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Chairman
8th District, Ohio

Anticipated Legislation
for the 105th Congress

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Agriculture

Agriculture Research and Extension—Congress reauthorized the agricultural research and extension section of the 1996 Farm Bill with few modifications to existing practices, but intended to examine agriculture research more comprehensively and make further changes in the 105th Congress. Congressional action is needed to extend authorization for these programs beyond FY 1997. Major topics on the agenda for agriculture research and extension include (1) federal funding levels for these programs, which some argue is not sufficient to keep U.S. agriculture competitive, (2) research priorities (i.e., traditional research versus new technologies), (3) who should finance research (government or private business), and (4) the future of land grant colleges.

Environmental Issues—The Agriculture Committee will likely explore a number of environmental issues as they relate to agriculture. Water quality issues, in the form of runoff from farm and ranch lands, will continue to engage the committee as the Clean Water Act reauthorization comes up this year. Other issues that the committee will address include federal wetlands regulations and private property rights.

1996 Farm Bill—The committee will begin oversight on the implementation of the Federal Agriculture Improvement and Reform Act (*P.L 104-127*) enacted last year. This law reauthorized most of the food and agriculture programs through the year 2002 and made major structural changes to farm commodity programs by limiting spending for them and establishing fixed, declining "contract payments" for eligible farmers. It also strengthened support for conservation, reduced agricultural export subsidies, revised environmental provisions, gave farmers greater flexibility to meet wetland conservation requirements, phased out the dairy support program, required USDA consolidation of federal milk marketing orders, and extended the sugar and peanut programs for seven years with small modifications. The phase-out of direct payments based on market prices is controversial because some believe it removes the "safety net" for farmers, especially if commodity prices decline.

Food Stamps—The committee will begin oversight on food stamp changes in the Personal Responsibility and Work Opportunity Act (*P.L. 104-193*). The new welfare law changed the structure of the food stamp program by increasing state control, adding to and strengthening work requirements, and significantly restricting benefits and eligibility. It also expanded penalties for rules violations, increased oversight of food stamp trafficking, and encouraged electronic delivery of benefits. The committee will review action by the USDA and the states to evaluate: (1) the implementation of the requirement that able-bodied individuals work at least half the time in order to receive food stamps, (2) states' use of electronic benefit transfer systems to improve the distribution of food benefits, and (3) the effectiveness of provisions designed to curb trafficking and fraud.

Forest Health and Public Land Law Reform—The committee will conduct hearings to review existing law regarding the national forest system and the role of the Forest Service in managing public lands. The committee will hold a series of hearings to review the impact of the National Forest Management Act, the Federal Land Policy and Management Act, the National Environmental Policy Act, and the Endangered Species Act. One of the most contentious issues will continue to be grazing fees and rules on public lands.

Pesticide Reform—The Food Quality Protection Act (*P.L. 104-170*) set new standards for chemical residues in foods. For example, the new law removes pesticide food tolerances from the zero tolerance requirement of the Delaney Clause of the Federal Food, Drug and Cosmetic Act; however,

it requires the EPA to set all new pesticide residue tolerances at a "safe" level without regard to cost. In addition, the new law requires all of the appropriate federal agencies to coordinate their activities to ensure consumer confidence in the U.S. food supply through efficient, science-based regulatory decisions. Therefore, the committee will be closely monitoring the implementation of the new law to ensure that it is administered as intended. The committee also plans to assess the impact on state and local authorities and private business as they comply with the law.

Trade—U.S. agricultural exports are important to the financial health of the farm and agribusiness sectors, accounting for a record $60 billion in FY 1996. Promoting exports through the reduction of trade barriers will be a top priority. The committee will take a comprehensive look at strategies to explore emerging markets and expand existing ones for U.S. agricultural products. In addition, the committee will take a lead role in monitoring the agriculture issues involving NAFTA and GATT and ensuring compliance of other countries' trade obligations.

