:	
Title I—Continuing postsec- ondary education program and planning:	
Part A—Commission on Na- tional Development in Postsecondary Education....	(3)
Part B—Education Out- reach Programs.....	8.0
Title II—College and Re- search Library Assistance and Library Training and Research:	
Part A—College Library Re- sources.....	5.0
Part B—Library Training, Research, and Develop- ment.....	1.2
Part C—Strengthening Re- search Library Resources....	6.0
Part D—National Periodical System.....	(3)
Title III—Institutional Aid.....	129.6
Part A—Strengthening In- stitutions.....	
Part B—Aid to Institutions With Special Needs.....	
Part C—Challenge Grants for Institutions Eligible for Assistance Under Part A or Part B.....	
Part D—General Provisions ..	
Title IV—Student Assistance:	
Part A—Grants to Students in Attendance at Institu- tions of Higher Education:	
Subpart 1—Basic Educa- tional Opportunity Grants:	
Fiscal year 1982.....	2,650.0
Fiscal year 1983.....	2,800.0
Fiscal year 1984.....	3,000.0
Subpart 2—Supplemental Educational Opportunity Grants.....	370.0



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[Authorization level as established by the Omnibus Reconciliation Act for each of fiscal years 1982-84, in millions of dollars]

Subpart 3—Grants to States for State Student Incentives.....	76.8
Subpart 4—Special Programs for Students from Disadvantaged Backgrounds:	
Fiscal year 1982 .....	165.0
Fiscal year 1983-84.....	170.0
Subpart 5—Special Programs for Students Whose Families are Engaged in Migrant and Seasonal Farmwork.....	7.5
Subpart 6—Assistance to Institutions of Higher Education.....	(*)
Part B—Federal, State, and Private Programs of Low-Interest Insured Loans to Students in Institutions of Higher Education.....	(*)
Part C—Work Study Programs.....	550.0
Part D—Vacant.....	
Part E—Direct Loans to Students in Institutions of Higher Education.....	286.0
Part F—General Provisions Relating to Student Assistance Programs.....	(*)
Title V—Teacher Corps and Teacher Training Programs:	
Part A—Teacher Corps Program (fiscal year 1982 only).....	22.5
Part B—Teacher Training Programs (teachers centers, fiscal year 1982).....	\$9.1
Part C—Training for Elementary and Secondary School Teachers to Teach Handicapped Children in Areas With a Shortage.....	(*)
Part D—Coordination of Education Professional Development.....	(*)
Title VI—International Education Programs.....	30.6
Part A—International and Foreign Language Studies.....	
Part B—Business and International Education Programs.....	
Part C—General Provisions.....	
Title VII—Construction, Reconstruction, and Renovation of Academic Facilities:	
Part A—Grants for the Construction, Reconstruction and Renovation of Undergraduate Academic Facilities.....	(*)
Part B—Grants for Construction, Reconstruction and Renovation of Graduate Academic Facilities.....	(*)
Part C—Loans for Construction, Reconstruction and Renovation of Academic Facilities.....	(*)
Part D—General.....	
Title VIII—Cooperative Education.....	20.0

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[Authorization level as established by the Omnibus Reconciliation Act for each of fiscal years 1982-84, in millions of dollars]

Title IX—Graduate Programs:	
Part A—Grants to Institutions of Higher Education.....	(*)
Part B—Fellowships for Graduate and Professional Study.....	14.0
Part C—National Graduate Fellows Program.....	(*)
Part D—Assistance for Training in the Legal Profession.....	1.0
Part E—Law School Clinical Experience Programs.....	1.0
Title X—Fund for Improvement of Postsecondary Education.....	13.5
Part A—Establishment and Operation of Fund.....	
Part B—Establishment of Agencies.....	
Title XI—Urban Grant University Program.....	(*)
Howard University.....	145.2
Humanities, National Endowment.....	113.7
Impact aid (construction).....	(*) 20.0
Impact aid (payments).....	(*) 455.0
Impact Aid Study Commission.....	(*)
Improvement in LEA practice.....	(*)
Indian Education Act:	
Fiscal year 1982 .....	81.7
Fiscal year 1983 .....	88.4
Fiscal year 1984 .....	95.3
Institutional assistance (HEA III).....	129.6
International education (HEA VI).....	30.6
International Year of the Child ..	(*)
James, Chappee Memorial.....	(*)
Johnson-O'Malley.....	(*)
Juvenile Justice and Delinquency Prevention Act of 1974.....	(*)
Kendall School (included under Gallaudet).....	(*)
Law-related education (ESEA III-G).....	(*) 1.0
Law school clinical (HEA IX-E) ..	1.0
Library materials (ESEA IV-B) ..	(*) 161.0
Library Services and Construction Act.....	80.0
Allocated as follows:	
Title I—Library Services.....	65.0
Title II—Public Library Construction.....	(*)
Title III—Interlibrary Cooperation.....	15.0
Title IV—Older Readers Service.....	(*)
Loans for construction (HEA VII-C).....	(*)
Low-income energy assistance.....	(*)
Metric education (ESEA III-B).....	(*) 1.38
Minority science program.....	5.0
Model Secondary School for the Deaf Act.....	(*)
Museum Services Act.....	9.6
National Academy of Peace and Conflict Resolution.....	(*)
National Center for Education Statistics.....	8.947
National Commission on Libraries and Information Services.....	.7

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[Authorization level as established by the Omnibus Reconciliation Act for each of fiscal years 1982-84, in millions of dollars]

National Foundation on the Arts and Humanities Act of 1965.....	(*)
National graduate fellowships (HEA IX-C).....	(*)
National Institute of Education.....	55.614
National Periodical Center (HEA II-D).....	(*)
National Technical Institute for the Deaf Act.....	26.3
National Science Foundation precollege teacher training (fiscal year 1982 only).....	(*)
Native Hawaiian study.....	(*)
Navajo Community College Act.....	(*)
Older Americans Act of 1965 (title IV).....	(*)
Older Americans Act Amendments of 1978.....	(*)
Pell grants (HEA IV-A/1):	
Fiscal year 1982 .....	2,650.0
Fiscal year 1983 .....	2,800.0
Fiscal year 1984 .....	3,000.0
Population education (ESEA III-M).....	(*)
Preschool partnership (ESEA III-D).....	(*)
Refugee education consolidation (education provisions):	
Fiscal year 1982 .....	5.0
Fiscal year 1983 .....	7.5
Fiscal year 1984 .....	10.0
Rehabilitation Act of 1973.....	(*)
Research libraries (HEA II-C) .....	6.0
Safe schools (ESEA IX-D).....	(*)
Second Morrill Act.....	(*)
SEOG (HEA-V A/2).....	370.0
Snyder Act.....	(*)
Special projects (ESEA III).....	(*)
SSIG (HEA-A/3).....	76.8
State leadership (ESEA-V).....	(*)
Strengthening State educational management (ESEA-V-B).....	(*) 42.075
Student assistance (HEA-IV).....	(*)
Taft Memorial.....	(*)
Teacher centers (HEA V-B).....	(*) 9.1
Teacher Corps (HEA V-A).....	(*) 22.5
Territorial teacher training.....	(*)
Tribally Controlled Community College Assistance Act.....	(*)
TRIO (HEA IV-A/4):	
Fiscal year 1982 .....	165.0
Fiscal year 1983-84.....	170.0
Truman (Harry S) memorial scholarships.....	(*)
Urban grant universities (HEA XI).....	(*)
Virgin Islands, general assistance to.....	2.7
Virgin Islands and University of Guam land grant status.....	(*)
Vocational Education Act of 1963.....	735.0
Part A—State Vocational Education Programs.....	
Subpart 1—General Provisions.....	
Subpart 2—Basic Grant.....	
Subpart 3—Program Improvement and Supportive Services.....	
Subpart 4—Special Programs for the Disadvantaged.....	

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[Authorization level as established by the  
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Subpart 5—Consumer and Homemaking Education .....	
Part B—National Programs .....	
Subpart 1—General Provi- sions .....	
Subpart 2—Programs of Na- tional Significance .....	
Subpart 3—Bilingual Voca- tional Training .....	
Subpart 4—Emergency As- sistance for Remodeling and Renovation of Voca- tional Education Facilities .....	
Part C—Definitions .....	
Vocational Rehabilitation .....	(*)
Women's Educational Equality Act (ESEA IX-C) .....	6.0

(\*) The Alcohol & Drug Abuse Education Act (ADAEA) is included in the Education Consolidation and Improvement Act (education block grant) under the Secretary's Discretionary program. ADAEA is one of three protected programs in the Secretary's Discretionary program, meaning that with the funds appropriated for discretionary activities, the Secretary must fund the ADAEA at \$3.0 million (the fiscal year 1981 level of appropriation). This provision, for all practical purposes, ensures funding for the ADAEA because the Secretary's Discretionary funding is 6 percent of the appropriation for title II of the education block grant.

[Note.—The fact that the Omnibus Reconciliation Act lists \$3.0 million as the funding level for fiscal year 1982 only does not affect the protected status of ADAEA in fiscal years 1983 or 1984. The reason behind listing only the fiscal year 1982 authorization level is further explained in footnote C.]

(b) The Arts in Education Act, currently authorized as title III, part C of the Elementary and Secondary Education Act, is folded into the education block grant. This means that a state can use any of the funds allocated under title II of the education block grant to fund arts in education programs at the state level, as can the local educational agency at the local level.

Important is the fact that the national programs under the arts in education provision are among those of protected status under the Secretary's discretionary authority under the education block grant as described in detail in footnote A.

(c) The Education Consolidation and Improvement Act (ECIA) was a major accomplishment in the Omnibus Reconciliation Act. Among those questions most frequently asked about the education block grant are:

How many programs were consolidated in the block grant?

The ECIA has three titles, two of which contain program authorizations. Title I provides financial assistance to meet the special educational needs of disadvantaged children (identical to current law of ESEA, title I with respect to the formula, and similar in other areas except for the reduction of paperwork and administrative burdens). Title II consolidates several categorical programs totaling 33 in number. They are:

Basic Skills (ESEA—title II);  
Special Projects (ESEA—title III) (There are 14 separate programs authorized under title III of ESEA.);

Education Improvement, Resources and Support (There are 3 separate programs authorized under title IV of ESEA.);

State Leadership (ESEA-title V). (There are 3 separate programs authorized under title V.);

Emergency School Aid Act (ESEA-title VI);

Community Schools (ESEA-title VIII);  
Additional Programs (ESEA-title IX).

(There are 5 separate program authorizations under title IX, but only 4 are consolidated. The Women's Educational Equity Act is not included in the education block grant.);

The Alcohol and Drug Abuse Education Act;

Teacher Corps (HEA-title V, part A);  
Teacher Center (HEA, section 532);

Follow-Through (on a phased basis);  
The National Science Foundation pre-col-

lege science teacher training program; and  
The Career Education Act.

When will the education block grant go into effect?

The funding schedule for most education programs is currently structured so that the appropriations made in any given fiscal year are used during the following fiscal year (or the next school year). Therefore, under the education block grant, funds appropriated in fiscal year 1982 will be used under the provisions of the block grant in school year 1982-83.

Why is there a separate authorization level in FY 82 for each categorical program that is subsequently merged into the consolidation program?

This is a matter of drafting and has been of significant confusion to those reviewing the block grants. The legal experts conclude that the authority in the education block grant allows the appropriations committee to appropriate funds either as a block or as categorical programs. Either way, the funds will not be obligated prior to July 1, 1982, and at that time they will be obligated under the provisions of the education block grant. This is a confusing provision and should be reviewed in context of the entire bill.

What are the authorization levels of the education block grant?

Funds authorized under the block grant for title I are \$3.48 billion for each of fiscal years 1982-84, while funds authorized under the block grant for title II are \$589.368 for each of fiscal years 1982-84.

[Note.—If the appropriations committee chose to authorize the act under the separate categorical authorization caps in fiscal year 1982, the level for that year alone could reach.]

(d) The Bilingual Education Act (ESEA-VII) was not included in the education block grant. The authorization level for this program was established at \$139.970 for each of the fiscal years 1982-84. (That amount does not include the authorization for bilingual vocational education, which is authorized separately under the Vocational Education Act.)

(e) The Career Education Act was folded into the education block grant during the conference consideration.

(f) The Child Abuse Prevention and Treatment Act was not included in the Social Services block grant. Of the \$19.0 million conference-adopted authorization level, \$2 million will be spent on the Adoption Reform Act (title II) and \$7 million will be set aside for the state grant program, with the remaining funds to be used through the Secretary's discretionary funds.

(g) Title IV of the Civil Rights Act of 1964 provides for technical assistance and training authority (sections 403, 404 and 405) for areas undergoing desegregation. These sections of title IV are not amended or repealed by the education block grant. Rather, they remain a separate authorized provision. The education block grant does contain the authority, however, for local educational agencies to use any of their title II funds to start or supplement existing programs providing technical assistance and training under title IV of the CRA.

(h) The Conferees adopted a Senate proposal creating a Community Services Block

Grant. This block grant contains all existing authority for the Community Services Administration which will be terminated as a separate federal agency. Authorizations for the block grants included \$395 million in fiscal year 1982; and succeeding fiscal years of which \$354 million will be allotted to States in the same proportions as under the existing programs. This authorization for State grants represents a decrease in federal anti-poverty funding of over 30 percent. The block grant also includes a Secretary's discretionary fund of roughly 25 million dollars or 9 percent of appropriations. Under this discretionary authority programs such as the Rural Development Loan Fund and programs for seasonal and migrant farmworkers will be able to be operated. The legislation includes significant transition provisions designed to ensure that existing Community Action Agency networks will be maintained. Local community action programs are likely to continue to have questions regarding implementation of this block grant which should be addressed by emphasizing that the Department of Health and Human Services is gearing up immediately to ensure that no community action program is forced to terminate its operations due to bulky transition administration.

(i) The Vocational Education Act was authorized at a level of \$735 million for each of the three fiscal years of the Act (fiscal year 1982-84). No line-item authorizations were determined, which gives the appropriations committee the authority to target the \$735 million in the manner they determine is appropriate.

(j) The Conferees adopted the Administration's bill for reauthorization of the domestic programs operated within the ACTION Agency. However, the Administration's proposal to totally remove earmarks for VISTA, was not adopted and earmarks of \$16 million for fiscal year 1982 and \$8 million for fiscal year 1983 were included in the bill. These earmarks will effect Title I (VISTA, service learning programs, demonstrations) authorization of \$25.7 million for fiscal year 1982 and \$15.9 million for fiscal year 1983. The reauthorization also includes the Older American Volunteer Program (Retired Senior Volunteer Program (RSVP) Foster Grandparents and Senior Companion). These programs were authorized at the following levels for fiscal year 1982: Retired Senior Volunteer Program—\$28.7 million; Foster Grandparents—\$49.7 million and Senior Companions—\$16.6 million.

(k) Of the \$308.0 million authorized for the Department of Education salaries and expenses, \$49.396 million and \$12.989 million shall be available for the Office of Civil Rights and the Office of the Inspector General, respectively.

(l) The Education of the Handicapped Act was authorized at a level of \$1,149.95 million in fiscal year 1982 and \$1,198.0 million in fiscal year 1983. The following programmatic breakdown was determined by the conference committee:

Public Law 94-142 (Part B of EHA, Sec. 611)—\$969.85 (fiscal year 1982); \$1,017.9 (fiscal year 1983-84).

Preschool incentive grants (Part B of EHA, Sec. 619)—\$25.0 (fiscal year 1982-83).

Severely handicapped projects (Part C of EHA, Secs. 621 and 624)—\$5.0 (fiscal year 1982-83).

Regional Resource Centers (Part C of EHA, Sec. 621)—\$9.8 (fiscal year 1982-83).

Special Education Personnel Develop. (Part D of EHA, Secs. 631, 632, and 634)—\$58.0 (fiscal year 1982-83).

Special Studies (Part B of EHA, Sec. 618)—\$2.3 (fiscal year 1982-83).

Deaf-blind Centers (Part C of EHA, Sec. 622)—\$16.0 (fiscal year 1982-83).

Media Services and Captioned Film (Part F of EHA)—\$19.0 (fiscal year 1982-83).

Recruitment and Information (Part D of EHA, Sec. 633)—\$1.0 (fiscal year 1982-83).

Early Childhood Education (Part C of EHA, Sec. 623)—\$20.0 (fiscal year 1982-83).



Regional, Vocational, Adult and Postsecondary Programs (Part C of EHA, Sec. 625)—\$4.0 (fiscal year 1982-83).

Innovation and Development (Part E of EHA)—\$20.0 (fiscal year 1982-83).

"The Follow-Through program is authorized at a level of \$44.3 million in fiscal year 1982; \$22.15 million in fiscal year 1983 and \$14.8 million in fiscal year 1984. This program was authorized at a separate level for each of the three fiscal years, but at the same time is being phased into the education block grant. For example, in fiscal year 1982 the Follow-Through program will be maintained as a categorical program, while a local educational agency may also use funds it receives under title II of the education block grant to fund activities that are authorized under the block grant that are similar in nature to those under Follow-Through.

"Headstart is reauthorized for three years at the following authorization levels: \$950.0 million for fiscal year 1982; \$1,007 million for fiscal year 1983; and \$1,058 million for fiscal year 1984. These figures represent President Reagan's budget request and exceed current appropriations for this program. A change was also made in the Headstart formula, but all states will be receiving amounts in excess of what they received last year if a full appropriation is made.

"No funds are authorized to be appropriated under Section 419 of the Higher Education Act, which provides for payments to institutions of higher education.

Funds are authorized at \$12.0 million for each of fiscal years 1982-84 for the Veteran's Cost of Instruction program.

"The major provisions of the Guaranteed Student Loan program under the Higher Education Act are as follows:

The conferees placed an income cap of \$30,000 adjusted gross income on the GSL program. A student from a family with less than \$30,000 is eligible for a GSL up to \$2,500. A student from a family with income greater than \$30,000 will be required to show need in order to be eligible for a loan in the amount of that need. There is a minimum loan provision of \$1,000; however, a student must show at least \$500 of need in order to qualify for a loan of \$1,000.

The need analysis to be used for the GSL program will be determined by the Secretary of Education and subject to a one-House veto by Congress. In the determination of need, Social Security student benefits and Veterans benefits will be counted as expected student contribution. The need analysis for the GSL program is to be effective October 1, 1981. However, if the Secretary has not promulgated the needs test by then, or Congress has disapproved it, institutions may use an approved, pre-existing need analysis for GSL.

A loan origination fee of 5% will be assessed on the principal of the loan payable to the bank to offset the payments the government makes to the banks. This fee will be effective 10 days after the date of enactment of the law. Truth-in-Lending requirements for the loan origination fee will be waived until August 1, 1982.

Parent Loan program interest rates are raised from 9 percent to 14 percent. Provisions are included to permit the 14 percent rate to fall to 12 percent if the annual average of the T-bill declines.

Independent undergraduate student borrowing limits are reduced to those of dependent undergrads (\$2,500/year).

Both independent undergraduate and graduate students can borrow under the Parent Loan program at 14 percent with certain aggregate limits.

Minimum annual repayment is increased from \$360 to \$600.

The rounding-up of the special allowance by ½ percent is eliminated.

The \$10 institutional allowance for GSLs is eliminated. The \$10 institutional allowance for Pell's is reduced to \$5.

Several amendments are made to Sallie Mae, the Student Loan Marketing Association.

The effective date for these provisions is October 1, 1981.

"Funds are authorized at a level of \$1.0 million for fiscal year 1982 and \$2.0 million for fiscal year 1983 to carry out the National Commission on Student Financial Assistance.

"The Impact Aid program is authorized at a level of \$475 million with a phase-out of the "b" children over a period of three years.

"The total budget authority for Indian education programs operated by the Bureau of Indian Affairs (BIA) are as follows:

Fiscal year 1982—\$262.3 million.

Fiscal year 1983—\$276.1 million.

Fiscal year 1984—\$290.4 million.

This budget authority covers all BIA education programs authorized by the Johnson-O'Malley Act, the education provisions of the Snyder Act, the Navajo Community College Act, and the Tribally Controlled Community College Assistance Act of 1978.

"The Juvenile Justice Delinquency Prevention Act program operated in the Department of Justice was continued by the Conferees at an authorized level of \$77 million. This juvenile delinquency program which had been slated for consolidation within the Social Services Block Grants will now continue. Allotments to the States under the formula grant program should be reduced by roughly 25 percent.

"The Conferees adopted legislation creating a Low Income Energy Assistance Block Grant authorized at \$1.875 billion for each year. States will receive an allotment based on the existing formula which was included in the Windfall Profits Tax Act. Basically the block grant continues the existing program but reduces paperwork and red tape. Provisions of special interest are: (1) a 10 percent limitation on administrative expenses; (2) a 15 percent limitation on weatherization activities; (3) a required set-aside based on data from previous years for energy crisis intervention (warm blankets, base heaters, emergency medical assistance provided during cold snaps or heat waves); and (4) an income disregard provision in existing law to be maintained. Special consideration must be given to service providers on the local level and a provision allowing for a transfer of up to 10 percent of a State's funds under this block grant to other block grants including those for social services or community services.

"The Conferees adopted the following figures for all titles of the Older Americans Act except for Title V. For fiscal year 1982, \$715 million and for fiscal year 1983, \$793 million. These figures correspond to the programs presently operated by the Administration on Aging within the Department of Health and Human Services including nutrition and social services for the elderly. Title V, which is the Senior Community Service Employment Program operated by the Department of Labor, was reauthorized at \$277.1 million for fiscal year 1982 and \$293 million for fiscal year 1983. This program supports 54,200 part time community service employment opportunities for senior citizens. These figures correspond to Reagan's budget request. The Conferees also specified that additional sums would be authorized if necessary to maintain existing service levels. The Conferees in the Conference Report emphasize their commitment to move on Older Americans Act reauthorization later this year or early next year. For this reason, none of the Administration's substantive changes in the AoA program were enacted in reconciliation. These changes will be considered when the Committee bill, H.R. 3046, is brought to the Floor.

"The Vocational Rehabilitation Act was authorized at a level of \$1,009,260 million for fiscal year 1982 and \$1,054,160 million for fiscal year 1983.

1 Current law.

2 Ruled to be in the jurisdiction of the Agriculture Committee.

3 No funds.

4 Part N is also authorized at a no funds level.

5 Included under Gallaudet College.

6 See Arts, National Endowment and Humanities, National Endowment.

7 Transferred to the Agriculture Committee.

8 See specific program.

Mr. GOODLING. Mr. Speaker, will the gentleman yield?

Mr. ASHBROOK. I will be glad to yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Speaker, I thank the gentleman for yielding. I, too, want to compliment the conferees for a job well done. As the gentleman indicated, it was a very, very painful job for our chairman. I am not as pessimistic as he is. I do not believe there will be too many adverse effects. I am sure the school lunch program will go on as it always has. We saved it and did not really cut too much from it, particularly if we change some of the regulations.

I compliment the chairman. It is going to be painful to him, but not nearly as devastating as one might think.

Mr. ASHBROOK. I thank my colleague, and thank him for his very dedicated work in the area of the school lunch program.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Speaker, I thank the chairman of the committee very much for this opportunity.

The reason I have taken the floor at this time is because one of the issues that commanded undoubtedly the greatest attention in this Congress and commanded great concern is, what is happening to the students in this country under guaranteed student loans. I am sure no one relishes what happened, because what happened is the students of this country lost.

However, in the conference we did make the best of what I consider a very bad situation. The reason I am taking this time is to go over one section. The report language in this conference dealing with guaranteed student loans was written by Congressman DENARDIS of Connecticut and myself, and in that we are very anxious that the Secretary of Education really recognize that we are serious in this. We do have a one-House veto, and we have told the Secretary basically that in the counting of equity for assessment under these student loans, as to who is eligible, that the principal dwelling of a person and residence shall not be counted as an asset.

Also, what we are saying is that the deduction of an asset reserve of not less than \$25,000 from the net value of all assets shall be considered, and in the case of a farm or a business, the assets shall not be counted up to \$100,000. We are also saying that an

assessment of a series of progressive rates on parental discretionary income rates shall be set by the Secretary, but shall not be in excess of 20 percent of the parental discretionary income.

Third, we are saying that the utilization of the most recently published Bureau of Labor Statistics lower living standard of a family-size offset be included in consideration of guaranteed student loans.

Finally, we are saying that the inclusion of the number of dependents of the student's family who are in attendance in a program of postsecondary education, and for whom the family may be reasonably expected to contribute for their postsecondary education.

Finally, the conference said that it is the express intent of the conferees that the Secretary develop a guaranteed student loan education analysis system which gives adequate opportunity to the students from middle-income families with adjusted gross income above \$30,000 in order that they can qualify for guaranteed student loans, so we have made a step. It is an important one.

The only hope is that in the immediate future we will be able to reinstate guaranteed student loans to the hundreds of thousands that are losing out on this process from this point on.

#### NEED ANALYSIS

The conferees wish to emphasize that the need analysis system to be developed for the guaranteed student loan program is a matter of great concern. The conferees intend that the Secretary consider the following factors as the elements of the GSL need analysis system:

First. Exclusion of all equity in a single principal place of residence from the computation of assets; deduction of an asset reserve of not less than \$25,000 from the net value of all assets; and if net assets include farm or business assets, deduction of an additional asset reserve of not less than \$100,000 from the net assets.

Second. Assessment of a series of progressive rates on parental discretionary income, but such rates shall not result in requiring an expected family contribution in excess of an effective rate of 20 percent of such parental discretionary income.

Third. Utilization of the most recently published Bureau of Labor Statistics lower living standard as the family-size offset to be included in the GSL family contribution schedule submitted to Congress.

Fourth. Inclusion of the number of dependents of the student's family who are in attendance in a program of postsecondary education and for whom the family may be reasonably expected to contribute for their postsecondary education.

The conferees expect that the GSL need analysis system to be submitted

to the Congress will take into consideration that this needs test is being used to judge eligibility for a loan to be repaid, not a grant. It is the expressed intent of the conferees that the Secretary develop a GSL need analysis system which gives adequate opportunity to students from middle-income families with adjusted gross incomes above \$30,000 to qualify for a GSL. The conferees will carefully follow the Secretary's development of the GSL need analysis system and the final result.

The conferees expect that the Secretary will develop a financial-need test for the GSL program by August 15, 1981, for use during the academic years 1981-82 and 1982-83. The conferees understand that it may be necessary, for purposes of academic year 1981-82, for the Secretary to permit postsecondary institutions to use an established need analysis system, such as those used for Pell grants and the campus-based program in determining remaining need. However, it is the expressed intent of the conferees that the Secretary submit a proposed need analysis on August 15, 1981, which includes a system that considers the four factors outlined above. The conferees intend that the four factors shall be considered for the GSL need analysis for the 1981-82 academic year, and all subsequent years.

The existing need analysis systems can only be used by institutions until the Secretary can effectively implement the GSL need analysis.

The conferees expect that the Secretary will implement the GSL need analysis by amending the August 15, 1981, proposal before the 1982-83 academic year in order to take into consideration any necessary adjustments. The August 15 submission plus the required amendment for the 1982-83 academic year will be subject to congressional review, as will all subsequent submissions.

The SPEAKER pro tempore. The Chair will advise the gentleman from Oklahoma that he has 29 minutes remaining, and the gentleman from Ohio has 44 minutes remaining.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. Weiss).

Mr. WEISS. Mr. Speaker, I appreciate the chairman of the Budget Committee yielding to me.

Mr. Speaker, I rise in opposition to the conference report on reconciliation.

Just a little over 1 month ago this body was considering the parent of this legislation, Gramm-Latta II, under similar circumstances. At that time debate began on legislation which had not even been printed. I can safely say that no one, not even the bill's authors, had much if any understanding of what was included. It was aptly labeled a travesty of the legislative process,

and a violation of congressional procedure.

Yet, today, the Members of this body are in a remarkably similar position. The conference report was filed by the committees on Thursday morning and first became available this morning.

This report is an extraordinary measure. Certainly a conference report which contains cuts of over \$35 billion by rewriting time-honored legislation is without precedent. I strongly oppose the process used, the final report, and the haste with which we consider this report.

Can any Member say that he has read the entire report? Although individuals who have had the benefit of being conferees may be familiar with the individual parts of the report, I doubt whether any have had the opportunity to review the entire document.

This report, hastily assembled over the last few weeks, will affect every district, and almost every American. Yet, the estimates of its impact are at best sketchy. Can anyone say with complete confidence what the impact will be on his or her district, on his or her constituents?

Is this the proper way to legislate—to pass a bill which cuts spending and rewrites social legislation that took years to develop yet accept on the basis of faith that this will not hurt the poor, the elderly, the young, students, the middle class, the Nation. I submit that this is not the way to serve our constituents, our districts, or the Nation.

I believe that the budgetary and legislative provisions approved by this report will harm those I have just mentioned, and prepare the way for economic disaster when combined with the tax cut approved this week. These inequitable cuts contradict our basic values: They discriminate against the poor, elderly, and infirm, and encourage war, not peace.

But we are voting today not only on a conference report, but on a process that is out of control. This is truly a historic and pivotal moment in this body's history. Over the last few months we have seen a President attempt to ride roughshod over the will of the Congress, and then attack its Members if they fail to swallow every one of his proposals. In acceding to the President's demands, in adopting Gramm-Latta II sight unseen, this Congress abandoned its role as a deliberative, policymaking body. This report is the offspring of Gramm-Latta II. It has gone through the conference committee process, but there have been no hearings on it and limited opportunity for consideration and debate.

I ask the Members of this body to carefully consider their decision. Even



if you support these cuts, even if you support a rewriting of Federal law, do you support this process? A vote in favor of this report is an endorsement not only of the report, but of the possible institutionalization of this process.

And this is a process that should be discarded, not etched into precedent. It is contrary to our system of checks and balances which gives Congress the role of a deliberate, legislative body.

This is a process that should not go unchecked. Congressional responsibility must not be sacrificed for political expediency. I urge my colleagues to vote against the report.

Mr. LATTI. Mr. Speaker, I yield 30 seconds to the gentleman from Missouri (Mr. COLEMAN).

Mr. COLEMAN. Mr. Speaker, I simply point out to the gentleman from New York (Mr. PEYSER) who indicated a while ago that the various portions of the needs analysis system which is in the conference language and the report language, only provides that the Secretary have some guidance. He is to consider those particular points. He is not necessarily obligated to follow them.

Mr. Speaker, on the amendment to the guaranteed student loan program it should be pointed out that the conferees have not required the Secretary to use a particular need analysis system or to adopt any specific criteria because the conferees believe it is essential for the Secretary to have flexibility in structuring a need analysis system for the guaranteed student loan program. Flexibility will enable the Secretary to develop a system that is both sensitive to family circumstances and that recognizes the need for fiscal constraint.

The factors in the conference report language are only to be considered as guidelines on the determination of the need analysis and not as mandatory requirements.

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Mr. JONES of Oklahoma. Mr. Speaker, for the purpose of a discussion of the Energy and Commerce Committee provisions, I yield 1 minute to the gentleman from New Jersey (Mr. FLORIO).

Mr. FLORIO. Mr. Speaker, I thank the gentleman very much for yielding this time to me.

Mr. Speaker, I would like to address briefly the provisions of the reconciliation bill which are under the jurisdiction of the Subcommittee on Commerce, Transportation, and Tourism of the Committee on Energy and Commerce.

I believe we have brought back to the House a conference report which reflects most of the language from the House bill. In Amtrak, we have preserved a national system with objective criteria for determining which

trains should remain part of the Amtrak system.

In the Conrail legislation, we have given Conrail every opportunity to become profitable. All of the savings required in the House bill are contained in the conference report, and if Conrail achieves profitability, the Secretary of Transportation is required to sell Conrail as a single unit. We have done everything possible to continue rail service by keeping the Conrail system together. Some additional funds are needed for Conrail on an interim basis, and those funds are provided and must be made available to Conrail.

While relieving Conrail of its obligations to provide commuter service, we have insured that the more than half a million riders who commute to work each day will have service. That service will be in the hands of those who pay for it, the commuter authorities. It will be their responsibility to insure that the service is as cost effective as possible.

Despite my belief that these matters have been resolved satisfactorily, I do not believe that this process is a sensible one. To alter virtually every program and every law ever enacted by Congress in one bill is to invite disaster. Instead of the careful and responsible deliberation which I believe is our responsibility, we have thrown consideration to the wind in favor of arbitrary ceilings and caps and unthought out budget reductions. Wholesale changes have been made in laws which have no effect whatsoever on the budget.

The budget act was designed to control Federal spending, and it can do so. But it cannot do so in a sensible fashion if we continue our approach to the reconciliation process. We must exercise the discipline to control spending, but not in a manner which abandons our right to examine the issues.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Speaker, I would like to take this opportunity to explain some of the energy provisions contained in title X of the conference report. As chairman of the Energy Conservation and Power Subcommittee and a conferee on these issues, I am pleased that the agreements reached by the conferees were fair, in light of the positions taken in the two bills. I frankly would have preferred to have done more to restore the balance in funding for various energy programs, but I am pleased that we have restored at least some substantial funding to conservation and renewable energy programs, which the administration proposed to drastically reduce.

In particular, the conservation budget for fiscal year 1982 will be set at \$545 million plus at least \$13 mil-

lion in deferrals from fiscal year 1981. Contained within this amount will be \$336 million for State and local programs, including low-income weatherization, schools and hospitals conservation, State energy conservation programs, and emergency planning. This ceiling will permit the low-income weatherization program to be funded at current levels, and also provide room for State energy conservation program grants. The repeal of the weatherization program in the House bill has been dropped. There is no provision for consolidating programs, and funding must be made under existing law. However, should the Congress later enact legislation to reorganize these programs, the authorizations could be used for funding the new program, provided its funds are used for the same purpose.

Perhaps most importantly, the conferees have authorized these programs, and others, for 3 fiscal years. This should provide a strong signal to the administration of the congressional intention to fully fund these programs in the future. The Congress continues to reject the administration's attempts to gut energy conservation, and I am pleased that this bill provides a 3-year commitment to these programs.

The conference report also funds each and all of the statutory conservation programs, including the residential conservation service, appliance efficiency standards, voluntary building energy performance standards, residential and commercial retrofit programs, auditor training, and other such programs at a total authorization of \$40 million. The administration had proposed to eliminate funding for these programs in an attempt to repeal by budget. The conferees, as noted in the statement of managers, have specifically rejected this attempt and we require the administration to carry out its statutory responsibilities. As in other areas, funding for these programs are now authorized for the next 3 fiscal years.

A variety of programs in energy conservation and solar energy, which are jointly authorized by the House Science and Technology Committee and our Committee on Energy and Commerce, have also been authorized, despite administration proposals to provide no funds. These programs, including the energy extension service, appropriate technology, and solar information and international programs, are authorized for 3 years.

As chairman of the Energy Conservation and Power Subcommittee, I intend to continue vigorous oversight of all of these programs to insure that the administration conforms its actions to the conferees' strong intention that these energy conservation

programs be carried out to the fullest extent of the law.

As a part of the conference report, funds are authorized for the Department of Energy's uranium enrichment program and commercial nuclear waste program. In both cases, the report aggregates the funds for these programs in fiscal year 1983 and in fiscal year 1984, but disaggregates the funds for fiscal year 1982. In the case of the uranium enrichment program, the funding for the advanced isotope separation research and development program appears in chapter 1 of title X, as does the research and development funds for the commercial nuclear waste management programs. However, all funds for fiscal year 1983 and 1984 are combined in chapter 4 of subtitle A of title X, without any distinction being made as to their use. The aggregation of the funds in chapter 4 for these two programs for fiscal years 1983 and 1984 was done without prejudicing the rights of the House committees' having jurisdiction over portions of these programs to establish appropriate funding levels for fiscal years 1983 and 1984 for activities within each such committee's jurisdiction. In establishing the authorizations for future years for these programs, it was assumed that all fiscal year 1982 programs would expand at an equal rate of growth. However, all conferees recognize that the cost of some programs may escalate faster than others, especially in regard to the commercial nuclear waste remedial action program and the repository licensing activities, and that there may have to be future adjustments in the apportionment of funds. Additionally, the funding authorization for the uranium enrichment program is provided on the basis of the assumption that the expenditures will be offset by revenues, as required by law. In estimating revenues, the conference report relies upon the estimates provided by the administration.

The conference report reduces the administration's request for departmental administration funds. Incredibly, the administration proposed substantial increases for the Office of the Secretary and other administrative offices while curtailing many DOE programs. For a Department with a decreasing role and budget, there was no excuse for these increases, and the conferees wisely reduced the amounts.

The conferees also provided sufficient funds to FERC, ERA, and EIA to permit them to carry out all statutorily mandated functions under existing law. Thus, for example, the administration's assumption that FERC will no longer be required to license hydropower facilities up to 15 MW is not accepted by the conference report. Similarly, EIA will still be required to gather information to carry out laws requiring the financial reporting

system. In these areas the conferees have expressed their strong intent that any changes in such requirements should be considered in separate legislation, and not by the budget. These regulatory and information bodies in DOE are now authorized for 3 years, and will have sufficient funds to carry out all statutory programs. The ERA budget also contains an increase in the utility programs office to permit grants to State regulatory authorities and utilities to explore innovative rates, and to consumer offices to carry out functions under the Energy Conservation and Production Act of 1976.

The conference report also contains the House provision repealing the prohibitions on natural gas use by existing utilities. The conservation requirement for gas-burning utilities was also retained. This conservation program will help to insure that electricity generated by these utilities is used efficiently. Utilities will be required to submit a conservation plan, get approval for the plan and implement it. Numerous studies have shown that conservation is a far more cost-effective option for utilities facing load growth than is increased construction. Many utilities currently burning gas are located in growth areas, and in the absence of an aggressive effort in conservation, they are likely to consume increasing amounts of gas, at the expense of gas consumers in other parts of the country. Although the conference report does not prevent utilities from increasing their gas use, the implementation of effective conservation efforts, such as low-interest loans, installation of insulation, and thorough energy audits, will operate to reduce fuel consumption. Our subcommittee will aggressively monitor this program to make sure that the law is being carried out and serious conservation efforts are made.

An important element of the conference report is the amendment to the Energy Conservation Standards for New Buildings Act of 1976 that removes the mandatory aspects of the building energy performance standards for non-Federal buildings. This amendment is a House provision. The amendment retains mandatory standards for Federal buildings only.

Under the amendment, the Department of Energy would be required to issue voluntary building energy performance standards by April 1983, to become effective by April 1984. The amendment states that voluntary performance standards "shall be developed solely as guidelines for the purpose of providing technical assistance for the design and construction of energy efficient buildings."

During development of the original building energy performance standards, major concerns were raised by builders, engineers, and consumers, about the cost of compliance, the se-

verity of Federal sanctions and the complexity of the standards.

Testimony before the Energy Conservation and Power Subcommittee, which I chair, indicated that the construction industry and home buyers could benefit from accurate and consistent information on building energy efficiency. In addition, we received testimony supporting the development of voluntary energy efficiency rating systems from the U.S. League of Savings & Loan Associations, the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Society of Real Estate Appraisers, the National Institute of Building Sciences (NIBS), the American Consulting Engineers Council and representatives from the electric utility and building industry.

Several witnesses, including representatives of the lending community, suggested that utilities could provide information about the efficiency of existing buildings collected through utility energy audits. Because of the potential role of utilities in developing energy efficiency ratings, the Department of Energy should include representatives of the utility industry in its consultation with affected groups.

The purpose of this legislation is to develop a variety of measurement techniques with primary emphasis on providing simple yet adequate measures of energy efficiency that can be easily understood and used by builders, consumers, architects, realtors, code officials, lenders, appraisers, and others in the building market. It is intended that DOE examine methods of adapting such measurement techniques for use in existing buildings, as well as new buildings, since existing buildings will compose a majority of the building stock through the end of the century.

The Department of Energy should, at the earliest possible date, improve its consultation with affected constituencies in the building community and should develop the voluntary guidelines in close cooperation with builders, consumers, architects, realtors, code officials, lenders, appraisers, utilities engineers, NIBS, Freddie Mac, and research experts in the energy conservation field.

Because numerous voluntary rating systems have already been developed throughout the Nation, DOE should examine the technical validity of such systems and test out their acceptability in the building and lending communities. At the same time, the conferees expect that the Department of Energy will draw on its extensive research results in building energy conservation developed in preparation for BEPS.

The amendment removes the major role in implementation of BEPS that was reserved for the Department of Housing and Urban Development. Be-



cause of this change, HUD and DOE should work out agreements expeditiously to transfer remaining authority to DOE in such areas as providing technical assistance to States and units of local government, consulting with interested and affected groups and monitoring State and local adoption of voluntary energy conservation standards for buildings.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Speaker, I rise today to discuss the provisions of the conference report relating to health programs. Considering the drastic reductions in programs the Gramm-Latta proposal mandated, considering the objective of this administration of dismantling many of these programs, considering the provisions of the Senate bill we have been in conference to consider under time pressures which have been extreme, I believe we have achieved as much of a victory in protecting our health and consumer programs as possible. We have beat back the medicaid cap, an ill-conceived and poorly disguised attempt to undermine the Federal commitment to health care for the poor. We have maintained the highly successful family planning program which has been subjected to virulent and unjustified attacks. We have maintained health programs for migrants, fully protected community health centers, and provided protections for community mental health centers as well. We have streamlined and protected the Consumer Product Safety Commission that the administration set out to dismantle. We have reauthorized manpower programs and kept the National Health Service Corps alive as a viable entity by retaining first year scholarships. We protected those very important improvements we made in medicare benefits last year—specifically the pneumococcal vaccine and occupational therapy benefits.

Reconciliation as a process is repugnant to me. It does not provide for careful legislative consideration. It does not serve the legitimate interests of millions who depend on important Government programs. But within the limitations of this process, we have achieved a significant victory. Not everything went as we would have wished, but on the whole I think we achieved a substantial portion of what we wanted. There are a number of programs that I think should be mentioned in this regard.

As many of you are probably aware, we managed to defeat the President's cap on the medicaid program. I am very proud of this, though I am sorry that the penalties States will face if their increases exceed certain target levels of expenditures will be so large in fiscal year 1983 and fiscal year 1984.

I also want to note an omission from the statement of managers. As Chairman DINGELL stated in his remarks, there is an omission in the explanation of the amendment relating to services for the medically needy under medicaid. The relevant language now states:

The intent of the amendment is to provide States with flexibility in establishing eligibility criteria and scope of services within the medically needy program to address the needs of different population groups more appropriately. Nothing would allow, however, the State to cover individuals not covered under current law.

Inadvertently, the next sentence was omitted. It was to read as follows:

Moreover, it is not the intent of the conferees to alter the requirements under section 1902(a)(17) of the Social Security Act relating to comparable treatment of income and resources between categorically needy and medically needy programs.

I join both Chairman DINGELL and Senator DOLE, the cochairmen of the subconference in which this issue was resolved, in expressing the intention of the conferees that this sentence be considered as part of the statement of managers.

Another significant achievement in the medicaid agreements is the provision which allows States to cover a variety of home health and community-based services for people who would otherwise have to go to a nursing home. This was part of the Pepper-Waxman Medicaid Community Care Act which had over 130 cosponsors in the House.

A critical medicaid issue before the conferees was a proposed change in the current entitlement to "freedom of choice" of provider. This is the right of persons eligible for medicaid and medicare to receive care from any physician, hospital, nursing home, or other provider that chooses to participate in the program and accept program reimbursement levels and administrative requirements. The Senate amendment would have repealed this basic right entirely, allowing States to restrict program eligibles to "cost-effective arrangements." The conferees agreed to follow the House bill by maintaining the entitlement but by giving States a reasonable degree of flexibility, including authority to "lock in" beneficiaries who have been overutilizing services and to "lock out" providers who have been abusing the program. The conferees also agreed to allow the Secretary to waive the "freedom of choice" protection, but only so long as the State's restrictions are consistent with access, quality and efficient and economic provision of care, and only if the restrictions do not discriminate among classes of providers. In providing this waiver authority, it was not the intent of the conferees to authorize States to establish a two-class system of health care, one for the poor and one for everyone else.

Nor was it our intent to authorize restrictions under which one class of providers; for example, community health clinics, could not compete fairly for the State's medicaid business with another providing similar services; for example, physicians.

Turning to other health care programs, I would note that although we have created four block grants, I believe we have managed to protect the programs included in these blocks. The first one I would like to mention is the primary care block grant. This block contains only the community health centers. While it is technically a block, it provides for full program protection. The Secretary will run the program in fiscal 1982 and then the States will take it over only if they are willing to make a financial commitment.

I also want to mention the rape crisis centers. Though this program was included in the preventive health services block, it is protected by a \$3 million set-aside.

Certainly not least among these programs, I would like everyone to be aware of our victory in saving the family planning program. This administration and its allies on the extreme right have raised a virulent campaign against family planning and particularly against planned parenthood. However, it is obvious that many Members of the House and Senate believe the family planning has been effective and should continue as categorical program. I am especially proud that we have been able to save title X because of my own commitment to it.

This bill also contains a new alcohol, drug abuse, and mental health block grant, which consolidates five programs concerned with substance abuse and with mental health. The grant contains a formula to insure that historical funding patterns for these two areas remain constant under this block, both nationwide and within each State. Overall, this will result in approximately equal allocation of funds between substance abuse programs and mental health, although the proportions within States may vary according to the State's previous funding history.

This block grant proposal also contains protections for existing community mental health centers which have not yet run out of their initial eligibility for support under the CMHC Act or the Mental Health Systems Act. States which receive funds under the block grant are required to certify that they will continue to support these centers throughout the life of the centers' eligibility and the life of this authorization. While no minimum level is set for State support or grants to these centers, it is clearly the intent of the conferees and is clearly stated in the conference report that this lack

of a specified minimum grant is not to be used as a circumvention of the continuation requirement or as a backdoor method of defunding a center. If a State wishes to defund a center, it must make such a recommendation to the Secretary and receive his approval before doing so. The Secretary may approve such a recommendation only if his review demonstrates that the CMHC is no longer providing one of the required services or has engaged in a substantial misuse of funds. Since some of the required services have been somewhat altered, clearly no one would expect a CMHC to be in full compliance immediately, but it is anticipated that these services will be generally required.

It should also be noted that the conferees agreed not to repeal section 501 of the Mental Health Systems Act. Mindful of these enumerated rights and the requirement of the new section 1915 that services be provided in a manner which preserves human dignity, the conferees fully expect that the States and the Secretary will assure the protection of the rights and dignity of all persons receiving mental health services. We anticipate that the Congress will continue to examine these issues to insure that patients are adequately and appropriately protected.

The block grants created by this bill have several things in common. The three blocks created within the Public Health Service Act all require that the Secretary respond quickly to complaints that a State has used its funds in a manner that is not in accordance with the requirements of the law or the certifications and assurances made by the State to the Federal Government. The provisions go on to require that if the Secretary finds that a State has not used its allotment in accordance with these certifications, assurances and provisions of law, the Secretary must withhold funds from the State until the noncompliance has been corrected and there is reasonable assurance that it will not recur.

This withholding power is vital to the adequate functioning of our block grants, and, as the chair of the Subcommittee on Health and the architect of many of these compromises, I am pleased that our Senate colleagues included it in their original bills and that the conference committee agreed to versions of such provisions in all four health block grants which we are creating in reconciliation. The withholding power—which can operate as a response to a complaint or as an independent enforcement tool—is a clear way for the Secretary, as well as the individual beneficiaries of these health block grants services to insure that States spend their allotted funds appropriately. The programs which we are combining together today have always been for the special benefit of

all persons in need of health services and they have aided these persons over the years. It is important to note today that by combining these programs we do not mean to lessen our commitment to the purposes of these programs or the needs of the beneficiaries. These block grants, while routing the Federal dollars differently, are still Federal programs for the special benefit of persons in need of health services—poor people, the mentally ill, those with substance abuse problems, mothers, and children, and all other such beneficiaries and providers of care. By creating this withholding power—and the related offset and repayment provisions—the conferees intended to create a tool by which the Secretary and all beneficiaries of this program will assure that funds and allotments are spent appropriately and well and that these Federal dollars continue to provide quality care, whatever the funding mechanism.

I am also pleased to point out that the conference agreement includes a reauthorization of the developmental disabilities program. This important program to aid the mentally retarded was continued at almost full funding levels and the provisions regarding State plans, and habilitation plans for the individual beneficiaries of the act were retained. All of these provisions—dollars as well as plans—are necessary for the adequate care and the benefit of the retarded children and adults who are the intended recipients of all services and programs of this part. The conference agreement also includes report language requested by the Senate and agreed to by House conferees, specifying that the Congress continues to believe that all developmentally disabled persons have a right to habilitative services in a setting which is least restrictive of their personal liberty. I am pleased that my Senate colleagues have proposed such emphasis, and, as the chair of the Health Subcommittee and sponsor of the reauthorization of the developmental disabilities program, I fully agree with their intent.

The conferees accepted the block grant program I proposed for CHC's. Due to time constraints in filing the statement of managers I want to elaborate further about this new block grant.

Because States have had no role in administering or developing community health centers, only those States which have strong and active commitments to primary care should be encouraged to participate. If all goes well with this new program Congress can reconsider the structure at a later time to encourage more States to participate. To be assured of a State's interest and involvement, the bill requires each State to put up State funds as a match for Federal funds. This is not a disincentive for State par-

ticipation but an assurance that States are so committed that they will use their own dollars to develop and fund community health centers. The community health centers which they would be funding are those which are currently defined in section 330. This has been a successful program delivering primary care services to hundreds of communities around the country. So the definitions used in it are appropriate for the States' program.

The State match could include funds it uses to cover State administrative costs. Federal administrative costs have been approximately 3 percent of the total appropriation for CHC's. The conferees expect that the States will be at least as efficient which will leave approximately 17 percent of the States match—in fiscal year 1983—for making grants to centers for their costs of operation. Federal funds could not be used for administration, except to the extent that the cost of operation of the center itself involves some administrative expenses. The State's administrative costs include the cost of State employees and State services involved in making grants and monitoring the grant program.

The bill allows States to meet part of their match with in-kind services. For the State's administrative expenses the State could count administrative personnel whose full- or part-time responsibilities are for the CHC program. The allocation of State employees' time to CHC's must be an accurate appraisal of the time they spend on the CHC program. To the extent that a State's in-kind services for matching purposes is comprised of employees or equipment which are provided to the centers they must be at the center's request.

To help States assume responsibility for this program, planning grants would be made in fiscal year 1982. Conferees expect that these grants would only be made to those States which express a willingness and ability to commit State funds for matching funds.

If States take the program over they would be funding CHC's which meet all of the requirements of the current section 330 CHC program. The services which are provided by centers, the areas in which they would be located, the restrictions and requirements for making grants, the amount of the grants the organizational requirements including the involvement of local citizens and users of CHC's on the board of directors, and the restrictions on amounts for centers which do not have such boards would apply to centers funded by the States.

Because centers would be awarding new grants with State moneys it is important to allow them to carry over unobligated funds where there is good cause. In the first year—fiscal year



1983—the application cycle could be long enough that all State funds might not be obligated. The Secretary is allowed to permit States to carry these funds over if there is a valid reason for them not being spent. This authority does not permit the Secretary to allow States to carry over funds because they simply do not want to spend them. In fact, the bill specifically requires that all Federal and State funds—except State funds used for State administrative costs—be used to make grants.

States will be establishing criteria to evaluate and monitor CHC's. In the early years the current Federal criteria should be used or at least be used as a model. Later, as States get more experience they would be able to develop their own criteria. States would also be developing procedural and substantive review criteria procedures for terminating or reducing funds. This must be an objective review of a center's performance. In fiscal year 1982 the Secretary must approve any such reduction of funds.

And last, the Secretary is directed to respond to complaints of CHC's and patients receiving CHC services. The Secretary should be assiduous in this regard, particularly, in the early years of the program.

I would also note that the conferees agreed to include in all four of the health block grants established by this bill a nondiscrimination provision which had originally appeared in the House maternal and child health block grant. In applying these nondiscrimination requirements consistently to all four block grants, it was the intent of the conferees to make certain that Federal health care dollars are made available only to those States, and entities receiving funds from States, that comply with Federal prohibitions against discrimination on the basis of age, handicap, sex, religion, race, color, or national origin.

With respect to PHS hospitals and clinics, the conferees agreed to the House provisions relating to transfer, achievement of financial self-sufficiency, or closure of these facilities. The conference agreement provides a reasonable framework that is intended to facilitate the transfer of PHS hospitals and clinics to the control of other Federal agencies—such as the Department of Defense—States, localities, or private nonprofit entities. This framework also would allow PHS clinics that generate sufficient patient revenues—whether from public or private third party payments or direct patient payments—to meet all operating expenses to remain under PHS sponsorship. It is my hope that the Appropriations Committee will recommend levels of funding for the PHS hospitals and clinics in fiscal year 1982 that are adequate to accommodate worthwhile

proposals for transfer or achievement of self-sufficiency.

The reauthorization of the Consumer Product Safety Commission in this bill is also a major achievement. It was scheduled to be either abolished or transferred to the Department of Commerce by the administration. This was not allowed to happen and we should all be pleased with this victory for the consumer.

The administration's proposals to eliminate the PSRO and health planning programs were rejected by the conferees. These programs are to be continued at reduced levels and not phased out in 1982. With hospital costs now increasing more than 19 percent a year—over twice as fast as the CPI—it is important to retain our existing cost containment programs. As we have seen so clearly in our deliberations on this bill, unbridled increases in health care costs lead directly to proposals, often ill-conceived, to slash the protection against enormous health care bills available to our people. This year the administration suggested a cap on medicaid payments for the poor. I am afraid that next year we will see proposals, also disastrous in their effect, to cap medicare benefits for our elderly.

The authorities for the health manpower programs are revised and extended by the conference agreement. High priority programs such as student assistance, primary care training, public health, and nurse training are all continued. National Health Service Corps scholarships—perhaps our most important health manpower program because they both assist students and secure health professionals for our most underserved areas—will be available in future years. Altogether, the conference agreement provides for a strong yet streamlined Federal health manpower program.

The National Research Service awards program is extended for 2 years with authorizations of \$182 million and \$195 million. Funding at this level will preserve the NRSA program. It will insure that our Nation's next generation of biomedical scientists will receive superb training and maintain the excellence of our biomedical research effort. The conference agreement explicitly rejects the administration proposal to eliminate institutional allowances, indirect costs, and awards for behavior scientists from the program.