Banking and Financial Services

ATM Surcharges—Congress may take up the issue of Automatic Teller Machine Charges by institutions which own the machines, as well as by a customer's bank. Legislation has been introduced to require that all charges be fully disclosed on the ATM screen before a transaction is finalized. An alternative proposal to ban so-called charging is also expected.

Bank and Thrift Merger—Congress may consider legislation to merge the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF). While the immediate financial problems of the SAIF and the large differences in insurance rates between thrifts and banks were resolved by the 104th Congress through a cost-sharing of FICO bond interest charges (FICO bonds were issued in the 1980s as part of the savings and loan bailout), merger of these funds is contingent upon resolution of charter issues. Proposals are expected to eliminate the federal thrift charter and allow these thrifts to convert to either national banks or state-chartered thrifts. Other proposals have been introduced to merge the two types of financial institutions through a new bank charter which incorporates some of the powers now granted to thrifts.

Currently, the Treasury Department must produce a study on charter issues by March 31, 1997. The BIF currently is fully capitalized, while the SAIF is not. It is anticipated that the funds, if merged as expected on January 1, 1999, would be fully capitalized at the congressionally mandated level of $1.25 per $100 insurance deposits.

Credit Unions—The most controversial issue affecting credit unions could be the statutory definition of the appropriate "common bond" for membership. The 1934 Federal Credit Union Act stipulates that membership "shall be limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community or rural district." In 1982, the National Credit Union Administration, by regulation, allowed for membership of "multiple occupational groups" within a "well defined area." The United States Court of Appeals for the District of Columbia Circuit issued an opinion last year undermining the 1982 regulation. The court decision, if upheld, is expected to lead to calls from the credit union industry for changes in the law. Another controversial issue involving credit unions is their exemption from federal and state income taxation. Banks and savings and loan institutions argue that they are placed at a competitive disadvantage vis-

à-vis credit unions because they are subject to income taxes, while the credit unions contend the mutual nature of their legal status makes taxation inappropriate. The matter of taxation lies within the jurisdiction of the Ways and Means Committee.

Financial Services Modernization, Glass-Steagall Repeal—The Banking Committee will be considering proposals to allow banks to affiliate with other financial institutions, such as investment banks and insurance companies. The Glass-Steagall Act prohibits banks from offering a full range of financial services and prevents securities and insurance firms from accepting deposits or affiliating with deposit-taking institutions. The goal of the proposals is to give financial institutions the flexibility they need to most efficiently allocate capital and to compete in the international marketplace while also ensuring the safety of the financial system. Key themes in the committee's work will include devising a simplified regulatory structure, the distribution between banking and commerce, and the structure under which their affiliation may take place. The 104th Congress introduced legislation to repeal the Glass-Steagall Act, but agreement could not be reached largely because of a dispute regarding the extent to which banks should be regulated in order to market insurance products.

Home Loan Bank Reform—Congress may consider proposals to expand the function of Home Loan Bank Board System, which was established in 1932 primarily to provide a source of intermediate-and long-term credit for savings institutions to finance long-term residential mortgages and to provide a source of liquidity loans for such institutions. Proposals include renaming the banks to Enterprise Resource Banks and allowing them to facilitate community and economic development lending, including rural economic development.

Homeless Program Consolidation—Legislation has been introduced to consolidate seven existing homeless aid programs under the Department of Housing and Urban Development. This legislation amends the Stewart B. McKinney Homeless Assistance Act to consolidate the federal programs for housing assistance for the homeless into a block grant program that may possibly ensure that states and communities are provided sufficient flexibility to use assistance amounts effectively. The bill requires local communities to add public or private funds to match any federal dollar (at a rate of 50 percent except for grants of less than $100,000), and establishes procedures for greater local accountability of money spent.

Homeowners Insurance in Disaster-Prone Areas—In several states, including Florida and California, some insurers have stopped renewing or writing new homeowner's insurance policies as a result of losses caused by natural disasters. Congress may take up legislation to provide a federal reinsurance program for states that offer their own reinsurance programs for homeowners in at-risk locations. This proposal would enable private insurers to provide primary coverage and could decrease disaster recovery costs.

Housing Reform—Last session, both the House and Senate approved legislation to reform the nation's public housing programs and allow greater local authority. The proposals however, became stalled in conference. Another attempt is expected to be made in this session to repeal the Public Housing Act of 1937 and consolidate funding for public housing into two block grants to the nation's 3,400 local housing authorities. One of the most difficult issues involves the so-called "Brooke Amendment," which currently requires tenants to pay 30 percent of their income for rent, regardless of income level. One compromise proposal would give tenants the choice between paying 30 percent of their income or a flat rental fee set by the local housing authority.

Budget

Fiscal Year 1998 Budget—Both parties of Congress and the president agree that a balanced budget should occur by FY 2002 and hope that the development of the FY 1998 budget plan will accomplish just that. Major differences between parties exist regarding the type and degree of spending cuts that will be needed to eliminate the federal budget deficit, how to control the rapid growth of federal entitlement programs, and whether to provide tax relief for families and economic growth and if so, how much. President Clinton must submit his budget by early February; Republicans plan to release their FY 1998 budget plan after the president submits his.

Commerce

Clean Air Act Reauthorization—Though air quality has improved in the last ten years, 80 million people still live in areas that do not meet federal air-quality standards. A heated debate is expected to continue over whether to revise the Clean Air Act to allow a cost-benefit factor when determining air quality standards. Other unresolved issues that will be addressed by Congress include reviewing the proposed new air quality standards issued by the Environmental Protection Agency (EPA) in November that would nearly triple the number of metropolitan locales that do not meet air quality standards. Many bills were introduced in the last Congress to address vehicle inspection and maintenance requirements, requirements for employers in high pollution areas to decrease employee commuter travel, increasing reformulated gasoline requirements to decrease exhaust pollution, state air quality implementation programs, and EPA permits for major sources of pollution.

Deregulation of Electric Power Industry—Discussions began last Congress to deregulate the electric power industry. New technology has increased competition in the public electricity industry and most of the industry's major players agree consumers will save money if they are given the right to choose between competitive electricity providers. The debate will center on the federal government's role in deregulation, how quickly it will happen, and what laws will govern the market across state borders. The first step for the 105th is to revisit legislation that will repeal or reform the Public Utility Holding Company Act and the Public Utilities Regulatory Policies Act. Senator Frank Murkowski, chairman of the Energy and Natural Resources Committee, is planning numerous workshops for lawmakers and industry spokespersons to determine the best way to aid competitive rates and reliable service. Congressmen Dan Schaefer, chairman of the Energy and Power Subcommittee, is expected to reintroduce legislation in early February that would require complete deregulation by the year 2000.

FDA Reform—In the past, the Food and Drug Administration has been considered a public health guardian to ensure safe, wholesome food as well as safe and effective medical products. Increasingly, the FDA has been criticized for its burdensome "culture of caution" that critics argue slows product approval to almost a stand-still. Though several bills were introduced in the 104th Congress to reform the FDA, all addressed (1) the lengthy new product review timetable by creating timetable deadlines, (2) increasing access to experimental drugs, and (3) allowing accredited third parties to review new drug applications. The FDA Performance and Accountability Act (S. 1477), which is expected to be reintroduced in the 105th, is an all-encompassing bill that was offered in the last Congress by Senator Nancy Kassebaum. The House split up the bills—H.R. 3199 addressed

drugs, H.R. 3200 addressed foods and animal drugs, and H.R. 3201 addressed medical devices. Although none of these bills were enacted, Congress did streamline the drug-approval process for animal drugs by enacting H.R. 2508 (*P.L. 104-250*). In addition to continuing the debates of the last Congress, the 105th is expected to address the implementation of the new administration's tobacco regulations.