The authority for the existing National Center for Health Care Technology is extended for 3 years. The Center has been extremely cost effective since its organization in 1979 and, with the adoption of the conference agreement, the Center should continue to operate as it has to date. New language providing that the Center shall not unreasonably inhibit the innovation of new technologies will not

alter current Center functions or activities in any way since the Center has never unreasonably inhibited such innovation. The authority for the Center to advise the Secretary with regard to medicare coverage recommendations is strengthened and it is now anticipated that the Center will now give even higher priority to the efficient, thorough review of these recommendations.

In closing, I would like to thank Chairman JOHN DINGELL for his outstanding leadership as chairman of our conference committee and for the commitment and strength he exhibited in fighting for these important health programs. I also want to extend my appreciation to ED MADIGAN, the ranking minority member of the Health Subcommittee. His support for the House position and his development of a workable compromise between the House and Senate were invaluable aids. I think the Members of this House may be justly proud of our achievements in the reconciliation conference.

Mr. LATTA. Mr. Speaker, I yield 6 minutes to the gentleman from North Carolina (Mr. BROYHILL).

Mr. BROYHILL. Mr. Speaker, I rise in strong support of the conference report on the Omnibus Reconciliation Act. This conference was the largest in history and the issues were as complex as any ever dealt with. Nonetheless, reasonable compromises have been reached and this conference report represents the best efforts of all involved.

I did not get everything that I had hoped for out of this conference. Nor did any other Member. But, with respect to those matters within the jurisdiction of the Committee on Energy and Commerce, we have reached reasonable and workable compromises on every major issue. Let me highlight a few of these agreements:

#### CONRAIL

The conference agreement follows the main outline of the Lee-Lent-Madigan substitute which was approved by the House. This compromise assures the many communities of shippers throughout the Northeast a timetable for the transfer of Conrail ownership which provides maximum protection for continuation of services to shippers. In addition, the timetable helps to stabilize the economy of the Northeast and, more specifically, insures maximum protection of jobs in the region. In general, the compromise provides that if Conrail is profitable it cannot be sold other than as an entity until June 1984. Second, the agreement provides \$400 million for labor protection. And finally, it would provide an additional \$262 million in operating subsidies.

## MEDICAID

The administration proposed substantial revisions in the medicare/medicaid programs. In conference were two widely different versions providing for cost savings in these areas. The conference agreement provides for a 3-percent, 4-percent, and 4½-percent reduction in payments to the States for medicaid in fiscal year 1982, fiscal year 1983, and fiscal year 1984 respectively. States may receive credit against these reductions if they have certain hospital cost control measures in effect, have an unemployment rate greater than 150 percent of the national average, or demonstrate substantial recoveries from fraud and abuse prevention measures.

## HEALTH BLOCK GRANTS

The administration originally proposed creating two block grants in the place of 26 separate categorical health programs. The conference agreement blocks 20 out of 26 of these programs into 4 block grants. These blocks are funded at approximately the administration requested levels. Several programs of keen interest to a number of colleagues have been continued as categorical programs. These include family planning, developmental disabilities, tuberculosis, venereal disease, and migrant health clinics.

Mr. Speaker, this conference report represents a good-faith effort on the part of all involved to reach a legitimate compromise on a large number of complex issues. I think the conferees did their work well, and I therefore support this conference report.

Mr. Speaker, at this point in the RECORD I would like to insert a summary of the conference agreement on those matters within the jurisdiction of the Energy and Commerce Committee.

## SUMMARY OF PROVISIONS UNDER JURISDICTION OF THE ENERGY AND COMMERCE COMMITTEE AGREED TO BY CONFEREES ON BUDGET RECONCILIATION BILL

## SUMMARY OF COMMUNICATIONS PROVISIONS AGREED TO BY CONFEREES ON BUDGET RECONCILIATION BILL

1. FCC authorization.—\$76.9 million for each of fiscal years 1982 and 1983. No provision for user fees.

2. NTIA Authorization.—\$16,483,500 for fiscal year 1982.

3. Radio and Television Provisions.—

a. extends radio license terms from 3 to 7 years.

b. extends television license terms from 3 to 5 years.

c. enables FCC to establish a lottery to select among qualified applicants for new licenses.

d. prohibits "shakedowns" by competing applicants at license renewal (offer to drop competing application in exchange for money).

4. Public Broadcasting Act Amendments.—

a. Facilities program: fiscal year 1982, \$20 million; fiscal year 1983, \$15 million; and fiscal year 1984, \$12 million.

b. Corporation for Public Broadcasting (major provisions).—

(1) authorization levels: \$130 million for each of fiscal years 1984, 1985, and 1986;

(2) CPB Board of Directors—reduces Board from 15 to 11 members, one of which will represent public television and one of which will represent public radio stations;

(3) provides for annual rather than quarterly disbursement of funds to CPB;

(4) distribution formula—retains House provision on distribution of funds to stations: 10 percent of appropriated funds to CPB for administrative expenses, copyright costs, interconnection (CPB pays 50 percent of interconnection), etc. Of remaining funds, 75 percent to television and 25 percent to radio. Television funds: 75 percent for community service grants and stations' share of interconnection, 25 percent for national program fund. Radio funds: 50 percent to stations, 50 percent to national programming; and

(5) allows use of logograms and retains House provisions on study of funding options for public broadcasting (Dingell amendment) and demonstration program for station advertising (Tauke amendment).

## SUMMARY OF ENERGY PROVISIONS AGREED TO BY CONFEREES ON BUDGET RECONCILIATION BILL

1. DOE authorization "Caps".—The conference agreement establishes "caps" on DOE spending for fiscal years 1982, 1983, and 1984. The "caps" are placed on individual DOE appropriation accounts rather than on total DOE spending.

These "caps" compare to the Reagan budget projections for DOE spending as follows:

(In billion of dollars)

Fiscal year	Reagan projection	Conference agreement
1982.....	\$5.2	\$5.6
1983.....	5.4	6.0
1984.....	5.5	6.1

## 2. Fuel Use Act.—

The conference agreement—

A. repeals Section 301(a) of the Fuel Use Act, which prohibits existing powerplants from burning natural gas after 1990;

B. allows utilities seeking Section 301(b) and (c) mandatory coal conversion or mixture orders to self-certify their eligibility, with concurrence of DOE; and

C. requires electric utilities using gas as a primary energy source to implement a conservation plan for 5 years following its approval by DOE.

The conservation plan must be designed to reduce the utility's annual electricity output attributable to natural gas by 10 percent, and must include residential conservation service activities and a public information program for conservation. The conservation plan is not required beyond the five years following its approval.

The conferees also agreed to the House passed provision amending Section 402 of the Fuel Use Act to allow existing residential outdoor gas lights to continue using gas.

3. Strategic petroleum reserve.—The conference agreement authorizes \$3.9 billion in off-budget funding for oil acquisition and transportation for fiscal year 1982, and \$260 million on-budget for all SPR expenses not covered by the Account including construction of storage facilities, planning, and management. (The Administration had requested \$3.684 billion for oil acquisition and transportation, and \$199 million for the other expenses.) The Conference Report states that the \$60 million in extra on-

budget funds is available for accelerated storage construction.

4. Building energy performance standards (BEPS).—The conference agreement adopts the House amendments to the Building Energy Performance Standards (BEPS). Under these amendments and technical changes BEPS would be developed solely as voluntary guidelines for non-Federal buildings.

5. Uranium enrichment/fair value pricing.—The conference agreement deletes the House requirement of "fair value" pricing for uranium enrichment services, in return for adoption of the House passed \$68 million cut in the Portsmouth, Ohio gas centrifuge project. (The House Appropriations bill included such a cut, and the project sponsors have accepted the cut.)

6. Low income weatherization.—The conference agreement (including the House Banking Committee) included no line-item authorization for low income weatherization in the bill, but contained language in the Statement of Managers indicating support for funding for the program up to a maximum of \$175 million. The Banking Committee title in the House passed bill had repealed the program outright, while the Senate Energy Committee authorization was sufficient to fund the program at \$175 million. The effect of the report language would be to defer to the Appropriations Committee on a specific funding level for the program.

7. Economic regulation.—The conference agreement authorizes \$44.6 million for "economic regulation", i.e., the Economic Regulatory Administration and the Office of Hearings and Appeals. (The Administration had requested only \$28.5 million.) The Conference Report indicates that the sum includes a "significant increase in funds for the compliance activities" of ERA, with an admonition that these funds may not be used to RIF compliance personnel.

The Report states that \$12.2 million is an appropriate level of funding for Emergency Preparedness. (The Administration had requested \$2 million.)

The Report states the Utility Programs (assistance to State public utility commissions) and Fuels Conversion should be funded at a level higher than the Administration's request. (The Administration had "zeroed out" Fuels Conversion.)

8. Energy Information Administration.—The conference agreement authorizes \$84.986 million. (The Administration had requested \$80 million.) The Conference Report repeats that all information programs mandated under law should be funded, specifically those that the Administration "zeroed out" in its budget request. By staff agreement, "Financial Reporting Systems" and the "National Energy Information System" are not expressly mentioned in the Conference Report. The Report states that the Oil and Gas Information System should be funded. The Administration originally indicated that it wished to zero out this program. It has subsequently changed its mind and now wishes to continue this program.

9. Federal Energy Regulatory Commission (FERC).—The conference agreement authorizes FERC at \$80.4 million, striking \$1.8 million from the Administration's request. The Conference Report states that the savings are to be realized from reductions in contracting and travel, and from improved personnel management.

10. Departmental administration.—The conference agreement authorizes \$246.963



million for Departmental Administration. (The Administration had requested \$272.061 million.) The Conference Report contains a specific function-by-function list of funding limits detailing net cuts of \$15.697 million, with a further reduction of \$10.371 million which must be made in the Office of the Secretary, General Management, and "Other Expenses, Travel and Services".

#### SUMMARY OF HEALTH PROVISIONS AGREED TO BY CONFEREES ON BUDGET RECONCILIATION BILL

1. Block grants.—The conference agreement provides for blocking 20 categorical programs out of 26 originally proposed to be blocked by the Administration. In aggregate dollar amounts, approximately \$1.2 billion out of \$1.45 billion is blocked. The 4 block grants include:

(A) Maternal and Child Health Block Grant—which encompasses Title 5; SSI for disabled children; hemophilia; sudden infant death syndrome; genetic diseases; and adolescent health services.

(B) Preventive Health Services Block Grant—which encompasses hypertension; health incentive grants; risk reduction and health education; fluoridation; rat control; home health; primary health care research and demonstration; emergency medical services; and rape crisis.

(C) Health Services Block Grant—which includes mental health; alcohol and drug abuse project and formula grants.

(D) Primary Care Block Grant—Community Health Centers.

Remaining categorical programs are migrant health, family planning, venereal disease, tuberculosis, child immunization and adolescent health services.

Special protections are provided for hypertension, mental health and alcohol and drug abuse.

2. Health manpower.—The conference agreement provides for approximately \$375 million for fiscal year 1982 with inflation factor increases in fiscal years 1983 and 1984. The \$375 million represents the midway dollar figure between the House and Senate funding levels and further represents a \$110 million increase over the Administration's proposed funding level. Of particular concern to many Members is funding for nurse programs which is set at \$63 million, a substantially higher amount than the \$14 million funding level originally proposed by the Administration. In addition, funding for 550 new National Health Service Corps scholarships is provided pursuant to the agreement.

3. Health planning.—The conference agreement sets funding for fiscal year 1982 at \$102 million, out of which not more than \$65 million can be allotted to HSAs. Several House provisions calling for programmatic changes are included—most significantly that which would permit a Governor to take over HSAs or to terminate them.

4. Other discretionary health programs.—The conference agreement also includes several other health programs up for reauthorization including (1) HMOs, (2) National Centers for Health Statistics, Health Services Research and Health Care Technology, (3) National Health Service Research Awards, and (4) the National Library of Medicine. Funding levels are somewhat above those contained in the Administration's original proposals and somewhat below those contained in the Dingell/Waxman proposals.

5. Family planning.—Both the Administration proposal and the Senate passed bill would have rolled existing family planning programs into a block grant which would be

administered by the States. The House passed bill continued funding family planning as a categorical program. Under the conference agreement, family planning would be continued as a categorical program administered by the Federal government at funding levels close to the House passed provision.

6. Developmental disabilities.—The Administration proposed a repeal of the authorizing legislation for a specific categorical disabilities services and facilities construction program. These services to the developmentally disabled would, under the Administration's proposal, have been eligible activities under the proposed Social Services Block Grant. Both the Senate and House passed bills continued the developmental disabilities program as a separate categorical program. The conferees adopted a modified version of the House language and extended the developmental disabilities program as a separate categorical program.

7. Public Health Service hospitals.—The Administration proposed the elimination of benefits and mandated the closing of Public Health Service hospitals as of October 1, 1981. Both the House and Senate passed bills extended the deadline for phasing out Public Health Service hospitals. Under the conference agreement, Public Health Service hospitals will remain fully funded through fiscal year 1982. Existing patients will continue to receive free medical care.

8. Medicaid cap/medicare, part B.—The Administration proposed substantial revisions in the Medicare/Medicaid areas. The House and Senate passed widely differing versions providing for cost savings in these areas. The conferees agreed to drop the Medicaid cap in favor of a 3 percent, 4 percent, and 4½ percent reduction in payments to the States for Medicaid in fiscal year 1982, fiscal year 1983, and fiscal year 1984 respectively. States may receive credit against these reductions if they have certain hospital cost control measures in effect or have enacted fraud and abuse prevention measures.

#### SUMMARY OF CONSUMER PRODUCT SAFETY ACT PROVISIONS AGREED TO BY CONFEREES ON BUDGET RECONCILIATION BILL

1. Safety standards.—The conference agreement would require that the CPSC solicit comments from the public on the existence and the nature of the hazard before initiating a rulemaking proceeding. The agency may not propose a rule without allowing persons potentially subject to the rule a reasonable time within which to take action to eliminate the risk. The agency may not issue a mandatory safety rule if a voluntary standard is adequate to address the risk.

The agency would have to publish a proposed and final regulatory analysis.

Before issuing a final rule, the agency would have to make findings that the rule is the least burdensome possible and that the costs of complying with the rule are justified by the benefits.

Mandatory safety rules are subject to legislative veto.

2. Chronic hazards.—The conference agreement establishes a Chronic Hazards Advisory Panel. The agency would be precluded from regulating unless the panel determines that a substance in a consumer product causes a chronic hazard.

3. Private actions.—The conference agreement allows both consumers and business groups to sue for violations of product safety standards.

4. Agency functions.—CPSC jurisdiction over stationary amusement parks is eliminated.

The conference agreement repeals section 10 of the Consumer Product Safety Act authorizing petitions to the agency to set safety standards.

The conference agreement eliminates advisory councils set up under the Consumer Product Safety Act, the Flammable Fabrics Act, and the Poison Prevention Packaging Act.

5. Lawn mower standard.—A walk-behind mower which stops the engine when the operator leaves the controls and has a manual restart device is deemed to be in compliance with CPSC standard. (CPSC standard requires a 3 second blade stop time and a blade clutch device or automatic restart device.)

After 2 years the CPSC could amend the standard after reporting to Congress its reasons for further regulating.

6. Extension of the act.—The bill authorizes appropriations of \$33 million for fiscal year 1982 and \$35 million for fiscal year 1983. It also authorizes funds as necessary for severance pay.

7. Transferred acts.—The majority of the provisions would apply to the Flammable Fabrics Act and the Federal Hazardous Substances Act.

#### SUMMARY OF TRANSPORTATION PROVISIONS AGREED TO BY CONFEREES ON BUDGET RECONCILIATION BILL

1. Railroad retirement.—The conference agreement incorporates the agreement between the rail labor and management included in the House passed bill. In addition, it provides for a report by the President on recommendations to assure the financial integrity of the system; ties the benefit increases to tax increases; and provides a procedure to assure that Social Security equivalent will be paid.

2. Conrail.—The House and Senate conferees agreed to Conrail language which would do the following:

A. Funding.—Conrail will receive \$262 million in additional funding. If further Federal funding is required, the Secretary may sell in pieces.

B. Transfer of Conrail.—The conference agreement provides for transfer of Conrail in the following steps:

Profitability test given: June 1, 1983—prospective tests; if Conrail not profitable, sale in pieces; and if Conrail profitable, move to October 31, 1983 profitability test.

October 31, 1983—historical test for 5 month period 6/1/83-10/31/83; if Conrail not profitable, sale in pieces; and if Conrail profitable, sale as entity until June 1, 1984.

After June 1, 1984, if the Secretary of DOT notifies the USRA Board that he cannot sell Conrail as an entity, Secretary may transfer in pieces. If USRA Board does not concur with the Secretary, the procedure is repeated every 90 days.

Within 90 days after a determination by the Secretary of DOT, concurred in by the USRA Board, Conrail employees have the option of submitting an offer to purchase. Secretary shall approve the employees offer unless the Secretary determines that the employees are not financially responsible.

75 percent of service available at the time of transfer must be maintained if Conrail is transferred in pieces.

C. Composition of USRA Board.—makes profitability determination and reviews Secretary's determination that Conrail cannot be sold as an entity:

Comptroller General (GAO).  
Chairman—Interstate Commerce Commission (ICC).

Secretary of Transportation.  
Chairman—Conrail.  
Chairman—USRA.

D. Labor Protection—Title V replace with sum of \$400 million to be divided according to agreement reached by Secretary of Labor and labor union representatives.

E. Labor Protection for Acquiring Carriers—New York Dock, except that collective bargaining agreement of acquiring carrier would apply if nothing else is negotiated. If a non-rail carrier purchase, collective bargaining agreement of Conrail applies if nothing else is negotiated.

F. Abandonments—Expedited abandonment procedures from the House passed bill as modified by the Lent amendment which provides a reasonable amount of time for interested parties to purchase a line before Conrail dismantles the line.

G. Tax exemption—Conrail exempt from all but local taxes.

H. Congressional veto—If Conrail sold in pieces—one-House veto required to disapprove sale. If Conrail sold as entity—two-House veto required to disapprove sale.

3. Amtrak.—The conference agreement includes the following provisions with respect to Amtrak.

A. Board of Directors—reduces the Board from 17 to 9 members as follows: Secretary of Transportation, President of Amtrak, two representatives of the preferred stockholders, two representatives of the commuter authorities, and 3 Presidential appointees from the Railway Labor Executives Association, business, and a Governor from a State interested in rail transportation.

B. Preferred Stock—requires Amtrak to issue preferred stock to the Secretary of Transportation for the value of Federal contributions to Amtrak since its creation.

C. Food and Beverage Service—requires Amtrak to eliminate the deficit in its food and beverage service by the end of fiscal year 1982. Also gives Amtrak the authority to contract with a private entity to provide such service.

D. Performance Criteria—retains performance criteria.

E. 403(b) Service—increases State contributions for new service and current service that is continued after fiscal year 1982 to 60 percent of short term avoidable loss in the first year and 80 percent thereafter. Provides a procedure for implementing fare increases.

F. Commuter Service—provides for continuation under current funding and operating requirements of all the commuter trains which meet the ridership criteria for short-distance service.

G. Cost Recovery—contains mandatory requirement that Amtrak cover 50 percent of its costs out of revenues by the end of fiscal year 1982.

H. Operation Within Available Resources—requires Amtrak to evaluate the financial requirements for operating the basic system and, if it determines that the available funds are insufficient, to take action as enumerated to reduce costs and improve performance.

I. State and Local Tax Exemption—exempts Amtrak from the payment of additional taxes on acquisition, improvement, or ownership of personal property and on the improvement of real property made in connection with the provision of rail passenger service.

J. Interest Deferral and Loan Guarantees—permits Amtrak to defer interest pay-

ments on Federal debt for fiscal years 1982 and 1983. Increases Amtrak's loan balance authority from \$900 million to \$930 million.

K. Authorizations—authorizes \$735 million for operating and capital expenses for fiscal year 1982 and \$788 million for such expenses for fiscal year 1983.

4. Local rail services assistance program.—The conference agreement retains the House passed provisions amending the Local Rail Service Assistance Program to reduce the Federal share from 80 percent to 70 percent; to encourage greater private sector participation; and to eliminate operating subsidies.

The conference agreement provides that each State shall be entitled to one percent of the appropriated funds for each fiscal year.

The conference agreement authorizes \$40 million for fiscal year 1982, \$44 million for fiscal year 1983, and \$48 million for fiscal year 1984.

5. Northeast corridor improvement project.—The conference agreement deletes the House passed provisions which (1) removed the priority ranking of improvements and (2) required the completion of the project despite the reduction in funding levels for fiscal year 1982 and fiscal year 1983, and, inserted in lieu thereof language which re-emphasizes the Staggers Rail Act.

The reduction in funding levels to \$200 million for fiscal year 1982 and \$185 million for fiscal year 1983 are retained.

#### SUMMARY OF MISCELLANEOUS PROVISIONS AGREED TO BY CONFEREES ON BUDGET RECONCILIATION BILL

1. Noise Control Act.—The House passed provisions amending and reauthorizing the Noise Control Act were deleted from the bill.

2. Toxic Substances Control Act.—The House passed provisions reauthorizing the Toxic Substances Control Act were deleted from the bill.

3. Environmental Protection Act.—The Senate passed provision placing a cap of \$540 million for EPA's non-energy research and development activities and for abatement, control, and compliance activities (which would include such activities under the Toxic Substances Control Act) was deleted from the bill.

4. Office of the Secretary, Department of Commerce.—The conference agreement reduces funding for the Office of the Secretary.

5. Office of the Secretary, Department of Transportation.—The conference agreement reduces funding for the Office of the Secretary by 10 percent from fiscal year 1981 appropriations adjusted upward for inflation.

Mr. LENT. Mr. Speaker, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from New York for the purpose of an in-depth discussion of the Conrail issues.

First, I might say that he and the gentleman from Illinois (Mr. MADIGAN) were instrumental in working out these compromises. The conference agreement in fact follows the main outline of what came to be called the Lee-Lent-Madigan substitute, which was approved by the House and by the Committee on Energy and Commerce.

Mr. LENT. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I want to commend the members of the Budget Committee

and my colleagues from the Committee on Energy and Commerce who served, as I did, on the Committee on Budget reconciliation and I rise to offer my support for the Omnibus Reconciliation Act of 1981. Many long hours of work by members and staff have gone into the crafting of this legislation, and I believe we have produced a reasonable and workable measure. The final agreement assures the many communities and shippers throughout the Northeast a timetable for transfer of Conrail ownership, which provides maximum protection for continuation of service to shippers. It also assures taxpayers of maximum protection for their \$3 billion investment in Conrail.

In particular, I am pleased with the compromise language reached on Conrail, which provides Conrail with additional time to take advantage of legislatively mandated savings, which gives Conrail a total of \$262 million in additional Federal funding, and which relieves Conrail of onerous labor protection requirements. These provisions will, I believe, maximize Conrail's opportunity to become profitable and be sold as an entity—an event which I believe will maximize the chances of preserving vital rail freight service in the Northeast.

#### AMTRAK

As included in the legislation before us, Amtrak represents an equitable compromise between the House and the other body. Several key cost savings provisions have been included. For instance, the substitute requires Amtrak to operate within the limits of available resources, including Federal grants, State and local assistance, and revenues. Furthermore, commencing in fiscal year 1982, Amtrak is required to recover at least 50 percent of its total operating costs, excluding capital costs, from its revenues. Additionally, Amtrak is required to reduce costs associated with its management and to eliminate the deficit associated with its food and beverage service. We have also increased the required level of State contribution to 403(b) service to 45 percent in the first year and 65 percent thereafter. I would like to note that these levels represent a compromise which is satisfactory to both Amtrak and the States. At the same time, we have also included a provision in the bill which protects the Federal investment in Amtrak by requiring the issuance of preferred stock to the Secretary of Transportation in an amount equal to the Federal Government's contributions to Amtrak since its creation.

Finally, the bill clearly seeks to continue the maximum level of rail passenger service while retaining the performance criteria so as to assure that routes do not fall below a certain standard. Funding levels included in



this bill should be adequate to assure such service.

Mr. MADIGAN. Mr. Speaker, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Illinois (Mr. MADIGAN) for the purpose of more detailed remarks with respect to the provisions in the health area of this conference report.

Mr. MADIGAN. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the Omnibus Reconciliation Act conference agreement.

I particularly want to comment on matters contained in the conference agreement pertaining to health matters and involving some 50 discretionary health programs, as well as Medicaid, Medicare, and Public Health Service hospitals.

The conference agreement pertaining to these health programs is the result of seven very long and difficult months. They have been difficult because we have been required to make budget savings which, over the next 3 fiscal years, will amount to several billion dollars. But because of the grave economic condition our country finds itself in, this task has been essential, and we have met the challenge and made the savings targets.

Under the conference agreement, budget savings in the health area will approximate \$2 billion in 1982, \$2.3 billion in 1983, and \$2.8 billion in 1984. Moreover, Mr. Speaker, the conference agreement reflects reasonable compromises in many areas. For example, of 26 categorical programs proposed by the administration to be placed in block grants, 20 were put in blocks while 6 were not.

In the area of Medicaid, requirements for reduced Federal contributions and greater program flexibility were adopted. I believe this is a fair compromise with which all the principals, including the administration and the States, can live.

I wish to acknowledge the work of three members of the Energy and Commerce Committee in the health area—the gentleman from North Carolina (Mr. BROYHILL), the gentleman from Michigan (Mr. DINGELL), and the gentleman from California (Mr. WAXMAN), whose combined leadership was both able and tireless, and truly essential in putting together the final product which gives us the needed budget savings and a majority of the block grant programs while still protecting the continuity of programs which were of concern to many of our Members. These three Members deserve to be congratulated.

□ 1430

Mr. JONES of Oklahoma. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Speaker, today we will vote on the conference report on the budget reconciliation bill.

The reductions included in this legislation touch virtually every area of our lives, from health care to transportation, from student loans to the school lunch program. In fact, Mr. Speaker, we have never seen such sweeping budget cuts enacted in one piece of legislation in history.

I will support enactment of this bill. I do not support every decision made here—no one could. The changes are so sweeping that even the authors of the legislation will not fully understand the impact of decisions we have made until months from now. However, Mr. Speaker, this is the result of a fight, fairly won, by those who want to use severe budget reductions as a tool in the fight against inflation and big government. I support that fight. I want to give this program a fighting chance. I will give it my vote.

Mr. Speaker, I would like to take a minute to explain some of the decisions that were made in one of the areas I worked in—that of energy.

The Department of Energy authorization contained in this legislation is the first since the Department was established. I hope, Mr. Speaker, its passage will mark the resumption by the authorizing committees of their proper role as primary decisionmakers.

While we reduced the Department's budget to do our share in reducing Federal expenditures, we emphatically did not endorse or ratify proposed changes in the direction of the programs administered by the Department as sought by this administration. We insisted, and got agreement, that the programs enacted by Congress would continue, even if some are at reduced funding levels. We emphatically endorse and will continue to fight for a balanced energy policy which does not allow the expensive mistake of putting all our energy eggs in one basket.

We have restored funding for conservation programs and for alternate energy programs.

We seek to have the Department develop a comprehensive emergency plan for this country in the event that we face another interruption from abroad and we have provided funds to accomplish that purpose. It is inconceivable to us that this administration would allow this country to face an emergency, in effect, unarmed, and we will eagerly await their future actions to mend this very serious chink in our armor.

We have included adequate funds to assure that a vigorous and fully staffed compliance program goes forward to completion. Prosecution of oil companies in violation of the law has resulted in billions of dollars in overcharges being returned to taxpayers. The compliance program is an essen-

tial element of public policy, with strong support in Congress, and must be continued.

Mr. Speaker, we made another major change in the budget as requested by this administration that should not go unnoticed. While the administration recommended cuts in the programs administered by the Department of almost 30 percent, it asked for an increase for management and overhead for the Department of almost 16 percent. That gap was simply intolerable, we could not allow such growth in overhead, particularly at a time when the mission of the Department was to be so drastically reduced. Therefore, Mr. Speaker, you will see a reduction of almost \$30 million in funds for departmental administration for the Department of Energy. The committee targeted contractors for services and for policy studies for reduction. We felt that Department personnel should be utilized to the maximum extent possible before seeking to contract management services. We were very concerned, Mr. Speaker, that Federal employees would be fired, only to be replaced by outside contractors. Funds provided for management and program functions are not to be used for severance pay, or to otherwise compensate those released due to reductions in force, but are to be used for the programs and purposes of running the Department.

Mr. Speaker, we want to note that we reduced funds available for the Office of the Secretary of the Department to reflect the reductions suffered by programs in the rest of the Department. We also have encouraged additional economies and would applaud further reductions which do not affect the responsiveness or the efficiency of that office.

We were particularly concerned at the rapid growth in so-called fixed costs for rent, telephones, and other administrative areas. It is our hope that significant improvements will be achieved through innovative management techniques as well as by renewed efforts to explore alternate methods of providing these services.

To clarify expenditures for the Office of Consumer Affairs, we have included funds for program direction at or above levels recommended by the administration and have slightly increased funds, as specified in our report, for the citizen participation program.

Our work, Mr. Speaker, is generally in agreement with decisions made by our House Appropriations Committee. I hope that the good and constructive relationship with that committee can continue.

I would like to underline for the RECORD some significant considerations involved in making revisions in

the Powerplant and Industrial Fuel Use Act of 1978.

The amendments repeal the so-called off-gas provision which was included in section 301(a) of the law, but retain sections allowing mandatory conversion orders to be issued by the Secretary of Energy to those powerplants which are certified by their operators as coal-capable or capable of using mixtures of oil or gas and coal or another alternate fuel. The amendments establish a conservation plan requirement for utilities which burn natural gas to generate electricity, with a goal of saving an amount of electricity in the fifth year of a DOE-approved plan equal to 10 percent of the electricity generated in the past year by these utilities through the use of natural gas. The amendments eliminate the requirement of the Fuel Use Act that outdoor natural gas lighting be prohibited in residential installations in use when the Fuel Use Act was enacted.

Repeal of section 301(a) does not indicate any belief that our natural gas supply problems are gone forever, or that natural gas policy questions do not need further answers. We repealed section 301(a) of the Powerplant and Industrial Fuel Use Act because we recognized the burdens placed by that section on electric utilities, and hence on their consumers, to replace existing gas-fired generators by 1990 with coal-fired generators at a cost of millions of dollars. We supported repeal of this section because most of these plants are currently burning gas under temporary exemptions, therefore the incremental use of natural gas should be relatively modest, and because other provisions of the statute give full assurance that gas would be available to higher priority consumers in the event of serious future shortages. The law includes a requirement that the Secretary of Energy continuously obtain the data necessary to be aware of natural gas usage by utilities in case he might have to direct the response to a natural gas emergency.

I want to emphasize that the conference agreement maintains the existing relationship between the Fuel Use Act and the Clean Air Act, and is not intended to require changes in the exemptions currently available from the Clean Air Act under existing law for new sources, modifications, and major modifications. The reference in the statement of managers to section 113(d)(5) of the Clean Air Act is intended merely to assure that coal conversions pursuant to prohibition orders are treated as existing sources and, therefore, can take advantage of the delayed compliance provisions of section 113(d)(5).

Mr. Speaker, let me finally say a few words about the strategic petroleum reserve.

As you know I, and a majority of my committee colleagues, felt that the best way to provide for a strategic petroleum reserve was to fund it on-budget through the normal authorization and appropriation process. Because of three separate decisions by the House, we felt bound to provide a mechanism that would remove funds for the strategic petroleum reserve from the budget. We have faithfully carried out our instructions. However, I would hope that the Congress would reconsider this decision and allow us to fund the strategic petroleum reserve in fiscal years 1983 and beyond through the normal authorization and appropriation procedure.

Our legislation, contained here in the reconciliation bill, fully funds the strategic petroleum reserve for fiscal year 1982. We have removed from the budget the moneys for oil acquisition and have retained on-budget the funds for construction, maintenance and other administrative costs. It was our intent that the reserve continue to be filled without delay as it serves as our only defense in the event of a severe oil supply interruption.

The outlines of the new off-budget strategic petroleum reserve proposal are quite simple. There is a clarification that I think would help my colleagues in understanding the conference decision.

Respecting the use of or storage of State royalty oil in the strategic petroleum reserve, it is not our intention to allow any State to reap any undue benefits, to control access to reserve oil in the event of a drawdown, or to sell any oil at a price higher than that paid for comparable quantities in similar circumstances.

Mr. JONES of Oklahoma. Mr. Speaker I yield 1 minute to the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Speaker, as chairman of the Telecommunications, Consumer Protection, and Finance Subcommittee and as a House conferee representing the Energy and Commerce Committee, I rise briefly to comment on the intent of the conferees with respect to certain portions of the communications title of this budget package.

I would first like to say that I am extremely pleased with the makeup of the final conference agreement. We were successful in retaining the integrity of the Nation's public broadcasting system. We have passed a periodic authorization for the FCC for the first time since 1934—a device which I am confident will make the exercise of our oversight responsibilities far more effective. Moreover, we refrained from making decisions in the budget reconciliation process which would have fundamentally changed communications regulatory policy.

The full list of communications provisions included in the reconciliation

package include measures which accomplish the following:

Reauthorize public broadcasting for fiscal years 1984, 1985, and 1986; reauthorize the Federal Communications Commission for fiscal years 1982 and 1983; reauthorize the National Telecommunications and Information Administration for fiscal year 1982; extend terms for television and radio licenses to 5 and 7 years respectively; permit the FCC to award initial licenses based on a system of random selection which must be weighed in favor of persons underrepresented in telecommunications ownership; and, prevent the transfer of payment between competing applicants during a comparative renewal proceeding where a party has filed against an incumbent license holder for the sole purpose of getting paid to drop the competing application.

The statement of managers that we have filed sets forth the intent of the conferees with respect to these provisions. I would like, though, to take a moment to briefly shed some light on the conferees' intent with respect to the random selection and frivolous license application provisions.

The conferees, in agreeing to the random selection process, intended to provide the FCC with the administrative flexibility necessary to deal with electromagnetic spectrum license award proceedings which cannot be satisfactorily handled through the comparative process. Of course, where the Commission believes a comparative hearing will better serve the public interest than random selection, it can opt for the former process rather than the latter. This decision is entirely up to the FCC's discretion, with no presumption either way imposed by the law. It is the firm intent of the conferees, however, that if random selection is used, the applicants which are underrepresented in the ownership of telecommunications properties, must be given significant preferences. The random selection process may be employed for the grant of any license for use of the electromagnetic spectrum, although the immediate motivation of the conferees was to address the enormous backlog of applications for low power television licenses. Of course, the FCC could use different procedures and different preferences for different types of uses of the electromagnetic spectrum, as the public interest requires.

As to the frivolous license provision, the intent of the conferees was not, in any way, to prevent an incumbent licensee from making a payment in excess of expenses to a party challenging that license as a means of settling the challenge, except in the case where that party may have filed his challenging application, not for the purpose of obtaining the license, but



rather for the sole purpose of obtaining some form of payment for dropping the challenge. Thus, this provision is intended to prevent abuses of the comparative process or what some refer to as the shakedown of licensees.

One technical point that should be addressed with respect to this amendment is that the statutory language makes this provision operative when there are two or more applications for a license pending. However, a challenge to an incumbent station's license usually takes the form of an application for a construction permit, not an actual license application. It is the intention of the conferees that this provision was included to apply to just this type of situation.

I would also like to clarify the legislative intent of the conferees with respect to one of the public broadcasting provisions: The reduction of community service grants by an amount equivalent to the Federal tax paid by a station on its unrelated, business income—that is revenues on its commercial activities. The conferees' intent is that CSG's would be reduced only if the station itself paid any unrelated business income tax, on the return of the station itself filed with the IRS.

Mr. Speaker, I yield back the balance of my time.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 3 minutes to the distinguished chairman of the Energy and Commerce Committee (Mr. DINGELL).

Mr. DINGELL. Mr. Speaker, I first pay tribute to the chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES) and the gentleman from California (Mr. PANETTA), to my colleagues who served as conferees, Mr. SCHEUER, Mr. OTTINGER, Mr. WAXMAN, Mr. WIRTH, Mr. SHARP, Mr. FLORIO, Mr. MOFFETT, Mr. BROYHILL, Mr. BROWN, Mr. COLLINS of Texas, Mr. LENT, Mr. MADIGAN and Mr. MOORHEAD, to the staffs of the Budget Committee, the Committee on Energy and Commerce, and all of our colleagues that worked so hard to bring this about. Our colleagues in the Senate, Senator PACKWOOD, and Senator STAFFORD were particularly helpful, as were Senators McCURE, HATCH, and DOLE.

The committee has, I believe, accomplished what we set forth to do. We have saved the money we were told to save. We have seen to it that the prerogatives of the House were upheld. We believe we have saved essential programs such as medicaid, health grants, Amtrak, the statutorily mandated energy programs, particularly in energy enforcement and conservation, as well as the Corporation for Public Broadcasting, and we deleted proposed funding caps for the Environmental Protection Agency.

We have also seen to it that attempts to deregulate radio and television have not transpired.

I believe this is very, very important from the standpoint of wise legislative process, the public interest, and from questions that might arise in the future relative to what is the function of the reconciliation process and whether it should ever be utilized to changing statutory programs or existing law.

A number of my colleagues on both sides had an enormously valuable input into this matter. A number of my colleagues on the Republican side of the aisle, such as Mr. PURCELL, and some of my colleagues from the Northeast, and other Republicans were immensely helpful, and their work must not go without compliment and commendation.

In like fashion, some of my colleagues from the South who were much concerned about particular matters, such as Mr. TAUZIN, Mr. HALL, and Mr. SYNAR, have been immensely helpful in achieving the kind of resolution of the questions which were so important to the conclusion of this effort.

The savings are enormous. We have saved in total money \$8 billion, \$7.5 billion, and \$6.7 billion in 1982, 1983, and 1984, respectively. The instruction to us as conferees was to save \$5.4 billion, \$6 billion, and \$6.3 billion in those years.

In terms of outlays, we were told to save \$5.2 billion, \$6.3 billion, and \$7 billion. In the bill, in the years 1982, 1983, and 1984, we have saved \$7.1 billion, \$7.7 billion, and \$7 billion.

Equally important, we have done something else, and that is, we have kept the transportation system in the Northeast alive. We have seen to it that Conrail will not be sold off piecemeal. We have kept Amtrak alive. We have seen to it that the Northeast corridor will be sustained to provide the necessary service.

We also believe that two very essential programs, the Corporation for Public Broadcasting, and the health programs of this country are preserved against rather substantial odds. Let me elaborate.

Let me begin by discussing the health programs. Everyone knows that there was more than one agenda in budget reconciliation. The first agenda was to save money in Federal programs and that was accomplished by shifting Federal spending away from the programs that help people and into military activity and military hardware designed to kill people. But in addition to this goal, the administration sought to abolish or cripple many of the programs that have symbolized the caring and humanity of our country. The health programs that were under attack represented more than a century of Government

efforts to provide public health and health services to all Americans. These programs have been cut; they have been severely cut, but they have been preserved and our damage control has succeeded. Many important health programs have been placed in block grants—about a half billion dollars in Federal programs for alcohol abuse, drug abuse, and mental health programs have been placed in the hands of State governments. But, within the new block grant formula, we have assured that the existing projects will be able to continue. Community mental health centers will survive; alcohol and drug abuse treatment programs will continue, and within a block grant structure, States will be required to continue to fund community health centers. Although the States will be managing these grant programs, I feel it is particularly important to note that the Congress and the executive branch of Government will continue to be able to conduct audits and oversight to assure that Federal dollars are wisely and effectively spent for the benefit of the public.

It is important to note that by combining these programs we do not mean to disavow the programs or their beneficiaries. These block grants, while routing Federal dollars differently, are still Federal programs for the special benefit of persons in need of health services—poor people, the mentally ill, those with substance abuse problems, mothers and children, and all other such beneficiaries and providers of care. By creating this withholding power—and the related offset and repayment provisions—the conferees have created a tool by which the Secretary and all beneficiaries of this program must assure that funds and allotments are spent appropriately and well and that these Federal dollars continue to provide quality care, whatever the funding mechanism.

It should also be noted that the conferees agreed not to repeal section 501 of the Mental Health Systems Act. Mindful of these enumerated rights and the requirement of the new section 1915 that services be provided in a manner which preserves human dignity, the conferees fully expect that the States and the Secretary will assure the protection of the rights and dignity of all persons receiving mental health services. We anticipate that the Congress will continue to examine these issues to insure that patients are adequately and appropriately protected.

I am also pleased to point out that the conference agreement includes a reauthorization of the developmental disabilities program. This important aid to the mentally retarded was continued at almost full funding levels and the provisions regarding State plans, habilitation plans for the indi-

vidual beneficiaries of the act were retained. All of these provisions—dollars as well as plans—are necessary for the adequate care and the benefit of the retarded children and adults who are the intended recipients of all services and programs of this part. The conference agreement also includes report language requested by the Senate and agreed to by House conferees, specifying that the Congress continues to believe that all developmentally disabled persons have a right to habilitative services in a setting which is least restrictive of their personal liberty. I am pleased that my Senate colleagues have proposed such emphasis, and, as the Chair of the Energy and Consumer Committee, I fully agree with their intent.

Several of the programs that were scheduled for abolition, but which survived, represent great opportunities for savings in dollars as well as health and life. Assistance to Health Maintenance Organizations will continue, encouraging the development of this efficient form of medical care delivery. The National Center for Health Care Technology was preserved with its great promise for assuring the development of effective treatment and prevention. The program of health planning with its demonstrated ability for reducing unneeded capital investment and services will continue for at least 1 year under the policy direction of the National Advisory Committee.

To avoid wasteful practices during a time when essential services to the poor and disadvantaged are being cut back by the Department of Health and Human Services, the bill reduces the authorization for the office of the Secretary and Under Secretary of Health and Human Services by 25 percent and requires that the Congress be consulted by the Secretary before any funds are reprogrammed for use by his office.

Among the programs scheduled for severe cutbacks were those that have helped to redistribute and train health manpower, both for services and research. We can be pleased that the National Health Service Corps will continue to place physicians in communities that are now severely underserved. We can also be pleased that the National Research Service awards will continue to provide support for the training of health scientists. And we can be proud that training programs for all of the needed health professions will continue.

The conferees demonstrated appropriate caution with the block grant approach as several programs were allowed to remain federally funded either because States were as yet unprepared to operate them or because of the national significance of diseases they combat. In this category are immunization, tuberculosis, venereal disease, family planning, and migrant

health centers. I want to conclude my comments on health legislation with, perhaps, the greatest achievement of the conference—the preservation of the medicaid program which dates back to 1965 and represents the firm commitment of the Federal Government to assure that States can provide medical care for their indigent populations. The administration had proposed an overall cap on Federal spending in this entitlement program. The long-term effect of this limitation would have been to make the program impossible for the States to sustain. Following fiscal crises in States, it would have led to the ultimate abandonment of the people most in need. Many changes were made within the medicaid law to allow the States greater opportunity to run the program efficiently and, thus, reduce costs. In order to assure that recipients under the program are not denied access to high quality services, many of these flexibility provisions are offered to States through a waiver authority of the Secretary of Health and Human Services. For example, there is an option to provide home and community based care as an alternative to institutional care.

In conclusion, I would like to congratulate the conferees for retaining and maintaining the health programs that have become part of an American tradition of caring about and caring for the people.

I would like to bring to the attention of the Members an inadvertent omission from the statement of managers in House Report 97-208, explaining the conference agreement on the Omnibus Budget Reconciliation Act of 1981, H.R. 3982. In the explanation of subtitle C of title XXI relating to medicaid, reference is made to an amendment regarding services to the medically needy. The language now states, in pertinent part:

The intent of the amendment is to provide States with flexibility in establishing eligibility criteria and scope of services within the medically needy program to address the needs of different population groups more appropriately. Nothing would allow, however, the State to cover individuals not covered under current law.

Inadvertently, the next sentence was omitted. It was to read as follows:

Moreover, it is not the intent of the conferees to alter the requirements under section 1902(a)(17) of the Social Security Act relating to comparable treatment of income and resources between categorically needy and medically needy programs.

Both Senator DOLE, the cochairman of the subcommittee in which this issue was resolved, and I, intend that this sentence be considered as part of the statement of managers.

Everyone knows by now that the administration vigorously sought to either abolish or seriously cripple the Consumer Product Safety Commis-

sion, the smallest Federal health and safety agency. I am pleased to state that, as a result of the combined efforts and sensitivities of both the Senate and House conferees, the CPSC will continue as an independent regulatory agency charged with the important task of reducing unreasonable risks of injury associated with consumer products.

The administration supported a substantial reduction in CPSC appropriations for fiscal years 1982 and 1983. This will require that 225 of the agency's 900 personnel be fired. However, thanks to the humane offer of the cochairman of the Senate Commerce conferee, the conferees have authorized severance pay for these employees, and fully expect that sufficient funds will be appropriated for that purpose. Limited resources have also forced us to narrow the focus of the agency, first, to only the most serious hazards which it can effectively address, second, to areas of greatest benefit to consumers, and third, to greater reliance on industry voluntary safety standards.

Some Members have expressed concern that the Secretary may not fund all of the projects under the AFDC home health demonstration project provision in this bill. Specifically, I understand it is the conferees intention that the Secretary will help at least 12 States to develop effective demonstration projects and that he will request an increase in the number of States that may participate, if the experience with the initial demonstrations warrant such action. The Secretary should give priority to those States who have actively demonstrated interest in a support for the concept embodied in the demonstration. These States—listed in last year's reconciliation report language—have been waiting anxiously to prove that savings to the Federal Government can be made through such a demonstration as our own CBO has told us. This demonstration was put into reconciliation this year to reiterate our concern that these 12 projects be awarded in an expeditious manner.

Perhaps the most pleasing result of the negotiations and of this conference report under consideration today is that we have retained our energy laws. I would like to emphasize that we have not used this horrendous budget reconciliation process to achieve what some would have wished—that is, the repeal of law or functional cancellation of programs through zeroing out funding.

Indeed, in the energy area, the conferees have not only retained basic statutory programs—with full expectation that all statutorily mandated programs will be continued—but have further shown our commitment by pro-



viding authorization for funding for 3 years.

My colleagues and good friends, the gentleman from New York (Mr. OTTINGER) and the gentleman from Indiana (Mr. SHARP)—who have done a superb job on this conference—will talk at greater length about the energy matters within their subcommittee jurisdictions, so I will just take a moment to mention some of the highlights.

In the energy conservation area, we have retained programs for low-income weatherization, schools and hospitals conservation programs, and other State and local programs.

In the regulatory area, the conference agreement clearly indicates that there will be no amnesty for oil companies, as promised by Secretary Edwards.

The agreement provides a minimum of \$48 million for compliance. None of these moneys are to be used to provide for any reduction-in-force (RIF). Testimony before my Subcommittee on Oversight and Investigation showed that the potential oil company violations in regard to Office of Enforcement cases is \$5.8 billion and the special counsel office cases have a potential violation of over \$12 billion. At our hearings, the Acting Administrator of the ERA made a commitment to adopt the June 26, 1981, proposals by the heads of these offices of a total funding level in fiscal year 1982 of \$43.6 million and a total of 782 FTE's. Even that sum may not be sufficient. We stress that our objective is to insure that all of these cases are promptly and properly resolved. We also want to halt the attrition of qualified personnel in compliance so that these cases are resolved. Despite the administration's desire to devastate the enforcement efforts by reducing funding and personnel levels, the conferees provided sufficient funding and intend vigorous enforcement efforts. This is particularly important, since the estimates are that we could regain up to \$13 billion for the Federal Treasury.

I am particularly pleased that we were able to reach agreement on a \$1.875 billion program in the Department of Health and Human Services for low-income energy assistance, to help our less fortunate citizens to bear the high costs of energy. One provision of the bill was dropped which would have required State legislatures to conduct public hearings prior to any second-year funding of State programs. While I agree that legislatures have an important role to play, it is by no means our intent to have State legislatures stymie Federal assistance programs designed to help needy persons. It gave me great pleasure to work this matter out with my colleagues on the House side from the Education and Labor Committee and the Ways and Means Committee, and on the

Senate side from the Labor and Human Resources Committee. I look forward to working with them in the future.

For the strategic petroleum reserve, I must say that, despite the general consensus among those of us who have committee responsibility for energy that taking the funding off the budget was a bad idea, in response to the Latta mandate, we have crafted what I believe is a responsible program which will insure continued filling of the petroleum reserve to protect the Nation against supply interruptions.

The conferees deleted a provision which would have specifically permitted the Federal Government to store State royalty oil in the strategic reserve and instead retained existing law under which the Secretary already has authority to store such oil. I must point out that equal treatment of all States is what is contemplated in existing law, and that under no circumstances is any State, including Alaska, expected to receive any unfair advantage with respect to the price paid at the time of purchase of the State oil, nor any unfair advantage at any time oil is withdrawn from the reserve, either in terms of price or in terms of controlling the allocation of the draw-down oil. The Energy and Commerce Committee will undertake close scrutiny of this activity, and will continue what has been extensive oversight of the entire SPR program.

Consistent with what conferees agreed upon with respect to several other executive branch departments, we have decreased funding levels for the office of the Secretary of Energy. I was especially concerned about this office in the Department of Energy, since the administration has promoted severe cuts in program areas—often as much as 50 percent—and yet has been attempting to increase funding and staffing in the office of the Secretary.

One matter that concerns me greatly about the Department of Energy all across the board is the extent to which contractors have been hired to perform functions which clearly should be carried out by employees of the U.S. Government. In the interest of efficiency, accountability, and economics, it is essential that contracting be reduced, and that the administration learn that it is both cheaper and more effective to perform Government functions with Government personnel. It has gotten so bad that the Department has contracted for telephone call returns, correspondence—even for the preparation of request for proposal—yet more contracts. My committee has done extensive oversight in the area of contracting, and has just begun some oversight of the personnel situation. Drastic reductions-in-force (RIF's) have been proposed, with little or no understanding on the part of the administration as to the likely results of

such RIF's. Specifically in the area of departmental administration, the conference report clearly states that no fiscal year 1982 funds shall be expended for costs associated with reductions-in-force, such as severance pay or annual leave; indeed, the General Accounting Office assisted my efforts this week by informing me that the costs of any RIF's occurring in fiscal year 1982 could not, legally, be paid for with fiscal year 1981 funds. I will continue to watch this situation, too, and trust that the Department will see the wisdom of retaining a strong and capable group of its own employees, rather than painting itself into a corner where it will want to rely more, not less, on contract personnel. Mr. Stockman has said he agrees there should be less contracting, and now all that remains is for him to see the connection between that goal and the obvious need to retain adequate governmental personnel.

In sum, my displeasure at this reconciliation process notwithstanding, I am satisfied that we have done quite well in the energy area.

The conference report changes the permanent authorizations for the Offices of the Secretaries of Commerce and Transportation to periodic authorizations. This will enable the Congress to exercise more effective oversight over the activities and functions of the affected Cabinet departments.

I am most pleased that the conferees agreed to reductions in each of the next 3 fiscal years in the budgets of the Secretaries of Commerce and Transportation. The Committee on Energy and Commerce proposed these reductions in the belief that in these times of fiscal austerity and diminished Federal resources, all Americans should be called upon to sacrifice and economize in the effort to reduce Federal spending and combat inflation. I am quite confident that these Cabinet officials will welcome these reductions and will be able to carry out their statutory responsibilities in a more efficient fashion to ease the burden on the American taxpayer.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 10 minutes to the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Speaker, the Government Operations Committee was assigned three provisions in the Budget Reconciliation Act for the purpose of conference with members of the Senate Governmental Affairs Committee for matters within their jurisdictions. The first two were contained in the Senate reconciliation bill and had no counterpart in the House bill. They called for a reduction in obligations for consultant services and related services, and for travel and transportation of persons and transportation of property for the executive branch. Under the Senate provi-

sion, obligations for consultant services were to be reduced by \$500 million from the total proposed in the President's budget for fiscal year 1982. Obligations for travel were to be reduced by \$550 million.

The conferees amended these provisions to require the President to submit a rescission bill making the required reductions in spending for consultants and travel. For consultants, the rescission is to be in the amount of \$500 million, less the amount that Appropriations Committees have already taken away from agencies for spending on consultants for fiscal year 1982. The conference provision dealing with travel calls for a \$100 million reduction in direct administrative travel of persons within the executive branch. The President is to submit a rescission bill reducing obligations for this item by \$100 million, less the amount Appropriations Committees have already taken away for travel by agencies. The conferees' agreement on travel and consultants means that these provisions will achieve real cuts in expenditures for these items, and that the President will have to verify the figures he uses in formulating the rescissions that he must propose for these items.

The other matter considered by the Government Operating Committee conferees was the provision for administrative and procedural requirements to be met by States receiving block grant funds. Title XVI of the House bill contained extensive requirements on this issue, and the Senate bill was silent.

The conference agreement provides for five new sections, sections 1741 through 1745. They provide a participation and reporting process at the State level to help assure that local governments, interested individuals, and groups within a State have an opportunity to comment on planning for the expenditure of block grant funds authorized in the Budget Reconciliation Act. These are minimum requirements and are not intended to supersede more detailed reporting and participation provisions contained in individual block grants in the act.

The conferees also agreed on a transition provision which will facilitate the States' orderly assumption of block grant funds and the continuation of funding of existing programs until that is possible.

The last two sections of the conference agreement pertain to grant auditing. They insure the Comptroller General's access to records for the purpose of evaluating, reviewing, and auditing the use of block grant funds, consolidated assistance, or other grant programs established or provided for in this act. The last section requires each State to conduct financial and compliance audits of all funds which the State receives under block grant or

consolidated assistance programs established or provided for by this act. This provision applies to State audits only and in no way affects the right of Congress to carry out its oversight responsibilities or the rights of any Federal agencies of the General Accounting Office to conduct needed audits.

Mr. Speaker, I yield back the balance of my time.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 2 minutes to the distinguished chairman of the Science and Technology Committee, the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Speaker, I am pleased to be able to state for the first time since 1978 that the Congress has, by its actions in this budget reconciliation conference, enacted an authorization bill for the Department of Energy. This is an important milestone. Indeed, our actions reflect a conscious melding of the new administration's priorities with those established and supported by the Congress in the past few years.

The civilian research and development programs and projects contained in the bill for fiscal year 1982 are generally authorized at levels below that of previous years, but in some cases with amounts that are greater than the program requests.