Information Superhighway Regulations—The use of the Internet has grown from small forums used mostly by the Department of Defense and academics to a popular conglomeration of networks that provide immediate access to information around the world. With an estimated 30 million people accessing the benefits of Internet, many questions have arisen regarding the federal government's role in regulating the industry. President Clinton has designated a task force to develop regulations and information, security, and application policies for the National Information Infrastructure (NII). The 104th Congress reduced federal funding for technology programs in FY 1996 and FY 1997. The President has proposed a $100 million plan to increase Internet access. Along with developmental funding, the debate will center on the application of tax laws regulating commerce over the Internet.

Medicaid—Medicaid expenditures have dramatically risen since the late 1980s. As part of the effort to balance the budget, the 104th Congress considered legislation to slow the rapid growth of Medicaid and give states flexibility to administer Medicaid programs that was included in the Balanced Budget Act that the president vetoed in 1995. In the second session, Congress considered including provisions to give states more administrative flexibility as part of the welfare reform bill. However, the provisions were pulled because of a threatened presidential veto. The 105th Congress will most likely wait for the president's budget before any action is taken. Issues that may come up in the 105th Congress include ways to give states more flexibility to determine eligibility, benefits, and payments to providers.

Prescription Drug User Fee Act—In 1992, the Prescription Drug User Fee Act was implemented to streamline the drug approval process. Although highly praised for its effectiveness, leading members in the pharmaceutical industry have expressed a need to clarify the FDA's review requirements so drug applicants are better prepared before the application is submitted. The reauthorization of the act, which expires on September 30, 1997, is expected to proceed fairly straight-forward unless it gets caught up in the overall FDA reform debate.

Superfund Reauthorization—Superfund (*P.L. 95-510*), also know as the Comprehensive Environmental Response, Compensation, and Liability Act, is a hazardous waste cleanup program that is funded through chemical excise and corporate environmental income taxes. The fund pays for cleanup of hazardous chemicals that have been released into the ground and water where no party is found liable. Sixteen years after enactment, only 353 of the nation's 1,300 Superfund sites have been cleaned up, while the average cleanup takes 12-15 years and costs $30 million. Though many parties are potentially responsible for paying cleanup costs, identifying liable parties has led to an endless flow of litigation—with so much money at stake, many companies would rather incur the expense of the legal means to avoid payment. Though the authority to tax expired in 1995, the Congressional Budget Office estimates that current funds will last until the year 2000. The 104th Congress passed a short-term extension of the taxes as part of the 1995 Balanced Budget Act that was vetoed by the president, and legislative reform talks failed for a number of reasons, including whether companies should be held liable for waste dumped legally before the 1980 enactment of Superfund.

Issues for debate in the 105th include (1) how to determine liability, (2) to what degree cleanup standards should be enforced, (3) increasing the amount of state authority over cleanups, (4) increasing incentives for voluntary cleanup, and (5) determining how much funds should be allocated for cleanup of non-Superfund, urban areas that have potential for development, also known as "brownfields" sites. In the Senate, Superfund Subcommittee Chairman Bob Smith has introduced a bill (S. 8), that will (1) enhance the role of states' authority to implement Superfund, (2) increase public participation in the litigation process, and (3) decrease cleanup time by half by reducing time spent in litigation. The bill is one of the top ten legislative priorities in the Senate and has received praise from the House Transportation and Infrastructure Committee.

Education & the Workforce

Higher Education Act Reauthorization (H.R. 6)—The Higher Education Act (HEA) authorizes federal student aid in the form of Pell Grants, Federal Family Education Loans, Direct Loans, work study programs, and various institutional grants for student services and technology development. On the first day of the 105th Congress, Chairman Bill Goodling introduced a bill that will serve as a spring-board for discussions on how to increase affordability for college educations, simplify the student aid system, and stress academic quality. Authorization for HEA expires in 1998.

Individuals with Disabilities In Education Act Reauthorization (IDEA, H.R. 5)—The House unanimously passed a bill to reauthorize IDEA in July 1996; the bill was reported out of the Labor and Human Resources Committee but was not considered by the Senate. The House bill was reintroduced on the first day of the 105th Congress. IDEA permanently authorizes special education grants to states and preschool programs. The discretionary grant programs for infants and toddlers are up for reauthorization. The bill attempts to increase the rights of school administrations to expel violent students regardless of disabilities. Currently, it is illegal to refuse education to any student classified as disabled—unless they bring a gun to school—even if the student places the safety of other students and teachers in jeopardy. The continuing debate will be on which violent acts command expulsion and whether violent "special needs" students should be placed in an alternative learning room. The bill also contains provisions to limit lawsuits parents may bring against schools by citing noncompliance with IDEA provisions and encourage out of court mediation instead. Senate Labor and Human Resources Chairman Jim Jeffords also introduced a version of the IDEA legislation on January 23.

Job Training Reform—The Education and the Workforce Committee is expected to consider legislation to consolidate federal education, employment, and training programs. In the 104th Congress, both the House and the Senate passed differing but bipartisan versions of the Workforce and Career Development Act, which would have consolidated these programs into block grants. However, the conference report was not considered by either house, was not endorsed by any Democrats, and received criticism from the administration. The focus for job training reform in the 105th is expected to include consumer choice, local control, and business involvement.

Juvenile Crime—Authorization for the Juvenile Justice and Delinquency Prevention Act expired on September 30, 1996. The committee is expected to introduce a bill that is very similar to one discussed last Congress (but was not voted on) that will increase flexibility in the way juvenile criminals are treated during incarceration, increase funding for youth programs designed to keep potential youth criminals off the street, and reauthorize runaway and homeless youth programs.

Teamwork for Employees and Managers (TEAM) Act—The 104th Congress passed, and the president vetoed, a bill to allow employers whose employees are not unionized to establish, assist, maintain, or participate in programs in conjunction with employees to address specific workplace "issues of mutual interest." These worker-management teams, which are often created in an ad-hoc fashion, form to tackle such issues as worker quality, productivity, and efficiency, as well as safety and health concerns. The bill was intended to respond to cases in which employers who established employee participation groups to address issues in the workplace were found in violation of National Labor Relations Act regulations that prohibit employers from establishing "sham unions." The president has stated that he supports the concept of labor-management teams but he claimed that the bill passed in the last Congress undermined employee protections. Bill sponsors counter that employees should have the right to improve working conditions without a formal organization, such as a union.

Working Families Flexibility Act (H.R. 1)—In July 1996, the House passed legislation to allow employers to offer their employees compensatory time off—instead of overtime pay—so long as both the employer and employee agree to the form of compensation. The bill would have allowed employees to choose, for every hour worked over 40 hours, to receive one and one-half hours of overtime pay or one and one-half hours of paid time off. Both the president and organized labor groups publicly opposed the bill when it was considered by the House, although the president presented a similar initiative. Congressman Cass Ballenger, chairman of the Workforce Protection Subcommittee, reintroduced the bill (designated H.R. 1) on the first day of the 105th Congress and early consideration is likely.

Government Reform & Oversight

Postal Service Overhaul—The United States Postal Service (USPS) has had difficulty adjusting to new technologies and stiff competition in the mail delivery market. Proposals to reform the postal system in the 104th Congress ranged from modest modifications of USPS governing laws to complete privatization and total deregulation of postal markets. Preliminary hearings on proposals to overhaul the postal service were held in the last Congress. H.R. 210 would have turned over ownership of USPS to its employees and phased out nearly all federal regulation of the postal service, and H.R. 3717 would have changed USPS organizational attributes, the rate-setting process, and its relationship with the Treasury Department. While neither bill was passed out of the House Government Reform & Oversight Committee, it is likely that the issue will again be addressed during the 105th Congress.