In addition the conferees have acted to enact authorization ceilings for fiscal years 1983 and 1984 for the Department of Energy operating expenses, and for plant and capital equipment. This multiyear authorization will serve to establish congressional intent and direction for the level of program and project funding for the outyears.

To better understand and be able to follow the outyear budget requests for authorization and appropriation the conferees included a statutory requirement that the Department of Energy furnish to the Congress a breakout of the fiscal years 1983 and 1984 budget request at the level of detail contained in the statement of managers. This new provision requires this level of detail for the following 2 years, since the Budget Control Act of 1921 requires submission of 2-year budget requests. Therefore, no program detail was provided beyond the single fiscal year for which the budget was submitted. It is our hope that this multiyear authorization and the program detail to indicate outyear funding will help Federal program planning and projections for subsequent years as well as the Congress and others involved with civilian energy research and development. Another additional requirement in the statute is for a civilian research and development authorization which continues the present practice of a specific authorization request for appropriations for new construction, for additional amounts requested for authorization for prior year projects, and

for other plant and capital authorization requests.

#### SCIENCE AND TECHNOLOGY COMMITTEE: CIVILIAN ENERGY R. & D. PROGRAMS AND PROJECTS

[In thousands]

	Fiscal year		
	1982	1983	1984
Fossil.....	460,800	430,800	430,800
Construction.....	18,000		
Energy supply R. & D.....	2,159,148		
Less deferral.....	101,688		
Total.....	<sup>a</sup> 2,057,460	<sup>a</sup> 2,141,000	<sup>a</sup> 2,258,000
P. & C.E.....	370,132	354,000	416,000
General science.....	439,160	471,000	500,000
P. & C.E.....	128,300	137,000	147,000
Conservation.....	149,444	154,000	158,600
Uranium supply (AIS).....	80,292	(*)	(*)
P. & C.E.....	6,150		
Geothermal Resources Development Fund.....	200	200	200
Total.....	3,720,938		
Less construction deferral.....	36,800		
Total.....	3,684,138	3,668,800	3,910,600

<sup>a</sup> Not including certain solar and hydropower operating expenses authorized in Chapter 4.

<sup>b</sup> Including certain solar and hydropower operating expenses authorized in Section 1007(a)(3)(A).

<sup>c</sup> Not including commercial waste management R&D, which is included in totals for the joint programs in Chapter 4.

<sup>d</sup> Uranium supply and enrichment (advanced isotope separation) is included in the totals for joint programs, uranium supply and enrichment activities.

#### SCIENCE AND TECHNOLOGY COMMITTEE: SHARED CIVILIAN ENERGY PROGRAMS AND PROJECTS

[In thousands]

Renewable Energy and Conservation	Fiscal year		
	1982	1983	1984
A. Certain solar and hydropower programs, operating expenses.....	11,700,000	( <sup>1</sup> )	( <sup>1</sup> )
B. Certain conservation programs, including capital equipment not related to construction.....	32,600,000	33,600,000	34,600,000
Commercial waste management West Valley, repository licensing, assistance to states.....	( <sup>2</sup> )	<sup>a</sup> 284,148,000	<sup>a</sup> 300,000,000
Uranium enrichment activities: <sup>4</sup>			
Operating.....	1,063,200	1,126,160	1,973,600
Capital equipment.....	27,200		
Construction.....	714,600	<sup>a</sup> 1,002,800	<sup>a</sup> 981,500
Total.....	1,805,000	2,624,400	2,955,100
Departmental administration.....	206,000	<sup>b</sup> 246,963	<sup>b</sup> 246,963
P. & C.E.....	40,963		

<sup>1</sup> Included in totals for energy supply research and development, Sec. 1001(2)(B) and (2)(C).

<sup>2</sup> The civilian waste management R&D program is contained in Sec. 1001(2)(A).

<sup>3</sup> Includes research and development and all other activities for commercial waste management.

<sup>4</sup> Not including advanced isotope separation which is contained in Sec. 1001(3).

<sup>a</sup> Plant & capital equipment is included in this amount.

#### FOSSIL ENERGY

The conferees agreed to a total authorization of \$478,800,000 for fossil energy, which is \$43,460,000 above the administration's request. The breakdown is as follows: \$455,250,000 for operating expenses; \$5,450,000 for capital equipment; and \$18 million for construction.

While accepting much of the administration's proposal for fossil R.D. & R., the conferees expressed their preferred priorities in several programs. For example, within the total of \$113,200,000 for coal liquefaction oper-



ating expenses, an additional \$10 million is available for the H-coal pilot plant at Cattlesburg, Ky. Also, within the amount for coal liquefaction, funds are available for the orderly closeout of the SRC pilot plant at Fort Lewis, Wash.

Within the total of \$56,300,000 provided for the surface coal gasification program, \$8 million is available for the Bi-Gas pilot plant and a total of \$7 million is available for the low Btu fluidized bed gasifier at Waltz Mill, Pa. Further, funds are to be used for continuation of the molten salt gasification process and the peat gasification program.

Within the authorization of \$31,800,000 for the combustion systems program, \$9 million is available for continuation of the International Energy Agency Project for Pressurized Fluidized Bed Combustion at Grimethorpe, England. Further, additional funds are made available to pursue conversion of the waste residues at the atmospheric fluidized bed project in Shamokin, Pa.

I am pleased that the conferees have agreed to an authorization of \$35,900,000 for the fuel cells program. The increase in funds for fuel cells will enable the Department of Energy to reorder its priority within the program to enhance the electric utility applications of phosphoric acid fuel cell technology. Some of the funds are intended to support the development of several competing versions of phosphoric acid fuel cells and should emphasize using alternative domestic fuels such as coal-based methanol.

I am also pleased that the conferees agreed to a fiscal year 1982 authorization of \$29 million for the magnetohydrodynamics R. & D. program, rather than eliminate this worthy activity as the administration has proposed.

The conferees authorized \$22,350,000 for oil shale activities which would allow continuation of the cost-shared in situ demonstration program and would allow supporting research for evaluating both fracturing and retorting processes.

The conferees authorized \$14 million for enhanced recovery, which allows completion of the Eastern Mineback Facility, the startup of a stimulation test in the Eastern Devonian Shales, and mineback rock fracturing tests in the Western tight gas sands. These funds also provide for development of advanced diagnostic instrumentation and field testing of instruments.

Consistent with the fiscal year 1981 Supplemental Appropriation Act and the fiscal year 1982 House Interior appropriations bill, the managers believe that the SRC-I project should be continued with deferred funds from fiscal year 1981, and the \$135 million should be used toward completion of the detailed engineering design of the project.

#### SOLAR ENERGY

The conferees have agreed to an authorization ceiling of \$303 million within Energy Supply Research and Development for the DOE's solar energy research and development program. This recommendation is broken down as follows: \$271,850,000 in operating expenses for R. & D.; \$10,250,000 in capital equipment; \$10,700,000 for solar international and information; and \$10,300,000 in construction. It is my understanding that the floor statement of June 26, 1981 for the various solar subprograms is instructive with the following differences.

The photovoltaics program is provided an operating expenses authorization of \$93,650,000 and \$10 million was agreed to for alcohol fuels research and development.

The solar thermal program operating expenses are authorized at \$59,500,000. The funding for project 82-ES-1, central receiver utility repowering preliminary designs, was shifted from plant and capital to operating expenses.

Finally, the conferees agreed to the administration's total request for solar capital equipment at \$10,250,000.

#### GEOTHERMAL ENERGY

The conferees agreed to an authorization ceiling of \$55,375,000 for geothermal energy, including operating expenses for the Raft River project and construction for the second 50-MWe geothermal demonstration project at Heber, Calif., which would demonstrate the promising binary cycle technology.

#### GEOTHERMAL RESOURCES DEVELOPMENT FUND

The conferees expressed their desire that the Geothermal Loan Guarantee program, authorized by Public Law 93-410 and amended by Public Law 95-238, is to remain in effect regardless of the current availability of funds for a reserve account.

#### CONSERVATION R.D. & D.—SCIENCE AND TECHNOLOGY COMMITTEE PROGRAMS AND SHARED PROGRAMS

The conferees agreed to an authorization ceiling of \$182,044,000 for the R. & D. conservation programs in chapter 1, Civilian R. & D., or chapter 4, which contains certain other programs. These include building and community systems (\$53,479,000); industrial energy conservation (\$32,065,000); transportation (\$61,400,000); energy extension service (\$15 million); and multisector (\$20 million). This contrasts with an administration request of \$86,035,000 for these programs.

I would like to point out that the House Interior appropriations bill, passed July 23 by the House, contained \$176,495,000 in total appropriations for these programs in fiscal year 1982. The Senate Interior appropriations bill, as marked up by the Senate Appropriations Committee, contained \$164,610,000 for the same programs.

The distribution of funds in both appropriations bills roughly parallels the distribution in the authorization conference.

These actions when taken together reflect strong and continued support for the conservation programs such as vehicle propulsion R.D. & D., industrial energy conservation, technology and consumer products and the energy extension service.

The conference agreement continues these valuable programs in 1983 and 1984 at levels of \$154 million and \$158 million respectively, for the R. & D. programs. This is a significant commitment for outyear funding at the established levels based on our fiscal year 1982 actions.

It is my understanding of the House conferees' position on specific conservation R.D. & D. programs that the language of my floor statement of June 26 with respect to the Gramm-Latta II substitute is instructive, with the following differences.

#### BUILDING AND COMMUNITY SYSTEMS

The conferees added \$22,829,000 to this program in the following areas:

Building systems—\$5,953,000 to continue this subprogram at a level slightly above last year's funding at \$22,475,000.

Community systems—\$4,400,000 for the activity with a special emphasis on district heating.

Technology and consumer products—\$11,326,000 for operating expenses and capital equipment to continue this important program.

Analysis and technology transfer—\$2 million to continue this subprogram.

#### INDUSTRIAL ENERGY CONSERVATION

The conferees added \$31,100,000 in operating expenses for waste energy reduction (\$12,400,000); industrial process efficiency (\$8 million); industrial cogeneration (\$5,200,000); implementation and development (\$4 million); and program direction (\$2,465,000 which is an increase of \$1,500,000).

#### TRANSPORTATION

The conferees increased the amount requested for operating expenses by \$23,800,000 to permit the continued proof-of-concept development of both the advanced Stirling and gas turbine engines and to provide for continued supporting research in vehicle systems.

#### MULTISECTOR

The conferees added \$5 million for Appropriate Technology to continue this subprogram; \$400,000, which is an increase of \$210,000, for program direction; and decreased Energy Conversion Technology by \$2,500,000.

#### SUPPORTING RESEARCH AND GENERAL SCIENCE PROGRAMS

I am pleased that the conferees have adopted the administration's request

for DOE basic energy research and general science programs, \$333,711,000 for supporting research activities, and \$567,460,000 for general science and research activities. In addition, the conferees have authorized these programs for fiscal years 1983 and 1984 to provide for modest growth and assist in outyear planning.

I believe this action signifies that Congress fully agrees with the administration's view that long-term, high-risk, high-potential, basic research is vital to our national interests and that the Federal Government must play the pivotal role in the support of energy research.

The conferees have endorsed the administration's budget request providing modest real growth in such DOE programs as basic energy sciences, university research support, high energy and nuclear physics, and life science and nuclear medicine applications. The authorization of these programs contains funding for the operation and construction of some of the world's best research facilities.

I wish to point out that the conferees adopted the Senate authorization figure of \$21 million for project 78-10-b, Intersecting Storage Accelerator, (ISABELLE) at Brookhaven National Laboratory. This additional project authorization will meet the administration's request for fiscal year 1982 budget authority of \$21 million.

Although I strongly support the high energy physics program for construction of advanced research facilities, I am personally concerned about continuing as yet unresolved difficulties associated with the fabrication of the superconducting magnets for the ISABELLE facility. Thus, I expect the Department to continue its thorough evaluation of the technical and management situation for ISABELLE in order to resolve the difficulties during the next several months and to advise the Committee on Science and Technology on actions taken and future plans.

After a review of the project status and revised costs during fiscal year 1982, the Committee on Science and Technology will consider further authorization for ISABELLE as part of the fiscal year 1983 authorization legislation required for prior year civilian R. & D. projects.

#### NUCLEAR FISSION

The Conferees authorized the Nuclear Fission R. & D. programs at just \$4 million below the Reagan request and provided for a committee initiative in the high temperature gas-cooled reactor (HTGR) program. The conference report calls for redirection in reprocessing R. & D. to light water reactors, provides a final year of funding for the Barnwell facility and provides for a strong program across the nuclear fuel cycle. Significant reductions were called for in the water-cooled breeder

program, which is to be brought to an orderly termination, and in Civilian Waste Management where the conferees saw the need for a more focused program. In other fission programs, funds are provided for the West Valley Demonstration Project and certain waste management activities.

#### MAGNETIC FUSION

The conference report provides \$473,500,000 in new budget authority for the magnetic fusion program in addition to \$15 million of fiscal year 1981 construction deferrals. The conferees emphasized the importance of moving forward with the Center for Fusion Engineering which was provided an additional \$5 million. Additional funds were also provided for the Fusion Materials Test Facility (formerly FMIT) and the ISX-C experiment which were not included in the President's request.

#### ELECTRIC ENERGY SYSTEMS AND ENERGY STORAGE

Electric energy systems and energy storage systems programs were funded at levels to support responsible DOE programs while \$2 million was provided to sustain continuing Federal involvement in small-scale hydropower R. & D.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 1 minute to the gentlewoman from Tennessee (Mrs. BOUQUARD).

Mrs. BOUQUARD. Mr. Speaker, I am very pleased that this conference report contains the first Department of Energy authorization bill since Public Law 95-238 which contained the fiscal year 1978 authorization. I have had some concerns about the implementation of the reconciliation process, but the fact that it forced us to a speedy agreement on the DOE bill is a definite plus for the process. I wish to congratulate Chairman JONES, Chairman FUQUA, and my fellow House conferees on the R. & D. bill as well as Senate majority and minority conferees for lending such positive support to the conference process. I also appreciate the cooperation of Chairmen UDALL and DINGELL in working out matters of joint jurisdiction in such an amicable fashion with our Science Committee.

Mr. Speaker, the statement of managers language accompanying the bill speaks for itself and the tables contained with the report language provide detailed direction to the Department of Energy. From that perspective, I shall confine my remarks to highlighting areas of particular interest to members of the Energy Research and Production Subcommittee which I chair and some other specific programmatic items which are of particular interest to me.

I do have some reservations about the adoption of outyear authorization caps for fiscal years 1983 and 1984 if they are to be used as a disincentive to

obtaining authorization bills in the Congress for those fiscal years. I share Chairman FUQUA's and Chairman UDALL's concerns that the area of commercial waste management which is largely a civilian waste management R. & D. program under the sole jurisdiction of the Science Committee and a remedial action program with no R. & D. component which is of primary interest to the Interior Committee may pose a significant problem in terms of funding priorities. The conferees recognize that the West Valley demonstration project which is also an element of this program will be requiring significant outyear funding and this combined with significant growth in the technology demonstration phase of the R. & D. program and an enhanced remedial action activity cannot all be accommodated within a modest cap which only includes inflationary projections.

In terms of my primary interest in the nuclear area, I hope the passage of this conference report coupled with the recent vote on the appropriations bill will put the issue of the Clinch River reactor to rest. The conferees' intent is clear on this project, that the DOE should move ahead with all deliberate speed and I trust the administration will obtain the cooperation of other agencies in seeing that construction will go ahead at a significant pace.

There are several points of clarification that I would like to make with regard to the conferees language on the Clinch River breeder reactor. As the primary author of this particular language, I would like to note that the words were chosen very carefully to convey certain meanings intended by the conferees.

The words "as set forth in the existing project arrangements" reflect the intention of the conferees to affirm the existing project authorization, objectives, and major design concepts and parameters which are intended to form the basis for licensing, construction, and operation of the facility at the existing Clinch River site.

The word "key" in the same first sentence was intended to affirm that this technology demonstration-scale facility is of basic importance to the national program for the development of liquid metal fast breeder reactors, even though it is not a commercial demonstration. The conferees' choice of the words "timely" and "expeditious" were purposely chosen with the intent that licensing, construction, and other related project activities be undertaken promptly and with as little delay as discretion will allow. In the same sentence the phrase "so that a decision on commercialization and deployment of breeder reactors can be made on the basis of information obtained in the operation of the plant"



in conjunction with the words "timely" and "expeditious" means that the effect of unrecoverable delays resulting from the 1977 decision to stop the project should be minimized and that to the maximum extent possible the overall liquid metal fast breeder reactor program should proceed in accordance with the pre-April 1977 project schedule.

The next sentence, "the plant should therefore be constructed on the basis of that objective, and not on the basis of providing needed power in a specific region of the Clinch River site", is simply intended to reaffirm that all activities associated with the construction of the facility including the design, licensing, construction, and operation be undertaken with the understanding that the objective in building this plant is to provide information and experience in a demonstration scale. All other benefits are incidental including the provision of electric energy to the region surrounding the Clinch River facility.

Before turning to the specifics of my subcommittee's programs, let me observe that I am pleased with the balance struck in conference for solar and conservation R. & D. programs. Solar R. & D. is \$110 million above the Reagan request and I do not agree with all the specific priorities, but I do feel that this program represents a much more balanced approach to the Federal role in solar energy than what the administration requested. In conservation R. & D. there has also been a very significant add-on roughly doubling the Reagan request. I am pleased that the key industrial and transportation R. & D. programs were given new life by the conference. It is also worth noting that these add-ons are generally supported by the Appropriations Committee in the House. Finally, in the programs outside our subcommittee I should note that the conference supports the request for the high temperature materials lab at Oak Ridge in the basic energy sciences budget. The initiation of this facility to house a materials "center-of-excellence" has already drawn significant industrial support.

In the nuclear programs the conference agreement allows for a strong nuclear fission R. & D. program while supporting major committee initiatives with respect to the high temperature gas-cooled reactor (HTGR) and the Barnwell nuclear fuels plant. The committee was convinced after careful study that the DOE TMI R. & D. program was well conceived and constituted a proper Government role. The conference did provide additional funds for light water reactor reprocessing R. & D. while sustaining the Reagan request in other fuel cycle programs.

I should note that the major reductions for nuclear fission in the confer-

ence agreement are in civilian waste management and the water-cooled breeder reactor program. The conferees agreed with our committee that the civilian waste management program is not satisfactorily focused to support the test and evaluation facility which is our committee priority. As for the water-cooled breeder there is general agreement that the program should be brought to an orderly termination to encourage the private sector to make a decision with respect to commercializing this concept.

In magnetic fusion the conference agreement provides for an enhanced program above the Reagan request principally to support a broadened activity for the Center for Fusion Engineering (CFE) and to sustain vital R. & D. on the Mike McCormack Fusion Materials Test Facility. In the case of the CFE it is worth noting that this entity must be organized well in advance of any DOE decision with respect to the next large machine, the so-called fusion engineering device (FED). I hope that the CFE can serve as a core group for a widening industrial involvement in this decade. The conference agreement also supports funding for the impurities study ISX-C experiment at Oak Ridge which is vital to technology for a fusion power reactor.

In electric energy systems and energy storage systems, the conference agreement maintains a meaningful Federal role in these programs where the United States has unfortunately lost international preeminence within the past decade. I hope that the administration recognizes that these are areas where we have overwhelming evidence industry simply will not pick up the ball.

Finally, the conference agreement provides \$1 million to retain Federal activity in low-head hydro R. & D. because of the great potential of this distributed resource.

Mr. Speaker, I support the conference agreement under title X because it provides a reasonable balance for energy R. & D. programs and I hope the Office of Management and Budget will recognize that the conferees are serious about continuing these vital programs. Any deliberate delay in committing funds in these areas where the Congress has spoken so clearly will have to be construed as a violation of the intent of the Budget Impoundment and Control Act and I trust the appropriate committees will act accordingly.

Mr. LATTI. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Speaker, I rise in strong support of the conference report for the omnibus reconciliation bill, H.R. 3982. All of my colleagues are to be congratulated on the amazing legislative feat they have per-

formed in putting this reconciliation budget package together. Without the wholehearted cooperation of Chairman JONES, Chairman DOMENICI, Representative LATTI, and Senator HOLLINGS, in addition to the score of conferees, this conference report could not have been done as quickly as it has. Starting with our first subconference meeting on July 15, the Members and staff have worked diligently to fashion this compromise agreement in less than 2 weeks. By comparison, the conference on the Energy Security Act required 7 months to complete its actions.

This bill represents a good beginning toward our goal of a balanced budget in 1984. But I warn my colleagues that we cannot let up on our objective. Our new-found consensus, that the Federal Government's budget must be brought under control, cannot be an agreement just for fiscal year 1982. We must continue to work diligently in fiscal year 1983 and fiscal year 1984 to maintain this wise policy. In fact, we may be called upon to make even more and deeper cuts in those 2 years, below our present projections. This concern for even more diligent efforts in these outyears represents the reason why our four Republican members of the Science and Technology Committee did not sign the subconference report on the Department of Energy.

This year, the overriding and primary issue for Mr. GOLDWATER, Mr. FISH, Mr. LUJAN, and myself has been maintaining the proposed level of spending from the administration. In March, all 17 Republican members of the Science and Technology Committee signed a letter agreeing that this was our most important objective. By the time the committee had finished its budget work on the Department of Energy, the entire committee was in agreement with this goal, and we held our spending levels below those requested by the administration. Both the committee bill to authorize DOE and the Winn substitute for the DOE authorizations were below the Reagan administration requests.

However, when the subconference had finished its work, the majority of conferees had accepted a Senate offer to provide for outyear authorizations in fiscal years 1983 and 1984. Included in this offer was an agreement to exceed the Reagan administration's projected budgets for the Department of Energy by \$600 to \$700 million in both fiscal years 1983 and 1984. As strong supporters of the President's economic recovery plan we cannot support this action. With these outyear authorizations in place, we have no assurance that we could pass further annual authorization bills in those fiscal years to reduce these outyear authorization ceilings. We feel that this would be giving the Appropria-

tions Committee no guidance, and essentially a free hand in funding DOE programs. It also undermines and reverses all of the work that we have done this year to try to accomplish the goal of spending only at the Reagan-requested levels.

I want to make clear that I have no quarrel with the conference agreement for fiscal year 1982. It represents a fine compromise on the Department of Energy budget. I want to commend Chairman FURQUA for his strong efforts in behalf of the subcommittee, and to congratulate him for reaching this compromise for fiscal year 1982. Where the conferees decided to take new policy directions in fiscal year 1982 for research and development, they simultaneously sought out reductions in other areas where priorities were less. The result is that we exceeded the requested energy research and development budget by only 2 percent.

Finally, I wish to warn my fellow colleagues of what may appear to be savings, but represents inflexible accounting principles. As I said at the time of the passage of the Winn substitute, I am deeply disturbed by the creative accounting which was done in that reconciliation process. The base line which was chosen resulted in the Committee on Science and Technology appearing to have come \$1.8 billion under their assigned levels, when in fact the committee was almost \$100 million over the budget levels recommended by the Reagan administration for all of the agencies which the Science Committee authorizes.

We have a similar situation which appears here. Looking at the CBO projections for our subcommittees on DOE, it appears that title X saves \$5.6 billion in fiscal year 1982, \$4.6 billion in 1983, and \$3.7 billion in 1984. This appears to be an enormous amount of savings. However, it is also terribly misleading. These savings are based on the policies of the last administration; for example, filling the strategic petroleum reserve by using on-budget funds. The Congress has already spoken and decided that the SPR will be filled using off-budget financing. Therefore, when this policy is reflected in the CBO estimates of reconciliation savings, the savings drop by 68 percent in fiscal year 1982; they drop by 73 percent in fiscal year 1983; and they drop by 58 percent in fiscal year 1984. Furthermore, when the administration's policy of no longer building various fossil fuel, synthetic fuel demonstration plants in the DOE, is factored into the CBO estimates, we have a drastically different situation. The savings for the next 3 fiscal years are as follows: \$1 billion, not \$5.6 billion, in fiscal year 1982; \$1.2 billion, not \$4.6 billion, in fiscal year 1983; \$0.5 billion, not \$3.7 billion, in fiscal year 1984.

And it should be noted that all of these savings are credited, despite the fact that in fiscal years 1983 and 1984 the budgets greatly exceed the Reagan administration's projections for DOE in those years.

However, I intend to work diligently with my colleagues in the next 2 years, as I have had the pleasure of doing in this year, in order to insure that the President's economic recovery program will continue to its ultimate goal of restoring this Nation's economic vitality, with jobs for all able-bodied citizens.

As I said at the beginning, this Omnibus reconciliation bill is a good beginning on this long road, and I urge my colleagues to adopt it.

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Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. WINN. I yield to the gentleman from New York.

Mr. FISH. Mr. Speaker, I rise in support of H.R. 3982, the Omnibus Reconciliation Act of 1981, but in reluctant opposition to the conference agreement reached on title X, subtitle A, relating to the authorization of appropriations for the Department of Energy's research, development, and demonstration programs for fiscal years 1982, 1983, and 1984. It would be unwise to authorize funding at the present time for the Department of Energy's programs in the outyears—fiscal years 1983 and 1984—at levels far in excess of the President's projected budget request for these fiscal years.

Budgetary pressures have presented the Science and Technology Committee this fiscal year with the hardest choices in the history of its energy jurisdiction. The recent increases in inflation and our overall economic situation have made it painfully aware to us that our Nation is in the midst of the most severe and deep economic troubles since the days of the Depression.

While recognizing that an effective energy research and development program is in our best national interests, I believe that it is obvious that drastic action is necessary to get the economy back under control. This action must include reductions in Federal spending, and every agency and every program will have to take its fair share of cuts no matter how attractive the individual activities sound on their own merits.

In light of these concerns, I supported the recommendations for funding of the Department of Energy's programs contained in the original reconciliation bill—Gramm-Latta II—passed by the House. These recommendations were consistent with the overall budget levels recommended by the President for fiscal year 1982. In certain areas, however, specific Depart-

ment program funding levels were re-adjusted in light of the Science Committee's review of program priorities. In effect, these recommendations re-structured the President's proposed budget to conform with our past Science Committee philosophy, and continued efforts called for under the many fine statutes which we have authored. Overall, this proposal structured an aggressive energy program within our budget constraints mindful of the nature and extent of the energy problems facing our Nation today.

While I support the more balanced level of effort among all of our Nation's energy options called for in the legislation before us today, I am disappointed to see that the conference agreement contains outyear authorizations for the Department of Energy far in excess of projected administration budget level requests for these years. According to the most recent estimates, which have not yet been confirmed by the Congressional Budget Office but which are the most accurate available at the present time, the conference agreement before us today will exceed the projected fiscal year 1983 administration request for DOE by over \$600 million. In fiscal year 1984, the conference agreement will exceed the fiscal year 1984 administration project budget by well over \$650 million. These are authorization levels which I believe are not in the Nation's best economic interests at the present time and which I therefore cannot support.

As many of my colleagues are aware, the Science and Technology Committee has spent a great deal of time in examining the concept of multiyear authorizations for the various Federal agencies. This concept has many advantages over the single year authorization process which the Science Committee has followed in previous years. I wholeheartedly support the concept, as one viable method of streamlining the congressional budget process that will still allow the various congressional committees to retain their essential oversight responsibilities. My objections to the conference agreement before us today rest not on the use of the multiyear authorization process, but rather on the overall budget ceilings which have been recommended in the future years.

In my opinion, it is premature to authorize significant increases in energy research and development funding at this time. As all of my colleagues are aware, we have just this week passed an important tax bill which contains a significant new tax incentive for research and development activities. This tax credit will certainly have a substantial impact on the future climate for investment in energy research and development programs. Until we have had a chance to exam-



ine the exact impacts of this new tax incentive, as well as the impacts of the President's entire economic recovery program, I believe it would be unwise to authorize such a substantial increase over the President's projected budget request. For this reason, I cannot support the conference agreement reached on the authorization for the Department of Energy civilian research and development programs for fiscal years 1982, 1983, and 1984, but I do urge my colleagues to strongly support the legislation before us today.

Mr. GOLDWATER. Mr. Speaker, I rise in support of the omnibus reconciliation bill conference report. This is a good first step in our country's efforts to bring the budget of the Federal Government under control, and to revitalize our Nation's economy. I urge my colleagues to support the entire bill, by voting for the passage of this conference report.

This bill contains in title X, the first DOE authorization that has passed this Congress in 4 years. I was a conferee on this subconference, and want to thank my fellow conferees for their cooperation and diligent efforts in putting together this agreement. I believe that the agreement will result in better congressional direction and control of the activities in the Department of Energy. Specifically, I think that the research and development programs will be better managed, with a clear sense of direction from the Congress. The conference agreement requires stricter budget control and accounting procedures to be imposed on the Department of Energy programs. We are anxious to see the results of these new tools, while the Department of Energy, along with all other agencies in the Federal Government, lives on a stricter Federal budget. Even though the budget has been significantly reduced from last year, the conference agreement provided for many significant new policy directions in DOE, which should result in continued progress in developing alternative energy resources.

In the solar energy development area, the conference agreement provides for \$6.8 million for the first phase of a photovoltaic utility experiment proposed by the State of California and the Sacramento Municipal Utility District (SMUD). The first increment of the SMUD project will involve the installation of a 1-MWe photovoltaic system over the next 2 years. Cost sharing from the State of California—\$2 million—and from the Sacramento Municipal Utility District—\$3.2 million—is anticipated for the first increment before this project goes forward.

The committee encourages the Department to give very careful consideration to the entire 100-MWe SMUD proposal. The full project would yield a major utility-owned and operated

photovoltaic facility with a relatively small Federal investment leveraging a large private expenditure—\$26 million Federal share versus \$270 million SMUD share. If this project were successful, then even the \$26 million Federal investment would be completely repaid to the Treasury by the time that the 100-MWe project is completed. In geothermal energy, an authorization of \$11 million—including \$4 million in deferrals from fiscal year 1981—was provided for the second geothermal demonstration plant at Heber, Calif.; operating expenses of \$1 million were also authorized. Furthermore, the conference managers inserted strong language endorsing the geothermal resources loan guarantee program, and stated that the Department should continue to implement this program.

The conference agreement also strongly supported the continuation of the Clinch River breeder reactor project, the key next step in the development of the LMFBR technology. It provided funding of \$228 million for the next fiscal year. The conference agreement also provided funding for the continuation of another very important nuclear technology development program—the high-temperature, gas-cooled reactor. This program was continued at last year's level, a total of \$40 million.

In the area of fossil energy development, the conference agreement strongly supported the continuation of the molten salt gasification program, providing an authorization of \$2.5 million in this budget. The conference agreement also directed that if the flash hydrolysis liquefaction project should be terminated, the funds are directed to be used for the development of the flash hydrolysis gasification project within the surface gasification program. There is authorized a total of \$6.5 million for the gasification—\$1.1 million—and liquefaction—\$5.4 million—portions.

In concluding, I wish to point out to my colleagues that the budget for fiscal year 1982 therefore provides a well-balanced energy research and development program spanning the full range from renewables, fossil fuels, and nuclear energy technologies. It provides for funding which exceeds the administration request by only 2 percent. I wish to thank and congratulate all of my colleagues, especially the hard work of our chairman, Don Fuqua. He has worked with us all in a most accommodating manner in an effort to shape this sound energy research program.

I would now like to discuss the reason why I did not sign the conference report. Although I strongly endorse the work that has been done for fiscal year 1982, the authorizations provided for fiscal year 1983 and fiscal year 1984 far exceed the levels project-

ed for DOE by President Reagan. For each of these 2 fiscal years, the bill would authorize \$600 to \$700 million over the projected DOE budgets. Since I have strongly supported the President's program for economic recovery, I cannot at the same time endorse a conference report which would exceed the President's budgets by so great an amount. Rather than sign this report, and consider our job done, I intend to revisit the DOE authorization requests for fiscal year 1983 and fiscal year 1984 when they are sent to us, and work within the overall levels to make sure that the program is well balanced, containing necessary new initiatives, and achieving our Nation's energy goals. This can only be done when we have received the budgets for those fiscal years from the administration.

With these caveats, I urge my colleagues to support the President's economic recovery program and vote for speedy passage of this conference report.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mrs. SCHROEDER).

Mrs. SCHROEDER. I thank the gentleman from Oklahoma and compliment him on surviving this process.

Mr. Speaker, I believe that two provisions of the budget reconciliation legislation are deserving of special note.

Section 1703 provides two types of awards for Federal whistleblowers. One type will be given by agency Inspectors General and should be used as a tool to gain disclosures of waste, fraud, abuse, and mismanagement. The conference report wisely includes GAO oversight to insure that awards are given for real cost savings and not to the same old boys network which now absorbs a disproportionate share of agency awards. The authority, it must be clear, runs to the Inspector General, without interference from the agency head. Nevertheless, the money to pay for the awards must come from the salary and expense appropriation of the agency, and not just from the Inspector General's own budget.

The other type of awards are for the President to grant. The President is given authority to give 50 whistleblowers each year awards of \$20,000. He should be encouraged to do so in a well-publicized manner. Only by rewarding whistleblowers publicly can the President overcome the fear which seizes most would-be whistleblowers. The war on waste would be best served if all 50 awards were made each year.

Section 1704 enunciates the basic congressional policy that valuable and experienced career members of the senior executive service should not be lost to Government service due to re-

organization or budget cuts of a particular agency. This policy is implemented through special placement and reinstatement rights for career senior executives. Questions have been raised about how these SES reduction in force procedures compliment other provisions of law, such as early retirement eligibility. The policy is that career executives are one of the Government's strongest assets and should be retained if at all possible. Their agencies and the Office of Personnel Management are given special responsibility to find work for these people. Hence, the statute should be interpreted in the way which is most likely to result in retention of the skills of the senior executive. Nevertheless, career senior executives should be given equal early retirement rights as are provided to other RIF'd employees.

Despite these two laudable provisions, I will be unable to vote for the conference report. It just does too much violence to the values I hold dear.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 3 minutes to the distinguished chairman of the Small Business Committee, the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, I cannot in good conscience vote for this conference report. I think it is a wrong thing that we have done. However, we on the Small Business Committee did the job that was forced upon us by the Gramm-Latta proposition.

What happened was that, first, we were ordered to come up with \$500 million in savings. I wish we would stop using that word "savings" because they are really not savings in the long run, but the committee did this. Then we found that the Senate had cut even more deeply into programs, and we went into conference to try to reconcile those cuts.

In that conference, we fell below the direct loan money that the committee had generally approved, which means that some businesses are not going to survive; others that have the potential to go into businesses will not get their chance.

In addition to that, we had to sustain severe cuts in the disaster loan program. There was a time when this Congress and this Nation were compassionate with regard to those who were the victims of disaster; but under the Gramm-Latta proposition, under the gun that was held to our heads, we were forced to cut into the disaster loan money and jack the interest rates up to victims of disaster who are suffering and cannot really afford to pay any higher interest, but we are going to demand that of them.

I would suggest to my colleagues that we would have been in worse shape coming out of the small business conference had it not been for

the enormously good and decent work done by the distinguished ranking minority member, the gentleman from Pennsylvania (Mr. McDADE) and all of the members of the House committee who worked very, very hard to try to minimize the impact of what we were forced to do.

I would suggest this: Despite the action that this House will take today—and the Members will vote for the conference report, I know; I will not, not under any circumstances—we will come to regret what we have done. I predict that in some future years we are going to be scrambling around trying to make up for the enormous hurt that we have imposed on people. I may be wrong, but I do not think that I am and I do not think that day is far off when we will be paying the penalty.

Mr. Speaker, under the terms of our savings instruction, the Small Business Committee was required to effect savings of about \$500 million per year. We did this.

The Senate, however, saved even more and inflicted even greater harm on the small business community and on disaster victims.

The conferees have worked out the differences and I want to commend and congratulate my colleagues who cooperated so well in performing this difficult duty.

We were forced to reduce the amount of direct loan assistance even below the low amounts proposed by the President and approved by the House. This means that even more small businesses and prospective small businesses, who are already denied loan assistance in the private sector, are now also going to have their last hope denied them—the possibility of Government assistance.

In addition, Federal assistance to victims of floods, tornadoes, hurricanes, and other natural disasters is being reduced.

In the past, we have always shown compassion for those people whose lives have been devastated by disasters. We have provided them with low interest loans limited to the net amount needed to restore their property to predisaster conditions. Now we are going to continue some loan assistance, but at interest rates much higher than under existing law and we are limiting businesses to 85 percent of the needed funds. Where are they going to get the rest of the money, especially those who SBA determines cannot obtain the funds elsewhere, I do not know.

Mr. Speaker, I am ashamed of some of the changes we are making in the name of "reconciliation." What we are doing is attempting to balance the Federal budget directly from the hides of the poor, the disadvantaged and the victims of disasters. We are withdrawing the helping hand which we have

previously extended and this is wrong. I do believe, however, that we have done our best in the conference to minimize this wrong and to moderate its impact through some program changes. For this effort I again congratulate my fellow Small Business Committee conferees, both majority and minority: Mr. SMITH of Iowa, Mr. ADDABBO, Mr. GONZALEZ, Mr. LaFALCE, Mr. BEDELL, Mr. McDADE, the ranking minority member, Mr. BROOMFIELD, Mr. MARRIOTT, and Mr. WILLIAMS, of Ohio.

The agreement of the conferees on the small business portion covers the following topics:

#### SAVINGS

Under the terms of the reconciliation instruction, the House Small Business Committee was required to make the following savings from the baseline (i.e., from current policy levels):

	1982		1983		1984	
	B/A	Out-lays	B/A	Out-lays	B/A	Out-lays
Baseline.....	1,149	1,709	1,253	1,110	1,392	1,303
Savings.....	-526	-390	-564	-541	-554	-533
Net.....	623	1,319	689	569	838	770

Although we have not received an exact computation from the CBO, the Conferees believe that they have achieved these savings. Major items included:

#### 1. DISASTER LOANS—INTEREST RATE FOR HOMEOWNERS

Existing law sets the interest rate on SBA disaster loans to homeowners for repair or replacement of a primary residence at 3 percent of the first \$55,000.

The conference substitute authorizes SBA to set the interest rate for homeowners unable to obtain credit elsewhere but not more than one-half the cost of money to the Federal government for comparable length Federal borrowings plus up to 1 percent at SBA's discretion, and not more than 8 percent.

The rate for homeowners able to obtain credit elsewhere would be set by SBA but not more than the full cost of money plus up to 1 percent (today 15.3 percent).

#### 2. DISASTER LOANS—RATES FOR BUSINESSES WITHOUT CREDIT ELSEWHERE

Existing law sets the interest rate on SBA disaster loans to businesses unable to obtain credit elsewhere at 5 percent.

The conference substitute sets this interest rate at not to exceed 8 percent.

#### 3. DISASTER LOANS—RATES FOR BUSINESSES WITH CREDIT ELSEWHERE

Existing law sets this rate based on a formula involving the cost of money to the Federal government for comparable length Federal borrowings, plus up to 1 percent at SBA's discretion, on up to \$500,000, but existing law further limits these loans to an initial term of three years.

The conference substitute authorizes the SBA, after discussion with the Secretary of Agriculture, to set the rate but not to exceed the rate prevailing in the private market and not to exceed the maximum rate for guaranteed loans as determined by SBA pursuant to section 7(a) of the Small Business Act (today about 20 percent). In



addition, the Conference Substitute sets the maximum term of the loan at three years.

#### 4. DISASTER LOANS—SBA REGULATION OF MARCH 19TH

On March 19, 1981, SBA limited business disaster loan applicants to 60 percent of the amount of net actual loss and denied disaster loans to credit worthy businesses. SBA also limited economic injury loans under section 7(b)(2) of the Small Business Act to \$100,000 per borrower. The change was made effective immediately and applied to pending and future applicants.

The conference substitute requires SBA to revise its action as to pending applications and to provide the following assistance:

(a) credit worthy business applicants (who previously were denied any assistance) would receive loans for 85 percent of net actual loss. These loans would be made for a maximum term of three years and would bear interest at a rate determined by the Administration as not exceeding that prevailing in the private markets and also not exceeding the maximum rate as prescribed by SBA for regular business loans (today 20 percent); but, if the Administrator determines that imposition of these provisions would impose a substantial hardship on the applicant, he would be authorized, in his discretion on a case-by-case basis, to waive these provisions and provide assistance as was provided to credit worthy applicants under rules and regulations in effect at the time the disaster commenced (that is, at lower interest rates).

(b) non-credit worthy business applicants (who previously were limited by SBA to loans for 60 percent of net actual loss) would receive loans for 100 percent of net actual loss. The interest rate would remain the rate in effect at the time the disaster commenced.

(c) The maximum ceiling for economic injury loans would be restored to \$500,000 per borrower.

#### 5. DISASTER LOANS—LIMIT ON LOANS TO PERCENT OF ACTUAL LOSS

Existing law requires loans of 100 percent of the amount of actual net loss (OMB interpretation to the contrary).

The conference substitute more clearly requires SBA to provide 100 percent to homeowners and 85 percent to businesses.

#### 6. DISASTER LOANS—ECONOMIC INJURY

Existing law authorizes loans to small businesses who have suffered substantial economic injury (i.e., loss of business) due to their being located in an area struck by a physical disaster. The physical disaster must have been of such magnitude as to warrant a declaration by the President, SBA, or the Secretary of Agriculture; however, the governor of the state can request SBA assistance even if there has been no declaration. SBA imposes a credit elsewhere test by regulation to determine eligibility.

The conference substitute continues existing law, but imposes a statutory credit elsewhere test.

#### 7. NONPHYSICAL DISASTER LOANS

Existing law establishes seven categories of nonphysical disaster loans (for example, regulatory compliance, product disaster, economic dislocation, etc.) and water pollution control loans.

The conference substitute rewrites these eight programs into a new Federal action loan program, but expressly provides that there will be no funds in fiscal years 1982-1984 for this program.

#### 8. 1981 PROGRAM LEVELS AND AUTHORIZATIONS

Existing law provides 1981 authorizations and specifies program levels and salary and expense levels.

The conference substitute does not change existing law except on one program: it increases the maximum amount of pollution control contract guarantees to \$180 million in lieu of existing law of \$110 million.

#### 9. PROGRAM LEVELS (1982-84)

The conference substitute provides the following program levels for fiscal years 1982-1984:

(In millions of dollars)

	1981 appropriated	1982 authorized	1983 authorized	1984 authorized
Regular business:				
Direct	219	125	125	125
Guaranteed	4,000	2,808	2,708	2,708
Handicapped:				
Direct	25	15	15	15
Guaranteed	5	5	5	5
Economic opportunity:				
Direct	65	45	45	45
Guaranteed	70	60	60	60
Energy conservation:				
Direct	10	10	10	10
Guaranteed	33	17	17	17
Development company:				
Direct	6	0	0	0
Guaranteed	250	250	350	350
Small business investment company:				
Direct	42	35	35	35
Guaranteed	160	160	160	160
Total direct	367	230	230	230
Total guaranteed	4,518	3,300	3,300	3,300
Disaster:				
Physical	2,020	(1)	(1)	(1)
Nonphysical	50	0	0	0
Surety bonds:	1,600	1,400	1,400	1,400
Pollution bonds:	100	250	250	250

<sup>1</sup> The statute authorizes such sums as may be necessary and appropriate to carry out the physical disaster loan program.

#### 10. SALARIES AND EXPENSES (1982-84)

The conference substitute authorizes \$227 million, \$233 million and \$239 million for salaries and expenses for fiscal years 1982, 1983 and 1984, respectively.

#### 11. AUTHORIZATIONS

The conference substitute provides authorizations for fiscal years 1982-1984 as follows:

(In millions of dollars)

	1981 appropriated	1982 authorized	1983 authorized	1984 authorized
BLUF (business loans and SBIC)	609	362	408	531
Surety bond guarantees	30	30	30	30
Disaster loans	1,700	(1)	(1)	(1)
R/E lease guarantees	4	4	4	4
Salaries and expenses	221,945	227	233	239
Total	1,564,945	523	675	804

<sup>1</sup> The statute authorizes such sums as may be necessary and appropriate to carry out the physical disaster loan program.

#### 12. LOAN CONSOLIDATION

The conference substitute consolidates specific programs for trade adjustment loans under section 7(e), handicapped assistance loans under section 7(h), economic opportunity loans under section 7(i), solar and energy conservation loans under section 7(l) and development company loans into section 7(a); however, in addition to the export assistance and ESOP loan provisions as currently contained in section 7(a), the revised section 7(a) also contains a specific enumeration of all now permissible uses and those contemplated under the consolidated program. That is, in addition to the general

language, section 7(a) contains provisions specifying that this program can provide assistance to homebuilders, to handicapped, for economic opportunity, for energy conservation, to development companies, for export financing, and for ESOP's.

#### 13. MAXIMUM GUARANTEED LOAN

The conference substitute establishes a uniform maximum amount of a guaranteed loan at \$500,000.

#### 14. MAXIMUM MATURITY

The conference substitute increases the maximum maturity of SBA loans to twenty-five years plus construction time.

#### 15. DIRECT LOAN INTEREST RATES

The conference substitute authorizes SBA to prescribe the direct loan interest rate but not to exceed that determined under a formula involving the average market yield on comparable length marketable obligations of the Government, plus an additional amount as determined by the SBA Administrator, but not exceeding 1 percent per year, (this would yield 15.3 percent presently), except that loans to handicapped individuals or to organizations for the handicapped would be continued at a 3-percent interest rate.

#### 16. USE OF SBA LOANS FOR REFINANCING

The conference substitute specifies conditions under which SBA loans may be used to refinance prior indebtedness and limits loans for such purpose to an 80-percent guarantee rather than 90 percent. SBA would report on the effectiveness of this provision and it is sunset October 1, 1985.

#### 17. PERCENT OF LOAN GUARANTEED

The conference substitute provides that guaranteed loans of \$100,000 and less must carry at least a 90-percent guarantee; that guaranteed loans over \$100,000 up to about \$715,000 receive a guarantee of between 70 percent and 90 percent; that SBA only reduce such guarantees below 90 percent on a case-by-case basis; and that SBA not use the guarantee percentage as a test of giving priority consideration. Guaranteed loans over approximately \$715,000 must have a guarantee of less than 70 percent.

#### 18. EXTENDING TERM OF EXISTING LOANS

The conference substitute authorizes SBA to agree to an extension of the term, or refinancing (if it results in an extension of term) of an outstanding SBA 7(a) guaranteed loan if: (a) all parties to the loan so agree; (b) the extended term does not exceed the maximum term of a SBA 7(a) loan permitted by law; and (c) the extended loan or refinancing is to be repaid in equal installments of principal and interest.

If the extended loan or refinancing results in a new term of longer than ten years, the lender is authorized to charge the borrower a one-time fee of 1 percent of the outstanding principal of the loan. Major items not included:

#### 1. EXCLUSION OF CREDIT WORTHY DISASTER LOAN BORROWERS

The conference substitute eliminates a Senate proposal to deny eligibility to all credit worthy disaster loan applicants.

#### 2. EXCLUSION OF AGRICULTURAL PRODUCERS

The conference substitute eliminates a Senate proposal to prohibit SBA from denying assistance to small agricultural producers.

## 3. ANNUAL CAP ON DISASTER LOANS

The conference substitute eliminates a House proposal to cap the annual amount of physical disaster loans.

## 4. SALE OF NOTES

The conference substitute eliminates a House proposal to direct SBA to sell direct loans now held in its portfolio in order to obtain additional cash flow.

## 5. SBA GUARANTEE LOAN FEE

The conference substitute eliminates a House proposal to prohibit a financial institution from directly passing on to a borrower the 1 percent fee imposed by SBA on guaranteed loans.

## 6. OPTIONAL LOAN REPAYMENT PROGRAM

The conference substitute eliminates a House proposal to specifically authorize a new optional SBA loan repayment provision. If SBA, the financial institution and the borrower had agreed, interest only payments could have been made during the first few years of a loan.

## 7. ATTORNEY FEE REIMBURSEMENT

The conference substitute eliminates a House proposal to tighten eligibility criteria for reimbursement for attorney fees under the Equal Access to Justice Act, and to require payment of such fees from the agency's budget by repealing an authorization for appropriation of amounts specifically for this purpose.

Mr. HOWARD. Mr. Speaker, my good friend and ranking minority member of the Committee on Public Works and Transportation, the Honorable DON H. CLAUSEN, joins me in making the following statement:

One hundred and forty-five years ago last month Abraham Lincoln wrote: "All who share the privilege of the government must assist in bearing its burdens." And, in this same spirit, the Committee on Public Works and Transportation labored to achieve a final legislative savings conference package in full recognition that necessary reductions should be undertaken over the full range of Federal activities.

That package, which will be finalized by the Congress today, represents the culmination of four months of extensive budget-related activity involving most of the Committees of the House and Senate. For the Committee on Public Works and Transportation it began in March with submission of a Views and Estimates Report to the Budget Committee, followed by formulation of a proposed legislative savings package pursuant to the reconciliation directive of the First Budget Resolution, and, lastly, resolution of conference issues to the satisfaction of both Houses.

Overall, for the Committee on Public Works and Transportation, the road from early March to today has been an arduous one. The final product—premised upon the unqualified commitment of this Committee to comply fully with the Budget Resolution directive and upon its recognition of the need to control inflation and to reduce spending to achieve economic recovery—is the result of substantial discussion and painstaking decisions regarding many of the programs over which many Members have labored hard and long.

## VIEWS AND ESTIMATES REPORT

Section 301(c) of the Budget Act requires that all standing committees of the House and Senate by March 15 submit to the Budget Committees their views and esti-

mates with regard to all budget matters within their jurisdiction.

In its March 1981 submission, the Committee on Public Works and Transportation addressed the major issues of water resources, surface transportation, public buildings and grounds, aviation, and economic development.

From the needs of the U.S. Army Corps of Engineers the Committee proposed some \$230 million in budget cuts. These cuts included 26 water resources studies, 35 water projects, various erosion and flood control projects, cuts in recreation facilities, navigation projects, maintenance activities, and manpower reductions.

The Committee also proposed that the decision to impose increased fees for inland waterways users be delayed until the results of the "User Charge Impact Study" are reviewed, and that in the interim some form of the Water Resources Council be retained.

In considering the Environmental Protection Agency (EPA) wastewater treatment programs, the Committee recognized that reforms would be forthcoming in the construction grants program. Notwithstanding this, the Committee also recommended a minimum appropriation of \$100 million to maintain State management programs and staffs until funding becomes stabilized through enactment of legislative changes.

In the area of transportation, the Committee indicated that the section 402 highway program should continue in full force, opposed the transfer of the territorial highway program to the Department of Interior, opposed the elimination of Federal financing of the secondary and urban systems programs, found it premature to limit the Secretary of DOT's authority to incur highway program obligations, and recorded its position that no reconciliation bill should include substantive legislative provisions or specific funding authorizations for public highway programs. The Committee also disfavored any immediate change in authorizations for 55 MPH enforcement, innovative grants, school bus driver training or accident data collection programs. Various cuts in mass transit capital grants programs were also supported.

In the area of public buildings, the Committee recommended a turn-around in the Federal expenditure for leased space.

For aviation, the Committee recommended \$450 million in fiscal year 1981 and 1982 for airport and airway development programs and \$750 million for each of fiscal years 1981 and 1982 for FAA facilities and equipment.

A level of funding of \$360 million was suggested for the Economic Development Administration (EDA) as the minimum level of funding to maintain the agency's operations in fiscal year 1982 at the lowest viable level.

The Committee supported elimination of the Title V regional commission programs and continued fiscal year 1982 funding for the Appalachian Regional Commission (ARC) at \$204 million for both highway and non-highway programs. Further, the Committee did not support the transfer of the ARC highway program to DOT, or the financing of it through the highway trust fund.

## RECONCILIATION DIRECTIVE

The budget resolution which passed the Congress on May 21, 1981, assumed control of Federal spending as a critical and primary element of any serious anti-inflation policy, and rampant inflation as the single most profound threat to our economy and to our future domestic security. Accord-

ly, the spending decisions underlying that resolution spanned the programmatic gamut from defense to social issues, from individual to business tax cuts, and from business to investment incentives. It was the latter—investment programs, and specifically those spending reductions associated with public works investment programs—that are of primary concern to the Committee on Public Works and Transportation.

Section 301(11) of the Conference Report to accompany the First Concurrent Resolution on the Budget for fiscal year 1982 directed the Committee on Public Works and Transportation to change laws within its jurisdiction to achieve savings in authorization programs of \$6,346 million in budget authority and \$1,033 million in outlays for fiscal year 1982, and in direct spending programs, \$185 million in outlays for fiscal year 1982.

In addition, savings amounts were also included for fiscal years 1983 and 1984, as follows: in authorization programs, \$5,122 million in budget authority and \$2,665 million in outlays for fiscal year 1983; \$6,241 million in budget authority and \$4,355 million in outlays for fiscal year 1984; and in direct spending programs, \$900 million and \$1,365 in outlays for fiscal years 1983 and 1984, respectively.

The legislative recommendations submitted by the Committee more than accomplished these reductions. For fiscal year 1982, specific legislative changes were included to effectuate corresponding legislative savings. Since the reductions required for fiscal years 1983 and 1984 were assumed in programs not currently authorized beyond fiscal year 1982, no specific legislative language was included for these, consistent with Budget Committee guidelines. However, when these programs are considered for reauthorization, the Committee stated that it will achieve the aggregate outyear reductions.

In addition, the Congressional Budget Office included some estimates of specific program funding levels for fiscal years 1983 and 1984. The Committee noted that it did not participate in the development of these estimates and did not, therefore, necessarily agree with them. The Committee reserved all of its options in dealing with these programs when they are considered for reauthorization.

In formulating its submission, the Committee not only achieved its overall dollars targets for fiscal year 1982, but demonstrated additional savings of approximately \$28 million in budget authority and approximately \$429 million in outlays, as estimated by the Congressional Budget Office. In addition, the Committee estimated that net fees in the amount of \$102 million would be collected by the Federal government in fiscal year 1982 under the provisions contained in Subtitle D, the so-called Superfund legislation.

## BUDGET COMMITTEE AND FLOOR ACTION

Following its markup on the reconciliation submissions, the Budget Committee prepared a substitute bill (H.R. 3964) which, among other things, addressed certain jurisdictional matters contained in the Committee's original submission. One such issue—the comprehensive oil spill liability fund—was not included in that substitute because of differing versions originally submitted by the Public Works Committee and the Committee on Merchant Marine and Fisheries.

Accordingly, the text of that substitute which was made in order pursuant to the



rule as the original bill (H.R. 3982 for purposes of amendment, contained all the submissions from the Committee on Public Works and Transportation, other than Superfund.

None of the amendments to H.R. 3982, including the so-called Gramm-Latta II, directly affected any of the matters under the jurisdiction of the Committee on Public Works and Transportation, and Title XI of the bill.

Accordingly, H.R. 3982, as amended and passed by the House, included the original submission of the Committee on Public Works and Transportation less inclusion of the Superfund issue, pursuant to Budget Committee action.

#### PROGRAMMATIC CONCERNS

Within the context of addressing the various budget issues, the Committee maintained its belief that minimum funding sufficient to rebuild and revitalize various aspects of the public sector infrastructure must be assured so as to avoid undercutting the long-term impact of the President's program of economic recovery and revitalization.

The record is clear on this.

Today, the Federal Government is contributing to capital investment in highways and bridges, an integrated system of airports and electronically-controlled airways, harbors and waterways, urban and rural transportation systems, flood control structures, industrial parks and municipal wastewater treatment plants.

It is because this Committee shares the President's dream of a revitalized, reindustrialized America that we accord great priority to these programs, on which so much of the private economy's vitality depends.

The construction and preservation of an adequate highway system is an essential element of the national economy. Without such a system, there can be no possibility of achieving the economic recovery and industrial revival the President has called for.

The Federal-aid highway system in which we have invested billions over the past quarter century—\$74 billion for the Interstate alone—is deteriorating at an alarming rate because of deferred capital improvements and maintenance. Nearly 26,000 miles of Interstate, arterial and collector highways are in immediate need of major resurfacing or reconstruction, and on the Federal-aid system alone there are more than 55,000 deficient bridges. Merely to restore the highways to their 1975 condition and keep them that way would have required an annual investment of \$14 billion a year for capital investments in 1975 constant dollars, according to a 1977 Department of Transportation needs report.

The capital needs of our Federal-aid highway system are only part of the picture. With the nationwide awakening to the new realities of energy and economy in transportation, greater than ever demands have also been placed on our Nation's public transit systems.

Transit use and its capital needs have increased accordingly. In fact, the National Transportation Policy Study Commission projects needs for Federal-aid of about \$130 billion (in 1975 dollars) for urban transit capital requirements through the year 2000, with rural public transit capital needs expected to be about \$5 billion.

Only through the continued support for capital investment in mass transit can the demonstrated need for this mode be met. The future of public transportation depends on continuation of our financial investment

at levels that will assure essential service and reliability for our Nation's transit system.

A similar case can be made for the protection of our capital investment in airports and air traffic control systems. We have fallen behind the needed rate of investment in these facilities to the point where the Department of Transportation and the Federal Aviation Administration are warning that they may be forced to constrain traffic growth in the next few years because of the saturation of runway and air traffic capacity. And we are at the beginning of a decade in which the number of air passengers is expected to double.

According to the National Airport System Plan, it will cost \$2.04 billion in 1978-79 dollars to maintain the existing system, a total of \$4.36 billion to bring it up to standard, or a total of \$12.67 billion to expand the system to accommodate increased demand over the years 1980-89. This will move us toward the development of the national plan of integrated airport systems that will be needed to accommodate the Nation's aviation needs.

Consider also the need for continuing capital investment in our waterways, which handle fully one-fourth of all our inter-city commercial cargo at an energy efficiency equal to or better than that of railroads; or what deferred capital investment has meant for our seaports in the new age of supertankers and giant cargo carriers; or the commitment over the past eight years in the form of Federal funding for wastewater treatment plants.

Consider two various targeted economic development assistance programs which have yielded the taxpayers a significant return on their investment.

These and many other public works programs do not represent investment in frills; the needs and health of the public, the environment and the economy as a whole are what is at stake.

Recognizing this, the Committee believes that the only responsible course over the immediate future is to strike a careful balance between spending cuts and programs of public investment. In a spirit of bipartisanship, the Committee fashioned a legislative savings conference package which, it believes, achieved that end.

#### CONFERENCE AGREEMENT

A program-by-program summary of the major issues (focusing on fiscal year 1982 spending reductions) of that conference agreement is as follows:

##### ADAP

Reduces fiscal year 1982 spending by \$189 million in budget authority and \$46 million in outlays from CBO's current policy baseline by setting the total amount available for obligation in fiscal year 1982 for the grants-in-aid to airports programs at \$600 million (expressed as an aggregate of \$1,050 million for fiscal years 1981 and 1982). For fiscal year 1981, \$450 million is authorized for the ADAP program with language also included providing for one-year extension for fiscal year 1981.

##### Interstate Commerce Commission (ICC)

Reduces fiscal year 1982 spending by \$11 million in budget authority and \$10 million in outlays by setting authorization caps for the ICC at \$79 million for fiscal year 1982; \$80.4 million for fiscal year 1983; and \$80.4 million for fiscal year 1984.

##### Federal-aid highways

Reduces fiscal year 1982 spending by \$500 million in outlays (from CBO baseline of

\$8.6 billion) by setting the obligation ceiling for the Federal-aid highways account at \$8.2 billion in fiscal year 1982 with a limitation in the first quarter of 25 percent of the total. Also included is a fiscal year 1983 obligation ceiling of \$8.8 billion. Neither ceiling applies to emergency relief or certain bridge acceleration projects. Language related to distribution of the limitation is also included.

##### Highway safety

Reduces fiscal year 1982 spending by \$320 million in budget authority and \$110 million in outlays.

For each of fiscal years 1982, 1983, and 1984, \$100 million is authorized for NHTSA's portion of the Section 402 highway safety program. Of this amount, \$20 million is earmarked each year for enforcement of the 55-mph speed limit. In addition, States must use at least 2 percent of their 402 funds each year for programs to encourage the use of safety belts.

For each of fiscal years 1982, 1983, and 1984, \$10 million is authorized for FHWA's portion of the Section 402 highway safety program.

For fiscal year 1982, the Section 402 highway safety program will continue to operate as it has in the past.

For fiscal year's 1983 and 1984, funding will be targeted on those programs and activities which are determined to be "most effective" in reducing accidents, deaths and injuries.

On October 1, 1982, the Gray Amendment will be repealed, thereby allowing NHTSA to repeal or revise the 18 highway safety standards after that date.

An obligation ceiling of \$100 million is imposed on the NHTSA portion of the program, and of \$10 million on the FHWA portion of the program, for each of fiscal year's 1982, 1983, and 1984.

\$133 million in old NHTSA 402 funding is rescinded, as is \$40 million in old FHWA 402 funding.

No funding is provided for the following programs: innovative grants, 55-mph incentive grants, accident data, and 55-mph categorical grants.

The schoolbus driver training program is phased out over a 3-year period, with \$2.5 million authorized in fiscal year 1982, \$1.5 million in fiscal year 1983, and zero in fiscal year 1984. This program will not be subject to an obligation ceiling.

The enforcement criteria for the 55-mph speed limit has been reduced to 50 percent, and the 55-mph sanction has been set at 5 percent for fiscal year's 1982 and 1983, and 10 percent for subsequent fiscal years.

##### Urban mass transit

Reduces fiscal year 1982 spending by \$1,321 million in budget authority and \$200 million in outlays by curtailing the following UMTA programs—sec. 3, 18, miscellaneous appropriations, sec. 5 Tiers I-III, and sec. 5, bus tier—by limiting the total amount of interstate transfers (for public mass transportation projects), and by setting an overall fiscal year 1982 funding cap at \$3,792 million (not including \$220 million deferred from fiscal year 1981).

##### EPA wastewater treatment construction grants

Reduces fiscal year 1982 spending by \$3,560 million in budget authority and \$228 million in outlays by paring the 1982 authorization for the EPA wastewater treatment construction grants program from the currently authorized level of \$5 billion to

zero, with \$2.4 billion contingent reform language tied to the general authorization only. In addition, \$40 million is provided for the section 205(g) programs.

*EPA—Nonenergy R. & D. and abatement*

The provisions limiting the total amount authorized to be appropriated to the Administrator of the EPA for non-energy research and development activities and for the abatement control and compliance activities were dropped from the bill.

*Corps water projects*

Reduces fiscal year 1982 spending by \$178 million in budget authority and \$133 million in outlays by establishing the authorization ceiling for the Corps of Engineers construction general account at \$1,547 million for fiscal year 1982; \$1,688 million for fiscal year 1983; and \$1,575 million for fiscal year 1984.

*TVA project*

Reduces fiscal year 1982 spending by \$202 million in budget authority and \$95 million in outlays by prohibiting the authorization of appropriations of funds for the North Alabama Coal Gasification Project in fiscal years 1982-1984.

*EDA*

Reduces fiscal year 1982 spending by \$376 million in budget authority and \$200 million in outlays by limiting the authorization to appropriate funds for EDA programs to a total of \$290 million in fiscal year 1982. All existing authorizations to appropriate funds to EDA for redevelopment loans, supplemental and basic grants to states, bonus grants to economic development districts, Indian economic development grants, disaster area economic recovery assistance, and job opportunity programs are also repealed.

All authority to appropriate funds for Title V Regional Commissions in fiscal year 1982 would also be repealed, thereby achieving a savings of \$46 million in budget authority and \$44 million in outlays.

*Appalachian regional development*

Reduces fiscal year 1982 spending by \$228 million in budget authority and \$139 million in outlays by limiting existing 1982 authorizations for both highway construction and regional development activities of the Appalachian Regional Commission to a total of \$215 million (\$50 million for non-highway; \$165 million for highway activities).

*Corps of Engineers special recreation user fees*

Reduces fiscal year 1982 spending by \$200 thousand in budget authority (with minimal outlay savings) by limiting the amount appropriated to DOD for special recreation user fee programs of the Corps at \$5.2 million for fiscal year 1982; \$6 million for fiscal year 1983; and \$6 million for fiscal year 1984. Also included is an fiscal year 1981 funding level of \$5 million consistent with appropriations action on this issue.

*DOT Office of the Secretary*

Reduces fiscal year 1982 spending (minimal amount) by limiting certain amounts authorized for various activities of the Office of the Secretary of Transportation.

*Transportation research and special programs*

Reduces fiscal year 1982 spending by \$16 million in budget authority and \$10 million in outlays by setting authorization caps for the DOT Research and Special Programs Administration at \$30.047 million for fiscal year 1982; \$32.3 million for fiscal year 1983; and \$33.3 million for fiscal year 1984.

*Water resources policy, planning, and research*

Reduces fiscal year 1982 spending by \$23 million in budget authority and \$15 million in outlays by setting an authorization cap for water research at \$23.6 million, and for a National Board on Water Policy at \$12.5 million contingent upon enactment of such Board.

*Ocean dumping*

All provisions relating to ocean dumping were dropped from the bill.

*CAB payments to air carriers*

The House provision capping the appropriated amount for CAB payments to air carriers was dropped from the bill.

*WORD OF APPRECIATION*

As mentioned in the beginning of this statement, we have come to the point where we are today after four months of hard work and painstaking decisions.

The original reconciliation directive to the Committee on Public Works and Transportation represented reductions of nearly 25 percent of the Committee's total authorization amount. To achieve more savings than were required, to do so in a bipartisan fashion, and to fashion a package in full recognition of needs as well as savings, is a credit to the professionalism and dedication of all Members of the Committee on Public Works and Transportation.

Accordingly, on behalf of the leadership of the Committee, we would like to take this opportunity to extend our sincere appreciation to all Committee Members on a job well done. In addition, we would like to note special recognition to the conferees representing the Committee on the various reconciliation subconferences: Messrs. Anderson, Roe, Levitas, Oberstar, Fary, Snyder, Hammer-schmidt and Hagedorn; as well as Messrs. Mineta and Shuster who, as Budget Committee conferees had the awesome responsibility of monitoring over fifty subconferences.

Each and every Member of the Committee played an important role in achieving a successful resolution of the various spending issues facing this Committee.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. McDADE).

Mr. McDADE. Mr. Speaker, I rise in support of the conference report.

I want to express my deep gratitude to the chairman of the committee and the members of the conference for the spirit of accommodation under which we all worked. I look forward to the passage of this bill.

The conferees struggled with some very difficult issues and a compromise that pleased no one emerged. The baselines with which we labored were, at best, inaccurate. Moreover, the Senate and House baselines were not the same.

Nonetheless, we have trimmed outlays in order to make the tax reductions possible. Small business owners will be required to make adjustments. However, those business owners are willing to make these sacrifices in the hope that our economy will improve. As with one voice, the small businessmen and women call out to us to lower the interest rates and reduce taxes.

They say if relief is not soon in coming the neighborhood business we all know and appreciate will be gone. This reconciliation bill is their pledge of support; we must not fail them. They are our hope for economic revitalization, for innovations of the future and our only hope for employing the thousands of able-bodied unemployed who want to work, but cannot find jobs. Small businesses provide over 90 percent of nongovernmental jobs and we must look to them if we want economic progress.

We have asked small businesses to join with us to cut their programs. They expect to see regulations and paperwork simplified, inflation lowered, and interest rates decline. It is our hope that we have taken an important step yesterday and today in controlling runaway spending and attendant inflation and revitalizing America by enacting the Nation's largest tax cut.

Mr. JONES of Oklahoma. Mr. Speaker, I have no further requests for time.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. GRAMM).

Mr. GRAMM. Mr. Speaker, I thank the gentleman from Ohio for yielding.

I would like to say first that I think thanks are due to the ranking minority member of the Budget Committee, and also to the gentleman from Oklahoma (Mr. JONES) and the gentleman from California (Mr. PANETTA), who provided the leadership necessary to steer this important bill through conference.

I think with this reconciliation bill and with the tax bill, we are making history. I think we have a real opportunity to change the direction of the country.

This is the easy part, however, because now we have to make it work. On hundreds of appropriations bills over the next decade, on budgets that have to come forth with additional cuts, we have an opportunity to balance the budget and change the direction of the country.

I hope we can use that opportunity. I hope those who are here today supporting this historic piece of legislation will see the effort through in the hard, day-to-day work that it is going to take to make it work.

I thank the gentleman for yielding.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. GRAMM. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I certainly would be remiss if I did not take this time to thank and commend the gentleman from Texas (Mr. GRAMM) who has just spoken for all the efforts he has put forth to bring us down to this point. I think we owe him a debt of gratitude, as does the Nation.



Mr. LATTA. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Speaker, first a little commercial.

This is Hall of Fame Weekend in Canton, Ohio. We will be inducting four new members into the Pro Football Hall of Fame. The 1981 enshrinees are Morris "Red" Gadgro, George Blanda, Willie Davis, and Jim Ringo.

The festivities began this morning with a mayor's breakfast in the Canton Memorial Civic Center, hosted by Canton's mayor, the Honorable Stanley A. Cmich and attended by over 2,000 people, including the 1981 enshrinees and other celebrities. The afternoon entertainment is Ohio's largest fashion show, attended by an audience of over 3,000. The Enshrinees Civic Dinner this evening will be attended by past enshrinees, film and television stars, football players, coaches, team owners and government officials, along with 2,300 lucky ticket holders.

The program for Saturday includes the Hall of Fame Festival Parade, which ranks as one of the largest and most exciting in the United States. In the early afternoon, the four sports greats will be enshrined into the Hall of Fame, in what promises to be an emotion-packed ceremony. The final event—the nationally televised Hall of Fame Game between the Atlanta Falcons and the Cleveland Browns—will kick off on Saturday afternoon. The game marks the official opening of the 1981 exhibition season, and caps off this very special weekend.

Mr. Speaker, today I believe we are doing exactly what the people told us to do. They said, "Cut the budget and cut taxes, but cut the budget first." In the sequence of events, we are going to approve the budget cuts today, and next week we are going to approve the tax cuts.

We could say many things about the leadership in accomplishing this objective, but I simply would point out that I think both sides of the aisle exercised the highest levels of statesmanship. The leadership abided by its agreements. There was a great spirit of cooperation on both sides. Parochial concerns were submerged in the interest of responding to the will of the House and the will of the people.

We can talk all we might choose to about who are the winners and who are the losers, but I would simply say one thing, that the winners in this historic event were the American people. They are the winners because we are redirecting the Federal Government. This will allow us to have the tax and spending cuts that are necessary to revitalize the economy of this Nation.

Mr. FOLEY. Mr. Speaker, I rise in support of the adoption of the conference report on H.R. 3982, the Omnibus Budget Reconciliation Act of 1981.

As you are aware, the conference on budget reconciliation was the largest and most complicated conference ever held. For nearly 2 weeks 255 Members of the House and the Senate participated as conferees in 58 separate sub-conferences, working extremely long and hard hours to resolve differences spanning the jurisdiction of 17 different House committees.

I want to compliment the members of the conference for their work in this extremely difficult task and would like to particularly commend the efforts of my distinguished colleagues, Mr. JONES of Oklahoma and Mr. PANETTA of California, for their tireless efforts in helping bring about a final agreement.

This conference agreement will achieve savings of \$35 billion in fiscal year 1982, \$44 billion in fiscal year 1983, and \$51 billion in fiscal year 1984, for a total savings of \$130 billion. The agreement itself represents the largest economic measure ever passed in U.S. history. It is a balanced package that achieves the mandated budgetary goals to cut Federal spending while preserving a number of important programs which serve the basic needs of people.

While there may be those who will disagree with particular items contained in the conference report, the final conference package is clearly a vast improvement over the reconciliation bills initially adopted by the House and the Senate.

Mr. Speaker, I support the conference agreement and will cast my vote in favor of the adoption of this proposal.

● Mr. MONTGOMERY. Mr. Speaker, I am very pleased with the compromise reached with the other body on that part of the reconciliation conference agreement relating to veterans' benefits and services.

The compromise agreement, if enacted, will modify eligibility criteria for certain burial benefits and outpatient dental benefits. In addition, the agreement would change the level of the educational allowance paid for correspondence training and would preclude new enrollments for flight training after August 31, 1981.

It should be noted that we have reached the total reduction in spending levels our committee was instructed to bring about—\$110 million in budget authority and outlays in fiscal year 1981; \$108 million in 1983 and \$106 million in 1984.

Mr. Speaker, I want to personally thank the very distinguished chairman of the Senate Committee on Veterans' Affairs, the Honorable ALAN SIMPSON, and the very able ranking minority member of that committee, the Honorable ALAN CRANSTON, for their splendid cooperation in bringing about a resolution of the differences between the House and Senate-passed

bills. I also want to thank Senators BOB KASTEN, FRANK MURKOWSKI, and JENNINGS RANDOLPH, who worked with us in reaching our agreement.

I want to pay special tribute to our own distinguished ranking minority member, the very able JOHN PAUL HAMMERSCHMIDT, who devotes so much of his time to helping veterans, for his usual cooperation, advice, and counsel. I am most grateful for the cooperation and understanding of DON EDWARDS, BOB EDGAR, SAM HALL, MARVIN LEATH, MARGARET HECKLER, CHALMERS WYLIE, and HAL SAWYER, our other conferees.

Finally Mr. Speaker, I want to acknowledge the cooperation we received from Wendell Belew and Martha Grundmann of the Budget Committee; Nina Shepherd and Al Peden of the Congressional Budget Office; the entire staff of the Senate Veterans' Affairs Committee, and various members of the central office staff of the Veterans' Administration.

Mr. Speaker, there follows a brief explanation of the agreement reached with the other body and the changes in existing law made by the compromise agreement:

#### 1. BURIAL BENEFITS

*House bill.*—The House bill would limit payment of non-service-connected burial benefits—\$300 for burial and funeral expenses and a \$150 plot allowance—to those cases in which the deceased veteran's annual income, including spouse's income, does not exceed \$20,000. This limitation would be effective only with respect to deaths occurring during fiscal years 1982 through 1984.

*Senate amendment.*—The Senate amendment would generally limit the payment of both benefits to those cases in which the deceased veteran was entitled to receive Veterans' Administration service-connected disability compensation for a disability rated at 30 percent or more in the cases of deaths occurring in the last three months of fiscal year 1981, for a disability rated at 20 percent or more in the cases of deaths occurring in fiscal year 1982, and for any compensable disability in the cases of deaths occurring in fiscal year 1983 and thereafter; and to those cases in which the veteran was entitled to receive VA pension or met the income and wartime service eligibility requirements for pension. (Other pension eligibility requirements relate to disability, age, and duration of service.)

*Conference agreement.*—The conference agreement would limit, effective October 1, 1981, the payment of the \$300 burial and funeral expenses benefit, which would be payable thereafter only in the cases of deceased veterans who were entitled to receive VA compensation or pension. (Pursuant to present section 3021(a) of title 38, United States Code, a veteran would be deemed to have been so entitled if the evidence on file at date of death was sufficient to support a determination of entitlement.) The \$150 plot allowance would not be affected. The Senate recedes with respect to fiscal year 1981 and the House recedes with respect to having the limitation apply only during fiscal years 1982 through 1984.

This provision is estimated to save \$75.2 million in budget authority and outlays in

fiscal year 1982, \$79.8 million in budget authority and outlays in fiscal year 1983, and \$84.4 million in budget authority and outlays in fiscal year 1984.

## 2. OUTPATIENT DENTAL BENEFITS

**House bill.**—The House bill would terminate, effective October 1, 1981, benefits for outpatient treatment for certain non-compensable service-connected dental conditions.

**Senate amendment.**—The Senate amendment would, effective October 1, 1981, restrict eligibility for these dental benefits in three ways. First, the period of time after discharge within which the veteran must apply would be reduced from one year to six months. Second, a 180-day minimum service requirement would be imposed. Third, these benefits would not be provided to a veteran who had been certified by the armed service concerned as having received a complete dental examination and all indicated treatment during the 90 days immediately prior to discharge.

**Conference agreement.**—The House recedes with an amendment reducing the period of time after discharge within which the veteran must apply to three months. In addition, the Secretary of the service concerned would be required to provide the servicemember, at the time of discharge from a period of active duty of not less than 180 days, with actual notice (verified by a statement, signed by the servicemember—or if the servicemember refuses to sign, a certification by an authorized official—to be made a part of his or her permanent military records) of the new three-month limitation.

This provision is estimated to save \$17.7 million in budget authority and outlays in fiscal year 1982, \$18.9 million in budget authority and outlays in fiscal year 1983, and \$20.3 million in budget authority and outlays in fiscal year 1984.

## 3. FLIGHT TRAINING

**House bill.**—The House bill would terminate, effective October 1, 1981, GI Bill education benefits for the pursuit of flight training.

**Senate amendment.**—No provision.

**Conference agreement.**—The Senate recedes with an amendment providing that those who are enrolled in approved vocational flight training programs on August 31, 1981, may continue to use their benefits for the purpose of such programs as long as they remain continuously enrolled.

This provision is estimated to save \$14.1 million in budget authority and outlays in fiscal year 1982, \$20 million in budget authority and outlays in fiscal year 1983, and \$17 million in budget authority and outlays in fiscal year 1984.

## 4. CORRESPONDENCE TRAINING

**House bill.**—The House bill would terminate, effective October 1, 1981, GI Bill education benefits for the pursuit of flight training by correspondence courses.

**Senate amendment.**—No provision.

**Conference agreement.**—The conference agreement would reduce, from 70 percent to 55 percent, effective October 1, 1981, the portion of the cost of correspondence training paid by the Veterans Administration. The 70 percent rate would apply only to lessons completed and submitted (that is, postmarked, if submission is by mail) before October 1, 1981.

This provision is estimated to save \$3.2 million in budget authority and outlays in fiscal year 1982, \$3 million in budget authority and outlays in fiscal year 1983, and

\$2.6 million in budget authority and outlays in fiscal year 1984.

## 5. EDUCATION LOAN PROGRAM

**House bill.**—The House bill would terminate, effective October 1, 1981, the VA education loan program.

**Senate amendment.**—The Senate amendment would, with two exceptions, terminate the program effective October 1, 1982. Under those exceptions, education loans would remain available for use by certain Vietnam-era veterans pursuant to current law (1) those continuing their full-time training in the first two years after the expiration of the GI Bill delimiting period, and (2) those pursuing flight training courses.

**Conference agreement.**—The conference agreement incorporates the House termination date with the Senate exceptions.

This provision is estimated to save \$6 million, in outlays only, in fiscal year 1982, \$5 million, in outlays only, in fiscal year 1983, and \$4 million, in outlays only, in fiscal year 1984.

## HEALTH CARE COST RECOVERY

**House bill.**—No provision.

**Senate amendment.**—The Senate amendment would clarify the VA's authority to recover the costs of non-service-connected health care in certain situations in which the veteran would be eligible to have those costs paid by a workers' compensation carrier, an automobile no-fault insurer, or a state that pays health-care costs for victims of crimes of personal violence.

**Conference agreement.**—The Senate recedes. It is noted that H.R. 3499, as passed by the House on June 2, 1981, contains a very similar provision, and the Veterans' Affairs Committee except such a provision to be enacted in that bill.

## CHANGES IN EXISTING LAW MADE BY CONFERENCE AGREEMENT

Changes in existing law made by the conference agreement for Veterans' Benefits and Services are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### TITLE 38—VETERANS' BENEFITS

\* \* \* \* \*

### PART II—GENERAL BENEFITS

\* \* \* \* \*

### Chapter 17—HOSPITAL, NURSING HOME, DOMICILIARY, AND MEDICAL CARE

\* \* \* \* \*

### Subchapter II—Hospital, Nursing Home or Domiciliary Care and Medical Treatment

\* \* \* \* \*

### § 612. Eligibility for medical treatment

(a) \* \* \*

\* \* \* \* \*

(b) Outpatient dental services and treatment, and related dental appliances, shall be furnished under this section only for a dental condition or disability—

(1) which is service-connected and compensable in degree;

(2) which is service-connected, but not compensable in degree, but only (A) if it is shown to have been in existence at time of discharge or release from active military, naval, or air service [and], (B) if the veteran had served not less than 180 days of active military, naval, or air service immediately before such discharge or release, (C) if application for treatment is made within [one year] 90 days after such discharge or release, except that if a disqualifying discharge or release has been corrected by competent authority, application may be made within [one year] 90 days after the date of correction or date of enactment of this exception, whichever is later, and (D) if the veteran's certificate of discharge or release from active duty does not bear a certification that the veteran was provided, within the 90-day period immediately before the date of such discharge or release, a complete dental examination (including dental X-rays) and all appropriate dental services and treatment indicated by the examination to be needed;

(3) which is a service-connected dental condition or disability due to combat wounds or other service trauma, or of a former prisoner of war;

(4) which is associated with and is aggravating a disability resulting from some other disease or injury which was incurred in or aggravated by active military, naval, or air service;

(5) which is a non-service-connected condition or disability of a veteran for which treatment was begun while such veteran was receiving hospital care under this chapter and such services and treatment are reasonably necessary to complete such treatment;

(6) from which a veteran of the Spanish-American War or Indian Wars is suffering;

(7) from which any veteran of World War I, World War II, the Korean conflict, or the Vietnam era who was held as a prisoner of war for a period of not less than six months is suffering; or

(8) from which a veteran who has a service-connected disability rated as total is suffering.

*The Secretary concerned shall at the time a member of the Armed Forces is discharged or released from a period of active military, naval, or air service of not less than 180 days provide to such member a written explanation of the provisions of clause (2) of this subsection and enter in the service records of the member a statement signed by the member acknowledging receipt of such explanation (or, if the member refuses to sign such statement, a certification from an officer designated for such purpose by the Secretary concerned that the member was provided such explanation. The total amount which the Administrator may expend for furnishing, during any twelve-month period, outpatient dental services, treatment, or related dental appliances to a veteran under this section through private facilities for which the Administrator has contracted under clause (i), (ii), or (v) of section 601(4)(C) of this title may not exceed \$500 unless the Administrator determines, prior to the furnishing of such services, treatment, or appliances and based on an examination of the veteran by a dentist employed by the Veterans' Administration (or, in an area where no such dentist is available, by a dentist conducting such examination under a contract or fee arrangement), that the furnishing of such services, treat-*



ment, or appliances at such cost is reasonably necessary.

## Chapter 23—BURIAL BENEFITS

### § 902. Funeral expenses

[(a) Where a veteran dies—  
 [(1) of a service-connected disability; or  
 [(2) who was (A) a veteran of any war; (B) discharged from the active military, naval, or air service for a disability incurred or aggravated in line of duty; or (C) in receipt of (or but for the receipt of retirement pay would have been entitled to) disability compensation;]

(a) When a veteran dies who was in receipt of compensation (or but for the receipt of retirement pay would have been entitled to compensation) or in receipt of pension, the Administrator, in the Administrator's discretion, having due regard to the circumstances in each case, may pay a sum not exceeding \$300 to such person as the Administrator prescribes to cover the burial and funeral expenses of the deceased veteran and the expense of preparing the body and transporting it to the place of burial. For the purpose of this subsection, the term "veteran" includes a person who died during a period deemed to be active military, naval, or air service under section 106(c) of this title.

(b) Except as hereafter provided in this subsection, no deduction shall be made from the burial allowance because of the veteran's net assets at the time of the death of such veteran, or because of any contribution from any source toward the burial and funeral expenses (including transportation) unless the amount of expenses incurred is covered by the amount actually paid therefor by the United States, a State, any agency of political subdivision of the United States, or of a State, or the employer of the deceased veteran. No claim shall be allowed (1) for more than the difference between the entire amount of the expenses incurred and the amount paid by any or all of the foregoing, or (2) when the burial allowance would revert to the funds of a public or private organization or would discharge such an organization's obligation without payment. The burial allowance or any part thereof shall not be paid in any case where specific provision is otherwise made for payment of expenses of funeral, transportation, and interment under any other Act.

### § 903. Death in Veterans' Administration facility; plot allowance

(a) Where death occurs in a Veterans' Administration facility to which the deceased was properly admitted for hospital, nursing home, or domiciliary care under section 610 or 611(a) of this title, the Administrator—

(1) shall pay the actual cost (not to exceed \$300) of the burial and funeral or, within such limits, may make contracts for such services without regard to the laws requiring advertisement for proposals for supplies and services for the Veterans' Administration; and

(2) shall, when such a death occurs in a State, transport the body to the place of burial in the same or any other State.

(b) In addition to the benefits provided for under section 902 of this title and subsection (a) of this section, in the case of a veteran who is eligible for a burial allowance under such section 902, or under such subsection, who was discharged from the

active military, naval, or air service for a disability incurred or aggravated in line of duty, or who is a veteran of any war and who is not buried in a national cemetery or other cemetery under the jurisdiction of the United States—

(1) if such veteran is buried (without charge for the cost of a plot or interment) in a cemetery, or a section of a cemetery, that (A) is used solely for the interment of persons eligible for burial in a national cemetery, and (B) is owned by a State or by an agency or political subdivision of a State, the Administrator shall pay to such State, agency, or political subdivision the sum of \$150 as a plot or interment allowance for such veteran; and

(2) if such veteran is buried in a cemetery, or a section of a cemetery, other than as described in clause (1) of this subsection, the Administrator shall pay a sum not exceeding \$150 as a plot or interment allowance to such person as the Administrator prescribes, except that if any part of the plot or interment costs of a burial to which this clause applies has been paid or assumed by a State, an agency or political subdivision of a State, or a former employer of the deceased veteran, no claim for such allowance shall be allowed for more than the difference between the entire amount of the expenses incurred and the amount paid or assumed by any or all of the foregoing entities.

## PART III—READJUSTMENT AND RELATED BENEFITS

### Chapter 32—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE

#### Subchapter III—Entitlement; Duration

##### § 1631. Entitlement; loan eligibility

(a)(1) Subject to the provisions of section 1795 of this title limiting the aggregate period for which any person may receive assistance under two or more programs of educational or vocational assistance administered by the Veterans' Administration, a participant shall be entitled to a maximum of 36 monthly benefit payments (or their equivalent in the event of part-time benefits).

(2) The amount of the monthly payment to which any eligible veteran is entitled shall be ascertained by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by 3, (C) adding all contributions made to the fund for such veteran by the Secretary, and (D) dividing the sum by the lesser of 36 or the number of months in which contributions were made by such veteran.

(3) Payment of benefits under this chapter may be made only for periods of time during which an eligible veteran is actually enrolled in and pursuing an approved program of education and, except as provided in paragraph (4), only after an eligible veteran has been discharged or released from active duty.

(4) Payment of benefits under this chapter may be made after a participant has completed his or her first obligated period of active duty (which began after December 31, 1976), or 6 years of active duty (which began after December 31, 1976), whichever period is less.

(b) Any enlisted member of the Armed Forces participating in the program shall be eligible to enroll in a course, courses, or program of education for the purpose of attaining a secondary school diploma (or an equivalency certificate), as authorized by section 1691(a) of this title, during the last six months of such member's first enlistment and at any time thereafter.

(c) When an eligible veteran is pursuing [either] a program of education under this chapter by correspondence [or a program of flight training] such eligible veteran's entitlement shall be charged at the rate of 1 month's entitlement for each month of benefits paid to the eligible veteran (computed on the basis of the formula provided in subsection (a)(2) of this section).

(d) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term "eligible veteran" as used in such subchapter shall be deemed to include "eligible veteran" as defined in this chapter.]

#### Subchapter IV—Administration

##### § 1641. Requirements

The provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, [1677, 1681(c),] 1683, and 1691(a)(1) of this title and the provisions of chapter 36 of this title [with] (with the exception of sections 1777, 1780(c), and [1787] 1787) shall be applicable to the program.

### Chapter 34—VETERANS' EDUCATIONAL ASSISTANCE

#### SUBCHAPTER III—ENROLLMENT

1670. Selection of program.

1671. Applications; approval.

1673. Disapproval of enrollment in certain courses.

1674. Discontinuance for unsatisfactory conduct or progress.

1676. Education outside the United States.

[1677. Flight training.]

#### Subchapter II—Eligibility and Entitlement

##### § 1662. Time limitations for completing a program of education

###### Delimiting Period for Completion

(a) \*\*\*

#### Savings Clause

(c) In the case of any eligible veteran who was discharged or released from active duty before the date for which an educational assistance allowance is first payable under this chapter, the 10-year delimiting period shall run from such date, if it is later than the date which otherwise would be applicable. In the case of any eligible veteran who was discharged or released from active duty before the date of enactment of this sentence and who pursues a course of farm co-

operative training, apprenticeship or other training on the job, [or flight training within the provisions of section 1677 of this chapter,] the 10-year delimiting period shall run from the date of enactment of this sentence, if it is later than the date which would otherwise be applicable.

#### Subchapter III—Enrollment

#### § 1673. Disapproval of enrollment in certain courses

(a) \* \* \*

(b) [Except as provided in section 1677 of this title, the] The Administrator shall not approve the enrollment of an eligible veteran in any course of flight training other than one given by an educational institution of higher learning for credit toward a standard college degree the eligible veteran is seeking.

#### § 1677. Flight training

[(a) The Administrator may approve the pursuit by an eligible veteran of flight training where such training is generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation or where generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation, subject to the following conditions:

[(1) the eligible veteran must possess a valid private pilot's license and meet the medical requirements necessary for a commercial pilot's license; and

[(2) the flight school courses must meet the Federal Aviation Administration standards and be approved both by that Agency and the appropriate State approving agency.

[(b) Each eligible veteran who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of subsection (a) hereof, shall be paid an educational assistance allowance to be computed at the rate of 60 percent of the established charges for tuition and fees which similarly circumstanced non-veterans enrolled in the same flight course are required to pay. Such allowance shall be paid monthly upon receipt of a certification as required by section 1681(c) of this title. In each such case the eligible veteran's period of entitlement shall be charged with one month for each \$317 which is paid to the veteran as an educational assistance allowance for such course.]

#### Subchapter IV—Payments to Eligible Veterans: Veteran-Student Services

#### § 1681. Educational assistance allowance

##### General

(a) The Administrator shall, in accordance with the applicable provisions of this section and chapter 36 of this title, pay to each eligible veteran who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of the veteran's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

#### Institutional Training

(b) The educational assistance allowance of an eligible veteran pursuing a program of education, other than a program exclusively by correspondence [or a program of flight training] at an educational institution shall be paid as provided in chapter 36 of this title.

#### [Flight Training

[(c) No educational assistance allowance for any month shall be paid to an eligible veteran who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certification from the eligible veteran and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month.]

#### § 1682. Computation of educational assistance allowances

(a)(1) Except as provided in subsection (b), or (c) of this section or section [1677 or] 1787 of this title, while pursuing a program of education under this chapter of half-time or more, each eligible veteran shall be paid the monthly educational assistance allowance set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the applicable type of program as shown in column I:

#### § 1686. Education loans

Any eligible veteran to whom section 1662(a)(2) of this title is applicable shall be entitled to an education loan (if the program of education is pursued in a State) in such amount and on such terms and conditions as provided in sections 1798 and 1799 of this title.

#### Chapter 35—SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE

#### Subchapter IV—Payments to Eligible Persons

#### § 1737. Education loans

Any eligible person shall be entitled before October 1, 1981, to an education loan (if the program of education is pursued in a State) in such amount and on such terms and conditions as provided in sections 1798 and 1799 of this title.

#### Chapter 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

#### Subchapter I—State Approving Agencies

#### § 1780. Payment of educational assistance or subsistence allowances

##### Period for Which Payment May Be Made

(a) Payment of educational assistance or subsistence allowances to eligible veterans

or eligible persons pursuing a program of education or training, other than a program by correspondence [or a program of flight training], in an educational institution under chapter 31, 34, or 35 of this title shall be paid as provided in this section and, as applicable, in section 1504, 1682, 1691, or 1732 of this title. Such payments.

#### Subchapter II—Miscellaneous Provisions

#### § 1786. Correspondence courses

(a)(1) Each eligible veteran (as defined in section 1652 (a) (1) and (2) of this title) and each eligible spouse or surviving spouse (as defined in section 1701 (a)(1) (B), (C), or (D) of this title) who enters into an enrollment agreement to pursue a program of education exclusively by correspondence shall be paid an educational assistance allowance computed at the rate of [70] 55 percent of the established charge which the institution requires non-veterans to pay for the course or courses pursued by the eligible veteran or spouse or surviving spouse. The term "established charge" as used herein means the charge for the course or courses determined on the basis of the lowest extended time payment plan offered by the institution and approved by the appropriate State approving agency or the actual cost to the veteran or spouse or surviving spouse, whichever is the lesser. Such allowance shall be paid quarterly on a pro rata basis for the lessons completed by the veteran or spouse or surviving spouse and serviced by the institution.

(2) The period of entitlement of any veteran or spouse or surviving spouse who is pursuing any program of education exclusively by correspondence shall be charged with one month for each \$342 which is paid to the veteran or spouse or surviving spouse as an educational assistance allowance for such course.

#### Subchapter III—Education Loans to Eligible Veterans and Eligible Persons

#### § 1798. Eligibility for loans; amount and conditions of loans; interest rate on loans

(a) [Each] (1) Subject to paragraph (2) of this subsection, each eligible veteran and eligible person shall be entitled to a loan under this subchapter in an amount determined under, and subject to the conditions specified in, subsection (b)(1) of this section if the veteran or person satisfies the requirements set forth in subsection (c) of this section and the criteria established under subsection (g) of this section.

(2) Except in the case of a veteran to whom section 1662(a)(2) of this title is applicable, no loan may be made under this subchapter after September 30, 1981.

● Mr. HAMMERSCHMIDT. Mr. Speaker, I want to congratulate the very able chairman, Mr. JONES and our capable ranking member, Mr. LATTA, for bringing us this conference report on H.R. 3982.

Mr. Speaker, the distinguished chairman of the committee on Veterans' Affairs, on which I am the rank-



ing member, announced to the House on Friday last that the conferees from the House and Senate Veterans' Affairs Committees have reached agreement on the veterans' affairs part of the reconciliation bill.

The conferees had the difficult task of agreeing on ways to reduce spending authority and outlays by \$110 million. In a spirit of bipartisan harmony they accomplished their task in a timely manner. The details of the agreement of the conferees are spelled out in the report under title XX. It is a good agreement which I trust will find widespread support in the House.

I want to congratulate our chairman, Mr. MONTGOMERY, for his work on this agreement. I also congratulate the other conferees on both sides of the aisle, and in both bodies of the Congress.

Mr. Speaker, it is usually very difficult to resolve differences of opinion when benefits to veterans are involved. This is especially true when you are reducing or limiting such benefits. In this instance, we were able to accomplish one task because of hard work and good will. I join the distinguished chairman of our committee in expressing appreciation to our colleagues.

As we know this final agreement between the conferees of the House and the other body in total provides for legislative savings totaling \$51.9 billion in budget authority and \$35.2 billion in budget outlays in fiscal year 1982, \$55.7 billion budget authority and \$44 billion in budget outlays in fiscal year 1983, and \$61.7 billion in budget authority and \$51.4 billion in budget outlays in fiscal year 1984.

This is, indeed, a historic day as the Congress takes this action today in meeting a mandate from the people. It is indeed a new beginning.●

Mr. RAHALL. Mr. Speaker, I rise in reluctant support of the conference report on H.R. 3982, the Omnibus Reconciliation Act of 1981. Fortunately, this conference report contains fiscal year 1982 authorization for the highway and development programs of the Appalachian Regional Commission. While both programs are reduced in size, they both nevertheless will continue.

Appalachia produces 54 percent of all U.S.-mined coal, and over 90 percent of all coal exports. While we recognize the importance of coal in our domestic economy, coal exports have, since last year, enjoyed enormous growth. U.S. coal is attractive to foreign buyers, and Appalachian coal fills that foreign need. The recent experience of coal-carrying vessels lined up in eastern ports for weeks to receive a shipment of U.S. coal attests to the sudden growth in foreign demand.

ARC programs help get that Appalachia coal mined by providing infrastructure in assisting in the transpor-

tation of coal, and municipal and community aid provide services to the miners. The Appalachian highway system is currently 60 percent complete, and 60 percent of that completed system carries coal. Over 14,000 miles of all roadway in Appalachia is used to move coal by truck. Miners going into the isolated Appalachian coal fields need housing, water, sewer systems, roads, clinics, training, and other essentials ARC helps provide. Communities which must prepare for the influx of coal miners, and for the adjustments when the coal and the miners, are gone, need ARC financial planning and technical assistance.

Coal has the potential to provide a major part of the investments to ultimately replace the Federal dollars now being used in the economic development of Appalachia. Gov. John Y. Brown, Jr., of Kentucky, in testifying before the House Public Works and Transportation Committee earlier this year, estimated that the resurgence of coal could end the need for ARC area development dollars in 3 to 5 years.

But the use of coal resources to support the development of a strong economy in Appalachia will not automatically come about. The long string of cyclic booms and busts, leaving behind economic, environmental and human devastation, attests to that. ARC can be an invaluable instrument in seeing to it that the same thing doesn't happen this time around.

H.R. 4144, energy and power appropriations for fiscal year 1982, which passed the House earlier this week, contains funds for ARC. The report to accompany the bill calls for a report to be prepared by the Commission and submitted to Congress by December 31, 1981, on a finishup program. The chairman of that subcommittee, the gentleman from Alabama (Mr. BEVILL) stated during consideration of H.R. 4144 that the potential for exporting Appalachian coal in furthering Commission economic development objectives be covered in this report. I concur completely and I support this study effort.

ARC can help us solve our national energy problems by contributing to increased coal production and coal exports. And it can help solve the difficult economic development problems of the region.

Mr. Speaker, although I am very disturbed and do not support language in this conference report which sets back our national efforts to increase the use of domestic coal—and I refer specifically to repeal of the off-gas provisions of the Powerplant Industrial Fuel Use Act, it would be tragic, now that coal and the region have come so far, not to continue ARC long enough to finish the job.

I commend and thank those conferees, led by our distinguished chairman of the House Public Works Commit-

tee, Mr. HOWARD, for the long hours and successful efforts they conducted in maintaining House language on this issue and to all members of the conference for their recognition of ARC's valuable and effective work.

● Mr. BIAGGI. Mr. Speaker, I rise in opposition to the pending conference report on H.R. 3982 the Omnibus Budget Reconciliation Act of 1981. My opposition is somewhat lessened from the original passage of Gramm-Latta II on June 26. I believe that some of the more onerous provisions of this legislation were effectively deleted in Conference.

However, the net effect of this resolution is that Federal spending will be reduced by some \$35 billion. It seems as though that should be good in terms of fulfilling the so-called mandate of the people to reduce Federal spending. However, we have applied an ax as compared to a scalpel—resulting in dismembering instead of surgery for many social and human service programs.

There is little doubt as to the fact that the impact of these cuts will be felt—the only question is how soon. When will the first senior citizen be turned away from a senior center—when will the first poor family be denied eligibility for food stamps—when will the first college student seeking to start or resume classes in college be turned away from the financial aid office—how about the first school child being told no more school lunches. Once this begins to happen—the impact will be felt.

Fortunately, the conferees did not accept such harsh provisions as capping Federal spending under medicare of cutting off Federal aid to cities with rent control but other damages were done with this legislation.

As a member of two miniconferences on the Education and Labor Committee I am proud to state that we provided real increases in dollars for major service programs under the Older Americans Act.

The Committee on Education and Labor, where I serve as the senior New York member and a conferee on the programs under our jurisdiction, agreed to major revisions in these programs. While I have fought this reconciliation process every step of the way, I must state that I feel that our work in this area was the best we could attain under very difficult circumstances.

Briefly, in the area of student financial aid, we agree to a compromise that would routinely guarantee loans to students with family incomes under \$30,000 per year with a needs test for those above this income level. Incorporated in this compromise was my legislation, House Joint Resolution 259, which express the sense of Congress that changes be effective no earlier

than October 1 of this year. Except for the 5 percent origination fee on the face value of the loan, which begins 10 days after enactment of this bill, students can continue to receive guaranteed student loans under present law until October 1—insuring them the ability to plan for the coming school year, but anticipating changes for next year. As an original cosponsor of legislation last year which extended this and our other student aid programs—Pell grants, SEOG, SSIG, college work study and national direct student loans—I am pleased that we have maintained the integrity of these programs, even at reduced funding levels. This was in large part in response to the national outcry which occurred when the administration announced its intention to major severe reductions in these programs. This compromise will allow these programs to continue, serving our most needy students.

In the area of Head Start, the program was retained and funded at \$950 million for 1982—a \$130 million increase above the Senate version. This will maintain services under this program which has proven its effectiveness in serving preschool, disadvantaged youngsters.

Under CETA, funding was maintained for youth employment programs under title IV, which in my eyes, is the most important piece of this program. With youth unemployment running in New York City as high as 26 percent for minority youth, it is vital that we preserve these funds so that we can provide these youngsters with the technical and educational skills they need to succeed in the world of work. Included in CETA under a ceiling of \$3.9 billion is \$1.4 billion for training, \$600 million for Job Corps, \$570 million for special youth programs and \$760 million for summer youth programs.

In the area of child nutrition, we have maintained the 2-cent safety net for poverty areas. This was critical for my own city of New York where 96 percent of our children who participate in this program are either free or reduced-price participants.

I am pleased that the conferees decided to reject the House version of the social services block grant and retained our programs for child abuse prevention and treatment as categorical programs. Now financed at \$27.9 million, we had to accept reduced levels of funding—\$7 million in State grants and \$12 million in discretionary funds with \$2 million earmarked for our adoption programs from this \$12 million. As the author of one of the first bills dealing with this subject and as a police officer in New York City for 23 years, who witnessed this problem on a daily basis, I am gratified that we have reaffirmed the nature of this program which provides essential

treatment and prevention services for battered children.

There was bipartisan agreement to reject the President's proposed 50 percent reductions in funds for the National Endowment for the Arts and Humanities. We agreed upon \$119.3 million for the arts and \$113.7 for the humanities—levels of funding which insure that these programs will continue, especially those community-based programs which are the most in need of these funds.

Two other programs, reauthorized at drastically reduced levels of funding were bilingual and vocational education. New York City receives approximately \$18 million to operate each of these programs and under this legislation we stand to lose between \$3 and \$5 million in vocational education funds and about \$4 million in bilingual education funds. This is most distressing at a time when these vital support services are needed more than ever to insure that our youth of today become the working, productive adults of tomorrow.

The other two major issues effecting education in this report—impact aid and the education block grant—could spell major reductions in school-related services for New York. With respect to impact aid, the program was retained at an increased funding level of \$550 million yet no provisions remain in statute to address funds being provided to children in federally subsidized housing.

With regard to the education block grant—I must state at the outset that I have been a strong and vocal opponent of block grants from the very beginning. Yet both versions of this budget bill incorporated nearly identical versions of this legislation. Simply stated, title I programs for educationally disadvantaged children are retained as a separately funded program, while title II of the education block grant incorporates the remaining programs for elementary and secondary education. I must state that I am very disturbed, not only by the consolidation of these remaining elementary and secondary programs, but more importantly, with the distribution formula for these funds under title II. On a per capita basis, smaller States such as Vermont receive \$24.69 per child, Delaware receives \$21.08 per child, and Wyoming a whopping \$29.16 per child—these funds being distributed with a floor to insure that no one State receives less than 0.5 percent of the total appropriation. In contrast, larger States such as California and my own State of New York will receive a mere \$10.90 per child, at the same time having substantially higher costs of living and thus higher costs of educating these children. I want to state right now that I do not support this formula and intend to rectify this situation at the earliest possible date.

Time does not permit me the opportunity to address other sections of this report in greater detail. Many of them I find most objectionable and hence, my opposition to this report before us. While I wish to commend the efforts of all of my colleagues who contributed to this effort—the best of all worlds, in my opinion—I still know that many of them share my personal revulsion to this process. We have legislated without the benefit of knowing what the impact of virtually any of these cuts will mean in real terms. Our results may mean disaster for millions who depend on these programs, yet I hope, for the sake of everyone concerned, that this course will ultimately work. If it fails, we all will be losers.●

● Mr. JEFFORDS. Mr. Speaker, first of all, I want to take time to thank our distinguished Republican leader, BOB MICHEL, for working with the members of his party from the Northeast and Midwest region during the reconciliation process. He was more than willing to listen to our concerns over various budget cuts affecting our districts, and helped us in our successful effort to restore funds to programs we felt had been excessively cut back. Without BOB MICHEL, I do not think the White House would have enjoyed the kind of success it did on the budget votes.

Now let me turn to the conference report on the budget reconciliation bill which we will vote on today. I am happy to report that most of the concessions which we northern Republicans won in the House version of this legislation have been preserved in this final version. Our conferees have served us well. The general comments I made when the House passed H.R. 3982 still stand. Like everybody else, I am unhappy with some specific provisions, but the sunbelt bias that existed in the original budget resolution has been largely rectified in this conference report.

Among the concessions to the Northeast which have survived the conference are: An \$1.875 billion authorization for low-income fuel assistance, a figure half a billion dollars higher than the original Reagan budget level; maintenance of the low-income weatherization program as a separate program authorized at \$175 million; elimination of the cap on medicaid which was proposed by the administration and supported by the Senate—the conferees have agreed to a reduction in the Federal share of medicaid costs, however; an increase in the guaranteed student loan and pell grant budgets over the House bill numbers and the original budget proposal; funding levels for Amtrak of \$735 million for fiscal 1982 and \$788 million for fiscal 1983, with \$82 million in interest payments deferred until 1984; dropping of dairy price support language which



would have forced a reduction to 70 percent of parity; and the addition of \$10 million for the arts and humanities over and above the \$50 million we were able to restore in the House bill.

The conference report includes modest reductions from the House measure in the areas of elementary and secondary education, vocational education and youth training programs. However, in light of the substantially lower figures that were in the Senate bill, we achieved, I think, very favorable compromises in each of these programs.

Additionally, compromises were made in the construction of education block grants, but the basic concessions we fought for, to protect the interests of small States and safeguard the rights of specific groups like the handicapped and the disadvantaged, remain in the final product before us now.

A few more points. I am pleased that we have preserved the Economic Development Administration, although the \$290 million annual funding level is a bit low. I am glad we have retained the urban development action grant program essentially as a separate entity that we have avoided going as low as the Senate authorizations for the Corporation for Public Broadcasting for fiscal years 1984 through 1986, and that we have given Conrail a reasonable amount of time to become profitable. Along this same line, it is certainly encouraging to see that Conrail made a profit of almost \$14 million in the last quarter. Perhaps the conferees confidence in the Corporation was justified.

Although I am sorry we couldn't fund the Legal Services Corporation at an adequate level in the conference, I am hopeful that we will succeed via the authorization process. The House has passed a satisfactory, if overly restrictive, bill, and I hope the Senate will act expeditiously on the measure reported out by its Labor and Human Resources Committee.

The least satisfactory aspect of the conference report, I think, lies in the food stamp section. We basically split the difference with the Senate on the earned income deduction, arriving at an 18 percent deduction for working expenses. Over my vocal objections, we receded to the Senate on freezing the inflation adjustment for the standard and shelter deductions. This was particularly unfortunate because we had made progress in this area in the House bill. We did manage to eliminate the 1983 increase in the benefit reduction rate, however, which was a positive development. Overall, we came out slightly on top in terms of compromising with the other body.

I do not wish to understate the seriousness of the budget cuts in this bill; they will have a very real impact on the lives of many Vermonters. But,

generally speaking, the legislative process has worked well, and Congress has arrived at a final bill which distributes the burden of the budget cuts which are necessary for the President's economic program in a much more equitable manner than the original proposal.

I urge passage of the conference report.

Thank you, Mr. Speaker.

● Mr. SNYDER. Mr. Speaker, the aviation reconciliation provision agreed to by the conferees authorizes \$450 million for the airport development aid program (ADAP) in fiscal year 1981 and places a cap of \$1.05 billion on this program for fiscal years 1981 and 1982.

As my colleagues are aware, earlier this week the House adopted H.R. 4182, the 1981 ADAP authorization. The ADAP program, originally enacted in 1970, has been responsible for over \$4.2 billion in needed capital improvement projects at our Nation's airports over the last 10 years.

Unfortunately, the program has not been funded since October 1, 1980, when the old law expired. Therefore, despite a \$3.7 billion surplus in the airport and airway trust fund contributed by aviation users, airport operators have not been able to secure Federal grants for many worthy projects designed to increase both safety and capacity throughout the national airport system.

By including the text of H.R. 4182 in the reconciliation conference report, the conferees have endorsed the action taken by the House earlier in the week when that legislation was adopted.

As far as fiscal year 1982 is concerned, the conferees placed a limit of \$600 million on the ADAP program. However, because the FAA may not have sufficient time in which to obligate all 1981 funds by the end of September, the provision was drafted so as to allow a total of no more than \$1.05 billion to be spent for the program for the 2 years combined. If all of the \$450 million authorized is spent in 1981, then the maximum which could be spent in 1982 is \$600 million.

Mr. Speaker, the agreement reached by the aviation conferees represents a balance between the needs of the national airport system and the need to support the President in his economic recovery program. The authorization for 1981 is only two-thirds of the amount authorized in 1980 and is the amount recommended by the President. Obviously, the capital needs of the system could justify even higher amounts, but the conferees are aware of their obligation to do their part to control Federal spending.

For these compelling reasons, I urge my colleagues to support the conference report on H.R. 3982.●

● Mr. ALBOSTA. Mr. Speaker, after the Gramm-Latta II amendment passed the House of Representatives, I along with most of my colleagues felt that the minimum benefit for current beneficiaries was doomed for extinction. While I continued to work to reverse that fate, I even told my constituents in a weekly column that our efforts may be in vain.

Today, I take the floor to proclaim that these efforts are not in vain, and passage of H.R. 4331 may prove to prevent this administration and this Congress from reducing social security benefits for current recipients.

This bill would delete the language dealing with the minimum benefit from the conference report to the omnibus reconciliation bill. Doing this would protect those 3 million recipients nationwide—most of whom depend on that \$122 check every month literally for survival.

I do not believe this Congress wants to be the first in history to lower benefits for current social security recipients, particularly when it would be affecting those recipients at the lowest level of benefits. Eliminating the benefits for these people would simply be hurting those who need the benefits the most.

Should the House pass this bill today, the Senate must also act in time to save this vital benefit. I urge all House Members to contact the Senators of their States if they question their commitment to the continuation of the minimum social security benefit for current beneficiaries.●

● Mr. MOFFETT. Mr. Speaker, as a conferee on several of the miniconferences dealing with the energy area, I have signed the conference papers with some reservation. Despite the excellent work of staff and conferees in continuing many of the conservation and renewable policies so carefully crafted over the past decade, I remain convinced that the dollar limitations we have had placed on us will work to the detriment of our national energy, economic, and national security goals. Over the next several years, I believe we will find in our haste to cut funding, we have also cutback on numerous worthwhile programs, programs whose benefits more than outweigh the initial costs expended.

The conferees should be proud, however, for having had the fortitude to continue many of the statutory conservation and renewable programs which have tended to balance our energy program. The appliance efficiency standards program, the residential conservation service, the residential commercial retrofit program will all continue due to the work of this conference. The low-income weatherization program will also continue, funded at up to \$175 million for fiscal year 1982. It is important to realize

that the conferees intend that \$175 million figure to hold only for the next fiscal year and that, within the overall limits for State and local programs, that figure can increase after that time.

The conferees have also provided clear instructions that the funding level under the Economic Regulatory Administration will include sufficient funds to complete compliance activities, activities estimated to result in the recapture of up to \$10 billion in moneys overcharged the consumers of the Nation. I am particularly pleased that the conferees have agreed to increase the level for emergency preparedness from the \$2 million originally proposed by the President to over \$12 million. This funding must be used efficiently and rigorously by the Administration in order to prepare contingency plans so that the Nation will be able to cope with future supply shortages or cutoffs.

We have also continued the Energy Information Administration, with clear instructions that statutorily mandated information systems, including the Financial Reporting System, be maintained. The FRS, mandated under the DOE Organization Act, provides disaggregated data by major lines of business for energy companies, includes activities of companies here and abroad, and identifies investment activity within major lines of business. According to the Library of Congress, it is the "only source of industry data using consistent definitions, thus permitting comparisons to be made across companies" and provides "data sufficiently detailed to monitor competitiveness of the industry." Today, in the light of growing attention to the financial activities of the major companies in the field of mergers and acquisitions, this type of data is particularly important.

The conferees have also supported the mandate given to the Department of Energy under the DOE Organization Act "to provide for, encourage, and assist public participation in the development and enforcement of national energy programs" by increasing the \$168,000 requested by the Administration for citizen participation programs to \$240,000. The current Administration has expressed its reliance on the citizens of this Nation in determining national policy and has repeatedly expressed its belief that the people should have more of a voice in determining the country's future. The increase in the citizen participation program is a reflection of that feeling and, as a conferee, I would hope that the Administration uses these funds to hear directly from our citizens how they believe our energy policy should be crafted and implemented. The \$240,000 is not intended to cover operating expenses for program direction for the Office of Consumer Affairs,

which the conferees intend to come out of the \$70 million provided under general management for departmental administration.

Finally, I believe many of us reluctantly agreed to place expenditures for the strategic petroleum reserve off-budget after having been directed to do so by actions of the full House of Representatives. Placing expenditures off-budget in no way reduces our commitment to filling the reserve as rapidly as possible in order to provide future protections against supply shortages. While the conferees also included language regarding ongoing negotiations between the Department of Energy and States, such as Alaska, for storage or royalty oil, we did not mean to imply that any special treatment should be afforded those States. During the conference debate, the gentleman from Indiana (Mr. SHARP), assured me that, under the reconciliation bill language, the conferees did not expect that, in any agreement reached for storage of State royalty oil, the price paid for the oil would be significantly different from current market prices, or that any State providing oil would be able to dictate the method or timing of sale of SPR oil. Any State royalty oil stored in the reserve should be handled in a manner which would benefit all the citizens of the Nation and not just the citizens of the State which originally furnished the oil. It was only on the basis of those assurances that I agreed to sign the conference papers regarding this issue.

● Mr. MURPHY. Mr. Speaker, once again the illusion of what the Reagan administration says must be tempered by the reality of what they do. In their zeal to cut Federal expenses they have decided to sacrifice 3 million senior citizens by eliminating their minimum benefits from social security, while only 2 days ago pushing for a tax cut proposal that doled out benefits to the rich, and insured the future excessive profitability of big oil companies by the elimination of the windfall profit tax.

Fourteen percent of older Americans live in poverty now, and millions more are kept out of poverty only because of social security benefits. The President's proposed cuts in social security benefits are needlessly extreme and punishing to those who depend on these resources to survive.

Has the time come in this Congress when we are to forgo our right to think for ourselves and let our vote be cast from the White House? Recently aid for the handicapped was traded for cufflinks; Members deliberated on a tax cut that virtually ignores middle America in response to a barrage of phone calls from the board rooms of the largest corporations in America; Members have abdicated their right to think for themselves in return for

pledges of support from the White House in the next election; Members have become willing marionettes for the great puppeteer and manipulator of illusions in the White House.

The time has come to draw the line. The time has come to represent the people who elected us. The time is here to separate the illusions from the realities. Let us recognize the Stockman sleight-of-hand economics; let us understand that the budget cuts and tax cuts are illusions and not realities.

The poverty of those dependent on social security is a reality. That there will be no phone calls to our offices from the board rooms of corporate America on behalf of the aged poor is a reality. There will be no cufflinks; there will be no high powered and expensive lobbyists on their behalf. If this rule is not defeated we will be sidestepping the issue and trying to throw smoke into the eyes of older America just as the President did last Monday. If this rule is adopted, next February, America will turn its back on its most vulnerable citizens; next February, 3 million Americans who now receive minimum social security benefits will be left to their own devices. That is a reality. Do not sacrifice the poor and infirmed on the altar of supply side economics.●

● Mr. LUKEN. Mr. Speaker, I support the budget reconciliation bill reported by the conference committee, and at this time I want to address my remarks particularly to section 1213 of the bill, which provides a much-needed clarification of the jurisdiction of the Consumer Product Safety Commission over amusement rides. In order to resolve an uncertainty reflected in several recent court decisions regarding the Commission's existing jurisdiction over amusement rides, this section amends the definition of consumer product contained in section 3(a) of the Consumer Product Safety Act by expanding the definition of consumer product to include those amusement rides operated by traveling carnivals, while providing that amusement rides operated by amusement parks shall remain exempt from the Commission's jurisdiction. In my opinion, Congress did not intend amusement rides to be included in the definition of consumer product when the Consumer Product Safety Act was passed; in any event, this section resolves whatever uncertainty existed in the definition of consumer product by providing that henceforth the Commission has jurisdiction over amusement rides only when the rides are part of a traveling amusement show or company, such as a carnival, and consequently are moved frequently from place to place. This section confirms that the Commission does not have jurisdiction over amusement rides that are operated by a fixed-location



amusement park or similar facility and consequently are moved infrequently, if at all, and for that reason can be considered to be permanently fixed to a site. In this context permanently fixed does not require that, in order to be exempt from the Commission's jurisdiction, the ride must be attached to a site in such a way as to preclude the ride from ever being moved, nor is the jurisdictional exemption lost because an amusement park alters the location of a ride. The requirement that a ride be permanently fixed to a site is simply intended to differentiate rides that are operated by fixed-location amusement parks, over which the Commission has no jurisdiction, from rides operated by traveling companies, over which the Commission does have jurisdiction. Extending the Commission's jurisdiction to amusement rides operated by traveling companies is justified by the different safety considerations that exist when a ride is frequently assembled and disassembled as the ride is moved from place to place and by the impediment to effective State supervision of rides operated by traveling companies caused by the fact that traveling companies frequently move from State to State in the course of an operating season. ●

● Mr. CROCKETT. Mr. Speaker, today, with the vote on the Reagan administration's budget reconciliation proposals, this legislative body has chosen to adopt a framework for a national budget that effectively and painfully reverses fiscal and social policies that governed for more than half a century. Indeed, the new approach dredges up, in spirit and in fact, the discredited and self-defeating, trickle-down theories which led to the Great Depression of the 1930's.

Fifty years, however, have brought vast changes in our society, and it would be wrong to apply those circumstances precisely to our times. Since then, we have survived World War II and two other major international conflicts. We have achieved world leadership in many, if not most, fields of human endeavor. And we have designed and demonstrated the capability to provide for ourselves and for many other cohabitants of this planet the worldly goods and the moral guidance that could yield an era of universal contentment yet undreamed of.

Instead, we have now opted for a return to past injustices and a rejection of present and future promises. Even worse, we have withdrawn support of firmly established productive and vitally needed domestic programs in order to underwrite the most costly armaments program in the history of the world.

It is time the American people understand what the majority of this Congress, in concert with the Reagan administration, has done. This new budget does not cut Government

spending. It will not combat inflation or unemployment. It is not designed to benefit the many, but to enrich the few.

It does not reduce total national expenditures—instead, it merely cuts social and human needs programs. It does not reduce the national deficit—instead, it is swollen with mammoth outlays of dollars committed to weapons of war. It does not challenge inflation and unemployment, the twin enemies of economic stability—it lays the groundwork for their further increase and growth.

I do not believe the American people want, need, or even comprehend the full significance of this new social, political, and economic policy. Given the option of land subways carrying atomic missiles versus a sound social security system, how many would choose the MX-1? If asked which was more important, two B-1 bombers or school lunches, how many would vote against hungry kids? If the ballot was marked for 1 modern tank as against 1,000 school classrooms, how would the voters go?

These choices have not been made clear. Instead, through a public relations blitz and pressure from conservative groups in their districts, Members of Congress and the public alike have been mesmerized into seeing only what the administration wants them to see.

If the choices were clear, an aroused public opinion would force this Congress to use its tremendous resources, with the Nation's still-elevated world prestige and the strength of a morally justified crusade for peace, for an end to an arms race which now is without end.

This inability or failure to speak out to the people with clarity and accuracy is not new to this administration or this Congress. The problem seems almost endemic. And recent revelations of evasion and deception on the part of this administration do not add to the Nation's confidence in its leadership. The people were deceived about the propriety, the extent of and the reasons for our involvement in El Salvador. They were lied to about the contacts our U.N. Representative has had with officials of South Africa. They were not informed about the locating of U.S. listening posts and material in China.

Mr. Speaker, it's time we leveled with the people—particularly on the life and death issues of peace and war.

American foreign policy rests on twin policy foundations laid early in our history: The Monroe Doctrine to warn that this hemisphere would be safeguarded from all external dangers, and the maintenance of free and open seas for the peaceful interchange of goods and people. These two principles are still sound.

Now the threat of nuclear war poses for us a new and sensitive vulnerability to foreign attack. The atomic age puts to rest the ancient adage that said, "If you want peace, prepare for war." It no longer applies. That is a false and outdated concept that, today, points only toward nuclear holocaust and the annihilation of a large part of humanity.

If the people understood the full consequences of this nuclear arms race, its staggering costs and its inevitable, apocalyptic conclusion, they would insist that their political leaders stop this insanity.

I see few benefits in this budget, if any, for my constituency in the 13th Congressional District of Michigan. More than one-third of the eligible workers there, are out of jobs; three of every four families depend on one form or another of social aid; the schools are old and the houses are decrepit. What does this budget do for them? How will these new bombers, submarines, and nuclear sites help to cope with their distress? What good will the billions assigned to the Pentagon do for them?

I have opposed with my voice and my vote this budget which promises much for a few and little for the many. I sense a growing public awareness that these new policies favor the wealthy and big business over the workers and the underprivileged. And I fear the trickle-down fallout of social unrest and mounting rebellion that must inevitably flow from this deliberate widening of the deplorable gap that separates these two societies.

We cannot easily turn back the hands of the clock. But we have it within our power to regulate its future movements. We will have no future unless there is peace. Our efforts and our fortunes must be reassigned, now, toward relaxing world tensions, toward extending and expanding for all our people the benefits of our resources and our technology, and toward exporting the virtues of democracy and the blessings of peace instead of warplanes and atomic warheads.

While we still have options, let us examine them and reassess our priorities. We owe no less to my constituency and to all the people of this country. ●

● Mr. HAGEDORN. Mr. Speaker, the House-Senate conference committee has reached a compromise on the budget cuts in farm and food programs. In fact, the committee exceeded the direct spending cuts and appropriation authorization reductions mandated by the Budget Committee. A large portion of those cuts resulted from savings in outlays in the dairy price support program. This was accomplished by eliminating the semi-annual adjustment in fiscal year 1982.

While the savings achieved in the dairy program will satisfy the requirements for the Omnibus Reconciliation Act, it will not meet budget requirements in the farm bill. The dairy provisions in H.R. 3603 which set dairy support prices at 75 percent of parity would require net outlays in fiscal year 1982 that would exceed the first concurrent budget resolution spending targets by \$475 million. The Senate version is targeted at \$101 million over the first concurrent budget resolution.

The dairy provisions in this reconciliation conference report should be construed as only an interim measure and the dairy price support for milk will need to be reconsidered along with the support price for other commodities during consideration of the farm bill in order to meet the budget targets in the concurrent budget resolution for the fiscal year ending September 30, 1982.

The Secretary of Agriculture has stated publicly that failure of the Congress to pass dairy legislation with at least a 70 percent of parity minimum could be considered as sufficient grounds for a Presidential veto of the entire farm bill.

It would behoove us, I believe, to show the administration that the Congress is indeed serious about implementing a realistic, yet fair dairy program that will provide stability to both producers and consumers.

Huge inventories of dairy products need to be moved. Time is running out to sell butter stocks to New Zealand. If Congress shows the administration it is serious about readjusting the milk support price, they may consider clearing some of these inventories.

The U.S. dairy industry is the most efficient in the world and one of the most productive sectors of agriculture. The excessive inventories of milk products and the huge Government outlays necessary to store and maintain them threaten to cripple the milk support program and dairy producers.

It must be noted that all farmers, not just dairy producers, must share in this budget-cutting process. User fees for inspection service of grain, cotton, and tobacco will likely be implemented. Cutbacks in the farm facility loans and Farmers Home Administration ownership and operating loans will also affect producers. Farmers have been caught in cost-price squeeze for several years. Agricultural exports lead all U.S. industries in offsetting our national balance-of-payments deficit. Given that, it is quite obvious that agriculture will shoulder its share of cuts through this budget-cutting process. ●

● Mr. McEWEN. Mr. Speaker, I rise in support of the conference report resolving the differences between the House and the Senate on H.R. 3982, the Omnibus Budget Reconciliation Act of 1981.

I feel privileged as a freshman Member to have been able to participate in this historic proceeding. While the reconciliation process has forced us to chart unknown legislative waters, I believe that with this conference report we have accomplished both a fiscal and programmatic reconciliation aimed at redirecting the role of the Federal Government while at the same time maintaining the commitment and continuity of previously enacted programs.

The reconciliation process has forced the Congress to review programs and make hard choices necessitated by our current economic climate. I believe history will view favorably the actions that we as a legislative body have taken.

One area that reflects the compromise between continuity and the need to achieve budgetary constraints is our action regarding the Federal-aid highway program. We all recognize a high Federal commitment to maintaining a superior Federal-aid highway system. At the same time, we recognize the need for the Federal-aid highway program to share proportionately part of the necessary budget cuts required by the current economic conditions. I believe our resolution of the obligation limitation for the Federal-aid highway system achieves this result.

During the conference, the Senate and House agreed to establish an obligation limitation of \$8.2 billion for Federal-aid highways and highway safety construction programs for fiscal year 1982. This level is consistent with the Reagan administration's economic recovery plan. One feature of that section is to exempt from the limitation emergency relief projects under section 125 of title 23 and projects covered under section 147 of the Surface Transportation Assistance Act of 1978.

Included in the exempt projects under section 147 are the U.S. Grant Bridge project connecting Ohio and Kentucky across the Ohio River and the East End Bridge project over the Ohio River at Huntington, W. Va. I have communicated with Federal Highway Administrator Barnhart regarding these exempt projects. By letter dated July 21, 1981, he has assured me that the statutory exemption covers the entirety of the two projects as finally approved including the necessary bridge approaches and commuter roadways. I am delighted the conference, in its wisdom, recognized that these projects in their entirety should be built and that the building of these projects is consistent with our economic recovery plan. I am appreciative that Federal Highway Administrator Barnhart shares in my understanding of these projects. ●

● Mr. DE LA GARZA. Mr. Speaker, the conference report on the omnibus reconciliation bill includes a substantial number of cuts in the food stamp pro-

gram. It reduces food stamp benefits by more than \$6 billion over the next 3 years, for an average of \$2 billion a year. The report reduces food stamp costs by \$1.657 billion in fiscal year 1982—or \$200 million more than the budget resolution required. In fiscal year 1983, the reduction is \$2.046 billion, or about \$75 million more than the budget resolution required. In fiscal year 1984, food stamp costs are cut by \$2.335 billion, or \$8 million more than the resolution required.

These are deep cuts. The great bulk of these savings come from families below the poverty line. Of the 22 million persons now receiving food stamps, about 1 million will be terminated from the program and about 20 million—including virtually all of the poorest participants in the program—will receive lower benefits than current law would provide. The only households who will not be adversely affected by the bill are those receiving the minimum benefit of \$10 per month.

The report also contains stiffer provisions on fraud disqualification and recovery of overpayments, which further the objectives of other amendments adopted in recent years of eliminating program abuse.

There follows a summary of the key food stamp provisions appearing in the conference report, along with a discussion of some of the issues presented by these provisions. For the most part, it reflects discussions of these issues appearing in the report of the House Committee on Agriculture on H.R. 3603, the Food and Agriculture Act of 1981, which contains provisions similar to many of those found in the conference report.

The following are the key food stamp provisions of the conference report:

#### PROVISIONS TO TERMINATE RECIPIENTS

First. Gross income limit. The report eliminates households with gross incomes over 130 percent of the poverty line, unless the household contains an elderly or disabled member, in which event the current income limit (which requires that income after deductions must fall at or below 100 percent of the poverty line) would continue to apply. USDA estimates that 875,000 persons would be eliminated from the program by this provision.

Second. Elimination of strikers. The report eliminates households containing a striker during the period of the strike, unless the household was already eligible for food stamps immediately prior to the strike. If the household was eligible prior to the strike, it could not receive any increase in benefits as a result of the loss of wages by the striking member (that is, the household's earned income attributable to the job from which the member is on strike would be deemed to remain



the same as if the member were still working, although other household earnings or unearned income or deductions might fluctuate up or down). It should be noted that the striker ban would not apply in cases of a lockout nor would there be a sanction against a household if one of its members who was not on strike declined to accept employment at a struck plant or site.

**Third. Boarders.** The report makes boarders (persons who pay for room and board) ineligible for food stamps. These persons would not be able to apply by themselves or as part of another household. They would not be considered part of the household in the place where they lodge, and their income and resources would not be attributed to the household.

#### PROVISIONS TO REDUCE BENEFITS

**First. Changes in adjustments of food stamp allotments.** The report repeals a provision of current law under which allotments would be based on more current food price data. It also provides that for the next 3 years, allotments would be adjusted every 15 months instead of every 12 months. During this period, allotments will lag 4 to 18 months behind actual food prices.

**Second. Changes in deductions.** The report repeals scheduled expansions in the medical deduction for the elderly and disabled and in the child care deduction. It also freezes the standard deduction and the maximum shelter deduction until July 1, 1983, at which time regular adjustments of these deductions would resume. All future adjustments of the deductions would be done on the basis of a modified index. The current index includes the homeownership component of the Consumer Price Index (CPI) which has risen far more steeply than the overall CPI. Since food stamp recipients ordinarily do not purchase homes while on food stamps, there is no reason to include this volatile component in the index. Consequently, the report deletes the homeownership component of the CPI from the indexes used to adjust the deductions starting on July 1, 1983, and provides for the indexes to be reweighted by the Bureau of Labor Statistics. The reweighting is necessary to assure that adequate weight is given to the rental component.

Another change in the report, which the House conferees accepted reluctantly, is the reduction of the earned income deduction from 20 percent of earnings to 18 percent of earnings. The earned income deduction is needed to compensate for taxes and work-related expenses, and to assure that those who work are not made worse off than those who do not. Under the bill, 18 percent of earnings (that is, wages, salaries, training allowances, self-employment income, and workfare and work supplementation

benefits earned under other programs) are to be deducted.

**Third. Prorating the first month's benefits.** The report provides that benefits for the month of application be prorated so that they start with the date of application. This provision will need to be implemented so that it does not cause hardship. If an impoverished family (such as a migrant farmworker family) applied toward the end of the month and was so poor that it qualified for expedited service, that household should not receive a few days' worth of food stamps and then be required to wait up to 30 days for any further assistance. The Secretary would be expected to serve such households by providing them 30 days of stamps on an expedited basis, and then providing benefits in the second month only for those days of the second month that were not covered by the initial 30 days issuance. No stamps would be provided for the days prior to the date of application.

#### OTHER PROVISIONS

**First. Puerto Rico block grant.** I am disturbed by the provision of the report that replaces the food stamp program in Puerto Rico with a block grant. Puerto Ricans are American citizens, they fight in our wars, and they should not be treated in a discriminatory fashion in the food stamp program.

Nevertheless, the report does establish a block grant effective July 1, 1982. The block grant is funded at 75 percent of the 1982 current services level in Puerto Rico. This level is not increased in future years to take account of future increases in food prices. This means that as the years go by, the block grant will fall further and further below the 75-percent level, and that as food prices rise, poor citizens in Puerto Rico will have to eat less.

We did succeed in removing a provision of the Senate bill that would have established special income limits for Puerto Rico (lower than those for the rest of the United States) for the interim period before the block grant is implemented.

**Second. Retrospective accounting.** The report requires that States use retrospective accounting by October 1, 1983. Hopefully, retrospective accounting will lead to some savings through more accurate income determinations. However, it can also cause hardships to some households. As a result, the report includes some exceptions or modifications to retrospective accounting.

The report excludes migrant farmworker households from retrospective accounting. They would continue to be certified on the basis of a prospective accounting system. The current requirements that there be reasonable certainty of the amount and timing of receipt of income would be main-

tained. And, as under current requirements, availability of work in a particular area could not result in the assignment of income to a migrant household unless a member of the household had actually been hired for the job.

In addition, the report continues the practice of annually averaging income for households that deprive their annual income in a period of time shorter than 1 year (but not on an hourly or piecework basis), such as certain self-employed persons, teachers, and students on scholarship. The Department's current rules on these groups would remain intact. Teachers paid by contract during 9 months of the year would have their income averaged over 12 months so they could not appear to be destitute in summer months. The portion of student income represented by grants or scholarships (other than the portion used for tuition and fees) would be averaged over the school term months the funds were intended to cover. Of course, as under current practice, this procedure would not apply to farmworker income.

The report also mandates that the allotments a household receives during its initial months on the program be supplemented in those cases where serious hardship would otherwise result. A family applying for food stamps may have just suffered a major income loss, such as loss of wages due to a layoff, disability or illness, desertion of a spouse, or termination of child support. For most households, the report provides for eligibility and benefits to be based on income received in the 30 days immediately prior to application. However, for those households that have just had an income loss, that could result in serious hardship. The household would have to wait up to 30 days to receive food stamps, or would receive only a small amount of stamps despite its need. For this reason, the report prescribes supplementation of initial allotments for such cases.

For these households, supplementation is needed so that eligibility and benefits are not based on income that was terminated or reduced before the household applied for food stamps. If a household's wage earner was laid off on the 22d of a month and the household applied for stamps that month, supplementation would be needed to assure that benefits for the 2 succeeding months were not based on income received prior to the layoff. This would prevent hardship. This is why the report directs supplementation of initial allotments (as opposed to supplementation of just the single, initial allotment) where this is needed to avoid hardship.

While the report provides for computing income on a retrospective basis,

current circumstances could be used for other eligibility and benefit factors. For example, household composition should reflect those persons who are members of the household at the time of application, rather than the household's composition at an earlier date. Persons no longer in the household (and their income and resources) would not be considered.

Third. Periodic reporting. The report requires periodic reporting in conjunction with retrospective accounting. Households with earned income, households filing periodic reports in the aid to families with dependent children program (AFDC), and households with potential earners (that is, households receiving unemployment compensation or work registrants) would have to file these reports. The requirement could not be imposed on migrant or elderly or disabled households.

Households required to file reports would have to do so as a condition for receiving benefits. The act does provide that if a report is not filed timely or completely, the household must be given a reasonable opportunity to cure this failure. The household would be notified promptly of failure to file, and if the household then filed within a reasonable period of time, the State would process it in a timely fashion and issue benefits. Households would not be terminated for failure to file until after they had been notified and provided a reasonable opportunity to cure this failure.

If an action to reduce or terminate benefits is required on the basis of information in a report or because a household failed to file the report, the State would have to provide prompt written notice to the household and provide the household an opportunity to exercise its fair hearing rights, in accordance with section 6(c) of the act. If the household appealed within 10 days, its benefits would be continued—or reinstated—at their full level pending the outcome of the hearing, as provided for in section 11(e) of the act.

It is important that where periodic reports are used to determine benefit levels, the gap between the period covered by the report and the issuance of benefits not be too great. The act limits this gap to 30 days unless the Secretary determines a longer period to be administratively necessary. AFDC rules now allow a maximum of no more than 45 days. A 45-day maximum would be appropriate for food stamps. Any longer delay will lead to hardship, undermine the responsiveness of the food stamp program to actual need, and increase possibilities that households may be receiving stamps after they no longer need them.

Fourth. Fraud disqualification. The report contains tough antifraud provisions. The procedures for disqualifying

a household for fraud are extended to permit disqualification for intentional misrepresentation—although not for a simple mistake or a misstatement by a recipient; there would need to be proof of intentional misrepresentation. The procedures for securing a disqualification would remain the same; a hearing official or a court would need to determine that fraud or intentional misrepresentation had occurred.

The report also lengthens the disqualification periods to make the penalty for fraud or misrepresentation more severe.

Fifth. Recovery of overpayments. Increased recovery of overpayments should result due to a provision allowing nonfraud claims to be recouped from allotments. This would not apply in cases where the overissuance was wholly or partly due to a State agency action—as when a caseworker did not request certain information, failed to provide a form for reporting changes, or made a computation error.

Sixth. Termination of funding for Outreach. Finally, the report ends Federal funding for State activities in soliciting families to apply for food stamps. State actions and materials informing applicants of their rights and responsibilities, and providing information to persons inquiring about the program, would continue to be considered allowable administrative costs that are eligible for Federal funding.●

Mr. JONES of Oklahoma. Mr. Speaker, I have no further requests for time.

Mr. LATTA. Mr. Speaker, I have no further requests for time.

Mr. JONES of Oklahoma. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

#### DIRECTING CLERK OF THE HOUSE TO MAKE CORRECTIONS IN ENROLLMENT OF H.R. 3982, OMNIBUS BUDGET RECONCILIATION ACT OF 1981

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent for immediate consideration in the House of the concurrent resolution (H. Con. Res. 167) directing the Clerk of the House of Representatives to make corrections in the enrollment of H.R. 3982, to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 167

*Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H.R. 3982), to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for fiscal year 1982, the Clerk of the House of Representatives shall make the corrections specified in the succeeding sections of this concurrent resolution.*

SEC. 2. In title VI of the bill:

(1) In section 623(C)(2) of the bill, strike out "Fund" the second place it appears therein and insert in lieu thereof "fund", and strike out "the Fund" and insert in lieu thereof "such fund".

(2) In the first sentence of section 662(a) of the bill, insert "of Education (hereinafter in this subchapter referred to as the 'Secretary')" after "Secretary".

(3) In section 663(a)(1) of the bill, strike out the comma after "1984" and insert in lieu thereof a period.

(4) In section 669 of the bill, insert "(other than section 637(1))" after "637".

(5) In section 674(b)(1) of the bill—

(A) strike out "the" the first place it appears therein;

(B) strike out "remaining in" and insert in lieu thereof "of the amount appropriated under section 672 for"; and

(C) strike out "between" and insert in lieu thereof "among".

(6) In section 675(d)(1) of the bill, insert "officer" after "executive" each place it appears therein.

(7) In section 682(e) of the bill, insert a comma after "records", and insert a comma after "allocations".

SEC. 3. In title VIII of the bill:

(1) In section 11 of the National School Lunch Act (as amended by section 813(b) of the bill strike out "(e)" and insert in lieu thereof "(f)".

(2) In section 820(a)(1) redesignate subparagraphs (B), (C), and (D) as subparagraphs (C), (D), and (E), respectively.

(3) In section 820(a)(1) insert after subparagraph (A) the following new subparagraph:

"(B) that portion of the amendment made by section 810(c) pertaining to the reimbursement rate for supplements;"

(4) In section 820(a)(6) redesignate subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively.

(5) In section 820(a)(6) insert after "except that—" the following new subparagraph:

"(A) the amendment made by section 810(c) pertaining to the reimbursement rate for supplements shall take effect as provided under paragraph (1) of this subsection;"

SEC. 4. (a) In the proposed section 1904(a)(2) of the Public Health Service Act (as contained in section 901 of the bill), strike out "and amounts transferred by the State for use under this part".

(b) In the proposed section 1912(b)(1) of the Public Health Service Act (as contained in section 901 of the bill), strike out in the matter following subparagraph (B) "for the Community Mental Health Centers Act" and insert in lieu thereof "under the Community Mental Health Centers Act".

(c) In the proposed section 1914(b) of the Public Health Service Act (as contained in section 901 of the bill), strike out "section 103" and insert in lieu thereof "section 1913".

(d) In the proposed section 1914(c) of the Public Health Service Act (as contained in section 901 of the bill), strike out "section



1902" and insert in lieu thereof "section 1912".

(e) In the proposed section 1915(c)(1) of the Public Health Service Act (as contained in section 901 of the bill), strike out "section 1902" and insert in lieu thereof "section 1912".

(f) In the proposed section 1915(c)(2) of the Public Health Service Act (as contained in section 901 of the bill), strike out "fiscal year 1980" and insert in lieu thereof "fiscal year 1981".

(g) In the proposed section 1915(c)(4)(B) of the Public Health Service Act (as contained in section 901 of the bill), strike out "emergency" and insert in lieu thereof "emergency".

(h) In the proposed section 1915(c)(9) of the Public Health Service Act (as contained in section 901 of the bill), strike out "section 1907" and insert in lieu thereof "section 1917".

(i) In the proposed section 1915(c)(11) of the Public Health Service Act (as contained in section 901 of the bill), strike out "section 1903" and insert in lieu thereof "section 1913".

(j) In the proposed section 1915(d) of the Public Health Service Act (as contained in section 901 of the bill), (1) strike out "section 1903" and insert in lieu thereof "section 1913", and (2) strike out in the second sentence "after its transmittal" and insert in lieu thereof "and after its transmittal".

(k) In the proposed section 1916(b)(3) of the Public Health Service Act (as contained in section 901 of the bill), (1) strike out "section 1916" and insert in lieu thereof "section 1915", and (2) strike out "section 1913" and insert in lieu thereof "section 1912".

(l) In the proposed section 1917(a)(2) of the Public Health Service Act (as contained in section 901 of the bill), strike out "section 1905" and insert in lieu thereof "section 1915".

(m) In the matter proposed to be inserted in section 330(g)(2) of the Public Health Service Act by section 903(a) of the bill, strike out "\$284,000,000" and insert in lieu thereof "\$280,000,000".

(n) In the heading of section 986, strike out the semicolon and all that follows.

SEC. 5. (a) In the proposed amendment to section 15(a)(4) of the Airport and Airway Development Act of 1970 (as contained in section 1102(h) of the bill) strike out "fiscal years 1980 and 1981" and insert in lieu thereof "each of the fiscal years 1980 and 1981".

(b) In section 1111(a), amend paragraph (5) to read as follows:

(5) Section 5(a)(1)(B) is amended by striking out "\$900,000,000 in each fiscal year for the fiscal years ending September 30, 1981, and September 30, 1982." and inserting in lieu thereof "\$900,000,000 for the fiscal year ending September 30, 1981, and \$850,000,000 for the fiscal year ending September 30, 1982."

SEC. 6. (a) In subtitle E of title XI:

(1)(A) In section 1135(a)(7), strike out "or the representative authorized by the Secretary to carry out the responsibilities of the Secretary under this subtitle".

(B) In section 1137, strike out "(a)" after "SEC. 1137."

(2) In proposed title V of the Rail Passenger Service Act (as contained in section 1137 of the bill)—

(A) in proposed section 501(c)(1), strike out "with respect to safety and with respect to the" the second place it appears;

(B) in proposed section 501(a)(1)—

(i) insert the following before subparagraph (B):

"(A) The President of Amtrak Commuter, ex officio";

(ii) strike out "selected by the President to serve on the Board of Directors of the Corporation" in subparagraph (B) and insert in lieu thereof "of the Board of Directors of the Corporation who was selected", and

(iii) strike out "the effective" in subparagraph (D)(ii);

(C) in proposed section 504(b)(3), strike out "506" and insert in lieu thereof "508"; and

(D) in proposed section 506(a), insert "than" after "Not later".

(3) In proposed section 217(a) of the Regional Rail Reorganization Act of 1973 (as contained in section 1140(a) of the bill) strike out "during the period between the effective date of the Northeast Service Act of 1981 and August 1, 1983," and insert in lieu thereof "after the effective date of the Northeast Rail Service Act of 1981".

(4) In proposed title IV of the Regional Rail Reorganization Act of 1973 (as contained in section 1142 of the bill)—

(A) insert after and below subparagraph (C) of section 401(a)(2) the following:

"(3) Any plan submitted under paragraph (2) shall be deemed approved at the end of the 60-calendar-day period of continuous session of the Congress beginning on the date the plan was submitted, unless during such period both Houses of Congress pass a concurrent resolution the substance of which states that the Congress does not favor such plan. The Secretary shall implement any plan deemed approved under this paragraph. For purposes of this subsection—

(B) strike out "90-day period" in the matter in the subparagraph (B) immediately before subsection (b) of section 401 and insert in lieu thereof "60-day period";

(C) strike out "subsection (a)(1)" in subsections (b) and (c) of section 401 and insert in lieu thereof "subsection (a)(2)";

(D) strike out "subsection (a)(1)" and all that follows through "of this Act" in subsection (e) of section 401 and insert in lieu thereof "subsection (a)(2), the Secretary shall first offer for sale, to any employees whose wages are reduced pursuant to any agreement entered into in accordance with the goal set forth in section 1134(4) of the Northeast Rail Service Act of 1981";

(E) strike out "section" in section 403(a)(2) and insert in lieu thereof "subsection";

(F) strike out "which would" and all that follows through "were excused" in section 403(a)(2) and insert in lieu thereof "will be able to borrow capital in the private market sufficient to meet all its capital needs";

(G) strike out "subsection (a)(1)" in section 403(b) and insert in lieu thereof "subsection (a)(2)";

(H) amend the proposed paragraph (2) of section 403(b) to read as follows:

"(2) As used in this subsection, 'profitable carrier' means a carrier that generates sufficient revenues to meet its expenses, including reasonable maintenance of necessary equipment and facilities, and would have been able to borrow capital in the private market sufficient to meet all its capital needs. For the purpose of making such determination the USRA Board shall assume that the interest of the United States in any debt or preferred stock of the Corporation has been limited as required under section 402 of this Act."

(I) insert at the end of subsection (a) of section 404 the following:

The USRA Board shall approve or disapprove such determination within 15 days after the date of such notification.

(J) strike out "it is notified" and all that follows through "of such approval" in section 404(b)(1) and insert in lieu thereof "of which it is notified under subsection (a)(2), the employees of the Corporation may, within 90 days after the date the Secretary's determination was submitted to the USRA Board".

(K) insert at the end of paragraph (2) of section 404(b) the following:

The Secretary shall consider whether the plan ensures continued rail service and maximizes the return to the United States on its investment.

(L) strike out "has determined that" in section 404(c)(2) and all that follows through "Northeast corridor." in the first proposed section 405(a), and

(M) insert "or if at any time the Corporation requires funding from the Federal Government in excess of amounts authorized on or before the effective date of the Northeast Rail Service Act of 1981," in the second proposed section 405(a) after "is not approved by the Secretary,".

(5) In proposed title VII of the Regional Rail Reorganization Act of 1973 (as contained in section 1143(a) of the bill)—

(A) amend proposed paragraph (2) of section 701(d) to read as follows:

"(2) No individual shall become eligible for benefits under this section after the last day of the eighteen-month period beginning on the date of transfer under section 401 or 404 of this Act."

(B) in section 702(e)(1), insert ", or in commuter service where applicable," after "in freight service";

(C) in section 702(g), strike out "PASSENGER" and insert in lieu thereof "COMMUTER", and

(D) in section 710(b), strike out "1 The Corporation" and insert in lieu thereof "(1) The Corporation, Amtrak Commuter, and commuter authorities".

(6) In section 1144(a)(2)(A) of the bill, strike out "October 1, 1981," the first place it appears and insert in lieu thereof "the effective date of this subsection".

(7) In section 1147, strike out "(a)" after "SEC. 1147," and strike out subsection (b).

(8) In the subsections proposed to be inserted in section 201 of the Regional Rail Reorganization Act of 1973 (as contained in section 1147 of the bill)—

(A) amend proposed subparagraph (A) of subsection (d)(1) to read as follows:

"(A) The Chairman, who shall be the individual serving as Chairman on the effective date of this subsection, until the expiration of his term of office or his resignation, or his replacement, who shall be selected by the outgoing Chairman and the other members of the Board.

(B) strike out "for an additional term of" in subsection (e) and insert in lieu thereof "and the term of the Chairman shall be";

(C) insert ", or their representatives," in subsection (f) after "Directors";

(D) strike out the closing quotation marks (and period that follows them) at the end of subsection (f) and insert after and below that subsection the following subsections:

"(g) The Board of Directors shall, on the effective date of this subsection, assume the functions previously performed by the Finance Committee.

"(h) The members of the Board of Directors may send representatives to meetings

of such Board, and such representatives may exercise full powers of the members."

(9) In section 203 of the Regional Rail Reorganization Act of 1973 (as proposed to be amended in section 1149 of the bill), strike out "to determine if the conditions of this Act are met" and insert in lieu thereof "to fulfill its functions under this Act".

(10) In proposed section 219 of the Regional Rail Reorganization Act of 1973 (as contained in section 1150(a) of the bill), strike out "\$300 per diem when engaged in the actual performance of his duties, plus".

(11) In proposed paragraph (2)(A) of section 305(f) of the Regional Rail Reorganization Act of 1973 (as contained in section 1155(a)(1) of the bill), strike out "the date of enactment" and insert in lieu thereof "the effective date of the Northeast Rail Service Act of 1981".

(12) In proposed section 308 of the Regional Rail Reorganization Act of 1973 (as contained in section 1156(a) of the bill)—

(A) strike out "November" in subsection (b) and insert in lieu thereof "December",

(B) strike out "1981" in subsection (c) and insert in lieu thereof "1983",

(C) strike out "Any application" and all that follows through "October 1, 1983," in subsection (c)(2) and insert in lieu thereof "At any time after the 90-day period beginning with the filing of a notice of insufficient revenues for a line, the Corporation may file an application for abandonment for such line. An application for abandonment that is filed by the Corporation under this subsection", and

(D) strike out "or less" in subsection (e)(3)(A).

(13) In proposed section 9A(a) of the Railway Labor Act (contained in section 1157 of the bill), strike out "The" and insert in lieu thereof "Except as provided in section 510(h) of the Rail Passenger Service Act, the".

(14) In section 1161—

(A) strike out "hereafter" in subsection (c) and insert in lieu thereof "hereinafter in this section referred to as",

(B) insert ", except those provided for in subsection (f)," in subsection (d) after "carrier obligations and other requirements", and

(C) add at the end the following subsection:

(f) The Commission shall establish fair and equitable divisions of revenues on joint rates until a final order is issued.

(15) In section 1163A—

(A) add the section heading "COMMISSION PROCEEDINGS", and

(B) strike out "1162A." and insert in lieu thereof "1164(a)".

(16) In section 1163B, strike out "SEC. 1163B. (a)" and insert in lieu thereof "(b)" and redesignate the existing subsection (b) as subsection (c) and amend it to read as follows:

(c)(1) If the Secretary determines under subsection (b) that there is an agreement between a profitable railroad in the Region (as defined in section 102 of the Regional Rail Reorganization Act of 1973) which received a loan under section 211(a) of such Act and a prospective purchaser for the sale of such railroad, the Secretary shall limit the interest of the United States in any debt of such a railroad to an interest which attaches to such debt in the event of bankruptcy, substantial sale, or liquidation of the assets of the railroad. The Secretary shall substitute for the evidence of such debt contingency notes conforming to the limited terms set forth in this subsection.

(2) If the interest of the United States is limited under paragraph (1), any new debt issued by such a railroad subsequent to the issuance of the debt described in paragraph (1) shall have higher priority in the event of bankruptcy, liquidation, or abandonment of the assets of the Corporation than the debt described in such paragraph.

(17) In section 1163C—

(A) add the section heading "INTERCITY PASSENGER SERVICE EMPLOYEES",

(B) redesignate the section as section 1165,

(C) strike out "Not later than" and all that follows through "the Corporation" and insert in lieu thereof "After January 1, 1983, Conrail shall be relieved of the responsibility to provide crews for inter-city passenger service on the Northeast Corridor. Amtrak, Amtrak Commuter, and Conrail", and

(D) insert before the last sentence the following sentence: Such agreement shall ensure that Conrail, Amtrak, and Amtrak Commuter have the right to furlough one employee in the same class or craft for each employee who returns through the exercise of seniority rights.

(b) In subtitle F of title XI:

(1) In proposed paragraph (1) of section 303(a) of the Rail Passenger Service Act (as contained in section 1174(a)(1) of the bill)—

(A) at the end of proposed clause (ii) of subparagraph (C) add the following sentence: "Such Governor may select an individual to represent him at meetings of the Board.", and

(B) by striking out the period at the end of proposed clause (ii) of subparagraph (D) and "(I) If Amtrak Commuter" that follows and insert in lieu thereof the following: ", except that—

"(I) If Amtrak Commuter".

(2) In proposed subsection (e)(2) of section 304 of the Rail Passenger Service Act (as contained in section 1175(3) of the bill), insert "not" after "shall".

(3) In section 1178—

(A) strike out "subsections" and insert in lieu thereof "subsection",

(B) insert closing quotation marks and a period at the end of proposed subsection (n) to section 306 of the Rail Passenger Service Act, and

(C) strike out proposed subsection (o) to that section of that Act.

(4) In proposed section 404(c)(4) of the Rail Passenger Service Act (as contained in section 1183(b) of the bill), strike out "shall include" in subparagraph (D)(ii) and insert in lieu thereof "may include".

(5) Redesignate the subsection (1), proposed to be added to section 602 of the Rail Passenger Service Act by section 1186(b) of the bill, as subsection (k).

(6) In section 1189, strike out "The" and insert in lieu thereof "Except as otherwise provided, the".

(c) In subtitle G of title XI:

(1) In section 1191—

(A) insert "(49 U.S.C. 1654(p))" after "Act", and

(B) in the matter proposed to be inserted, strike out "in the fiscal year" and insert in lieu thereof "for the fiscal year" each place it appears.

(2) In section 1192(e)—

(A) strike out "and" at the end of paragraph (2),

(B) redesignate paragraph (3) as paragraph (5), and

(C) insert after paragraph (2) the following paragraphs:

"(3) in paragraph (2), as redesignated, by striking out "paragraphs (3) and (5)" and in-

serting in lieu thereof "paragraphs (2) and (4)";

"(4) in paragraph (3), as redesignated, by striking out "paragraph (4)" and inserting in lieu thereof "paragraph (3)"; and"

(3) In section 1192(h), by inserting after "is amended" the following: "by striking out "paragraph (3)" each place it appears and inserting in lieu thereof "paragraph (2)", and".

(4) In proposed subsection (p) of section 5 of the Department of Transportation Act (as contained in section 1192(i) of the bill), strike out "shall exercise" and insert in lieu thereof "may exercise".

(5) In proposed section 17(2) of the Department of Transportation Act (as contained in section 1194(a) of the bill), strike out "not to exceed" and all that follows through "1982" and insert in lieu thereof "not to exceed \$40,000,000 for the fiscal year ending September 30, 1982, to remain available until expended".

(d)(1) In proposed paragraph (4) of section 102 of the Rail Passenger Service Act (as contained in section 1172(2) of the bill), strike out "beverages" and insert in lieu thereof "beverage".

(2) In proposed paragraph (1)(D)(i) of section 303(a) of the Rail Passenger Service Act (as contained in section 1174(a)(1) of the bill), strike out "December 31, 1983" and insert in lieu thereof "December 31, 1982".

(3) In proposed paragraph (2)(A) of section 303(a) of the Rail Passenger Service Act (as contained in section 1174(a)(1) of the bill), strike out "three" and insert in lieu thereof "two".

(4) In proposed subparagraph (B) of section 404(c)(3) of the Rail Passenger Service Act (as contained in section 1183(a)(2) of the bill), strike out "Whenever" and insert in lieu thereof "Beginning on the effective date of the Amtrak Improvement Act of 1981, if".

(5) In proposed subparagraph (F) of section 404(c)(4) of the Rail Passenger Service Act (as contained in section 1183(b) of the bill), insert "or section 403(b) of this Act" after "pursuant to this paragraph" each place it appears.

(6) In section 1187(a)(3) of the bill, strike out "for the funding of rail corridor development".

(e) In section 1193—

(1) strike out "Title VII" and insert in lieu thereof "Section 704(a)", and

(2) strike out "by inserting at the end thereof" in paragraph (2) and insert in lieu thereof "by adding after paragraph (4)".

(f) In subtitle E of title XI:

(1) In section 1134(2), strike out "which".

(2) In section 1136, strike out the comma at the end and insert in lieu thereof a period.

(3) In proposed section 504(e) of the Rail Passenger Service Act (as contained in section 1137 of the bill), strike out "1164" and insert in lieu thereof "1163".

(4) In proposed section 506(h) of the Rail Passenger Service Act (as contained in section 1137 of the bill)—

(A) strike out "or" of the Rail Passenger Service Act",

(B) strike out "the Corporation" and insert in lieu thereof "Conrail" each place it appears,

(C) strike out "a owner" in paragraph (2)(A)(iii) and insert in lieu thereof "an owner", and

(D) strike out "and of the Rail Passenger Service Act" in paragraph (2)(B).



(5) In proposed section 506(j) of the Rail Passenger Service Act (as contained in section 1137 of the bill)—

(A) strike out "nor is it intended";

(B) strike out "the Corporation" and insert in lieu thereof "Conrail" each place it appears, and

(C) insert "of 1973" after "Act".

(6) In proposed section 507 of the Rail Passenger Service Act (as contained in section 1137 of the bill) strike out "Commission" and insert in lieu thereof "Secretary".

(7) In proposed section 217 of the Regional Rail Reorganization Act of 1971 (as contained in section 1140(a) of the bill)—

(A) strike out "The" in subsection (a) and insert in lieu thereof "In addition to the authority provided under section 216 of this Act, the";

(B) strike out "section 409 of the Regional Rail Reorganization Act of 1973" and "section 409 of this Act" in subsection (b)(1) and insert in lieu thereof "section 1163 of the Northeast Rail Service Act of 1981" and "such section", respectively;

(C) strike out "section 216 or 217, the Association shall purchase" in subsection (b)(2) and insert in lieu thereof "this section or section 216 of this Act, the Association shall purchase series A", and

(D) strike out the second sentence of subsection (f).

(8) In proposed title IV of the Regional Rail Reorganization Act of 1973 (as contained in section 1142 of the bill)—

(A) strike out "possible" in section 401(a)(1) and insert in lieu thereof "practicable";

(B) strike out "corporation" in section 403(b)(3)(B) and insert in lieu thereof "the Corporation";

(C) strike out "section" in section 404(b)(3) the first place it appears and insert in lieu thereof "subsection"; and

(D) in section 408(d), insert ", except that if the Corporation requires further Federal financing before such date, such sale may be made before such date" before the period at the end.

(9) In proposed title VII of the Regional Rail Reorganization Act of 1973 (as contained in section 1143 of the bill)—

(A) in section 701(c), strike out Rail Passenger Service Corporation" and insert in lieu thereof "National Railroad Passenger Corporation"; and

(B) in section 714, insert "of 1981" after "Act" the second place it appears.

(10) In proposed section 508 of the Rail Passenger Service Act (as contained in section 1145 of the bill)—

(A) strike out "Amtrak or commuter" in subsection (c)(7) and insert in lieu thereof "Amtrak Commuter or a commuter";

(B) insert "in" in clause (D) of subsection 508(c)(7) after "in any manner which results"; and

(C) strike out "the" in subsection (f) before "Conrail".

(11) In proposed subsection (a)(2) of section 202 of the Regional Rail Reorganization Act of 1973 (as contained in section 1148(a)(1)), strike out "determine" and "conditions" and insert in lieu thereof "review" and "goals", respectively.

(12) In proposed section 214(c) of the Regional Rail Reorganization Act of 1973 (as contained in section 1151 of the bill), insert "and" after "1982";

(13) In section 1161, strike out "subtitle" and insert in lieu thereof "subsection" each place it appears in subsection (b) and the first place it appears in subsection (d).

(14) In section 1162, insert "(a)" after "Sec. 1162.", and add at the end the following subsections:

(b) Section 501(8) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 821(8)) is amended to read as follows:

"(8) 'restructuring' means (A) any activity (including a consolidation, coordination, merger or abandonment) which (i) involves rehabilitation, or improvement of a facility or the transfer of a facility, and (ii) improves the long-term profitability of any railroad freight system through the achievement of higher average traffic densities or improved asset utilization; or (B) the transfer from the Corporation to any railroad or financially responsible person (as defined in section 10910(a)(1) of title 49, United States Code) for common carrier rail service of ownership or operating rights on any rail line owned or operated by the Corporation where the Secretary determines that such acquisition will provide needed transportation benefits, and that such line will not require further Federal subsidy";

(c) Section 505(a)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 825(a)(1)) is amended by inserting immediately after "railroad" the following: "(or any financially responsible person, as defined in section 10910(a)(1) of title 49, United States Code, who acquires from the Corporation for common carrier rail service any rail line owned by the Corporation on the effective date of the Northeast Rail Service Act of 1981)".

(d) Section 505(b)(2) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 825(b)(2)) is amended by amending clause (C) to read as follows: "(C) the public benefits, including any significant railroad restructuring, to be realized from the project to be financed in relation to the public costs of such financing and whether the proposed project will return public benefits sufficient to justify such public costs or, where the application relates to a rail line owned or operated by the Corporation immediately prior to its acquisition by a railroad or financially responsible person (as defined in section 10910(a)(1) of title 49, United States Code) for common carrier rail service, whether the financial assistance applied for under this section will further the public interest in transferring rail lines from the corporation to the private sector, and avoid the need for any further Federal subsidy";

(e) Section 509(b) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 829(b)) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following: "(3) Not more than 50 percent of the funds received by the Secretary from amounts appropriated under subsection (a) of this section shall be reserved to provide rehabilitation and improvement assistance for facilities transferred from the Corporation after the effective date of the Northeast Rail Service Act of 1981";

(f) Section 509(b)(4) of the Railroad Revitalization and Regulatory Reform Act of 1976, as redesignated by subsection (e) of this section, is amended by striking "and (2)" and inserting in lieu thereof ", (2) and (3)".

(15) Insert after section 1163D the following sections:

#### TECHNICAL AMENDMENTS

SEC. 1167. (a) Section 303(c) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 743(c)) is amended by striking the following wherever they appear: "securities," "securities and"; "at least one share of series B preferred stock and"; "other se-

curities of the Corporation or"; and "securities or".

(b) For the purpose of computing the amount for which certificates of value shall be redeemable under section 306 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 746), the series B preferred stock and the common stock conveyed to the Secretary under section 1154 of this subtitle shall be deemed to be without fair market value unless in a proceeding brought under section 1152(a)(4) of this subtitle the special court shall have determined that such securities had a value and shall have entered a judgment against the United States for that value. In such an event, the securities shall for purposes of section 306 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 746) be deemed to have that value found by the special court.

(c)(1) The clerk of the special court shall convey to the Secretary within 10 days after the effective date of this subtitle the series B preferred stock and the common stock of Conrail which are then on deposit with the special court pursuant to section 303 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 743).

(2) The Secretary is authorized to hold and to exercise all rights that pertain to the Conrail securities conveyed under paragraph (1) of this subsection, and any other securities of Conrail that have been or may be conveyed to the Secretary under any agreement or pursuant to the terms of part 5 of this subtitle or the terms of any other law.

#### APPLICABILITY OF OTHER LAWS

SEC. 1168. (a) The provisions of the chapters 5 and 7 of title 5 of the United States Code (popularly known as the Administrative Procedure Act and including provisions popularly known as the Government in the Sunshine Act), the Federal Advisory Committee Act, section 102(2)(C) of the National Environmental Policy Act of 1969, the National Historic Preservation Act of 1966, and section 4(f) of the Department of Transportation Act of 1966 are inapplicable to actions taken in negotiating, approving, or implementing service transfers under title IV of the Regional Rail Reorganization Act of 1973.

(b) The operation of trains by Conrail shall not be subject to the requirement of any State or local law which specifies the minimum number of crew members who must be employed in connection with the operation of such trains.

(16) Redesignate sections 1163D and 1164 as sections 1166 and 1169, respectively.

(17) Conform the table of contents of the subtitle to the changes in section headings, and additions in sections, made in this concurrent resolution.

SEC. 7. In subtitle B of title XII of the bill:

(1) In proposed section 396(k)(3)(A)(i)(II) of the Communications Act of 1934 (as contained in section 1227(c)(1) of the bill) strike out "clause (iv)" and insert in lieu thereof "clause (iv)(I)".

(2) In proposed section 396(k)(3)(A)(v)(III) of the Communications Act of 1934 (as contained in section 1227(c)(1) of the bill) strike out "clause (iv)" and insert in lieu thereof "clause (iv)(I)".

(3) In the amendment to section 307(d) of the Communications Act of 1934 made in section 1241(a)(4) of the bill, insert "not to exceed" after "term of".

(4) In the amendment to section 307(d) of the Communications Act of 1934 made in

section 1241(a)(6) of the bill, insert "not to exceed" after "term of".

Sec. 8. In title XVIII of the bill:

(1) In the proposed amendment to section 1007 of the Public Works and Economic Development Act of 1965 (as contained in section 1821(a)(12)) strike out "and September 30, 1981." and insert in lieu thereof "September 30, 1981.".

(2) In the second sentence of section 1807 (a), strike out "of 1965".

Sec. 9. (a) In subtitle C of title XXI:

(1) In proposed subsection (s)(5)(A)(i)(II) of section 1903 of the Social Security Act (as contained in section 2161(a) of the bill), strike out "its operation" and insert in lieu thereof "the operation".

(2) In proposed subsection (t)(3) of section 1903 of the Social Security Act (as contained in section 2161(b) of the bill), strike out "yer" and insert in lieu thereof "year".

(3) In proposed section 1915(b) of the Social Security Act (as contained in section 2175(b) of the bill), insert after the comma at the end of paragraph (2) the following: "if such restriction does not substantially impair access to services of adequate quality where medically necessary.".

(b) In the heading of section 2178, strike out "PREPAID PROVIDER (HMO)" and insert in lieu thereof "HMO AND PREPAID PROVIDER", and amend the table of contents of title XXI accordingly.

Sec. 10. In subtitle D of title XXI, in the proposed title V of the Social Security Act (as contained in section 2192(a))—

(1) in section 501(a), insert "to" in paragraph (3) after "(3)" and in paragraph (4) after "(4)",

(2) in section 502(a)(3), insert "be" before "submitted" and strike out "containing and" and insert in lieu thereof "contain and be",

(3) in section 502(b)(2), strike out "allotted" and insert in lieu thereof "allotted" each place it appears,

(4) redesignate subsection (d) of section 504 as subsection (c) and transfer and insert such subsection at the end of section 503, and

(5) in section 506(b)(3), strike out "the requirements of" and all that follows through "section 502(2)" and insert in lieu thereof "this title".

Sec. 11. In title XXVI of the bill:

(1) In section 2604(b)(1) of the bill, strike out "between" and insert in lieu thereof "among".

(2) In section 2604(d)(1)(A) of the bill, strike out "organizations" and insert in lieu thereof "organization".

Sec. 12. In section 532 of the bill—

(1) insert after "repealed." in subsection (b)(2) thereof the following new sentence: "Nothing in this paragraph or in any other provision of this title, or in any provision of the Higher Education Act of 1965 as amended by this title, shall be construed to permit any analysis of need for the purposes of loans under part B of title IV of such Act other than that expressly required by section 428(a)(2) of such Act as amended by this section or to require a student seeking to qualify under section 428(a)(2)(B)(i) to prove any element of need other than compliance with the adjusted gross income amount specified in such section."; and

(2) in section 438(b)(5) of the Higher Education Act of 1965 as amended by subsection (b)(4) of section 532 of the bill, insert "or" at the end of clause (A)(ii).

Sec. 13. In section 1199A, strike out "July 31, 1981" and insert in lieu thereof "August 4, 1981".

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. Is the gentleman from Pennsylvania (Mr. MURTHA) seeking recognition?

Mr. MURTHA. Mr. Speaker, I am waiting for somebody from the minority to ask me a question. Is anybody in particular over there?

#### LEGISLATIVE PROGRAM

(Mr. CHENEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHENEY. Mr. Speaker, I have requested this time for the purpose of inquiring of the acting majority leader with respect to the schedule for the coming week.

Mr. MURTHA. If the gentleman will yield, the program for the House of Representatives for the week of August 3, 1981, is as follows:

On Monday, August 3, the House will not be in session.

The schedule for Tuesday and the balance of the week is as follows:

The call of the Private Calendar and a special Consent Calendar; conference report on H.R. 4242, Tax Incentive Act of 1981; and while we are waiting for that, the House will consider H.R. 4169, State, Justice, Commerce, judiciary appropriations, fiscal year 1982.

The conference report on H.R. 4242 will be brought to the floor as soon as it is available.

When the House completes the tax conference report, the House will adjourn for the August recess and district work period. The House will reconvene at noon on Wednesday, September 9, 1981.

Conference reports may be brought up at any time, and any further program will be announced later.

Mr. CHENEY. I thank the gentleman.

#### ADJOURNMENT TO TUESDAY, AUGUST 4, 1981

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at noon on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### MAKING IN ORDER CALL OF THE CONSENT CALENDAR ON TUESDAY NEXT

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that the Consent Calendar be in order on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### TRIBUTE TO COMMITTEE STAFFS

(Mr. ERDAHL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ERDAHL. Mr. Speaker, one of the things that I think we brought up during the reports from the various conference committees, and I hope we could stress it again, is the diligent work we have had from members of our staffs.

This is one of the first experiences that I have had to be on a conference committee, and I think through this experience I was reminded—and all of us should be willing to acknowledge, and this went across party lines and across from this House to the other body—that we were well supported by able and dedicated staff. Some of them worked long into the night. I think we should take this moment to pause in the procedure to recognize our staffs and to publicly acknowledge how dependent we are upon them and how grateful we are to them.

□ 1500

#### GENERAL LEAVE

Mr. RATCHFORD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the subject of the special order today of the gentleman from Oklahoma (Mr. SYNAR).

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

#### FAA'S PURCHASE OF COMPUTERS

(Mr. DUNN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DUNN. Mr. Speaker, today the chairman of the Subcommittee on Aviation and Transportation, the gentleman from Kansas (Mr. GLICKMAN)



and myself are introducing a resolution to address the problems of the FAA and their purchase of new computers.

One of the problems that is pending in the airline strike that is about to hit this Nation today is the problem of new computers for the FAA. We are introducing legislation which says to the FAA, "You have been dragging your heels for a number of years and that at this time we are going to ask you by December 31, 1981, to submit to Congress a new plan as to the type, date, and amount of money you are going to spend on computers."

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4242. An act to amend the Internal Revenue Code of 1954 to encourage economic growth through reductions in individual income tax rates, the expensing of depreciable property, incentives for small businesses, and incentives for savings, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 4242) entitled "An act to amend the Internal Revenue Code of 1954 to encourage economic growth through reductions in individual income tax rates, the expensing of depreciable property, incentives for small businesses, and incentives for savings, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DOLE, Mr. PACKWOOD, Mr. ROTH, Mr. DANFORTH, Mr. LONG, Mr. HARRY F. BYRD, JR., and Mr. BENTSEN to be the conferees on the part of the Senate.

#### APPOINTMENT OF CONFEREES ON H.R. 4242, TAX INCENTIVE ACT OF 1981

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4242) to amend the Internal Revenue Code of 1954 to encourage economic growth through reductions in individual income tax rates, the expensing of depreciable property, incentives for small businesses, and incentives for savings, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MOTION OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. ROUSSELOT moves that the managers on the part of the House on the disagreeing vote of the two Houses be instructed to insist on section 311 of the bill as passed by the House relating to the amounts which persons, who are active participants in employer-sponsored pension plans, may deduct for contributions to individual retirement accounts.

The SPEAKER. The gentleman from California (Mr. ROUSSELOT) is recognized for 1 hour.

Mr. ROUSSELOT. Mr. Speaker, I will speak briefly on this issue.

It is pretty well understood. It was fully debated in the Committee on Ways and Means and to some degree on the House floor.

The House-passed bill allows persons who are actively participants in employer-sponsored pension plans to deduct \$2,000 for contributions to individual retirement accounts.

The comparable provision in the bill passed by the other body only allows such persons a \$1,500 deduction.

Therefore, the effect of the instructions is to insist on the House provision which allows a more general reduction for this category of individual retirement accounts.

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague from Illinois (Mr. ROSTENKOWSKI), the chairman of the committee.

Mr. ROSTENKOWSKI. As the gentleman knows, the instructions refer to a provision that was in our bill as well and sponsored by the gentleman presently addressing the House, the gentleman from California.

I always felt that instructing conferees is very difficult. It does not set the tone that I would like to see in a conference, and I must admit, even though it is a provision that I sponsored and spoke for, I just dislike very much and would oppose any motion to instruct conferees, as I have done consistently throughout my legislative career.

Mr. ROUSSELOT. I understand the gentleman's point.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from New York.

Mr. CONABLE. I think this is an important provision and I would judge that it was desirable that it go into the final passage of the law.

Mr. ROUSSELOT. It did and passed overwhelmingly.

Mr. CONABLE. Yes. It is merely strongly addressed toward a large and stable savings rate.

I would urge its support.

Mr. ROUSSELOT. Mr. Speaker, I move the previous question on the motion.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. ROUSSELOT).

The motion was agreed to.

#### COMPUTED INTEREST RATES

Mr. DASCHLE. Mr. Speaker, I was going to offer a preferential motion myself that dealt with computed interest rates. I understand I am now precluded from doing that because the minority has preference.

But I would like to engage the chairman and perhaps the ranking Member in a colloquy to understand what the position of the committee will be.

Mr. Speaker, I would like to ask the chairman and perhaps the ranking Member what the position of the committee will be on computed interest rates. As the gentlemen know, the amendment was offered in the other body and was adopted 100 to nothing unanimously, on a rollcall vote.

It simply froze in the 7-percent interest rates that had been in existence prior to July 1 and I would ask the chairman what his position would be.

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Speaker, I know the other body is strongly supportive of this position and I am sure they are going to take a very committed stance in the conference.

I see, as far as I am concerned, an opportunity to discuss this with the other body.

□ 1510

I have no broad objection to it, but I would like very much to have an opportunity to discuss this with my colleagues in the Senate. As the gentleman knows, conferences are a give-and-take proposition. I would like at this time to give the gentleman some relief, that I will certainly look at it with a broad view and without a total commitment, to try to arrange for some favorable consideration if I could.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from New York.

Mr. CONABLE. I say to the gentleman that, where possible, I intend to advance the House position in the conference.

Mr. DASCHLE. As the gentleman knows, the House does not have a position on this particular measure, and I think that given the tremendous vote that occurred in the Senate, and given the consistency I think this has with the whole tax-cut reduction, it plays very well into an economic reform package that the committee would find conducive to including in the final version.

Mr. CONABLE. I thank the gentleman for his earnest views. We will do the best we can to keep all people happy here.

The SPEAKER. The Chair appoints the following conferees: Messrs. Ros-

TENKOWSKI, GIBBONS, PICKLE, RANGEL, STARK, CONABLE, DUNCAN, and ARCHER.

**PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4242, TAX INCENTIVE ACT OF 1981**

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight Saturday, August 1, 1981, or Monday, August 3, 1981, to file a conference report on the bill, H.R. 4242, Tax Incentive Act of 1981.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

**MAKING IN ORDER CONSIDERATION OF CONFERENCE REPORT H.R. 4242, ON TUESDAY, AUGUST 4, 1981, OR ANY DAY THEREAFTER**

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that it be in order for the House to consider the conference report on the bill, H.R. 4242, Tax Incentive Act of 1981, on Tuesday, August 4, 1981, or any day thereafter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

**SACCHARIN STUDY AND LABELING ACT AMENDMENT OF 1981**

Mr. WAXMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration in the House of the Senate bill (S. 1278) entitled the "Saccharin Study and Labeling Act Amendment of 1981."

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mr. FOLEY). Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill as follows:

S. 1278

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Saccharin Study and Labeling Act Amendment of 1981".*

SEC. 2. The Saccharin Study and Labeling Act is amended by striking from section 3 "June 30, 1981" and inserting in lieu thereof "twenty-four months after the date of enactment of the Saccharin Study and Labeling Act Amendment of 1981".

The SPEAKER pro tempore. The gentleman from California (Mr. WAXMAN) is recognized for 1 hour.

Mr. WAXMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 1278 would extend for 24 months the current prohibition on regulatory action to remove saccharin from the market. The Senate passed this bill on June 25.

Everyone is familiar with the controversy over saccharin. Under current law, the Food and Drug Administration is required to remove from our food supply any food additive that is unsafe or is found to cause cancer. When questions arose about the safety of saccharin in 1977, the FDA proposed to ban its availability in certain forms. Because of the extensive use of saccharin by consumers, the Congress prohibited any regulatory action.

Even though I am recommending that the House accept the Senate bill, I have grave reservations about the wisdom of the Congress intervening in the implementation of our food safety laws and overruling them on a product-by-product basis. As questions arise about other food products, as they certainly will, it is important for the Congress and the public to be confident that our laws are sound and our regulatory agencies thorough and fair.

For this reason, I will begin an extensive review of our food safety laws this fall and expect that the Subcommittee on Health and the Environment will consider saccharin and other controversial food components in the context of overall food safety policy.

My recommendation to extend the saccharin moratorium is not an endorsement of the safety of saccharin. Several epidemiological studies have been conducted and a large-scale animal study is currently underway to determine the effects of saccharin at different dosage levels. I believe we still do not know the answer on saccharin. But given these continuing studies and the demand for saccharin of many people, particularly diabetics and those on special diets, an extension of the current moratorium is appropriate.

I believe the American people expect and deserve a food supply that is free of so many perplexing and annoying questions of safety. I again call for the food industry to make a determined effort to develop a safe alternative to saccharin. Although the FDA recently granted limited approval to the sweetener Aspartame, it is not available for use in liquids, such as soft drinks, or for use in cooking because it loses its sweetening properties.

I want to remind those Members who are concerned about this legislation that the original requirements for labels on food products and signs in retail establishments are not changed. Consumers who choose to avoid saccharin can do so.

I urge my colleagues to join me in passing this bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

**PETROLEUM PIPELINE REFORM**

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Oklahoma (Mr. SYNAR) is recognized for 30 minutes.

● Mr. SYNAR. Mr. Speaker, while we have been primarily occupied in recent weeks with Government spending and Government taxation, I am certain that most, if not all, Members of the body remain concerned over another area of Government activity—the area of Government regulation. I believe we are all committed to regulatory reform in those areas where reform is obviously appropriate. Such reform is obviously appropriate when the removal of burdensome regulation would promote competition without adversely affecting the American consumer.

For these reasons, Mr. Speaker, I take this opportunity to announce my intention to introduce, in the not too distant future, a bill aimed at achieving regulatory reform in the area of petroleum and petroleum product pipeline rates. I hasten to add at this point that I am talking only about petroleum pipelines—pipelines which are not franchised by the Government and which are not, in any sense of the term, a legally protected monopoly.

In my view, the Government has the right, if not the obligation, to regulate rates of an industry when the Government extends to that industry a franchise, a license, or any mechanism to protect it from competition. With regard to petroleum pipelines, however, the Government affords no protection from competition. Competition in the industry is extensive; shippers have multiple options to serve their transportation needs; and the consumers are the beneficiaries of the competition provided by the private sector.

Nonetheless, Congress has, largely through oversight in my opinion, continued the rate regulation of these pipelines. When we created the Federal Energy Regulatory Commission, in Public Law 95-91, we transferred to the Department of Energy and the FERC the authority to regulate pipelines, including petroleum pipelines. Unfortunately, the broad transfer authority included the authority to set and prescribe rates for petroleum pipelines.

Back in 1906, when rate regulation of these pipelines was first established, there was some justification for it, because shippers had relatively few options available to them for transport of their petroleum commodities. Today, however, shippers enjoy a great variety of options, which include intramodal, intermodal, and shipper exchanges. The recent history of the industry reveals that these options have created competitive pressures resulting in the establishment of fair and equitable prices for shippers and for the ultimate consumers.

Despite this healthy competition and the shipper/consumer protection



it provides, the FERC remains saddled with the responsibility to set rates for this industry. Almost from its creation, the FERC has been struggling with the question of how to set these rates. It has yet to come up with a satisfactory answer—simply because there is no satisfactory method for setting rates for a competitive industry. Where there is no need for regulation, there is no satisfactory way to regulate.

I am not calling for the complete deregulation of petroleum pipelines. They are common carriers and their obligations as such should continue to be regulated by the FERC. The FERC should continue to enforce the legal prescriptions against possible discriminatory or preferential behavior.

It is only the rate regulation that is unnecessary; and it is only that function that I want to extinguish. For reasons that I am certain will be brought out at hearings, rate regulation discourages competition. It imposes an unnecessary burden upon the petroleum pipeline industry, especially the independents.

I have discussed this issue with the chairman of the Energy and Commerce Committee (Mr. DINGELL) and with the chairman of the Fossil and Synthetic Fuels Subcommittee (Mr. SHARP) to solicit their support in developing legislation to achieve this regulatory reform. I invite my colleagues to join me in this endeavor. I am pleased to announce that my colleague from Oklahoma, Senator NICKLES, will be leading a similar effort in the other body.●

● Mr. SHARP. Mr. Speaker, the regulation of the oil pipeline industry is an energy policy issue which merits examination by the Congress, and I applaud the efforts of my colleague to raise it. The Federal Energy Regulatory Commission is currently engaged in an examination of the regulatory posture that is most appropriate under existing statutes. A bill may provide an excellent vehicle for a congressional examination of that question, or at a minimum for congressional attention to the regulatory review underway at the FERC. I know other members of the Fossil and Synthetic Fuels Subcommittee, on which the gentleman from Oklahoma so ably serves, will share his interest in this question.●

● Mr. CORCORAN. Mr. Speaker, I compliment the gentleman from Oklahoma (Mr. SYNAR) for his leadership on this issue. As a member of the committee and subcommittee with jurisdiction on this matter, I look forward to working with him in this effort. All of us object to regulation for its own sake. The FERC like other agencies should be relieved of responsibilities to regulate where regulation is unnecessary and counterproductive.●

#### WHERE IS THE REVOLUTION?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 5 minutes.●

Mr. ST GERMAIN. Mr. Speaker, President Reagan, and his advisers, have been telling us since January that their economic program would succeed against all logic because a revolution in expectations would occur when the American people heard about all the great things in store for them over the next few years. The American people were promised large drops in the interest rates that have strangled our small businesses and caused unemployment to remain at unacceptable levels. Instead, we now have the highest real interest rates in our country's history. If yesterday's Wall Street Journal is correct, the revolution of low interest rates is not exactly a spectre haunting the sidewalks of Wall Street.

In the paper's first section, we have Murray Weidenbaum, Chairman of the President's Council of Economic Advisers, predicting that interest rates will come down "in the near future." These words are beginning to ring hollow, even for the Journal, which headlines the story: "Declining Interest Rates Are Predicted—Again."

In the paper's second section is a story that tells a different tale, this is headlined: "Dollar Is Bolstered by U.S. Economic Data Indicating Interest Rates Will Stay Firm."

The report says, in part:

Analysts said the figures (of leading economic indicators) indicate that the economy, while softening, remains resilient and that interest rates are likely to remain firm . . . The Treasury's borrowing requirements are higher than traders had anticipated . . . As for the Reagan tax program, "the market will look at it as inflationary," according to one New York banker. It indicates the Fed will keep the monetary brakes on and interest rates at a high level," he explained.

When the daily predictions of administration figures are directly contradicted by the economic facts of that day, is it any wonder that the revolution in expectations is not yet upon us? We may not expect another shot heard "round the world," but we could at least hope someone outside of the Office of Management and Budget would hear it.●

#### A BRAZILIAN CONGRESSMAN'S PERCEPTIONS OF U.S. DEMOCRACY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 15 minutes.

● Mr. ZABLOCKI. Mr. Speaker, earlier this year members of the Committee on Foreign Affairs had the opportunity to meet with four members of

the Brazilian Congress who were visiting Washington at the invitation of the International Communications Agency.

One of those members, Representative Julio Martins, upon returning to Brazil, related his experience to his colleagues in the Brazilian Congress. His speech demonstrates the powerful example that our country holds for many people around the world who are seeking to promote democracy in their own country, and it is evidence of the usefulness served by the International Communication Agency in bringing such individuals to the United States.

I would recommend that Members of this body read his remarks, which follow.

SPEECH DELIVERED BY REPRESENTATIVE JULIO MARTINS, PDS, RORAIMA

Mr. Speaker, distinguished Representatives: Recently a group of Brazilian Congressmen made a study trip to the United States at the invitation of the United States Government. The program was coordinated by the Department of State and the United States International Communication Agency. The delegation was composed of myself and Congressmen Edson Vidigal, Waldimir Belinatti, and Heitor Alencar Furtado.

The 32-day trip was divided into two parts. The first part was a two-week seminar conducted in Washington. This was followed by an observation trip that took us from coast to coast and through the agricultural midwest. There, in a region whose dynamism has contributed much to the grandeur and strength of the United States, we visited soybean and corn farms.

In the first part of the program we learned about the operation of the U.S. Congress and the doctrine, philosophy, morphology, and operationalization of the political and institutional mechanisms that are the moving force behind American democracy. We heard an analysis of the intricate structure of the American electoral system and the elements that comprise it, some rooted in tradition and others, more recent, born of the needs of modern life, but all designed to faithfully reflect the will of the people. We were treated to an insider's view of the complex structure of the political parties and saw how power was at one time concentrated at the top leadership level, creating an internal dictatorship that threatened the entire system, and was remedied by the adoption of a number of measures, among them the primary elections. We also examined the key issue confronting stable democratic regimes, the need for a system of checks and balances that prevents any individual, however tempted, from seizing power.

There is no doubt that the most important of our many appointments with government officials was our meeting with the House Foreign Affairs Committee whose Chairman, Representative Zablocki, had recently led a delegation of committee members to Brazil. The meeting lasted over two hours and grew stormy at times with the discussion of such controversial topics as the role of the United States in the development of Brazil, raising the living standards of the Brazilian people, and the behavior of multinationals. Although we never achieved a consensus, each of us benefited from the

stimulating opportunity of engaging in a frank discussion with one of the most important committees of the United States Congress.

Also in Congress, we conversed at length with Representative Thomas Rallsback of the 19th Illinois Congressional District, a veteran and experienced Congressman with 16 years in office. Later we reencountered Representative Rallsback in his home district and were thus able to see for ourselves the system of district representation. It was clear that the division of the electorate into geographically defined districts, each containing an equal number of voters, creates certain advantages. One is the close personal bond between a Congressman and his constituents, a relationship that is not merely formal or temporary. This makes it difficult to fool voters with a phony image of a candidate created by the media and serves as a protection against demagoguery, deception, and false charisma, so that the purity of the democratic system emerges in all its splendor. To my mind the strength of American democracy, its enduring stability, is due, in great part, to this vital bond between the people and their representatives. However large or populous the State in which he resides, a citizen will vote for a candidate familiar to him, a person he encounters on the streets of his neighborhood, at his club or church or in the corner grocery store. And for the candidate the voter is not just one more anonymous face in a sea of unknown faces. He is rather an individual known to the candidate. Out of this relationship is born a communion of ideas, thoughts, and interests that is the cement of the representativeness and authenticity of the popular mandate.

I do not know, Mr. Speaker, if this would be the best and most appropriate electoral system for Brazil. I am forever wary of mere copying and of transplanting systems from one environment to another. I am convinced, however, that no parliament anywhere will ever achieve the power and prestige that the U.S. Congress enjoys among the American people until its system of popular representation equals the level of authenticity that exists in the United States.

Something else that I observed, and which I would like to comment on briefly, is the representation accorded to the Federal District. The District of Columbia is not autonomous. It has a single elected but nonvoting representative in Congress. We visited his office and saw for ourselves the importance of his role, even without the right to vote. The people of the District make extensive use of their spokesman to voice their concerns. It is true that there is an extensive campaign aimed at achieving political and administrative autonomy for Washington, D.C., which the most fervent of the campaigners refer to as the "last colony," an ironic reference to the thirteen original colonies.

Invariably one draws a parallel between the situation in Washington and that of our own Federal District. Here at home we are also witnessing a noisy campaign seeking autonomy for Brasilia with elections at all levels, as if the District were a State. Here, however, unlike the United States, the campaign has obviously become partisan and, therefore, clearly less spontaneous. The campaign for voting rights for Brasilia is rendered less creditable to the extent that it plays the opposition game and serves as a banner for the general opposition cause, a tool for the opportunism of the opposition parties. The American example is a useful

counterweight to allegations of the opposition that the lack of elections in the Federal District is eloquent proof of the authoritarian nature of the Brazilian regime. Mr. Speaker, no one in his right mind would dare to make such an absurd statement in relation to the government of the United States. And yet, in the very heartland of democracy there does not, at the moment, appear to be any possibility of achieving autonomy for the District of Columbia.

In a strong federal system states represent small sovereign units and as such need some neutral territory, some stage untouched by their divergent interests. This is the essential role of a federal district. Hence, home rule for the Federal District is incompatible with the strengthening of the federative system. Only those who engage in deception, demagoguery, or unbridled political opportunism would attempt to combine them under the same roof, as the opposition parties in Brazil are now doing in an incredible demonstration of their lack of respect for the causes, correct or not, that stir the popular imagination.

There is another characteristic of the American people that left me pleasantly and profoundly impressed: their religious sentiment and, closely akin, their reverence for the founding fathers who created a nation based on order, freedom, and the work ethic. Let us remember the words of Rui Barbosa who said: "show me a people whose faith has turned to stone and I will show you a people who has lost its freedom." That the inverse is true can be seen in the United States where religious faith is universal, indomitable, and historical, a reality that stands above the selfishness of men and parties.

Sustained by this living faith, respect and veneration grows for the great figures of the past, the models of integrity, temperance, courage, love of justice, freedom, and the law. The example of their lives teaches new generations the enduring value of the higher virtues. Consider Jefferson. Who can fail to learn from him an important lesson about true values, about the highest tradition of public life in which man eschews vainglory or the ephemeral glamour of public office and seeks only the opportunity to serve. As we know, Jefferson served as just about everything, from revolutionary to representative in several legislatures, governor of his native state, ambassador, Secretary of State, Vice President, and, finally, President of the nation he helped to found. And yet, none of this appears in the inscription on his tomb. Inscribed there are what he judged to be his three major achievements: drafter of the Declaration of Independence, author of the statute of religious freedom, and founder of the University of Virginia.

Mr. Speaker, distinguished Representatives, I have purposely left to the end any mention of the one element in American society that most impressed me. I refer to the role and activities of the United States Congress, to its undeniable power, its immense prestige, its multifaceted presence, its diffuse but decisive authority, and the aura of undying respect and reverence that projects its image of everyone in American life, touching even the deepest recesses of the American consciousness. The Capitol is not some ordinary government building to be entered only to accomplish some disagreeable errand. It is a national shrine, a sacred place sought out by pilgrims of all ages and from all parts of the country, as if one were not truly a citizen unless one had made this

pilgrimage to the national pantheon. Muslims go to Mecca; Americans go to the Capitol. Neither the White House, nor the Supreme Court, the Washington Monument, the Lincoln Memorial, the flag, nor any other national symbol can rival the respect and reverence bestowed upon the seat of Congress. During the Civil War, when the Capitol was as yet unfinished and many were criticizing the expense of its construction, Lincoln said: "If this matter has an ennobling shrine, the Capitol is it." The immense white dome of the Capitol, rising under a statue of liberty, spreads itself like a canopy over the city and the nation. Inside the rotunda the people view the story of their nation's history, a visible manifestation of their ideals and their representative system of government.

Clearly, Mr. Speaker, the enormous prestige of the institution of Congress is automatically conferred upon the Senators and Representatives, investing them with genuine power, limited only by the Constitution. It must be understood, however, that the source of this power is not the prerogatives allocated to the American Congress or a total immunity for members of Congress. The maxim of the Supreme Court, "Justice under Law," applies to all, whether Congressmen or not. Written texts are not the real source of power, but simply the instrument by which it is transmitted. The true source is intangible and untouched by the tides of life. It lies in the fathomless consciousness of every citizen who, from an early age, is taught to respect the representatives of the people. The powers granted to the Congress were not written into the Constitution by mere circumstance or historical accident. They were first imprinted by the sacred fire of the nation's conscious will, and as such are beyond the reach of any human power. Without this foundation, Mr. Speaker, all efforts to shape democracy are in vain. Without this vital element democracy can not survive the assaults of its enemies.

Mr. Speaker, distinguished representatives, these thoughts are relevant for us now as we begin our consideration of a bill that redefines the powers of our own Congress. Any text, however well drafted, that restores to Congress all of its former powers and such others as the needs or emotions of the moment may dictate will be of little value unless we can sow in the consciousness of all Brazilians, of whatever age and condition, respect for the authority of this institution with its singular and essential role in the building of a just society and a strong nation. Democracy is not first and foremost a political question. It is above all an educational process that is slow and nearly always difficult. It is a process in which prominent men, leaders, the cultural elites, and the members of Congress must set the example. Unfortunately we have not been a good source of models. Our first constituent assembly was dissolved by the Emperor and a constitution then imposed. Since that time our political history has been a series of ups and downs, light and shadow, opening up and closing down of the political system, a phenomenon that Golbery has so aptly referred to as systole and diastole. If I had to describe our democracy in a word I would say that it is pendular, that it comes and goes according to the vicissitudes of history and political fashion, or even the temperament of historical figures present at certain decisive moments. All of this has occurred because we lack the cornerstone, the foundation on which stability depends. Even



today a film that is a tremendous box office success begins with a joke of poor taste that makes a disrespectful reference to the House of Representatives and its Speaker. Such attitudes, Mr. Speaker, such habits can lead us anywhere but to a strong legislature and an enduring democracy.

In conclusion, Mr. Speaker, a great Argentine educator correctly observed that in a democracy the people are sovereign, but one must not forget to educate the sovereign. If the sovereign is not enlightened, it is only natural that he will fail to use his talents and may even fail to be aware of them, or may waste them, or use them to his own detriment, or to bring about his own destruction.

Therefore, Mr. Speaker, I have much for which to thank the Government of the United States, and in particular the Embassy and USICA for having given me this study trip, this valuable opportunity to learn so much about the rich experience and traditions of a great people and a great nation. It is my hope that the program of USICA-sponsored visits will continue so that other Congressmen, political leaders, professors, and students will have an opportunity to know the United States and to learn about its long democratic experience, the moral values that built and sustain it, and the life style of its people, knowledge that one cannot obtain by reading alone. Programs of this nature can do more for the nations of Latin America than all the aid projects of dubious results.

More than ever, Mr. Speaker, I am convinced that the cause of democracy in our country and our hemisphere will be sustained by spreading the ideals of freedom, order, and respect for law that were introduced into this part of the world by the United States. I am equally convinced that democracy shall prevail to the extent the United States helps to educate the peoples of Latin America, communicating to them the same ideals that have brought about the greatness and the happiness of the American people. I believe that the advance of communism in the hemisphere will be checked and Latin American oligarchies drastically limited to the degree that the United States makes an effort to spread the experience of its democratic life. ●

#### RESOLUTION OF IMPEACHMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, last week I introduced a resolution of impeachment directed to the Chairman of the Federal Reserve Board. I accompanied the introduction with some remarks that did not appear in the RECORD because it was my intention to follow through, as I have today, with a subsequent introduction of a series of bills.

Today, I introduced two bills. One would, in effect, repeal the 1913 Federal Reserve Act which I believe has been seriously overdue for many years. As a sequela to that first bill, I have introduced another which, in effect, partially removes jurisdiction by virtue of the Federal Reserve Act from the Federal Reserve to the Department of the Treasury.

Now, I know that when one speaks of impeachment, it seems as if it is farcical or an act that does not have any serious intention, and I wish to dispel that because I would not have made a frivolous introduction of any resolution or bill or measure. I never have because I would consider that to be an abuse of the prerogatives of membership in such a tremendous body as the Congress.

I am in dead earnest. It is my hope, and I am approaching the Judiciary Committee and the proper subcommittee in due course of time to consider the resolution which has been referred there in a serious manner, and will give substantial reasons, what I consider to be serious and substantial reasons.

The two bills introduced today are certainly in dead earnest. They reflect the fruit of investigative research and reading of the past 16 years, since 1965; but more particularly since June 1969, because I believe that history will show that that was a turning point in the history of economic freedom in our country.

□ 1520

What is involved here is the matter of economic freedom and the choice that this country now must inescapably confront. I have spoken out in the interim—that is, since 1969—and I know that what I have had to say, even though it is on the record, has been overlooked. But it really is part of an integral hope and a conviction that I find inescapable as a member of the Banking Committee, because since I first came to the Congress 20 years ago, and also from my preceding studies, I have always been interested in this field and for that reason welcomed my assignment in 1961 and 1962 to membership on the Banking Committee.

I served, I might say by way of explanation, on the Banking Committee of the State senate of the State of Texas, and before that I had made studies in college in this particular field.

When I say that what is at issue now is economic freedom, without which political freedom in societies such as ours is absolutely meaningless, I mean that without economic freedom Americans are in truth slaves, even though without political freedom life in itself and our form of government, of course, would be impossible.

But we have reached the point where this is the choice. The choice is between abolishing the poverty, for example, that is America, and which is great, and the mixing of it with the ancient and petrified poverty of other lands and countries in the world, some of them with systems that are abhorrent and absolutely prohibitive to such a country and such a people as ours, with our traditions.

This is what is at stake—the American standard of living and the fact that we have a choice as to whether we are going to share in the world's poverty, with the doctrines now accepted in Congress and that this administration has initiated.

Mr. MATTOX. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. I am pleased to yield to my fellow Texan.

Mr. MATTOX. Mr. Speaker, I appreciate my colleague's yielding.

I say to the gentleman that I am pleased to see he has taken time to bring this critical issue before the Congress. I think that everybody on our side of the aisle ought to join with the gentleman, and I appreciate his adding my name to his bill.

It is obvious to me that if Mr. Volcker and the folks down at the Federal Reserve do not understand the nature of what they are doing—that is, if they have not entered into their activities with a malicious intent—it is obvious that they are a danger to themselves and the communities in this country by the policies they are setting up.

It is obvious also, because of this vast deficit we are going to have as a result of the recent actions of this Congress and the actions that have been initiated by this administration wherein they are going to spend at least \$132 billion more in deficit spending in the next 4 years, that money is going to have to be financed through borrowing from the Treasury or borrowing from the American people, and if the Federal Reserve keeps these high interest rates up at the same levels, they are going to cause this country to go even deeper in debt because of the unreasonable nature of their actions.

As a member of the Banking Committee, I am glad to give the gentleman my assistance, and I assure the gentleman that I will try, along with him, to get rid of Mr. Volcker and the other people who vote with him down at the Federal Reserve.

Mr. GONZALEZ. Mr. Speaker, I cannot express too greatly my profound gratitude to my most able colleague, the gentleman from Texas, who opposes these actions of the Federal Reserve that have been found so abhorrent in the past by the Texas leadership and which have reached national proportions in the past. I just cannot find the words with which to thank the gentleman. I will give him a copy of the bills, and I will be in consultation with him. One of the bills is rather lengthy; one is short.

Speaking of the impeachment resolution, of course, I have never been one to try to involve especially a friend or a relative in a fight of my undertaking, but I do agree with the gentleman that this is really not one

man's fight. I agree with him that this is a national confrontation.

I agree further on the attitudes that have been shown. The gentleman was present at the meetings of the committee at which Chairman Volcker has appeared, and it has been very painful to me because it is obvious that this is a thoroughly arrogant runaway dependency of the Government, a creature of the Congress that dares come and tell us we have no reason to question them, that they do not need to counsel with us or anybody else for that matter, and that they will continue to play "ducks and drakes" with the economic fate and, what is more important, the economic liberty of our people. This is what is at stake, and this is why I consider this so important.

Mr. MATTOX. Mr. Speaker, will the gentleman yield further?

Mr. GONZALEZ. Certainly, I yield to the gentleman from Texas.

Mr. MATTOX. Mr. Speaker, I say to the gentleman from Texas that I know he and I feel the same kind of embarrassment when we have the Federal Reserve come before our committee and see them engage in just a callous disregard for the industries of America, particularly when we see the automobile industry just on its knees and going into bankruptcy and when we see all the homebuilders, the small homebuilders and the big homebuilders, unable to even operate at anywhere near a profitable level based on the monetary policy that is being followed.

I think we are going to continue to have this kind of problem until this Congress draws unto itself the power that was granted to us by the Constitution, the power over the money system and the money supply.

Mr. GONZALEZ. There is no question about that.

Mr. MATTOX. Until we get the power and draw it unto our own bosom, we are not going to be able to solve this problem.

When we have the Federal Reserve floating around and we have a man like Mr. Volcker there just exercising that arrogance, things are going to be bad not only for our country but it is obvious things are going to be bad for our party also. The gentleman and I know that. It is time that we took this power unto ourselves and got the people to work with it.

It is unfortunate that Mr. Volcker and the present administration have the exact same philosophy of trying to solve this inflation problem with high interest rates. They do not seem to understand that high interest rates feed inflation, because the homebuilders and everybody else cannot operate under such high interest rates. They cannot seem to understand the concept, and they are forcing inflation higher and higher and causing more

and more problems because of their actions.

Mr. Speaker, I appreciate having this opportunity, and once again I thank the gentleman for allowing me to join with him in this special order.

Mr. GONZALEZ. Mr. Speaker, I thank my colleague once again.

Let me say that I, too, am convinced that unless and until the Congress does something about it, nothing is going to be done about high interest rates. High interest rates is just one of the concomitants deliberately and premeditatedly brought about by the usurious rates and drain the lifeblood of our businessmen, the real business element of our country—not the U.S. Chamber of Commerce-represented groups, not the mastodons who are struggling over the huge resources of banking credit that seem to be available to the people in order to knock off another giant such as Conoco, and not the speculation which has played into the hands of the speculators in Zurich, Switzerland, in London, and even in Russia through these bold manipulations. The resources of bank depositors, who have found themselves, like H. L. Hunt, venturing into this highly speculative market, are at stake, and they have lost literally the economic shirts of the American people and the average small businessman.

I would like to say further—although I know that my time is running out—that the choice is also between abdicating the only vested national and international leadership that we have in the world toward a new and unselfish world order, economic order, and not reviving—and this is what we are doing—an old world economic system which has been tried over and over and which has failed over and over again, and through which I believe the American people will be doomed to economic slavery, and perhaps the much vaunted and free and prideful American standard of living will be irretrievable, sunk once and for all.

As I have said and repeat, we are not going to depend on the bankers, nor should we. We are not going to depend on political leaders who are beholden to those same bankers. We cannot expect either a Member of the Congress or a successful President in an election, who has received, collectively with the congressional candidates of the Senate and the House, over \$120 million from those very interests, not to exhibit this shameful, callous display that we saw just the day before yesterday in exercising their muscle in a way never before shown.

□ 1530

We cannot expect freedom to look after the greatest interests of the greatest number when those greedy malefactors of great wealth decide

that they have not had enough, and they never have had enough. That is the history of the world, whether it is this country or any other. I know that there is no instance in history where we had the situation that we have in this country, and have had now for too long, where 6 percent bear over half, literally control over 80 percent of the economic and financial resources of a nation. You cannot have that without having dire consequences.

That is the history of the world no matter what form of government or society. The choice is, I say, economic freedom or slavery.

#### RECONCILIATION RESOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, with all respect to our President who has strongly supported the cuts which are embodied in this resolution and the Congress which has in many instances reluctantly supported them, I cannot support this reconciliation resolution. The cuts totaling some \$35 billion embodied in this resolution will, in my opinion, inflict an unnecessarily painful impact upon the elderly, the ill, the poor, the small businessmen, those employed in public works programs and in many other areas. The cuts are excessive. There will be a powerful remonstrance from the people of this country when they feel the hurt of these cuts, mostly after the first of October. These cuts in Federal funds are going to mean that the States and local authorities will have to bear added tax burdens or the beneficiaries of the eliminated programs will receive no further benefits.

It is interesting, Mr. Speaker, that the amount of the cuts embodied in this resolution are almost the same as the amount of the tax cuts afforded by the tax bill which on Wednesday of this week passed this House. In a way, therefore, we have taken from the aged, the ill, the underprivileged, the poor, those temporarily employed, and many other groups a massive sum and transferred it to the taxpayers of this country with the greatest portion of it going to the taxpayers in the upper brackets. I am morally certain that the taxpayers who are going to receive these sums do not need that money as badly as the people from whom and whose assistance programs it is being taken.

I would, with all respect, warn my Republican friends as Caesar was warned to beware of the Ides of March, to beware of excesses in their zeal to convert our country to the sort of society to which they are dedicated. I would think it would be wise if they



would, as they pass the Archives Building on Pennsylvania Avenue, look to the sculptured figures on each side of the steps. Beneath one are the words, "The past is prologue." On the other side of the steps beneath the figure are the words, "Study the past." I think it might be well for my Republican colleagues and friends to study the 80th Congress and the 83d Congress. Look at under what promise they came to power and how soon their power was interrupted by the election of the people. And in the 84th Congress, that interruption of majority rule in the Congress by the Republican Party began with the election of 1952 and was terminated by the end of the 83d Congress in the year 1954. And that, mind you, Mr. Speaker, was with a very popular Republican President in the White House, President Dwight D. Eisenhower.

The 80th and 83d Congresses furthered and implemented a philosophy which is not embraced by the majority of the American people. Both of these Congresses went to excess in their determination to make over America in their own political image, to repudiate the Rooseveltian past and to rush in a direction which they thought the people mandated.

So I would have preferred to see a balanced budget advocated by the administration and passed by the Congress and such tax cuts as then we could have afforded and such cuts in expenditures as were reasonable and not unjustly oppressive upon those who generally need more help, not less.

In conclusion, Mr. Speaker, today this House, with the support of all but 17 of the Republicans and all but 3 of the Democrats reversed the decision which the Congress in this reconciliation resolution eliminated minimum social security benefits. We now anticipate that the Senate will concur and the wrongs which we implanted into the reconciliation resolution will have been corrected.

I earnestly hope that we shall repent on many other things that we have done in this reconciliation resolution, that we shall soon be willing, as we are today, to admit our error and correct it as soon as possible. I hope, indeed, that the spirit of moderation, the spirit of compassion and concern for the masses of our people would be restored into the hearts and the work of this House, indeed, this Congress. ●

#### NUCLEAR NONPROLIFERATION— THE NEED GROWS MORE CRITICAL

The SPEAKER pro tempore. Under a provision order of the House, the gentleman from New York (Mr. LaFalce) is recognized for 30 minutes.

● Mr. LaFalce. Mr. Speaker, the recent Israeli attack on the Osirak nu-

clear reactor near Baghdad, Iraq, threatened to bring our world one step nearer to that most feared of all international conflagrations—nuclear war. The incident, itself, again threatened that extremely tenuous balance between peace and conflict in the Middle East.

Equally as troubling as the fact that an armed attack occurred is the reality that we in America and all other nuclear nations have failed to limit access to nuclear technologies. It remains a relatively easy task for almost any nation with the desire and the money to buy nuclear reactor technology. With nuclear reactor technology there is but a short step to the reprocessing facilities necessary to convert spent fuel to bomb-grade material.

This is an especially troubling problem to acknowledge because individual states as well as the international community have tried to limit the spread of nuclear weapons almost since the nuclear age began. There have been treaties, agreements, conferences, and meetings, all of which have failed to achieve this goal.

Many questions remain about the specific character of the Osirak reactor and about the Israeli justification for the raid. The world will probably never know if the reactor complex included the technology needed to separate bomb-grade material from the reactor fuel, as the Israelis believe. We do know that the design of the reactor and the type of fuel planned for its use provided at least the potential for producing nuclear bomb raw materials. We do not know, however, whether a fuel separation facility was included within the plant, nor whether it was Iraq's intention to use the research reactor for such purposes.

The resolution of this controversy will come slowly, if at all. And it would be a mistake for us to dwell on the particulars of what happened, since they are far overshadowed by the meaning of this incident for the prospects for world peace.

What is clear, and what is important for us to learn from the recent Israeli-Iraqi conflict is that the world's nuclear powers have failed miserably in their efforts to restrict the availability of nuclear weapons materials and technologies. Further, this incident suggests that much stronger efforts toward nuclear nonproliferation are required and that nuclear supplier nations such as ourselves, the Soviets, China, France, Italy, Great Britain, and West Germany, among others, must initiate and fully participate in these moves.

In our efforts to share the abundance of our technologies with poorer nations, we are inevitably caught, Mr. Speaker, between a rock and a hard place, as the saying goes. As our nuclear power technology goes, so goes the

capacity to produce the material needed to build nuclear weapons.

The problems inherent in our providing nuclear weapons capability to nations around the world were enunciated years ago. In 1963, President John Kennedy foresaw the folly of such action—the insanity of giving access to nuclear materials and technology to any nation in the world that desired such technology. It was 18 years ago that Kennedy warned us to—

Stop and think what it would mean to have nuclear weapons in so many hands, in the hands of countries large and small, stable and unstable, responsible and irresponsible, scattered throughout the world. There would be no rest for anyone then, no stability, no real security, and no chance of effective disarmament.

During that short 18 years, we have moved perilously close to the scenario described above. As nuclear weapons fall into more and more hands, the world's tenuous grasp on peace becomes weaker and weaker, less and less certain. We are rapidly approaching the point at which there will be no rest, no stability, no security, and no disarmament.

#### ROOTS OF THE DILEMMA

Ironically, the roots of this most difficult problem are found in America's and other developed nations' attempts to better the lives of the citizens of the poorer countries of the world. In the early 1950's, President Eisenhower's atoms for peace program focused upon sharing the positive features of nuclear technology. Although grounded in the best of intentions, the program was doomed to fail, at least from the nonproliferation perspective, because nuclear weapons and nuclear-generated electricity both can come from a single facility.

#### EFFORTS TO CONTROL NUCLEAR PROLIFERATION

Our efforts to limit the spread of nuclear weapons technology while, at the same time, selling the technology for nuclear electricity and nuclear research seemed doomed to fail. In 1968, the treaty on the nonproliferation of nuclear weapons was drafted to reduce nuclear arsenals and to limit the spread of weapons technology. Only about two-thirds of the world's nations signed the pact. France, the country that supplied the reactor to Iraq, is one of those nations refusing to participate in the nonproliferation effort.

More recently, our own Government attempted to strengthen America's nonproliferation commitment and efforts. In theory, the Nuclear Non-Proliferation Act of 1978 provided even more strict regulation of the export of nuclear materials and the countries to which American companies could sell their nuclear wares. Stricter monitoring safeguards would be established and the International Atomic Energy Agency would have greater monitoring

authority in countries to which America sold its nuclear technology. One final theme of this legislation was to support the search for alternative energy supplies in less developed nations other than nuclear power. These efforts may provide the cornerstone of any successful policy to limit the spread of nuclear weapons.

Mr. Speaker, it was to the great credit of the Carter administration that the past 4 years saw new strides forward in the quest for nuclear nonproliferation. The Nuclear Non-Proliferation Act of 1978 requires that countries supplied by the United States with nuclear materials must allow the International Atomic Energy Agency to inspect their facilities. In addition, these nations must receive U.S. permission before reprocessing fuel and the act prohibits American nuclear aid to countries engaged in fuel reprocessing that have not renounced weapons development.

I believe that the policies basically charted in the 1978 act provide a strong starting point for a sustained and effective nonproliferation effort for our world. It frightens me greatly to consider the implications of a policy that would reverse these gains and, rather than enforcing greater controls on the exchange of nuclear technologies, increase the ease with which they might be transferred. There are suggestions, Mr. Speaker, that the present administration will enunciate a policy shortly that will undo the gains made during the past 4 years. This new foreign policy, it is said, would aim at increasing exports of U.S. nuclear technology to other nations of the world. Indeed, one immediate example of this is the recent agreement to sell American reactors to Egypt.

We have seen and we will continue to see the ultimate fallacy in this logic. It is virtually impossible to control, from the outside, activities of a country intent upon using a nuclear reactor, whether it be a power-producing or research facility, to produce weaponry. If the desire for such control does not come from within the boundaries of the Nation, no amount of international cajoling, no amount of pressure or inspections from the International Atomic Energy Agency will provide it.

#### GOVERNMENT INSTABILITY

The instability in various regions of the world and the rapidity with which governments change must cause us to rethink the implementation of a policy that could give nuclear weaponry to an even wider range of nations—to an even greater number of less than responsible and peace-loving national leaders. It is difficult enough to contain the use of nuclear materials with the 15 nations that now either possess the bomb or have the capacity to produce it. In less than a dozen years,

it is expected that another 16 may develop nuclear weapons capabilities. Will it be possible, then, to control the use of these most dread of all weapons?

The answer to that question must, regrettably, be "No." It would be easy, Mr. Speaker, to become resigned to this possibility and let events occur as they will. But we cannot. The stakes are too high, and the potential for worldwide destruction is too real. The challenge before us is great. And it is this knowledge that must compel us to strengthen our resolve to seek more effective control mechanisms and to take whatever steps are necessary to address the world's nuclear proliferation problems.

#### POLICY OF SCHIZOPHRENIA

The industrial nations must accept blame for the widespread distribution of reactor technologies across the world. The Iraqi reactor, for example, was constructed with material and engineering designs and talent from France and Italy. We in America and our Canadian neighbors have also supplied reactors about which there is no question that they have been used to generate the raw materials for bomb production.

This schizophrenic policy, identified by its humanitarian goals to share the benefits of Western technology along with its potentially disastrous effects of leading the world into nuclear war, seems untenable; yet it has dominated our national thinking for years. In part, those who formulated the atoms for peace program and its successors were motivated by humanitarian concerns to share the bounty of the energy from the atom with the less fortunate of the world.

Unfortunately, though, the drive for the sale of reactor technologies around the world is also stimulated by other less altruistic factors. Most important is the economic benefit inherent in the sales of reactor technology. Nuclear power technologies are extraordinarily expensive to develop. The infrastructure of the industry has grown more and more specialized over time, to the extent that in the United States the nuclear power industry provides, for many smaller companies, a substantial portion of their economic livelihoods.

#### PRESSURE FOR NEW MARKETS

At the same time, in at least some of the countries with strong nuclear power industries, demand for new nuclear powerplants has fallen sharply. In the United States, for example, the post-Three Mile Island period has seen an extraordinary drop in orders for new nuclear facilities. This forces the entire nuclear industry, from the companies that make the steel pressure vessels to the computer design operations to seek new markets. At the present time, the most attractive of those markets are in countries like

Iraq that have extraordinary wealth from oil exports and the desire and ability to use their petroleum resources to blackmail their oil-starved industrialized customers.

#### BALANCE-OF-PAYMENTS PROBLEMS

Further, the sagging economies of the industrialized West are buoyed by the sales of a billion dollar reactor or two. There is no question but that the international sale of nuclear power technology contributes handsomely to redressing the balance-of-payments problems that the West faces as a result of recent oil price increases by OPEC and other oil-exporting nations. Unfortunately, though, conflicts between corporate prosperity, national balance-of-payments problems, and the health and security of the people of the world seldom are resolved in favor of the latter concern. Rather, considerations of corporate and national economical health often take precedence over international stability.

#### NUCLEAR BLACKMAIL

Another frightening consideration that has entered the nonproliferation scenario is the potential for nuclear "blackmail" exercised by the oil rich nations over the industrialized but oil-poor countries. Iraq threatened to limit its oil exports to Italy and France if these two nations did not supply nuclear equipment to it. Threats such as these provided no small incentives on the parts of France and Italy to supply both the reactor and the type of fuel that Iraq demanded.

#### THE HUMAN ISSUES

Lost in the debate about the issues of nuclear nonproliferation is that simple fact that the world is not populated with ideologies. Nor is it made up of strong-armed leaders seeking at any and every opportunity to annihilate their neighbors. What we all seem to forget is that the world is made of billions of individuals—people seeking for themselves lives of peace, lives of happiness, and lives of fulfillment. Many seek goals even less far-reaching than this—an adequate meal for tomorrow and a safe and comfortable place to sleep for the night.

The fact that we must not ignore, that we cannot forget, is that human-kind of all races and ideologies must learn to live in peace together. We Americans must, through our foreign aid programs and our foreign and domestic policies, give what we can to enable those who are poorer than we to survive and to improve the quality of their lives. Ours is a small world—a single and rather puny little globe whirling through space. If our visits to outer space have taught us anything, it is that we inhabit a very small piece of the universe.



## LESSONS OF THE IRAQ-ISRAEL CONFLICT

What should we learn, then, from the Israeli attack on the Iraqi reactor near Baghdad? What can this most frightening international incident teach us about nuclear nonproliferation and our Nation's role in insuring that the future provides no legitimate justification excusing a similar occurrence?

First, we must redouble our efforts to design and implement stronger nonproliferation policies throughout the international community. This will require securing the commitments in both word and deed of those nations not already parties to nonproliferation agreements to support such treaties. It will require the development and adoption of stronger safeguard and inspection authority and techniques at the International Atomic Energy Agency. It will require establishment of sanctions to be used against those who choose to ignore nonproliferation guidelines and it will require the will of the international community to impose those sanctions. It may well require that we insure that recent proposals suggesting that nuclear facilities be made more accessible do not come to represent America's foreign policy position.

The second major sphere of our activities must encompass the nuclear fuel cycle itself. It is imperative in my judgment that the United States provide the impetus for a new worldwide effort to limit the exchange of nuclear materials and nuclear equipment that could be used either for bomb materials or for the production of bomb grade materials. In this regard, the United States along with the other nations that have, or that will have in the near future, either uranium enrichment or fuel reprocessing technology must work to limit its distribution to those nations which seek such technologies. If there is hope to minimize or eliminate the proliferation problem that has until now plagued the world's use of nuclear power production facilities, it must lie in our ability to control the access to, and use and production of, both highly enriched uranium at the front end of the cycle, and reprocessed fuel components, specifically plutonium, at the rear end of the cycle.

I do not have the foolproof plan to insure that the nations that do possess these technologies—reprocessing and enrichment—will come together and agree that it is in every nation's best interest to carefully control them. It might be appropriate, for example, to hold an international conference on the issue with the end goal of securing the signatures of the nuclear nations on a pact to strictly control the dissemination of these dangerous technologies. It is also important that we work immediately to limit the use of

highly enriched uranium in nuclear research facilities.

In any event, America's role must be one of leader and model for the world. Not only must we fulfill all our commitments under existing and new nuclear nonproliferation agreements, but we must also work much more vigorously to negotiate effective nuclear arms limitation agreements with the Soviets. It is time to put the brakes on this expensive race to destruction in which we and the entire world are caught.

In conclusion, Mr. Speaker, let me leave you with several parting thoughts about the challenge of nonproliferation that faces humankind. As you may recall, President Carter challenged us with his strong commitment to nuclear nonproliferation in his farewell speech to the Nation. He called the threat of nuclear proliferation one of the most serious issues of our time and warned that the danger of the bomb's use had increased dramatically during the past 35 years. It was only a matter of time, he argued, before madness, desperation, greed, or miscalculation unleashed the full destructive power of technology. His hope for the world lay in the confidence that we, individually and collectively, would find ways to reduce the danger posed by the proliferation of nuclear arms.

During the early development of nuclear energy, India's great leader, Jawaharlal Nehru, pointed out the great dilemma that the progress of technology unfettered by moral and ethical standards posed. "Use nuclear power for evil," he said, "and it will destroy the world; use it for good and it will raise the world to unknown standards of progress and happiness."

It is now time for our Nation individually and the international community generally to reappraise and to rethink the nature of the nuclear proliferation problems that confront us. Nehru pegged the two sides of the dilemma perfectly. What did he not foresee and what we have found to our dismay is that it is awfully difficult for us to "have our cake and eat it too." Indeed, there are some who still question if it is possible in our world and in our time to insure that the power of nuclear technology will be used only for good and not for evil.

If we have the courage to acknowledge that the question is not yet settled, and that it may take many years of very hard work to meet the nonproliferation challenge, then we will have taken our first giant step toward fashioning a new and possibly more realistic approach toward nuclear nonproliferation around the globe.●

## SOUTHERN ARIZONA WATER RIGHTS SETTLEMENTS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. UDALL) is recognized for 15 minutes.

● Mr. UDALL. Mr. Speaker, today I am introducing the Southern Arizona Water Rights Settlement Act, a bill to quantify the water rights of the Papago Indian Tribe to water in three basins in southern Arizona.

The proposed legislation authorizes the Secretary of the Interior to enter into an agreement with the Papago Tribe to acquire and deliver a specified amount of water to three areas of the Papago Reservations in exchange for the tribe's waiver and release of certain water rights claims and withdrawal of a pending lawsuit.

The Papago Tribe occupies three reservations in southern Arizona: San Xavier southwest of Tucson, Sells in western Pima County, and Gila Bend further north in Maricopa County. Ground water under these areas comes from three basins: The Santa Cruz Basin, the Altar-Avra Valley Basin, and the Casa-Grande/Maricopa-Stanfield Basin. Two of these basins, the Santa Cruz and Altar-Avra Valley, are the source of water for water users in Tucson and surrounding agricultural districts.

For years Arizonans pumped ground water rather freely, without realizing the impact this mining was having on the basins. Over the last several years it was discovered that our ground water supplies are being depleted at a rate about four times greater than the amount of recharge to those basins. A study made by the Eastern Pima County Water Resources Coordinating Committee indicates that in 1980 there was a ground water overdraft of 225,706 acre feet per year in those basins.

In an effort to reduce this overdraft and be able to accommodate the growth expected over the next decades, the city of Tucson has undertaken an effective municipal conservation program. Voluntary measures implemented over the last 6 years have reduced consumption from 205 to 146 gallons per capita per day.

An intensive management and planning process for ground water use has also begun at the State level. The Arizona State Legislature recently enacted a comprehensive ground water management code to restrict new ground water uses and closely monitor existing uses.

Resolution of the water rights claims of our Indian neighbors is a logical next step in this management process. In 1975 the United States, on behalf of the tribe, filed suit in district court to enjoin non-Indian water users from interfering with the tribe's rights to surface and ground waters of the

Santa Cruz Basin. The defendants include the State of Arizona, and the city of Tucson, and some 1,700 other named defendants.

The lawsuit places a cloud over the water rights of virtually every water user in the Tucson area. Until these competing water claims are resolved, the city and other users cannot effectively plan for the future.

In an effort to more quickly and cooperatively resolve this issue, parties to the suit have been meeting to discuss the claims made in the suit in an attempt to resolve the claims without litigation.

Although no consensus has been reached, a lot of discussion and debate has been generated. I have been encouraged to see that there is a genuine spirit of mutual concern and cooperation among the parties. I congratulate the tribe and the non-Indian water users of southern Arizona for their good will and hard work.

It is in that same spirit of concern and cooperation that I today offer this proposed settlement. I feel confident that neither the non-Indians nor the Indians will be completely happy with the quantification and terms that I propose. It is no secret that the issue of water rights is a very sensitive one. No other question is more vital to the growth and development of Arizona and the West.

Nevertheless, I believe that the moment is ripe for a legislative solution. The central Arizona project will soon deliver desperately needed supplemental water to our State. Some of that water will be allocated to Indian tribes, including the Papagos. With the CAP water as a base, a reasonable settlement of the tribe's water rights can be achieved.

I anticipate that this legislation will provoke much discussion and comment. I invite that debate and expect that such discussion will produce a resolution that will place Arizona one step closer to our goal of efficient, responsible management of our limited water resources.●

#### REARMING FOR THE CREDIT WAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 10 minutes.

● Mr. NEAL. Mr. Speaker, the United States is currently involved in an intense effort to negotiate, with other industrial countries, a significant reduction of the excessive export credit subsidies many of them now employ in a misguided effort to boost their own exports. We are now approaching the critical stage of these negotiations. The next formal negotiating session is scheduled for October, and the major participants are now formulating their strategies.

The Banking Committee has recently passed a bill I introduced, H.R. 3228, the Competitive Export Subsidy Fund Act, designed to equip the Export-Import Bank, and the administration, with the weapons they need to induce our competitors to agree to a meaningful reform of the existing international export credit agreements, and to protect American exporters if these negotiations should fail to end the ongoing costly and futile export credit war.

In the Senate, Senator HEINZ has introduced a similar bill, S. 868, the Competitive Export Financing Act of 1981. These two bills are designed to achieve the same purpose, but they differ significantly in several important respects. On the occasion of recent hearings held by the Senate Banking Committee, I submitted a statement that summarizes these important differences, and points out some of the advantages I think would flow from my bill, H.R. 3228. In order to bring these advantages to the attention of my colleagues, I would like, at this point, to insert my statement which was prepared for the Senate Banking Committee:

#### STATEMENT OF CONGRESSMAN STEPHEN L. NEAL

I want to thank Senator Heinz for the opportunity to present a statement to the Senate Banking Committee on a topic of great mutual concern—the capacity of the Export-Import Bank to finance American exports on terms fully competitive with the highly subsidized export credit offered by foreign governments.

I have introduced legislation in the House—H.R. 3228—designed to serve the same purpose as S. 868, the Competitive Export Financing Act of 1981 introduced by Senator Heinz. Both of these bills authorize the Eximbank to employ extraordinary measures to counter foreign export subsidies and to induce other governments to negotiate a meaningful reform of the international agreements on export credits.

H.R. 3228 has passed the Subcommittee on International Trade, Investment and Monetary Policy, which I chair, as well as the full House Banking Committee, by voice vote, with no expressed opposition. I am glad to report a substantial degree of enthusiasm on the House Banking Committee for legislation which would enhance our ability to negotiate an end to the very costly export credit war now upon us, and to equip Exim with the weapons needed to protect American exporters should these negotiations fail. With the House and Senate moving together toward this common goal, I think the Administration will sooner or later lend its support to our efforts. If the export credit negotiations now underway do not show substantial progress in the next few months, the House may well be prepared to move forward on this legislation, even without active Administration support.

Though the House and Senate bills, H.R. 3228 and S. 868, share a common objective, they differ somewhat in the methods by which they seek to achieve that common goal. I think it would be most useful for me to summarize the key provisions of H.R. 3228 which differ significantly from S. 868.

H.R. 3228 authorizes an appropriation of one billion dollars for a "Competitive Export Subsidy Fund" to be established and administered by the Export-Import Bank. This Fund could be used solely to make interest subsidy payments to private lenders so that they can reduce the rate of interest they charge on private export credit. In other words, none of this money would be used for Exim loans. It would all be used as direct payments to a private lender—an outright expenditure, never to be recovered. The export credit itself would have to be provided by the private capital markets. The Exim interest subsidy payment would simply permit those private lenders to earn a rate of return commensurate with the return they could obtain from alternative uses of that capital, while charging the foreign borrower a rate of interest fully competitive with credit offers from official foreign export credit agencies.

This approach has several advantages. Most importantly, it obtains quite a bit of leverage from the one billion dollars. If those funds were used for Exim direct loans, they would represent just one billion dollars in export credit. (For this one billion dollars to represent additional loans, above and beyond the amounts Exim would be permitted to lend under their regular programs, it would probably be necessary for the authorized limitation on Exim direct credit soon to be written into the Eximbank Act to be increased by a corresponding amount, as well as the annual limitation written into the Foreign Assistance Appropriations Act.)

Though one billion dollars is quite a tidy sum, it may nonetheless be inadequate to the task at hand. If, on the other hand, the funds are used solely for interest subsidy payments to private lenders, they could, in principle, support a much larger volume of export credit. How much leverage could be obtained would depend, of course, on the degree of interest subsidy required to make U.S. private capital competitive with foreign subsidized export credit. We have done some rough and ready estimates which indicate that, under present market conditions, one billion dollars in private export credit—and all of it fully competitive with whatever the French government, or any other government, would be offering their own exporters. (These estimates assume that Exim is able to stretch that one billion dollars to support the maximum possible amount of private credit by making the subsidy payment in the form of one lump sum payment at the outset of the loan, calculated to equal the present value of the stream of payments it would make if the subsidy were paid out in regular installments over the life of the loan.)

This procedure does raise some problems of its own. It implicitly assumes that the private market will be prepared to provide fixed rate export credit for the necessary maturities. And it assumes that Exim will have sufficient guarantee authority, within the budget ceilings placed on its operations by the Foreign Assistance Appropriations Act, to guarantee a major portion of the private credit receiving these interest subsidy payments. I think there are various ways that Exim could satisfactorily deal with these problems, and I would certainly welcome suggestions or amendments to H.R. 3228 which would make it easier for Exim to employ these funds as effectively as possible.

Before turning to other provisions of H.R. 3228, I might note that, since the funds authorized by H.R. 3228 would be used as out-



right expenditures rather than as direct loans, they would not fall under the annual limitation on Exim direct credit set each year in the Foreign Assistance Appropriations Act, or in the Eximbank Act itself. They would represent an entirely new departure in Exim budgeting procedures. Technically speaking, Exim has never received an outright appropriation of funds for expenditures, and I can understand why the Bank may be somewhat reluctant to receive such appropriations. The Export-Import Bank has always prided itself on being a self-sustaining agency, by which it meant that it received no appropriations, and generally earned a profit. We should all recognize, however, that, no matter how efficiently Exim is managed, the international environment in which it must now operate effectively prohibits the Bank from making a profit while remaining fully competitive. It is up to the Congress to indicate the direction the Bank should take. We could instruct the Bank to remain competitive and accept persistent losses. It would be possible for Exim to operate that way, but it is not a very neat, nor, I fear, a politically sustainable solution. It would force Exim on the defensive, continually justifying its losses. Far better that Congress face this dilemma squarely and, if it judges the costs of keeping Exim competitive worth paying, it should pay those costs in the straightforward fashion that everyone understands, that is, by simply appropriating the money.

Now I would like to turn to some of the targeting, control and timing provisions of H.R. 3228. In my judgement, these funds should not be used to help each and every American exporter facing stiff foreign credit competition. These funds will be used, quite explicitly, for export subsidies. (We call attention to the subsidy element in the name of the Fund: the Competitive Export Subsidy Fund.) The cost of these subsidies is not trivial: if the U.S. government is going to lay out one billion dollars in subsidies, those funds should serve a very well defined purpose. That purpose should, I think, be to bring maximum pressure on those governments that stand in the way of our efforts to negotiate world-wide reductions in export credit subsidies. Therefore, H.R. 3228 directs that these funds be used only when: "the interest subsidy payments involved will assist United States exports which are competing with reports that are assisted by financing from those foreign governments, including the French Government, which are most reluctant to negotiate a meaningful reform of the Arrangement of Guidelines for Officially Supported Export Credits and other existing arrangements, standstills, minutes, and practices involving official export financing."

This provision is explicitly discriminatory. The funds could not be used to help American exporters competing against heavily subsidized foreign export credit granted by governments who, in judgement of the Administration, support our proposals in the export credit negotiations. This is unfortunate, but, I think, necessary. Matching all subsidized export credit all the time could be too costly. We need to keep our eye on the goal and establish clear priorities: the goal is to attain a meaningful reform of the international export credit agreements; the method is to target these additional Exim funds against the French, and against any other government equally intransigent.

The Competitive Export Subsidy Fund would be administered by the Board of Governors of the Export-Import Bank, but the

Secretary of the Treasury would retain a veto over any use of the funds that, in his judgment, did not conform with the policy directives laid down in H.R. 3228, in particular the targeting provision mentioned above. This would be novel departure, since the Secretary of the Treasury now possesses no such authority over Exim operations. I do not think this would pose any difficulty, nor set any precedent. The Secretary's veto power would extend only over the use of this Fund, not over any other aspect of Exim operations. It would be highly unlikely that such a veto would ever be needed, or used. But it would be appropriate for the Treasury to have the power written into the law, because the Treasury has carried the primary responsibility for conducting these negotiations. As a practical matter, it must be the Secretary of the Treasury who carries the major responsibility for these negotiations simply because it is his counterparts, the finance ministers of our major competitors, who must finally be persuaded to accept the reform we want to achieve. If the Secretary of the Treasury has the ultimate responsibility for success or failure in these negotiations, he should have greater control over the use of one of the most potent weapons in our arsenal.

In addition, it is quite clear that the administration of this Fund will not be an easy task. It would require *explicit* discrimination—between U.S. exporters, according to the type of competition they face, and between foreign governments, according to whether they were supporting or opposing us in the export credit negotiations. It would, I think, be most appropriate for Exim's Board to share those specific, highly political decisions with the Secretary of the Treasury, the chief political officer of our government with the responsibility of conducting those negotiations.

Finally, let me review the timing provisions of H.R. 3228. We have amended it so that the Fund would not come into existence until October 1, 1982, that is, in fiscal 1983. The Secretary of the Treasury can delay its coming into existence by notifying the Congress that, in his judgement, "satisfactory progress" has been made in negotiating a reform of the international export credit agreements. If at some later date it appears that, despite satisfactory progress, a successful reform is not attainable, the Secretary can then trigger the Fund into existence by so notifying the Congress. Finally, the Fund will go out of existence if and when a satisfactory reform of the international agreements has been attained.

These timing devices serve several purposes. They make it clear that the Fund is to serve an explicit, narrowly defined purpose: to bring pressure to bear on certain foreign governments to conclude a satisfactory reform of export credit practices. It is not an open-ended, all-purpose Subsidy Fund. If such a reform is achieved prior to October 1, 1982, then the Fund is not needed, and we do not want it. Once such a reform is achieved, the Fund would no longer be needed, and we would no longer want it, even if substantial amounts of unspent money were left in the Fund. Thus, these timing controls give the Administration some discretion over the life as well as the use of the Fund—a discretion which it could use, within limits, to delay the budgetary costs of bringing the Fund into existence, insure that the outlays from the Fund serve a well-defined purpose, and insure that those costs would no longer be borne after that purpose was achieved.

Though there are some important differences in the structure of H.R. 3228 and S. 868, they both serve the same ultimate objective, and they will both, in my judgment, command a growing degree of support, within the Congress and without. I hope we never need to implement either approach, but if the ongoing export credit negotiations do not yield real, substantial results sometime this year, I expect we will be moving forward, within the House and Senate, to pass some version of these bills, or to merge them in a way that gives Exim, and our negotiators, the funds and the policy directives they will need. ●

#### TIME TO BEGIN ANALYZING COST-BENEFIT ANALYSIS

(Mr. GAYDOS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. GAYDOS. Mr. Speaker, with cost-benefit analysis rejected by the U.S. Supreme Court in matters of worker health, the new managers of the Occupational Safety and Health Administration have begun to speak of a substitute tool, cost effectiveness.

These concepts are closely related.

If they had human form, they would be within the degree of consanguinity that prohibits marriage; in most States, the relationship would be a felony.

Furthermore, cost-benefit analysis, as it applies to worker safety and health, is part of legislation that has been introduced to change what the Court has ruled was the intent of Congress—to make worker well-being the dominant consideration in safety and health.

And cost effectiveness is drawing more frequent mention in news coming out of the Occupational Safety and Health Administration.

So Congress may be dealing with one or both of these concepts in the months and weeks to come.

But these ideas have drawn very little public attention or discussion up to this point; they are largely unknowns as either would be applied to worker safety and health.

As chairman of the Subcommittee on Health and Safety, I suggest it is time to be analyzing the analyses—to begin thinking and discussing.

The United Steelworkers of America and Jack Sheehan, the legislative director and assistant to the President, have given a great deal of penetrating thought to the idea of cost-benefit analysis. With customary force of thought, the steelworkers have taken a very thorough look at the concept in a brief prepared for use in a pending matter.

I think these related issues are important enough to worker safety and health to warrant an unusual step.

Therefore, with the goal of priming the pump of public discussion, I offer the full brief prepared by the United

Steelworkers of America for the consideration of the Congress.

The brief reads as follows:

#### COST-BENEFIT ANALYSIS

##### I. INTRODUCTION

OSHA has announced that it "... will shortly be undertaking ... a reevaluation and reconsideration of the occupational health standard regulating employee exposure to cotton dust," in part evaluating "... the feasibility and utility of relying on cost-benefit analysis in setting occupational health standards."

At the same time, OSHA has announced an intent to reexamine substantial portions of the existing standard regulating employee exposure to lead, indicating that "a cost-benefit analysis will be performed, in order to assess the practicality of relying on this approach in setting occupational health standards in the context of a specific regulation."

Both notices indicate that OSHA has not decided whether cost-benefit analysis is feasible or useful.

If OSHA actually employs formal cost-benefit analysis in aid of decisionmaking, it will be a radical departure from traditional OSHA rulemaking under one Democratic and two Republican administrations.

Until now, OSHA has consistently resisted the pressure from various sources to do formal cost-benefit analysis on safety and health standards. This is not to say that OSHA has been oblivious to costs and effects of its proposed standards.

OSHA has analyzed the effects produced on workers by the substance it plans to regulate and has projected (to the limited extent it or anyone else can) how many lives and how much human suffering would be saved by a new standard. By so doing, it can determine whether there is a substantial risk of harm as required by the Supreme Court in *Industrial Union Department v. American Petroleum Institute*, U.S. 100 S. Ct. 2844 (1980). OSHA has considered the effectiveness of different proposals to eliminate exposure to particular toxic substances and analyzed, to the extent that it can, the cost of each alternative to the end that if two equally effective methods of eliminating exposure to the toxic substances exist, then the least costly of the two alternatives will be adopted, absent some overriding considerations to the contrary. OSHA has estimated the cost of its proposed method of eliminating exposure to toxic substances (to the extent such costs can be estimated) in order to determine whether the proposed standard is economically feasible—that is, whether or not it will cause "massive economic dislocation," *AFL-CIO v. Brennan*, 530 F. 2d 109, 123 (3rd Cir., 1975).

An examination of the practicalities of a proposed OSHA standard is commonplace. But the use of cost-benefit analysis adds an entirely new dimension. Cost-benefit analysis requires a detailed quantification of costs and benefits in the same economic units (usually dollars) and a weighing of the one against the other with the consequence that if the quantified benefits do not outweigh the quantified costs, then the regulation is not issued, and if the quantified benefits do outweigh the quantified costs, then the regulation is issued.

The cost-benefit concept is simple and appealing, but, like so many tempting ideas, its simplicity hides a variety of critical flaws. In this brief, the United Steelworkers of America (hereinafter sometimes "USWA," the

"Union" or the "Steelworkers")<sup>1</sup> shall attempt to convince the Secretary that cost-benefit analysis is inappropriate for an agency designed to save lives, is an infeasible technique for OSHA's decisionmaking purposes, and that if the Agency persists in contemplating its use the Secretary should submit a plan for such use to the fullest advance public scrutiny and discussion. In essence, USWA argues as follows:<sup>2</sup>

1. Cost-benefit analysis is inappropriate as an OSHA decisionmaking tool for two reasons. First, the use of cost-benefit analysis, where human life and health are at risk, obliterates the moral values which should underlie the decisions the Secretary must make. Second, the use of cost-benefit analysis would be unfair to the relatively small number of employees who are exposed to toxic substances, for it compares the extreme disadvantages they must presently endure to possible minimal inconvenience of much larger numbers of other persons. These matters are discussed in Part II below.

2. Cost-benefit analysis of occupational health standards is such a primitive tool that it is infeasible for OSHA decisionmaking. Dollar values cannot feasibly be determined and assigned to human life and health. The true costs of compliance with occupational health standards cannot be determined with sufficient precision to be useful in cost-benefit analysis. Artificial economic devices are used to translate future benefits into current dollar terms so that such "present values" of benefits can be compared with costs of compliance. These devices depend upon assumptions which can be manipulated to achieve a predetermined result as a minor change in the assumptions drastically alters the result of the cost-benefit comparison. These matters are discussed in Part III below.

3. If OSHA persists with the idea of performing cost-benefit analysis despite the arguments outlined above, it should proceed with great caution. Utilization of cost-benefit analysis will launch OSHA into uncharted seas where many lives are at stake. Before performing a cost-benefit analysis, OSHA should publish its initial determination on the protocol it plans to use. It should then hold hearings before finally deciding what protocol to use. The Steelworkers offer some suggestions in Part IV on this Brief on items to be included in the protocol.

#### II. COST-BENEFIT ANALYSIS IS INAPPROPRIATE AS AN OSHA DECISIONMAKING TOOL

OSHA was created to protect the lives and health of American workers. As we set forth in Sections A and B below, cost-benefit analysis does not aid in that objective—rather it detracts from it. As a result, it is inappropriate as an OSHA decisionmaking tool.

A. The use of cost-benefit analysis where human life and health are at risk obliterates

<sup>1</sup>The USWA is an International Union consisting of approximately 1.2 million members employed in the steel, aluminum, mining, smelting, chemical and other industries. Accordingly, it has members exposed to virtually every toxic substance which OSHA may regulate. Because decisions made by OSHA in reconsidering the cotton dust standard may later be applied to other substances, USWA has a keen interest and will participate in those proceedings. USWA is particularly concerned with the lead standard because it has approximately 70,000 members with direct workplace exposure to lead.

<sup>2</sup>These arguments are directed to OSHA's discretion assuming the Supreme Court determines that OSHA has such discretion under the OSHA Act.

the moral values which should underlie decisions the Secretary must make.

Should the cost of saving a human life be weighed against the value of that life so that a decision can be made on whether the life is worth saving? To almost anyone outside of Government, the statement of the question carries with it an immediate negative response.

If a report were radioed in from an old man in a yacht at sea that he has run out of gas and is drifting further out to sea where he will eventually die, we would be horrified if the Coast Guard delayed launching a rescue operation until it had estimated the cost of the gas to power the rescue boat, the wages (including overtime) which would have to be paid to the rescuers, the future earning power or value of the man in the drifting boat to society, the statistical probability of finding the old man and a multitude of other cost and benefit factors. And, if Coast Guard officers refused to launch the rescue operation because the man had a short life expectancy and the value (in dollars) of his life was less than the cost of the rescue operation, the public pressure for discharge of the Coast Guard officers would more than likely be irresistible.

We view the rescue situation involving a known person instinctively and morally. Unfortunately, when dealing with unknown persons at risk, the typical Washington regulator is likely to close his mind to any consideration of moral issues, smugly telling himself that moral issues should be dealt with by religious groups—not by the Government.

Such a reaction reveals an ignorance of the moral foundation of our social legislation, including the Occupational Safety and Health Act.

The OSHA Act authorizes intervention by Government into employer-employee relations in order to raise the moral standards of the labor market. It is one of a series of such moral interventions by Government in the United States, each of which has been vigorously opposed by some shortsighted employers. The first of these interventions was the prohibition of slavery, and the list includes child labor laws, social security, fair labor standards, and pension reform.

Like each of these, the Occupational Safety and Health Act is a conscious effort by our society to regulate the conditions of labor in accordance with recognized ethical principles.

The Occupational Safety and Health Act was passed "to assure safe and healthful working conditions." In section 2, Congress declared "it to be its purpose . . . to assure so far as possible every working man and woman in the Nation safe and healthful working conditions . . . by authorizing the Secretary to set mandatory occupational safety and health standards." In the case of toxic substances, the Secretary is directed to set "the standard which most adequately assures, to the extent feasible, on the basis of the best available evidence that no employee will suffer material impairment of health or functional capacity." Congress imposed a moral value in the marketplace: "Thou shalt not kill (for profit)."

The Secretary, in promulgating safety and health standards, must implement this congressionally imposed value. But the Secretary cannot do so with cost-benefit analysis.

The "science" of cost-benefit analysis is an effort to measure, in common units of measurement, the total costs and the total benefits which may be reasonably expected to result from a given action. To "rely" on



such analysis is to automatically reject the action if the units of cost exceed the units of benefit—and to take the action in the reverse case.

Although other units of measurement are conceptually possible, the proponents of cost-benefit analysis for health standards have uniformly used money values to make the comparisons. Under the usual system, dollars of "cost" reflect the material worth of the capital investment needed to achieve compliance, plus that of the ongoing operating expenses required. Similarly, the dollars of "benefit" reflect some material valuation of the worth of the lives which would be saved, and the illnesses avoided.

Under cost-benefit analysis, to kill or not to kill becomes a question of expense, not ethics. In a triumph of materialism over morals, the ancient commandment and the congressional purpose simply becomes inoperative at a certain level of cost. "Thou shalt not kill unless it is cheaper."

Instead of asking, "Is it economically and technologically feasible to save this life?", the decisionmaker who relies on cost-benefit analysis asks, "Is this life worth the cost of saving?" The decisionmaker who asks the first question assumes that the life is worth saving and examines the practicalities of doing so.

Cost-benefit analysis places a monetary value on human life thereby obliterating the moral purpose which led Congress to pass the OSHA Act.

B. The use of cost-benefit analysis is unfair to the relatively small number of employees who are exposed to toxic substances for it compares the extreme disadvantages they must presently endure to possible minimal inconvenience of much larger numbers of other persons.

Proponents of cost-benefit analysis imply that a simple summation of the set of numbers categorized as "costs," and a similar summation of the numbers identified as "benefits," leads to a numerical comparison which is meaningful to decisionmakers. Cost-benefit radicals go so far as to argue that an "inflationary" result will flow from setting a standard with dollars of "cost" exceeding the dollars of "benefits."<sup>3</sup>

Cost-benefit analysis was never conceived as a tool for such purposes. Its principal use is as a tool for making private and public investment decisions—where the investor receives the returns. If costs are paid and benefits obtained by the same individual, firm, set of taxpayers, or the like, there is some merit to the use of this tool.

This is not the case with occupational health standards. Costs are paid by large groups—stockholders, consumers and others who deal with the company. The benefits of a standard are enjoyed by another group—those who otherwise must endure the pain and suffering, death and disability caused by the toxic substance.

If costs could be accurately determined, benefits properly evaluated, numbers juggled impartially, and all biases overcome, this issue of fairness would still confront the decisionmakers.

<sup>3</sup>This school of theoreticians, through their spokesmen at the late Council on Wage and Price Stability, did not advocate the deflationary effect which presumably would flow from the reverse side of their theory. As a matter of fact, this group achieved a perfect public record of opposing every single OSHA standard it considered. Every proposal OSHA developed to relieve workers of occupational disease was measured by their yardstick and found wanting.

Cost-benefit analysis sheds no light on the equities of the present distribution, or proposed future distributions of costs and benefits. A recent report by the Subcommittee on Oversight and Investigations of the House Interstate and Foreign Commerce Committee (hereinafter "the Subcommittee") summarized this problem in the following language:

"The essence of the equity argument is that economists have no way of making value determinations when the costs and benefits accrue to different groups within the society. One of the ways that they attempt to avoid this problem is by assuming it away, i.e., they assume that the distribution of good and bad things within the society is equitable to begin with and therefore alterations in the distribution of income or in the distribution of the negative consequences which result from the failure to regulate have no particular value to society. However, ignoring equity considerations constitutes a value judgment. As Professor Guido Calabresi of Yale points out, 'the willingness of a poor man, confronting a tragic situation, to choose money rather than the tragically scarce resource [his health or safety] always represents an unquiet indictment of society's distribution of wealth.'"<sup>4</sup>

### III. COST-BENEFIT ANALYSIS IS SUCH A PRIMITIVE TOOL THAT IT IS INFEASIBLE FOR OSHA DECISIONMAKING

In the preceding two parts, we have demonstrated that cost-benefit analysis is inappropriate for use by the decisionmaker on safety and health standards because it forces materialistic valuations on human life and health and because it unfairly pits the small costs of many against the great sacrifices of a few. We shall now assume, for argument's sake, that these problems do not exist and will turn our attention to a consideration of the technical feasibility and utility of using cost-benefit analysis.

The Congressional Subcommittee which published its Report on cost-benefit analysis referred to earlier (p. 10) held exhaustive public hearings after a two-year investigation of this and related matters. Drs. Murray Weidenbaum, James Miller, and other prominent advocates of cost-benefit analysis testified at length before the subcommittee. So did other witnesses who disagreed, in whole or in part, with them. Out of this welter of conflicting views the 17 Subcommittee members (with three exceptions) concluded that, "... cost-benefit analysis is in far too primitive a stage of development to be used as a definitive means of making regulatory decisions."<sup>5</sup>

The Union's further comments will amplify the following feasibility and utility arguments:

Dollar values cannot feasibly be determined and assigned to human life and health.

The true costs of compliance with occupational health standards cannot be deter-

mined with sufficient precision to be useful in cost-benefit analysis.

Discount rates, disease latency periods, and other variables distort values of costs and benefits, shape the analysis to predetermined results and, when honestly analyzed make it clear that cost-benefit analysis is of no value to the decisionmaker.

A. Dollar values cannot feasibly be determined and assigned to human life and health

Even if they were to overcome the moral problem of placing a value on human life, cost-benefit advocates face an insuperable technical one—that of assigning dollar values to the number of workers' lives which are lost, and to years of pain and suffering and possibly disability which are caused by occupational disease—not to mention placing a monetary value on the suffering borne by the families of these workers.

#### How Many Lives Will Be Saved?

It is one thing to conclude on the basis of scientific studies that a substantial number of employees are likely to die if exposure to a particular toxic substance continues. It is quite another matter to determine with the kind of precision necessary for cost-benefit comparison how many will die.<sup>6</sup>

To this uncertainty must be added the even greater one caused by the almost total lack of data on the number of workers whose health is impaired by any particular disease.

#### What Is a Life Worth?

The problems of determining numbers of workers whose death or serious illness will be prevented by a standard are minor, however, compared to the problems of assigning monetary values to the lives saved and health preserved.

The two valuation concepts discussed in the Report are the "Discounted Future Earnings"<sup>7</sup> and "Willingness to Pay"<sup>8</sup> techniques. Each is advocated by its supporters as a comprehensive calculation of the value of a human life. In fact, at best each could only calculate a part of the value of a life—the values of one or a few limited aspects of a life.

Under the "Discounted Future Earnings" method, an estimate is made of each future year's lost earnings. The estimate is then reduced by "discounting," a process which will be discussed later in Section C of this Part III. The estimates, after discounting, are then summed to arrive at a total value.

This method of valuation came into vogue in damage suit proceedings, to assess compensation for victims of negligence or the heirs of victims.<sup>9</sup>

<sup>6</sup>OSHA's best opportunity to do so occurred when it was deciding whether to reduce the level of permissible exposure to coke oven emissions. The excellent epidemiological studies available to OSHA there in much of the well-defined single industry to be regulated produced three sharply varying estimates of lives lost per year and no possible way of estimating the numbers whose health was impaired.

<sup>7</sup>The Report, p. 28.

<sup>8</sup>The Report, pp. 20, 21.

<sup>9</sup>Of course, the number of lives lost and the life expectancy of each individual at the time of death is known in such lawsuits. Even here, however, juries are permitted to increase damage awards to compensate for the intangible losses of the individual as parent and spouse. Finally, the money awards are made to compensate, however inadequately, for the loss of a life which has already occurred—unlike the cost-benefit model where the calculation is made to determine the life of someone now alive is worth saving.

<sup>4</sup>"Cost/Benefit Analysis—Wonder Tool or Mirage"? Report of the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce, U.S. House of Representatives, December 1980. U.S. Government Printing Office (Hereinafter "the Report"), p. 27.

<sup>5</sup>The Report, letter of transmittal, p. III. On pages 5 and 6 the Report includes an excellent illustration of the conflict between moral judgments and monetary criteria, in a section which deals with the probability of Lincoln's Emancipation Proclamation having been issued if cost/benefit analysis had been relied on to make the decision.

The specific values which this scheme measures are the payments society would have made for the services of the individual in his or her role as worker. An economic purist would argue that such payments equal the marginal value of the lost output of product by the killed or disabled victim. No one would assert that they cover the value to society of the person's nonoccupational activities as spouse, parent, worshipper, citizen, neighbor, and the like.

This concept, of estimating the value of a human life by anticipated earnings, illustrates the general prejudice of any valuation scheme for the tangible over the intangible. By comparison to the role of wage-earner, the roles of citizen, worshipper, neighbor, parent, spouse and the like produce intangibles. Most observers would agree that these products may be more important to society than the products of wage-earning activity, but these are non-market goods and services, and their values are not quantified in monetary terms. Activity which does not earn wages is assigned a value of zero by the Discounted Future Earnings method, in spite of its obvious importance.

Personal valuations of life and health are considered in the "Willingness to Pay" model. It is based on the notion that by accepting hazardous jobs at higher pay rates workers establish their own market values for risk of death and injury. A comparison of pay rates and risk probabilities for different occupations should reveal workers' risk preferences, and the dollar values they themselves assign to those preferences, according to the "Willingness to Pay" idea.

This scheme is fatally flawed when it is applied to the real world, however, as the Subcommittee discovered. Workers in the real world do not, in fact, know the degree of risks they take by pursuing specific occupations. Nowhere is there published, for the benefit of job applicants, the mortality and morbidity rates of various occupations. Workers must proceed on rumor and guesswork, and their guesses are frequently wide of the mark. The Subcommittee concludes that most of the 100,000 workers who die of occupational diseases each year in the United States never know which toxic substances caused their deaths.

Even when workers do know the risks of their jobs, they are still constrained by the range of available jobs open to them, the Subcommittee found. If a worker who would trade 20 percent of his earnings to avoid the associated risk has no other choice but a job at one-half his present wages, he cannot effectively reveal his market valuation of risk preference.

A final point not mentioned by the Report is that, unfortunately for the advocates of this scheme, risky jobs frequently pay less than safe ones, in the real world. Differences of training, responsibility, bargaining power, and other factors may cancel out the "risk premium." No analyst can say that occupational differences in pay are exclusively attributable to any single factor, because it is impossible to demonstrate that all other factors by which pay is determined are equal as between the occupations considered.

These may be some of the reasons that the "Willingness to Pay" analysis yields such varied results. One researcher is known to have used an elaborate survey to conclude that the value of a human life is \$28,000. Another analysis, based on the

same methodology, reached the startlingly different figure of \$5,000,000.<sup>10</sup>

Most cost-benefit analysts do not seem to have recognized that there are at least three distinct sets of values associated with each active human life. These might be characterized as the values of the life to society, the values to the person whose life is at risk and the values to the family and immediate circle of friends of the person.

Therefore, to begin the process of valuation, an analyst must answer the question—"Value To Whom?" Let us explore the question briefly.

First, society invests in the knowledge, skills and training of every worker. The values it receives in return are the productive work of the individual, plus various other services in the role of parent, parishioner, neighbor, citizen and taxpayer. A premature cessation of this work, or these services, would interrupt the flow of a stream of values to society.

Second, to the person at risk life has direct values. There is an instinctive preference for survival to which each individual consciously or subconsciously adds an estimate of the worth of anticipated future enjoyments, accomplishments, experiences, and the like.

Finally, few would disagree that the worker's life will be more valuable to his or her children than it is to society or even to the worker. Similarly, there are values to spouses which may transcend other values. Parents and other close relatives and friends place values on their continued associations with the persons at risk, which certainly should be considered in any calculus of the value of the lives of those persons.

The Discounted Future Earnings concept measures the value to society of an individual's future wage-earning activity. However, it ignores other values of a human life to society, to self, and to family. The Willingness to Pay model attempts to measure the value of one's life to oneself, but not the values to society or family. In general, neither these nor any other valuation scheme put forward so far adequately measures the intangible effects of non-market activities. For these reasons we must conclude that no comprehensive and accurate method now exists to measure the value of human lives.

#### How Can Health Benefits Be Measured?

Almost everything which has been said about the problem of valuation of human lives applies to the problems associated with valuing human health. The mental and emotional anguish endured by the family and friends of those hospitalized by lingering illness is enormous, yet it rates a zero in the computations of cost-benefit analysis because even those who play with such concepts have not figured a way to place a money value on such suffering. In addition to the valuation problems already discussed, however, there are two other aspects of illness which distinguish it from death in any thoughtful analysis of this kind.

The first of these two matters is the ongoing cost of health care for the ill person. From a cost-benefit standpoint, these costs, combined with disability compensation, could easily become greater than the monetary value assigned to life itself. The benefit of preventing illness could thus become

monetarily greater than the benefit of saving lives.

The second major difference, mentioned earlier, has to do with determining numbers of persons affected by an occupational disease. In the case of death, epidemiological research obtains mortality statistics from actual investigation of coroners' records. There are no comparable record-keeping public agencies with respect to nonfatal disease. Most of the data in existence is the property of the employers affected by a proposed standard. To date they have not volunteered such data in connection with standard-setting procedures, or has OSHA subpoenaed such data.

#### Formal Cost-Benefit Analysis Simply Cannot Be Done

Cost-benefit analysis cannot compare apples to oranges. It can only compare dollar values of apples to dollar values of oranges. In other words, there must be common units of measurement of the items of cost and the items of benefit.

Yet we have seen from the foregoing that there is not an accurate method for valuing human lives or health, even if the number of saved lives and healthy persons which would result from a standard could be counted.

In his testimony before the Subcommittee, Dr. Weidenbaum avoided these problems by simply admitting that dollar values are inappropriate. "I would not presume to put a dollar sign on human life, on human suffering," he testified.<sup>11</sup>

There has been no serious suggestion of any other common unit of measurement, besides dollars, to use in cost-benefit analysis, either by Dr. Weidenbaum or any other witness. If the Secretary accepts Dr. Weidenbaum's view (as the Union does) that human life and suffering simply cannot be measured in dollars, then cost-benefit analysis cannot be performed, let alone relied upon.

#### B. The true costs of compliance with occupational safety and health standards cannot be determined with sufficient precision to be useful in cost-benefit analysis

##### What Are Costs?

Lives and health currently being lost are costs to the workers who risk an occupational disease, but these are not the costs considered by cost-benefit analysis. Costs are analyzed from the point of view of the employer, not the worker.

From this perspective costs are the prospective costs of complying with a standard. To determine these costs a technological method for reducing worker exposures to the standard must first be decided on, for each workplace where the toxic substance exists.

Second, the cost of any new equipment required by each such technology selected must be estimated. Third, additional operating costs for energy, labor, spare parts and supplies must be estimated.

None of these three steps is as simple as it may first seem. Some typical problems are explained in the Report.<sup>12</sup>

Regarding the compliance technology, analysts will usually assume the most expensive of the available alternatives. Industry representatives will find this in their own interest. Government analysts may tend to do so to avoid accusation of improperly shrinking the costs. Consulting firms hired

<sup>10</sup>These figures as well as an analysis of human life valuation models are included in *Business War on the Law: An Analysis of the Benefits of Federal Health/Safety Enforcement*, a report prepared by Ralph Nader's Corporate Accountability Research Group, 1979, pp. 40-48.

<sup>11</sup>The Report, p. 21.

<sup>12</sup>The Report, pp. 10-17.



by regulatory agencies will frequently do so to preserve their relationships with the industry in question, in order to obtain consulting contracts from the industry or firms in it.<sup>13</sup>

The prime example of this tendency is the vinyl chloride standard. Before the standard became effective the chemical and other affected industries estimated costs at \$90 billion. Once the firms began to comply they used a totally different technique than the technique assumed earlier. Industry estimates of costs then dropped from \$90 to \$0.3 billion.<sup>14</sup>

The usual cost estimates rely on data in the possession of firms in the industry affected, which they in turn supply to analysts on a selective basis. Faced with alternative possible estimates of any cost item, it would be unusual if the cheaper were used. The Subcommittee found significant conflict between some employers' dire cost predictions to OSHA, for example, and their reports to stockholders on the same subject.<sup>15</sup>

#### How Can Compliance Costs Be Separated?

A major costing problem is to disentangle prospective costs of compliance with a new standard from all other costs. Suppose a particular technological change will put a firm in compliance with a prospective OSHA standard, and also an EPA standard which is currently being violated. How much of the cost should be attributed to each? What general criteria should be used to allocate such costs?

Suppose half the firms in an industry are already in compliance with a proposed standard, because of union bargaining, or employer compassion, or the need to attract workers. Should their past expenditures be included as compliance costs? What about their future expenditures? Will the cost-benefit analysis include, as part of the cost of a standard, expenditures which these employers presumably would have made anyway.

Consider the case of a proposed new standard which would reduce the level of toxic exposure permitted by an existing standard. If there are employers not in compliance with the existing standard, the accurate measure of cost of compliance with the new standard for them would be the difference between costs of compliance with each of the two standards. This difference may be very difficult to define, however.

Finally, there are technological changes which both reduce toxic substance exposures and improve product quality. How should costs be allocated in these cases?

#### How Much Will Costs Shrink?

The very fact that the costs being evaluated are usually prospective rather than based on extensive past experience creates a systemic upward bias, as witness Ashford pointed out to the Subcommittee.<sup>16</sup>

After a standard becomes effective, Ashford argued, costs normally begin to shrink in response to one or more of three influences:

- (1) Economies of scale may lower the prices of equipment used to comply.
- (2) A "learning curve" commences with respect to the most cost-effective means currently available for compliance.
- (3) Technological innovation may occur, spurred by the focus of imagination and experience on cost-effective means of compliance.

Most experienced observers would agree with Dr. Ashford on the general tendencies he described, but neither he nor anyone else has attempted to quantify the probable cost shrinkage which might be expected. No general formula seems appropriate, in the light of the uniqueness of each technological situation.

#### The Costs in Such Analyses Are "Soft" Numbers

For all of the above reasons it is clear that whatever numbers the cost-benefit analyst finally uses as "costs" in a particular occupational health analysis are not firm, hard, material facts, as we usually consider costs to be. On the contrary, they are what might be thought of as "soft" numbers—in the sense that they are based on a great deal of selection among alternatives. Some of them are so soft, in fact, that they are useless to even indicate orders of magnitude—as in the vinyl chloride case.

If all the alternatives were laid out for public consideration and all the selections among alternatives were made by disinterested and knowledgeable experts, the resulting cost figures might be of some usefulness. Unfortunately, this is seldom the case. Many of the alternatives are concealed, or ignored. Most of the knowledgeable persons work for the firms to be regulated, or do business with such firms, so that conflicts of interest are inherent in the situation.

The result of all this is that cost figures simply cannot be accepted as precise, to the extent that a meaningful analysis can be done.

*C. Discount rates and disease latency periods distort the relative values of costs and benefits, and shape the analysis to predetermined results*

#### They Shall Not Pass

The story was told, during the struggle for civil rights, of the black college graduate who attempted to register to vote in a rural Mississippi county during the days of "literacy tests." After reading and interpreting several passages successfully the would-be voter was finally presented with a 19th Century legal scholar's abstruse analysis of an obscure, but learned and ambiguously-worded Supreme Court decision.

"What does this mean, boy?" demanded the voting registrar.

After careful study the applicant answered, "It means no black people are going to vote this year, in this County."

If we compare cost-benefit analysis to literacy tests, the function of the undecipherable passage is played, in cost-benefit analysis, by the use of a social discount rate.

#### Discounting Is Good Business

The idea of a social discount rate is based on the sound business principle that a dollar next year is not worth as much as a dollar today. This is true because today's dollar can be invested, and a year from now amount to a dollar plus interest.

For this reason no business person will knowingly invest a million dollars this year simply to get a return of one million dollars 20 years from now, so long as the alternative of putting the money in a savings account is available, because after 20 years in the savings account the investment is worth one million dollars plus compound interest, which will be considerable.

Cost-benefit analysts argue that, for the same reason, society should not pay one million dollars in cost this year to get the benefit of saving one life after 20 years, even if it is agreed that one life is worth one million dollars.

#### Reverse Interest, Compounded

To figure out how much future lives and health are worth now, the cost-benefit economic analysts use a social discount rate—a sort of reverse compound interest rate. There is no agreement among analysts as to the proper rate. A few years ago 6 percent would have been an acceptable rate to many of the economists who apply monetary rates to human life. Now, however, an argument could be made by the same economists for a rate as high as 20 percent, as they follow the upward spiral of interest costs in our economy.

Whatever rate is selected is used to reduce the value of future lives and health to a "present value."<sup>17</sup> The higher the discount rate, the lower the present value. Similarly, the farther into the future the lives and health are likely to be saved, the less the present value of saving them, under this scheme.

TABLE OF PRESENT VALUES OF \$1,000 IN FUTURE BENEFITS

Intervening years	Discount rates (in percent)							
	6	8	10	12	14	16	18	20
2	\$890	\$857	\$826	\$797	\$769	\$743	\$718	\$694
4	792	735	683	636	592	552	516	482
6	705	630	564	507	456	410	370	335
8	627	540	467	404	351	305	266	233
10	558	463	386	322	270	227	191	162
12	497	397	319	257	208	168	137	112
14	442	340	263	205	160	125	99	78
16	394	292	218	163	123	93	71	54
18	350	250	180	130	95	69	51	38
20	312	215	149	104	73	51	37	26
22	278	184	123	83	56	38	26	18
24	247	158	102	66	43	28	19	13
26	220	135	84	53	33	21	14	9
28	196	116	69	42	26	16	10	6
30	174	99	57	33	20	12	7	4

The table above shows the declining present values of \$1,000 worth of future benefits received after the number of years shown at the far left of each line, calculated at the discount rates shown above each column.

At the upper left we see that \$1,000 of benefit to be received two years from now has a present value of about \$890, if we use a 6% discount rate to calculate with. (All the dollar amounts are rounded off to whole numbers.) At the lower right we see that \$1,000 of benefit to be received 30 years from now has a present value of only \$4, if we use a 20% discount rate for our calculations.

#### The Results Are Startling

The use of this concept in valuing lives and health produces some startling results. If we use a 14 percent discount rate (the approximate current interest rate on 30-year United States government bonds) the Table tells us that each \$1,000 of future benefit 20 years from now has a present value of only \$73. Under cost-benefit analysis, if a million dollars is accepted as the value of a life, this would indicate no lives should be saved 20 years hence at present cost greater than \$73,000 apiece.

<sup>17</sup> Mathematical Note.—The general formula for present value is:  $PV = V/(1+r)^n$ .

Where:

V = future value.

PV = present value.

r = discount rate.

n = number of years.

Thus, the present value of a million dollar life saved after 20 years could be calculated, at a 14% discount rate as follows:  $PV = \$1,000,000 / (1.14)^{20} = \$1,000,000 / 13.74 = \$72,762$ .

<sup>13</sup> The Report, Letter of Transmittal, p. III.

<sup>14</sup> The Report, p. 12.

<sup>15</sup> Report, pp. 14, 15.

<sup>16</sup> Report, p. 11.

Under this scheme, therefore, society should be willing to spend far less of today's income to save the lives of our children in future years than it would spend to save our lives now.

Is the value of future life and health less than present lives and health? Combat soldiers in our nation's wars obviously didn't think so. Neither have all the parents who sacrificed current enjoyments to better their children's lives.

As a matter of fact much human behavior is based on willingness to forego current satisfactions to gain future rewards of living. We do not treat our lives as we treat money, nor can we. Money can be invested, with predictable future returns. Lives are not "invested," in the same sense.

Since there must always be some money spent removing a toxic substance from the workplace environment before any lives are saved or health is improved, the effect of using a social discount rate is always to reduce the value of benefits compared to costs. Yet there is no basis in either law or custom for using a discount rate. Why should the business technique for valuing future monetary returns be used?

In truth, our society has not formulated any generally accepted standards for judging the relative worth of our lives or health at a future time, or our children's. Until such generally accepted standards come into existence cost-benefit analysts are not justified in using social discount rates.

#### The Results Are Easily Manipulated

The practice of using social discount rates is even worse than the theory. As mentioned earlier, during the past 6 years strong economic arguments could be put forward to justify any convenient discount rate from 6% to 20%. There is no single "correct" rate. Reputable experts could legitimately disagree by two to four percentage points at any given time, and by more than that if opinions are separated by a few months.

But, that's not all. There can also be substantial disputes over the time lag before benefits can be expected to begin. Before the benefits commence the following events must occur:

1. Toxic substance control equipment must be selected, perhaps manufactured, and delivered to the workplace.
2. The equipment must be installed and made to function properly.
3. All related work practices must be learned and implemented on a regular basis.
4. The latent period of the disease, from the time of a sufficient dose of exposure to a response of illness or death, must pass.

There can be substantially different estimates of timing of the first three items, but these differences are minor compared to the range of reputable opinions on latent periods of diseases.

The present state of medical knowledge of most occupational diseases does not allow precise answers to these questions. Quite wide differences of opinion may legitimately be held by honest and reputable health scientists.

The latent periods of many occupational diseases probably exceed 20 years for a majority of those afflicted. Other diseases, such as lead poisoning, exhibit substantially increased responses after years of cumulative exposure. Thus the majority of the disputes are likely to occur in the higher ranges of years of time lag.

For example, suppose one analyst assumes a 12 percent social discount rate, and assumes a 16 year time lag before benefits begin. The Table indicates that on these as-

sumptions each \$1,000 of future benefits has a present value of \$163. If, however, the analyst can be persuaded to assume a 2 percent higher discount rate and two more years of latent period (14 percent and 18 years) the benefit values shift downward by 42 percent—to only \$95.

In virtually every case of 10 years' lag time or more, the combined effect of an additional 2 years' lag time and an additional 2 percentage points on the discount rate will generate a drop of 30 percent or more in present value of benefits. At the extreme case a shift from 28 to 30 years lag time and 18 percent to 20 percent discount rate would cut the present value of benefits by 60 percent.

As with the Southern voters' literacy tests, the analytical system is loaded with alternative decisions which can only be made on subjective grounds. Which competent medical opinion does the analyst choose to accept? Which prominent economist's forecast of interest rates is to be believed. Drastic changes in the results of the analysis will result from the answers to these questions. Yet, in each case, several possible answers may be equally valid, scientifically.

Under these circumstances, the results of social discounting inevitably tend to confirm the predilections of the analyst employed.

IV. IF OSHA PERSISTS WITH THE IDEA OF PERFORMING COST-BENEFIT ANALYSIS DESPITE THE ARGUMENTS OUTLINED ABOVE, OSHA SHOULD PROCEED CAUTIOUSLY. BEFORE ACTUALLY PERFORMING COST-BENEFIT ANALYSIS, OSHA SHOULD PUBLISH ITS INITIAL DETERMINATION ON THE PROTOCOL IT PROPOSES TO USE IN CONDUCTING THAT ANALYSIS AND HEARINGS SHOULD BE HELD BEFORE A FINAL DECISION IS MADE ON THE PROTOCOL. THE PROTOCOL SHOULD INCLUDE THE ITEMS DISCUSSED IN THIS PART

We have presented in Parts II and III above, the various reasons why we believe OSHA should not engage in cost-benefit analysis at all. Without in any way intending to undermine the validity of those arguments but rather because the Union fears that the pressures from within the administration to do cost-benefit analysis are so intense that OSHA will be required to do so, we offer a series of suggestions as to how OSHA should proceed.

OSHA should recognize the fact that it has never before done formal cost-benefit analysis. The actual utilization of cost-benefit analysis will launch OSHA into uncharted seas where mistakes can have an effect on the lives and health of many workers. Because of OSHA's lack of expertise in doing cost-benefit analysis and because of the high stakes involved, the USWA suggests that OSHA make a preliminary determination on the procedures which will be followed in developing the cost-benefit analysis, the resources that will be utilized in collecting the data as well as the restrictions, if any, placed on the use of that data. OSHA should announce what, if any, contractor it plans to use in this process. OSHA should make preliminary determinations now on what assumptions it believes are appropriate in connection with the conversion of the relevant data to a single unit of measurement.

OSHA should make a preliminary determination now on all of these items and many more (which we will, for convenience, refer to as the "protocol" for the cost-benefit analysis). OSHA should publish its preliminary determinations and should afford the affected parties and the public generally

an opportunity through a hearing to voice their views on the strengths and weaknesses of the proposed protocol. Only after such hearings have been held should OSHA make, publish and implement its final decision on the protocol.

We shall now set forth a series of concepts which we urge OSHA to consider in developing the protocol:<sup>17</sup>

1. Conduct the cost-benefit analysis from the point of view of the affected workers rather than from the point of view of the employer.

In the past, all consideration of cost-benefit analysis has been focused on doing it from the perspective of the employer, not the worker. The Union urges OSHA to construct the cost-benefit analysis so that costs and benefits are analyzed from the point of view of the worker who is the beneficiary of the Occupational Safety and Health Act. Attached in Appendix 1 is a brief analysis of the difference in treatment of the factors involved in cost-benefit analysis when viewed from the perspective of the worker rather than the perspective of the employer.

2. OSHA should use its subpoena power to obtain the cost data it wants—not the carefully massaged information industry chooses to feed it.

Until now, OSHA has relied entirely on cost data supplied to it or its contractors by industry. Since it is industry which will be subject to any regulation which is issued, it is to industry's advantage to supply information which exaggerates the costs and to withhold information which minimizes it.<sup>18</sup>

OSHA should deal with this problem by issuing subpoenas requiring the production of very specifically described data. Section 8(b) of the Act vests the Secretary with the authority "in making his inspections and investigations under this Act" to "require the attendance and testimony of witnesses and the production of evidence under oath." An examination by the Secretary prior to proposed rulemaking for purposes of determining what kind of a standard to propose is an investigation; the term "investigation" must certainly include rulemaking proceedings themselves since to hold otherwise would be to grant OSHA subpoena power prior to rulemaking while denying it during rulemaking proceedings.

The failure of OSHA in the past to subpoena cost data was bad enough—but at least then the data was being used for more limited analytical purposes. In contrast, the use of cost data in a rigorous cost-benefit equation can make the difference between regulating and not regulating. Surely in such a context complete representative data must be used and the subpoena power is a necessary first step to obtain such data.

The same comments apply equally to data on morbidity. Company medical and other records frequently contain substantial amounts of data which is valuable to the rulemaker. This information should be sought out aggressively through subpoena—not forfeited by inaction.<sup>19</sup>

<sup>17</sup> In the event OSHA decides not to publish a proposed protocol or hold hearings, we nevertheless urge OSHA to announce its protocol in advance of the performance of cost-benefit analysis and to publish such protocol. The protocol should include all of the items discussed here.

<sup>18</sup> OSHA's recent experience with the lead industry's request to stay the MRP removal triggers amply illustrates that employees will simply not submit to OSHA data that is harmful to their position. 46 FR 24559.

<sup>19</sup> In the event OSHA fails for whatever reason to use its subpoena power, it should at least make it



3. The data obtained for the cost-benefit analysis must be subject to scrutiny by OSHA and the public.

Once OSHA obtains data it must itself be in a position to evaluate that data. Equally as important, knowledgeable members of the public must be afforded an opportunity to evaluate it. Such has not been the case with previous standards especially the lead standard.

In the earlier proceedings involving the lead standard, for example, OSHA permitted its contractor to provide a pledge of confidentiality regarding the data which was supplied to it by various companies. Later it changed that policy. However, a very substantial portion of the data relied upon by the contractor was not subject to scrutiny because of the pledge of confidentiality. This meant that the employees and their representatives who were most concerned about both the effects of continued exposure to lead and about the significance of the cost to the various companies were unable to make an independent evaluation of the data supplied. Worse yet, OSHA was also unable to do so for the pledge of confidentiality permitted the contractor to keep the data from OSHA itself.

If the unions which are parties to the lead and cotton dust rulemaking proceedings had announced that they had cost data and that it should be the only data which the contractor relied upon and that the contractor should not reveal that data to OSHA or the companies, no one would take them seriously. Yet that is precisely the situation which exists today with the employers substituted for the Union. The employers are the only groups in possession of data. That data was supplied to the lead contractor on whatever selective, voluntary basis the employers chose. Neither the unions nor OSHA itself had access to that data in order to examine it and evaluate its worth.

OSHA has justified the pledge of confidentiality in the past on the basis that without such a pledge employers will not release the information. That excuse ignores its subpoena power under Section 8(b).

A cost-benefit analysis based upon whatever cost data employers choose to supply with no opportunity for scrutiny by the public or even by OSHA is not a government cost-benefit analysis but an employer cost-benefit analysis.

4. If an outside contractor is picked to perform the cost-benefit analysis, that contractor should be totally free of any potential conflict of interest.

Cost-benefit analyses have traditionally been done by outside consulting firms. The Subcommittee launched a massive investigation into conflict of interest problems associated with these consultants, who may also perform similar studies for firms or whole industries affected by such regulations. Thousands of documents were obtained by voluntary submission and subpoena, and five days of hearings were held.

This Subcommittee's investigation is not yet completed, but already it has found that "... the actual use of cost-benefit analyses is even worse in practice than in theory. ... it appears that conflicts-of-interests on the part of private consultants who prepare these analyses for government agencies has resulted in biased and incomplete informa-

tion being supplied to decision makers. . . ."<sup>20</sup>

Strict rules should be promulgated which disqualify contractors who have performed work for a potentially affected industry or employer on any matter potentially related to the rulemaking from involvement in the government's cost-benefit analysis.

5. OSHA should set forth in the protocol how, if at all, it plans to deal with the various difficult issues regarding the determination of costs of compliance which are set forth in Part III above. In particular, the following questions should be addressed:

(a) Does OSHA intend to separate the costs of compliance with the new standard from costs of compliance with related government standards such as EPA standards? If so, how?

(b) Does OSHA intend to separate out the costs of compliance with a new standard on a particular subject from the costs of compliance with other OSHA standards on other substances where the methods necessary to comply with both overlap? If so, how?

(c) Does OSHA intend to separate out the costs of compliance with the new standard from the costs of compliance with the old standard where companies are not in compliance even with the old standard? If so, how?

(d) How, if at all, does OSHA intend to determine and subtract from the cost of the new standard costs which the employer would most likely have made anyway or the cost of new equipment or facilities which increase productivity in addition to decreasing exposure to the harmful toxic substance?

(e) If a proposed new standard will require the introduction of new technology, what assumptions will be made to reduce the cost estimates over the long run given the fact that costs normally shrink when the new technology is used more frequently and more efficiently?

6. OSHA should set forth in the protocol how it plans to quantify the "benefits" of the standard. Among other questions OSHA should announce in the protocol how it plans to deal with the following questions among others:

(a) How will OSHA determine the number of persons whose health will be impaired, when during their working lives, to what extent, with what degree of pain and with what amount of disability and at what points? How will similar questions regarding the offspring of workers' children be answered?

(b) How will OSHA determine the value to be placed on each human life? Will it use either of the methods discussed in Part III? If so, with what assumptions? How will OSHA quantify the elements of the value of a human life which these methods do not address?

(c) How will a value be placed on the human suffering which is endured by workers who lose health because of their workplace exposure to the toxic substance?

(d) How will productivity improvements associated with better worker health be measured?

7. The Discount rates and disease latency periods, inflationary rates and other key assumptions should be set forth now—not during the actual study. OSHA should specify in the protocol what justification exists for any social discount. The interest rate or rates assumed during the periods in question and why those particular figures

were chosen should also be specified. These assumptions would drastically affect the cost-benefit balance. They should be set forth now—not when it is discovered how specific assumptions can skew the balance.

8. The protocol should specifically identify a series of items dealing with respirators which must be investigated.

In the past, OSHA has relied upon its expertise to reach general conclusions regarding the effectiveness of respirators. Recent pressures to find less expensive alternatives to engineering and administrative controls have tended to ignore the significance of the effectiveness issue while assuming that respirators are clearly less costly. If OSHA is to engage in formal cost-benefit analysis and if respirators are to be considered as an alternative to engineering and administrative controls, then a full cost-benefit analysis on respirators should be performed which examines both the effectiveness and costs of respirators as fully as these issues are addressed with respect to engineering and administrative controls. In Appendix 2 to this brief, we set forth in greater detail a series of issues regarding the effectiveness and costs of respirators which should be included in the protocol so as to insure that they will be examined thoroughly.

#### APPENDIX 1—THE PERSPECTIVE OF COST-BENEFIT ANALYSIS

Significant problems of cost-benefit analysis arise from the perspective normally selected. There are two possible perspectives from which an analysis can be done—that of the worker and that of industry. Significant differences result from the selection of the perspective.

From the workers' viewpoint, good health is the normal circumstance. The costs which need to be analyzed are the current deviations from this norm which include the illness and premature death resulting from industrial disease caused by workplace exposure to toxic substances.

Viewed from this standpoint the benefits to be analyzed are the higher profits of employer companies, and/or the lower prices of goods or services which are made possible by existing unhealthy working conditions. Research might reveal the aggregate value of such benefits and identify the beneficiaries.

Unfortunately, this is not the perspective from which cost-benefit analysis have been done in the past or are being pushed at present by government economists. To the contrary, they have uniformly adopted the point of view of the employers in each given situation.

From this perspective the existing workplace exposures and consequent incidence of occupational disease are taken as the norms. The costs which are analyzed are the expected costs to employers which would result from a regulation compelling change of the status quo. An effort may then be made to predict whether, and to what extent, these expected costs will be borne, ultimately, by consumers.

The benefits which are included in such analyses are the prospective reductions in number of deaths which the proposed standard may accomplish. Further, some consideration may be given to reduced morbidity, if any data exists to use in forecasting.

Adoption of the employer's perspective has more than semantic consequences. In essence, it raises a different set of questions, which must be answered by use of somewhat different information.

known to employers that their failure to supply complete cost data will result in unfavorable inferences being drawn respecting the reason for such failure.

<sup>20</sup> Report, p. 1.

From the workers' point of view the fundamental question would be, "Are existing conditions tolerable?"

The tolerability of existing conditions requires consideration of known facts of mortality, and facts about morbidity which may or may not be known. A cost-benefit analysis of the question would be at least, on one side, be dealing with empirical information.

When the point of view is reversed, the question of concern becomes:

"Shall the status quo be disturbed?"

Since all results of such a disturbance are prospective, there is no empirically provable fact on either side of a cost-benefit analysis. The analysis must by necessity be based on speculation.

The selection of the employers' perspective has led some analysts to the misconception that the cost of compliance with an occupational health standard is a tax on production, which must ultimately be paid by employers or consumers. A greater distortion of the true situation would be difficult to imagine.

Actually, the burden of industrial disease is a subsidy to production which diseased workers currently provide out of their scarce resources. The amount of that subsidy may be measured in terms of its cost to them in premature deaths, pain, suffering and lost earnings. It may be measured in terms of savings to their employers from not providing healthful working conditions. Whichever measure is selected for consideration, the character of the subsidy itself is unchanged.

By ignoring this subsidy which workers provide before regulations, and by mislabeling the effect of the regulations as a tax, opponents of regulation are able to depict new standards as "inflationary" when their true effect may simply be to shift costs from workers to employers. Or, the effect may be to substitute trivial cost increases to consumers for crushing burdens hitherto heaped on workers.

Finally, it should be noted that the Department of Labor and its Secretary are charged generally with the duty of protecting labor's interest, not industry's. In setting occupational health standards the Secretary is specifically instructed by Congress to "... set the standard which most adequately assures, to the extent feasible, on the basis of the best available evidence, that no employee will suffer material impairment of health or functional capacity." (Section 6(b)(5)). What Congress obviously intended is that the Secretary will act from the point of view of the worker whose health is at risk.

A decision by the Secretary to rely on cost-benefit analysis, performed from industry's perspective, violates the Secretary's statutory responsibilities.

#### APPENDIX 2—ISSUES REGARDING THE EFFECTIVENESS AND COSTS OF RESPIRATORS

A primary purpose of the current regulatory reform program for OSHA seems to be to sanction the use of respirators instead of engineering controls under the assumption that respirators are "as effective as engineering controls."<sup>21</sup> A second underlying assumption of those advocating cost-benefit analysis for health standards is that the results will show that costs of engineering controls and, therefore, respirators are the preferred method of compliance in this cost-effective scheme of things.

As we show in A below, the first of these assumptions flies in the face of an overwhelming body of expert opinion and the assumption should not be accepted without a careful testing. The second assumption is not based on any detailed analysis of the true costs of respirators. In B below we suggest the elements for such an examination.

#### A. Respirator effectiveness

The concept that respirators can be "as effective as engineering controls" is a concept totally foreign to the science of industrial hygiene<sup>22</sup> regardless of whether the scientist represents industry, labor or government. Respirators are always regarded as a less effective option to be used only when engineering controls are not feasible or as an interim measure during the installation of the engineering controls. Indeed, during the hearings on the lead standard witnesses for industry, government and labor agreed that respirators have numerous limitations and should only be used as a "stop gap measure" (Tr. 5824) until engineering controls can be installed.<sup>23</sup>

In fact, one of this country's leading experts on respirators has written that:

"The philosophical basis of the use of personal protective devices has been that first preventive measures should be taken to keep contamination from entering the workplace and from contacting workers. This is to be done if at all possible through the use of good engineering control measures.

"The attempt to avoid the use of personal protective equipment in place of engineering controls is readily understandable for several reasons. First, the effectiveness of personal protective devices depends on the actions of many people; each and every user is responsible for knowing the limitations of the devices, using them properly, and in fact, using them at all. Engineering controls, on the other hand, can be installed and operated by a few 'experts'; they can be monitored and even can sound an alarm in the event of a failure so that workers can be removed from the area before an overexposure occurs. If a respirator fails and the air contaminant is not readily detectable by odor or one of the other senses, however, an overexposure will not be detected until after the fact, when it may be too late."

Held, Bruce "Personal Protection" in Patty's Industrial Hygiene and Toxicology, Vol. III, pp. 647, 648, (1979 Ed.)

Similar statements of this fundamental tenet of industrial hygiene can be found in virtually every textbook and reference manual and in the testimony of the respirator experts at past OSHA Standard setting hearings. For example, the Foundry Environmental Control Manual of the American Foundrymen's Society, published in 1972, states that the role of the industrial hygienist is to recommend appropriate control measures. These include local exhaust ventilation, use of less toxic substances, isolation of hazardous operations, good housekeeping and the use of wetting agents. Only where engineering controls cannot be used or are

not sufficient alone to control exposure should respirators be used.<sup>24</sup>

This nearly universal expert opinion that respirators should be used only as a "stop gap" measure should not now be rejected unless rigorous testing supports such a re-evaluation. We are confident that the results of the following testing will demonstrate that respirators are even worse than the experts indicate:

1. Quantitative field studies of all types of respirators under consideration to determine how the protection factors in actual use relate to the predicted performance based on laboratory testing. There is currently a growing body of evidence that respirators in actual use are not even as protective as the minimum protection factors recommended by Los Alamos Scientific Laboratory and used by OSHA and NIOSH in the respirator selection tables.<sup>25</sup>

2. Selection of "model" plants where state-of-the-art technology has been installed to evaluate the effectiveness of the engineering controls in reducing exposures and reducing or eliminating the need for respirators. Both domestic and foreign experience must be considered.

3. Consideration of the fact that the NIOSH certification and testing procedures neither incorporate state-of-the-art testing methodology nor assure the marketing of reliable, effective respirators. This has been determined both by NIOSH and a panel of consultants and is evidenced, for example, by the disagreements among researchers as to the airflow level at which the breathing resistance imposed by a respirator should be measured and by the recent (post 1977) efforts by NIOSH to evaluate complaints about respirators and issue stop sale or other notices to users about respirator inadequacies.

#### B. Respirator costs

In evaluating the use of respirators under cost-benefit analysis, it is apparent that all of the uncertainties and speculations mentioned in this brief in determining accurate costs and benefits apply to respirators.

Beyond the obvious costs of purchase, maintenance and replacement of respirators and the development and enforcement of a complete respirator program, there are other very substantial costs associated with respirators that must be incorporated into any cost-benefit analysis. Examples of such costs include:

1. Productivity loss induced in part from the discomfort and impairment of vision and communication associated with the use of respirators. In the 1975 arsenic hearing, ASARCO estimated an annual production loss of \$3.2 million for one plant.<sup>26</sup>

<sup>21</sup>The widely used textbook Fundamentals of Industrial Hygiene (2d Ed.) published by the National Safety Council (1979) states that, "Control of health hazards by using respirators and other protective devices is usually considered secondary to the use of engineering control methods." at p. 614.

<sup>22</sup>See for example, Smith, T. J., et al., "Inhalation Exposure of Cadmium Workers: Effects of Respirator Usage," *AIHA Journal* 41:624 (September 1980); Harris, H. E., et al., "Respirator Usage and Effectiveness in Bituminous Coal Mining Operation," *AIHA Journal* 35:159 (1974); Revor, W. H., "Respirators for Protection Against Cotton Dust," *AIHA Journal* 35:503 (August 1974); Moore, D. E. and Smith, T. J., "Measurement of Protection Factors of Chemical Cartridge, Half-Mask Respirators Under Working Conditions in a Copper Smelter," *AIHA Journal* 37:453 (August 1976) and Toney, C. R., et al., "Performance Evaluation of Respiratory Protective Equipment Used in Paint Spraying Operations," June 1976, NIOSH Pub. No. 76-177.

<sup>23</sup>ASARCO also stated that the initial cost of the various types of respirators and the associated

<sup>24</sup>"A Shift Toward Protective Gear" *Business Week*, April 13, 1981, p. 56.

<sup>25</sup>"Industrial hygiene is the science of preventing occupational disease through proper control of the environment." Soule, Robert D., "Industrial Hygiene Engineering Controls" in Patty's *Industrial Hygiene and Toxicology*, Vol. I at p. 771 (1979 Ed.).

<sup>26</sup>Stewart, Tr. 2594-5; Varner (ASARCO) Tr. 6455, 6476; NIOSH Tr. 1313, 1561; Hull (Dynalite Battery) Tr. 1240-41; Williams (LJA) Tr. 1966; Coplan (Amax) Tr. 5812; also Tr. 5871, 5508.



2. Adverse health effects due to respirator failure such as the deaths of the firefighters in March, 1979, in Lubbock, Texas, and the lead poisoning of construction workers dismantling lead painted steel. See Fischbein, A., "Lead Hazard Among Ironworkers Dismantling Lead-Painted Electrical Subway Line in New York City", N.Y. State Journal of Medicine, Vol. 78, No. 8, July 1978.

Stress or coronary problems are created or aggravated by respirator use. See the references in the paragraph below. In addition, many workers have expressed concern about this problem to Steelworker personnel during the course of training sessions on OSHA.

Other physiological or psychological responses occur in users. These include alterations in normal breathing, reduction in exhalation time and impairment in lung ventilation. See James R. H. "Breathing Resistance and Dead Space in Respiratory Protective Devices", October, 1976, NIOSH Pub. No. 77-161 and Raven, P. B., et al., "The Physiological Consequences of Wearing Industrial Respirators: A Review" AIHA Journal 40:517 (June 1979).

In fact, it is alarming that accepted medical protocol have not been developed and implemented indicating who can wear a respirator, the type of respirator and the length of time it can be worn. The recent ANSI Z89.2-1980 "Practices for Respiratory Protection" is a first effort at devising a medical evaluation protocol. The areas to evaluate include pulmonary and cardiovascular diseases, hypertension, anemia, diabetes, anatomical abnormalities, claustrophobia and anxiety.

3. The cost of alternate employment without loss of earnings for those employees who cannot wear respirators or who suffer impairment as a result of respirator use or in the alternative the cost to society, the individual, family and friends if the employee is fired. OSHA should request information on specific cases in this area from employers and unions.

#### NEED FOR IMMEDIATE ACTION TO OFFSET THE DISASTROUS IMPACT OF HIGH INTEREST RATES

(Mr. HANSEN of Idaho asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. HANSEN of Idaho. Mr. Speaker, as ranking Republican of the Subcommittee on Domestic Monetary Policy of the Banking Committee, I want to share my very real concerns about the disastrous and uneven impact which high interest rates are having upon our Nation's economy.

These concerns are outlined in a letter to the President, which has been cosigned by many of my colleagues. After some preliminary contact, I am pleased to report that these ideas have been received favorably by high administration officials who hope to use them in early efforts to reduce interest rates.

These thoughts are more thoroughly presented in the supplemental views to the Banking Committee's semiannual report to the Congress on the conduct of monetary policy. I am pleased to note that several of my good friends and colleagues on the Banking Committee (NORM SHUMWAY of California, ED WEBER of Ohio, BILL LOWERY of California) joined me in signing these views.

I encourage all of my colleagues to read carefully these supplemental views and the general minority views which follow:

SUPPLEMENTAL VIEWS OF HON. GEORGE HANSEN, HON. NORMAN D. SHUMWAY, HON. ED WEBER, AND HON. BILL LOWERY

We offer these Supplemental Views to express our deep concern about the disastrous impact of high interest rates on our Nation's economy. The unfortunate result of these high rates is that they have an uneven effect upon certain sectors of our economy—agriculture, construction, housing, small business and the thrift industry—as Chairman Paul Volcker of the Federal Reserve Board acknowledged at our monetary policy oversight hearings.

The Minority Views—to which we fully subscribe—correctly state that the only long-term solution to lower interest rates is to curb inflation and to break the persistent psychology of inflation. We can do this only by enacting President Reagan's Program for Economic Recovery now. Under Secretary of the Treasury for Monetary Affairs Beryl W. Sprinkel highlighted this crucial point during the hearings when he stated: "... high interest rates are the cost which the economy now bears for repeated failure to fight inflation in the past." Continuing, he affirmed: "high interest rates are the rational reaction of credit markets to the unlegislated tax which inflation imposes on the lending of money."

It should be stated unequivocally that high interest rates are neither the policy of the Reagan Administration nor the result of the present policies which this Administration is implementing. The present Administration unfortunately has inherited the results of past policies, the cruelest of which is that unlegislated tax: inflation. Moreover, the spectres of the past—policies of fiscal irresponsibility, fast money growth and government intervention to allocate credit—are now recognized for what they truly are: discredited policies which favored special interests at the expense of both broken promises to the poor and unconscionable financial burdens heaped upon the majority of taxpayers.

Our Supplemental Views are offered to address two fundamental points. First, past failures of Federal Reserve to control the money supply have contributed to our inflationary problems and in part account for high interest rates today. Second, we believe that there are short-term measures which, if approached properly, can begin to build a base for long-term credibility and create an immediate psychology of hope that will inspire confidence and promote economic activity by producers and consumers alike.

#### FEDERAL RESERVE POLICIES OF THE PAST

While we appreciate the Federal Reserve's moves to slow money growth during the first half of 1981, a point discussed thoroughly in the Minority Views, we must also observe that in part our problems today are caused by the Federal Reserve's failure in

the past to keep the lid on that bubbling caldron which we call the money supply. In recent years M1-B, the monetary aggregate to which many observers pay the most attention, has been wandering and rambling all over the place. Although the Federal Reserve may hit a particular target during any given quarter or two, more often than not it has failed to hit its targets during the past several years.

A witness at followup hearings before the Subcommittee on Domestic Monetary Policy cogently expressed the private sector's frustration with Federal Reserve policy in recent years. Leif H. Olsen, Chairman of Citibank's Economic Policy Committee, stated:

"... The marketplace, which has been conditioned by years of disappointment over the broken promises of monetary authorities, is now dominated by short-run psychology. Interest rates are now divorced from levels of real economic activity, and when they climb they create enormous distortions and distress. . . .

"Over the last ten years, people in the financial markets and businessmen generally have listened to speeches and testimony by public officials of both parties promising a reduction of inflation. And those now in office have inherited a legacy of this syndrome of unfulfilled promises. As a result, the Federal Reserve has no credibility in the financial markets."

We believe that a majority of Americans share our concern about the Federal Reserve's credibility based upon its past performance.

This Committee repeatedly has urged the Federal Reserve to gradually lower its targets for monetary growth and, more importantly to achieve those targets. This policy prescription is important to reduce inflation and thereby lower interest rates. We wholeheartedly agree with Under Secretary Sprinkel when he testified: "The attack on inflation can be successful only if we stay the course of persistent slowing in the rate of money growth, with the ultimate goal of a permanent, steady, noninflationary rate of monetary expansion." If we can succeed with this policy, we will lower interest rates over time.

We strongly endorse the Administration's call for a "new commitment to a stable monetary policy" through the "phased deceleration of money supply growth" which Dr. Sprinkel outlined in his testimony. We are reminded that the Administration's proposal for a one percent annual reduction of M1-B beginning in 1981 and continuing through 1986 is not unlike the guidelines for "progressive deceleration of money growth" which this Committee endorsed in a bipartisan fashion in our first two monetary policy reports.

Let us recall what both Republicans and Democrats alike stated in previous reports:

"Roller coaster monetary policies do not work, whether they seek to cure inflation by a sharp rise in unemployment or to eliminate unemployment at the cost of sharply accelerated inflation."

"We are . . . disappointed that the Federal Reserve has failed to set longer term targets for progressive deceleration in monetary growth."

"Achievement of the . . . goals of the Humphrey-Hawkins Act would be promoted by steady deceleration in the average annual rate of monetary expansion over the next five years."

So the Committee's record is clear. In 1979 we endorsed the bipartisan principle of

cleaning facility would be close to \$1 million with an annual cost of \$800,000 again for one plant. See Ex. 29(h) Statement of Larry W. Lindquist, Smelter Superintendent, ASARCO, Tacoma (April 14, 1975).

slowing M1-B growth by one percent per year, a principle which the Reagan Administration has adopted for the 1980s. As a reminder we reprint below the Committee's past recommendation for M1-B growth.

*Recommended percent growth 4th quarter to 4th quarter M1 (adjusted)—1978-83<sup>1</sup>*

	Percent
1978 .....	7.6
1979 .....	6.0
1980 .....	5.0
1981 .....	4.0
1982 .....	3.0
1983 .....	3.0

<sup>1</sup> Assuming continuation of the present approximately 3 percent velocity growth trend.

It is time that the Federal Reserve learned that the gyrations of its roller coaster policies are creating chaos in the countryside for those sectors which are interest rate sensitive and thus particularly distressed. Consequently, we admonish the Federal Reserve to stick to its stated policy of reducing M1-B growth in 1981 and 1982 and beyond.

#### SHORT-TERM MEASURES TO LOWER INTEREST RATES

When Undersecretary Sprinkel appeared before our Committee, we began to explore with him possible short-term measures which we believe will get the long-awaited message to the American people that some overdue relief is on the way.

For example, we suggest that the Treasury allocate its financing across the spectrum of short, medium and long-term operations so as to limit not only the cost to the government but also to minimize the crowding-out effect on private sector borrowers. If interest rates decline, as most reputable economists anticipate, at least part of this extra cost can be recovered by the Treasury in future financing operations. Combined with a strong statement about the intent of this action, we believe two things would be accomplished. First, this action would emphasize the Administration's determination to defeat inflation, because it anticipates lower interest rates and thus lower borrowing costs that would flow from reduced inflation rates in the foreseeable future. Second, this step would take pressure off those parts of the credit markets which are especially important to the sectors of our economy which are particularly distressed and interest rate sensitive.

Moreover, additional stimuli with little or no Treasury outlay can be given for business and construction activity through selective advancement of commitment dates on obligations the government already is planning to undertake. For example, we are aware that some 50,000 to 60,000 Section 8 housing units which should be under construction are still in the pipeline, due to a delay in the issuance of certain regulations by the Department of Housing and Urban Development. If properly promoted, such activity would provide a clear signal to encourage private-sector action without any early drain on government resources.

We are confident that other measures to help bring interest rates down in the immediate future can be found. In our opinion, this can be done without resorting to any sleight-of-hand schemes, which smack of credit allocation, and without printing any more phony money to drive interest rates down in the short run.

#### CONCLUSION

The people of this country just want a fair shake and a chance to overcome high interest rates and business losses during this period of economic readjustment. The

Reagan Administration offers a refreshing, new hope to lift the majority of Americans out of the economic excesses of the past by creating both employment and a more stable environment for economic opportunities.

We believe it is time to start thinking about the average person from middle America who pays the majority of taxes in this country and who suffers disproportionately as well as unfairly from high interest rates. It is time to save America—and the American dream of being able to afford to buy or build a home, of starting up a small business, or of remaining on the family farm. We can achieve this dream only by continued efforts to rollback inflation and by declaring war on high interest rates. In addition to the strategies we have mapped out above, our battle plan must be to enact the President's Program for Economic Recovery in its totality and as soon as possible.

#### MINORITY VIEWS ON MIDYEAR MONETARY POLICY REPORT TO CONGRESS INTRODUCTION

The Federal Reserve's Midyear Monetary Report to Congress for 1981 comes at a critical time. Inflation remains unacceptably high, although evidently declining from its double-digit levels of the past several years. Resulting high interest rates and unemployment cause serious financial stress for both businesses and individuals. The achievement of balanced economic growth and full employment—the avowed purpose of the Humphrey-Hawkins Act—calls for unrelenting efforts to reduce inflation and associated high rates of interest.

In the Committee's Fifth Report on Monetary Policy of 1981, the Minority noted that one of the four essential pillars of President Reagan's Program for Economic Recovery is "a new commitment to a stable monetary policy." We are pleased that this commitment was embraced most recently by leaders of the major industrialized countries at the Ottawa Economic Summit. Canada, France, Great Britain, Japan, Italy and West Germany joined the United States in reaffirming this policy in their final communiqué: "We see low and stable monetary growth as essential to reducing inflation."

Many of the witnesses at our hearings concurred in the necessity of a stable, non-inflationary growth of the money supply. But, Federal Reserve Board Chairman Paul Volcker perhaps said it best: "An effective program to restore price stability requires reducing growth in money and credit over time to rates consistent with the growth of output and employment at stable prices."

We conclude, therefore, that the present monetary policy of the Federal Reserve Board and the complementary fiscal and regulatory policies of the Reagan Administration represent the only coherent and intellectually persuasive set of policies for the abatement of inflation.

It is unfortunate that the Sixth Report of this Committee on monetary policy fails to come to grips with the basic issues at hand. While the Majority's report may address the special concerns of several Members, it fails to address the major questions of an appropriate monetary policy. Although we may differ on specific points, we are united on the fundamental policies stated in these Minority views.

#### HIGH INTEREST RATES: LEGACY OF PAST EXCESSES

While we share the Majority's concern about the consequences of high rates of in-

terest, we differ as to their causes. It is our view that interest rates depend importantly on confidence that inflation will, in fact, be controlled, and the purchasing power of funds lent will be returned intact. This confidence has been eroded by repeated reversals of monetary policy and a proliferation of unnecessarily large budget deficits. The only way to lower interest rates, therefore, is to convince the financial community that the Federal Reserve and the Administration are determined to restore stability to the purchasing power of money through restraints on money growth and Federal spending.

Undeniably, these measures will cause some pain, but the pain will be far less than the pain that would come with returning to the old game plan of huge spending increases, tax increases through bracket creep, and fast money growth. That plan accelerated inflation from less than 6 percent in 1976 to more than 13 percent in 1980, and raised interest rates from 4.4 percent in December 1976 to 15.7 percent in December 1980. It helped reduce real GNP growth to virtually zero in 1979 and 1980 and left us with 7.4 percent unemployment at the end of 1980.

Those who complain about tight money causing high interest rates should remember that the Treasury bill rate's latest breathtaking increase was propelled by very rapid money growth in the second half of 1980, and that it fell in the first half of 1980, albeit moderately, as money growth slowed. We can reasonably expect further and substantial downward movement, provided we have the stamina to stay the course.

#### WHAT ARE THE ALTERNATIVES?

Several witnesses testified against the current policies of both the Federal Reserve and the Reagan Administration. Unfortunately, they suggest no new solution to the problem of inflation and high interest rates in their written statements. When questioned about their policy preferences, these witnesses offered the old, discredited nostrums of incomes policy and government allocation of credit. Such proposed quick fixes are tempting, but experience has taught that they do not work. Wage and price controls imposed by a Republican Administration failed to stop inflation as did credit controls imposed by a Democratic Administration. Both disrupted production, capital accumulation, and the efficient allocation of resources. After last year's experience, new calls for invoking the Credit Control Act of 1969 should fall on deaf ears.

The Majority in its report urges that interest rates be reduced by a policy of greater monetary ease although without suggesting specific growth rates—and after conceding elsewhere that financial markets in recent years have tended to interpret easier money and credit as signals of more inflation. In his testimony, Chairman Volcker succinctly addressed this point:

"... Curbing inflation will require persistent restraint on the growth of money and credit. An attempt to escape from high interest rates and strains on financial markets and institutions by abandoning that restraint would be self-defeating. By encouraging expectations of more inflation, that approach would soon stimulate even more borrowing, further reduce incentives to save, and ultimately result in still higher interest rates and more economic difficulty... Indeed, sustained monetary restraint, by encouraging greater confidence



in the price outlook, will in time help bring interest rates lower."

Similarly, Beryl W. Sprinkel, Undersecretary of the Treasury for Monetary Affairs, offered these observations:

"The Federal Reserve cannot reduce interest rates with new regulations on credit markets or faster money growth. More money signals more inflation. Any dip in rates which might result from faster money growth would be temporary and rapidly dissipated. Interest rates would rise to an even higher level as lenders, now well-trained on and highly attuned to the effects of rapid money growth, would demand even higher rates of interest. The experience of the past two years indicates that this reaction would occur very quickly, as market interest rates rose almost simultaneously with each reported increase in the money supply. Since May of last year, reports of rapid increases in money growth have led almost immediately to higher long-term rates of interest, which are good indicators of the market's perceptions about future inflation."

The Majority also has expressed concern about continued large budget deficits. We welcome their conversion to fiscal responsibility. After recent skirmishes during the reconciliation process, we are surprised but pleased to see this change of heart. We fully expect our colleagues on the other side of the aisle to remember this new commitment.

#### MONETARY POLICY IN 1981

In recent years, annual money growth has accelerated to a rate that in great part explains rising rates of inflation. While inflation can have many causes, rapid growth in the money supply is certainly a major contributing factor. Conversely, controlling money growth must be a critical part of the effort to reduce inflation. As Chart 1 shows, (chart not reproduced) over extended periods, the rate of inflation tends to track the rate of increase in the money supply. Thus, accelerated money growth leads to higher rates of inflation, and also to higher interest rates.

We stated in the last monetary policy report to Congress that the Federal Reserve's target ranges for the growth of the money supply in 1981 were acceptable. We are encouraged by the fact that the Federal Reserve was well within its target range for the growth of M1-B—the most carefully watched measure of money, consisting of currency, plus demand deposits and other checkable deposits—during the first half of 1981. If we measure M1-B before adjusting for shifts into ATS and NOW accounts, we find that it grew at a seasonally adjusted compound annual rate of 6.9 percent in the first two quarters of this year or well below the midpoint of the Federal Reserve's target range of 6.0 to 8.5 percent and also well below the more than 13 percent per annum growth in the second half of 1980. If we measure M1-B after adjusting for these shifts, we note that this monetary aggregate during the first six months of 1981 grew at a seasonally adjusted compound annual rate of only 2.2 percent, significantly below the adjusted target range of 3.5 to 6.0 percent.

We should not be distressed—as the Majority clearly is in its report—at the low growth of M1-B adjusted, which was below the target range during the first half of this year. We do not believe that this will create the economic hardships the Majority's report envisions. While growth of M1-B adjusted was relatively slow, growth of the broader monetary aggregates was at or above the upper limits of their specified

ranges. Commercial bank credit also grew near the upper limit of its range. We should not be misguided by the increased gap between growth rates of the narrow and broad aggregates which has occurred this year. As Chairman Volcker noted, high interest rates have intensified efforts to economize on holding transactions balances, contributing to slower growth of the narrow aggregates. At the same time, financial intermediaries have been able to use instruments bearing market-determined yields to compete with open market securities and thus dampening effects of high interest rates on the broader aggregates.

We endorse the recent slowing in the rate of M1-B growth, also, because the Federal Reserve did not hit its targeted growth range in 1980. We are hopeful that slower growth during the first half of 1981 is indicative of a long-term trend, which financial markets will consider when assessing future movements of interest rates. Furthermore, we are pleased that the Federal Open Market Committee targeted the growth of M1-B near the lower end of its range for the year as a whole. We urge the Federal Reserve to achieve this stated intention during the second half of 1981. To do so will lend credibility to the basic thrust of its stated policy—"to lower progressively effective money and credit growth to amounts consistent with price stability."

Furthermore, we must point out that the Majority has favored a deceleration of money supply growth ever since the Committee's first monetary policy report was issued in 1979. In that report, there was strong, bipartisan agreement that long-term, slower money growth was the accepted course to follow. Had the Federal Reserve achieved the Committee's preferences for slower money growth suggested in that first report, we would not have had the inflation and resulting high interest rates which haunt us today. In the current report of the Majority, we regretfully note that they have changed their views. They now find that present monetary policy is neither necessary nor justified. They take this position, however, without disclosing what they consider "prudent monetary restraint" to be.

#### MONETARY TARGETS FOR 1982

As part of the midyear report, the Federal Reserve announced its tentative target ranges for the monetary aggregates in 1982. We endorse the Federal Reserve's intention to target a single M1 figure in 1982, which will replace the present M1-B. Assuming that major shifts into NOW accounts will be completed by year end, the move to a single M1 figure should help to eliminate current confusion surrounding the M1 aggregates.

More importantly, we concur with the Federal Reserve's proposal for an M1 range of 2.5 to 5.5 percent for 1982. We believe that this target range for M1, should provide the necessary restraint without being recessionary. Slower monetary growth will reduce both inflation and interest rates as time passes.

Chairman Volcker's report indicated that the broader aggregates for M2 and M3 were left unchanged at 6 to 9 percent and 6.5 to 9.5 percent, respectively, in 1982. This is an acceptable range considering the structural changes within the monetary aggregates, if actual growth for these two measures is closer to the midpoint in 1982 than it is currently.

#### IMPROVING MONETARY CONTROL

In past reports of this Committee, Majority and Minority Members alike have encour-

aged the Federal Reserve to explore ways to improve its operating procedures. We have urged collectively that the Federal Reserve discontinue its policy of lagged reserve accounting in favor of returning to the contemporaneous reserve assessment procedure, which was used before 1968. We also have urged in the past that the Federal Reserve's discount rate reflect current market rates more explicitly.

The Federal Reserve, however, has yet to respond to these suggested changes. It is unfortunate that because of the wide range of issues discussed during the hearings, adequate attention was not paid to these proposals. We, therefore, urge the Subcommittee on Domestic Monetary Policy to schedule hearings at the earliest possible time to discuss the benefits and the costs of the various suggestions for improving the Federal Reserve's operating procedures.

#### CONCLUSION

If they accomplished anything, these hearings have served to highlight the contrasting approaches of the Committee's constituent parties in assessing monetary policy and the problem of inflation. We, the Minority, believe in learning from mistaken policies of the past and drawing the necessary consequences for present policy, unpalatable though they may be. We believe in a commitment to a steady course of action to reduce uncertainty, restore the credibility of government, and stabilize capital markets. We favor reliance on competitive market forces to the maximum extent possible. Finally, we believe in the need for a coherent anti-inflation program for the longer term that joins monetary and fiscal restraint with appropriate incentives for savers and adequate rewards for those who risk their investment in productive enterprise.●

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. RATCHFORD) to revise and extend their remarks and include extraneous material:)

Mr. SYNAR, for 30 minutes, today.

Mr. ST GERMAIN, for 5 minutes, today.

Mr. CROCKETT, for 10 minutes, today.

Mr. ZABLOCKI, for 15 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. PEPPER, for 5 minutes, today.

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. LAFALCE, for 30 minutes, today.

Mr. UDALL, for 15 minutes, today.

Mr. NEAL, for 10 minutes, today.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. GAYDOS, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the Con-

GRESSIONAL RECORD and is estimated by the Public Printer to cost \$3,244.80.

Mr. HEFFEL, prior to Mr. BOLLING, on H.R. 4331, in the House today.

Mr. SNYDER, during debate on title XVI, maritime and related programs, of the conference report on H.R. 3982, Omnibus Budget Reconciliation Act of 1981.

Mr. GONZALEZ, immediately following the remarks of Mr. ST GERMAIN, concerning banking, housing, and related programs provisions of the conference report on H.R. 3982, Omnibus Budget Reconciliation Act of 1981.

Mr. RAHALL, prior to passage of the conference report on H.R. 3982, Omnibus Budget Reconciliation Act of 1981.

Mr. GOLDWATER, to insert remarks during debate on conference report on H.R. 3982 immediately after remarks of Mr. WINN.

Mr. FOLEY, to insert statement immediately prior to vote on adoption of conference report on omnibus reconciliation bill.

Mr. HANSEN of Idaho, and to include extraneous material, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost \$1,440.

(The following Members (at the request of Mr. WEBER of Ohio) and to include extraneous material:)

Mr. SOLOMON.  
Mr. DICKINSON.  
Mr. LENT.  
Mr. LEE.  
Mr. GRISHAM.  
Mr. GREEN.  
Mr. DERWINSKI in four instances.  
Mr. RITTER.  
Mr. DUNCAN.  
Mr. MARTIN of New York in two instances.

Mr. HANSEN of Idaho in two instances.

Mr. CORCORAN in seven instances.  
Mr. McCLOSKEY in two instances.  
Mr. PRITCHARD.  
Mr. KEMP.  
Mr. ERLBORN.  
Mr. SMITH of Oregon.

(The following Members (at the request of Mr. RATCHFORD) and to include extraneous matter:)

Mr. PATTERSON.  
Mr. HOYER in two instances.  
Mr. D'AMOURS.  
Mr. GAYDOS in three instances.  
Ms. FERRARO.  
Mr. ALEXANDER.  
Mr. FORD of Michigan.  
Mr. WON PAT in two instances.  
Mr. SANTINI.  
Mr. McHUGH.  
Mr. HAWKINS.  
Mr. MOFFETT.  
Mr. NEAL.  
Mr. O'NEILL.  
Mr. SOLARZ.  
Mr. WAXMAN.  
Mr. FLORIO.  
Mr. DOWNEY.  
Mr. DE LA GARZA.

Mr. SCHEUER.

Mr. LUKEN.

Mr. ST GERMAIN.

Mr. MILLER of California.

Mr. PICKLE.

#### SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 102. Joint resolution to authorize and request the President to designate the month of April 1982 as "Parliamentary Emphasis Month"; to the Committee on Post Office and Civil Service.

#### ADJOURNMENT

Mr. GONZALEZ, Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 33 minutes p.m.), under its previous order, the House adjourned until Tuesday, August 4, 1981, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1934. A letter from the U.S. Trade Representative, Executive Office of the President, transmitting a report covering the 6 months ended June 30, 1981, of reviews and hearings arising from complaints of unfair trade practices by foreign governments, pursuant to section 306 of the Trade Act of 1974, as amended; to the Committee on Ways and Means.

1935. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 5, United States Code, to provide that certain benefits to which employees of the United States stationed in Alaska, Hawaii, Puerto Rico, or a territory or possession of the United States are entitled may be terminated under certain conditions; jointly, to the Committees on Government Operations and Post Office and Civil Service.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. Report on monetary policy for 1981 (Rept. No. 97-213). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on DOD's failure to recover nonrecurring research, development, and production costs on foreign military sales. (Rept. No. 97-214). Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DICKINSON (for himself, Mr. STANGELAND, Mrs. HOLT, Mr. WHITEHURST, Mr. FORSYTHE, Mr. BETHUNE, Mr. BAFALIS, Mr. CORCORAN, Mr. JOHNSTON, Mr. McCLORY, and Mr. LOEFFLER):

H.R. 4351. A bill to amend the Federal Election Campaign Act with respect to contributions and expenditures by national banks, corporations, and labor unions; to the Committee on House Administration.

By Mr. EVANS of Georgia:

H.R. 4352. A bill to amend the Controlled Substances Act to revise the penalties for the distribution of marihuana in violation of that act, and for other purposes; jointly, to the Committees on the Judiciary and Energy and Commerce.

By Mr. EVANS of Georgia (for himself and Mr. BUTLER):

H.R. 4353. A bill to amend the act entitled "An act to establish a uniform Law on the Subject of Bankruptcies, approved November 6, 1978; to the Committee on the Judiciary.

By Mr. FIELDS (for himself, Mr. ARCHER, Mr. WILSON, Mr. PICKLE, Mr. HANCE, Mr. WHITE, Mr. COLLINS of Texas, Mr. SAM B. HALL, Jr., Mr. LEATH of Texas, Mr. LOEFFLER, Mr. HIGHTOWER, and Mr. STENHOLM):

H.R. 4354. A bill to authorize the Secretary of the Army, acting through the Chief of Engineers, to construct the X project for flood control and recreation in the Upper White Oak Bayou area, Texas; to the Committee on Public Works and Transportation.

By Mr. GARCIA:

H.R. 4355. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income interest on certain reparation payments received by individuals persecuted under the German National Socialist regime; to the Committee on Ways and Means.

By Mr. GOLDWATER:

H.R. 4356. A bill to amend the Internal Revenue Code of 1954 to insure periodic payments for damages received on account of personal injuries or sickness, and for other purposes; to the Committee on Ways and Means.

By Mr. GONZALEZ:

H.R. 4357. A bill to vest in the Secretary of the Treasury all functions relating to the examination and supervision of federally insured banks; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4358. A bill to repeal the Federal Reserve Act and transfer the functions formerly carried out under the act to the Department of the Treasury; to the Committee on Banking, Finance and Urban Affairs.

By Mr. HERTEL:

H.R. 4359. A bill to provide for actions for declaratory and equitable relief for protection of the air, water, and other natural resources of public lands, and for other purposes; to the Committee on the Judiciary.

By Mr. ROYBAL:

H.R. 4360. A bill to reduce financing cost to cities, counties, and States by amending section 5135 of the Revised Statutes to permit national banks to underwrite and deal in revenue bonds issued by State and local governments, and for other purposes;



to the Committee on Banking, Finance and Urban Affairs.

By Mr. ST GERMAIN (for himself, Mr. STANTON of Ohio and Mr. WYLIE):

H.R. 4361. A bill to provide flexibility to the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the Federal supervisory agencies to deal with financially distressed depository institutions; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SAWYER (for himself, Mr. McCLORY, Mr. TRIBLE, Mr. FISH, Mr. SAM B. HALL, JR., Mr. BUTLER, Mr. MOORHEAD, Mr. SENSENBRENNER, Ms. FIEDLER, and Mr. SHAW):

H.R. 4362. A bill to amend the Bail Reform Act of 1966 to permit consideration of danger to the community in setting pretrial release conditions, to permit pretrial detention of certain offenders, and for other purposes; to the Committee on the Judiciary.

By Mr. UDALL:

H.R. 4363. A bill to provide water to the Papago Tribe of Arizona and its members, to settle tribal and individual water rights claim in portions of the Papago Reservations, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 4364. A bill to declare that the United States holds in trust for the Pascua Yaqui of Arizona certain land in Pima County, Ariz., to the Committee on Interior and Insular Affairs.

H.R. 4365. A bill to provide that per capita payments to Indians may be made by tribal governments, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WATKINS (for himself, Mr. STUMP, and Mr. OTTINGER):

H.R. 4366. A bill to establish a National Water Utilities Bank to insure the availability of financing to water utilities; to the Committee on Banking, Finance and Urban Affairs.

By Mr. WHITE:

H.R. 4367. A bill to amend title 10, United States Code, to increase the number of Assistant Secretaries in the Department of Defense, and for other purposes; to the Committee on Armed Services.

By Mr. BONIOR of Michigan:

H. Con. Res. 168. Concurrent resolution expressing the sense of the Congress that there should be established in Greece a permanent site for the summer Olympic Games; to the Committee on Foreign Affairs.

By Mr. WILLIAMS of Ohio (for himself and Mr. ATKINSON):

H. Con. Res. 169. Concurrent resolution expressing the sense of the Congress that a tax should be imposed on all goods imported into the United States and that the proceeds of such tax should be deposited in the Federal Old-Age and Survivors Insurance Trust Fund; to the Committee on Ways and Means.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HORTON:

H.R. 4368. A bill for the relief of Alberto Mayorga; to the Committee on the Judiciary.

H.R. 4369. A bill for the relief of Alberto Mayorga, Jr.; to the Committee on the Judiciary.

H.R. 4370. A bill for the relief of Maria Mayorga; to the Committee on the Judiciary.

By Mr. HUGHES:

H.R. 4371. A bill for the relief of Mrs. Juana Garcia de Lumpuy and her children, Frank Lumpuy and Linelsa Lumpuy; to the Committee on the Judiciary.

#### ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 25: Mr. ARCHER, Mr. BADHAM, Mr. BEARD, Mr. EDWARDS of Alabama, Mr. EDWARDS of Oklahoma, Mr. FORSYTHE, Mr. FRENZEL, Mr. GOODLING, Mr. HIGHTOWER, Mr. JOHNSTON, Mr. LOEFFLER, Mr. McCLOSKEY, Mr. PARRIS, Mr. SHAW, Mr. STENHOLM, Mr. WHITEHURST, and Mr. WOLF.

H.R. 27: Ms. OAKAR.

H.R. 116: Mr. McCOLLUM, Mr. KAZEN, and Mr. LOEFFLER.

H.R. 1325: Mr. BADHAM.

H.R. 2014: Mr. FORSYTHE, Mr. FAZIO, and Mr. SUNIA.

H.R. 2876: Mr. BLILEY.

H.R. 2881: Mr. NEAL.

H.R. 3269: Mr. MILLER of California, Mr. LEWIS, Mr. EVANS of Iowa, Mr. VOLKMER, and Mr. CHAPPIE.

H.R. 3393: Mr. PATTERSON.

H.R. 3397: Mr. LEHMAN.

H.R. 3722: Mr. DANIEL B. CRANE, Mr. CRAIG, Mr. RAHALL, Mr. SHELBY, Mr. NICHOLS, Mr. EVANS of Iowa, Mr. LUJAN, Mr. CHAPPELL, Mr. HALL of Ohio, Mr. DREIER, Mr. SAWYER, Mr. KAZEN, Mr. MATTOX, Mr. SOLOMON, and Mr. PASHAYAN.

H.R. 3882: Mr. TAUKE, Mr. SAWYER, Mr. GINGRICH, Mr. TRIBLE, Mr. SWIFT, and Mr. COLEMAN.

H.R. 3883: Mr. IRELAND.

H.R. 3910: Mr. ALBOSTA, Mr. BEILSON, Mr. EDGAR, Mr. FISH, Mr. GREEN, Mr. MOAKLEY, Mr. MURPHY, Mr. PRITCHARD, Mr. WEISS, Mr. BEDELL, Mr. STUDDS, and Mr. FAZIO.

H.R. 3927: Mr. LENT, Mr. COELHO, and Mr. GINGRICH.

H.R. 3998: Mr. WEBER of Minnesota, Mr. SHAMANSKY, Mrs. ROUKEMA, Mr. CORCORAN, Mr. MURPHY, Mr. BRODHEAD, Mr. WYDEN, Mr. SCHEUER, Mr. KILDEE, Mr. BEILSON, Mr. PORTER, Mr. SAWYER, Mr. SHUMWAY, Mr. FAUNTROY, Mr. D'AMOURS, and Mr. GEJDENSON.

H.R. 4009: Mr. SMITH of Iowa.

H.R. 4084: Mr. GUNDERSON.

H.R. 4108: Mr. CLAUSEN, Mr. CHAPPIE, Mrs. COLLINS of Illinois, Mr. HYDE, Mr. HORTON, Mr. DYSON, Mr. BAFALIS, Mr. COURTER, Mr. DYMALLY, Mr. SUNIA, Mr. NAPIER, and Mr. LIVINGSTON.

H.R. 4157: Mr. VENTO, Mr. WEAVER, Mr. MITCHELL of Maryland, Mr. MURPHY, Mr. OTTINGER, and Mr. DWYER.

H.R. 4212: Mr. CORRADA, Mr. ENGLISH, Mr. NELSON, and Mr. DWYER.

H.R. 4328: Mr. MARRIOTT and Mr. RAHALL.  
H.J. Res. 260: Mr. LEVITAS and Mr. HANSEN of Utah.

H.J. Res. 293: Mr. WOLPE, Mr. OBERSTAR, Mr. PORTER, Mrs. SCHNEIDER, Mr. COELHO, Mr. SUNIA, Mr. EDGAR, Mr. FISH, and Mr. WHITTAKER.

H. Con. Res. 112: Mr. FISH.

H. Con. Res. 157: Mr. CARNEY, Mr. DOUGHERTY, Mr. FRENZEL, Mr. LANTOS, Mr. LUNGREN, and Mr. YATRON.

H. Res. 192: Mr. RAHALL.

H. Res. 197: Mr. NICHOLS, Mr. GREEN, Mr. EMERY, Mr. MITCHELL of New York, Mr. HORTON, Mr. FISH, Mr. HOLLENBECK, Mrs. SNOWE, Mr. DENARDIS, Mr. PURSELL, Mr. RINALDO, Mrs. HECKLER, Mr. SMITH of New Jersey, Mrs. SCHNEIDER, Mr. LEVITAS, Mr. BOLAND, Mr. DICKS, Mr. KAZEN, Mr. JOHN L. BURTON, Mr. WAXMAN, Mr. WHITEHURST, Mr. YATES, Mr. STUDDS, Mr. FROST, Mr. ROSENTHAL, Mr. GUARINI, Mr. DORGAN of North Dakota, Mr. MOAKLEY, Mr. OBEY, Mr. PHILIP BURTON, Mr. BIAGGI, Mr. BONKER, Mr. LAFALCE, Mr. ATKINSON, Mr. DAVIS, Mr. APLEGATE, Mr. DYSON, Mr. LANTOS, Mr. NELLIGAN, and Mr. MOTTI.

#### AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4169

By Mr. ASHBROOK:

—Page 17, line 22, strike out the period and insert in lieu thereof the following: “: *Provided*, That none of the funds appropriated by this title may be used to require, request, or recommend, in connection with any cause of action that is or may be brought for a violation of the Fair Housing Act of 1968, that a State or a unit of local government make available, or permit to be made available, housing with respect to which Federal financial assistance is provided under the United States Housing Act of 1937, section 235 or 236 of the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, section 202 of the Housing Act of 1959, or title V of the Housing Act of 1949.”.

By Mr. MOTTI:

—Page 17, line 22, strike out the period and insert in lieu thereof the following: “: *Provided*, That none of the funds appropriated by this title may be used to require, request, or recommend, in connection with any cause of action that is or may be brought for a violation of the Fair Housing Act of 1968, that a State or a unit of local government make available, or permit to be made available, housing with respect to which Federal financial assistance is provided under the United States Housing Act of 1937, section 235 or 236 of the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, section 202 of the Housing Act of 1959, or title V of the Housing Act of 1949.”.