House Oversight

Campaign Finance Reform—With the high visibility that campaign finance reform received during the 1996 elections, the allegations of improper contributions from foreign sources to Democrats, the continued widespread complaints over soft money and issue advocacy spending, and the heated debates campaign finance reform received in the 104th Congress, reform advocates will push this issue again in the 105th Congress. Senators John McCain (R-AZ) and Russell Feingold (D-WI) have re-introduced their legislation which bans special-interest money, provides incentives for candidates who voluntarily adhere to spending caps, and prohibits national parties from receiving soft

money contributions. During the 104th Congress, their bi-partisan legislation failed when a closure motion to bring the bill to the Senate floor was defeated. The House debated a bill approved by the House Oversight Committee which attempted to curb the role of PACs, wealthy candidates, and unions, while increasing the role of political parties and local residents in campaigns. The House also considered a Democratic leadership bill which was similar to the McCain-Feingold bill with exceptions that favored PAC restrictions instead of an outright ban. Both House bills were defeated. A campaign finance bill is likely to come up in the House during the 105th Congress, but initial hearings and debate will likely focus on violations of and compliance with existing campaign finance laws.

Intelligence

Intelligence Agency Reorganization—The 104th Congress passed legislation to establish a National Imagery and Mapping Agency to consolidate some intelligence activities and strengthen the authority of the Director of the Central Intelligence Agency. It is likely that the 105th Congress will consider Intelligence reorganization proposals to overhaul the structure of the nation's spy system and continue to expand the powers of the Director of Central Intelligence.

International Relations

Export Administration Act—Since early 1990, Congress and the administration have tried to rewrite the Export Administration Act of 1979 (EAA), the basic law that authorizes the president to regulate exports from the United States. The EAA provided the framework for the Commerce Department's control on dual-use exports, commodities and technologies that are designed for civilian use but possess potential military applications. The EAA expired August 20, 1994. Since that time, the statutory authority to control dual-use exports has derived from a state of emergency declared by the president. The president declared this emergency pursuant to his authorities under the International Emergency Economic Powers Act (IEEPA), so that the pertinent regulations and most enforcement powers could remain in effect. The emergency powers, however, do not allow for full enforcement of regulations.

The House passed legislation last year which would have overhauled and replaced the expired 1979 Export Administration Act (EAA). The House-passed bill authorized the new EAA until June 30, 2001, but the legislation was not considered by the Senate.

Extension of Middle East Peace Facilitation Act—The Middle East Peace Facilitation Act (MEPFA; *P.L. 103-236*) granted the president authority to suspend provisions of law prohibiting U.S. and United Nations assistance to the Palestine Liberation Organization (PLO). The authority, which has been extended several times by Congress is set to expire July 12, 1997. MEPFA allows U.S. contacts with and aid to the PLO and the Palestinian Authority, so long as the PLO is abiding by commitments made under the Declaration of Principles (DOP). The DOP was signed between Israel and the PLO on September 13, 1993, on establishing Interim Self-Government for the West Bank and Gaza Strip, providing for Palestinian empowerment and some territorial control.

Family Planning Restrictions—House and Senate differences over whether to provide funding to international family planning organizations that perform or pay for abortions have deadlocked congressional passage of Foreign Operations Appropriations bills for the past two years. House, Senate, and White House negotiators eventually reached a settlement for inclusion in the FY 1997 Omnibus Consolidated Appropriations measure, but the solution represented a temporary, stop-gap solution, setting the stage for Congress to reconsider the issue early in 1997. The enacted legislation, as supported by the Senate and the White House, deleted a House-passed limitation on funds for family planning organizations that use private money for abortion-related activities. A compromise level for population aid funding was set at $385 million, about mid-way between House and Senate recommendations. However, availability of the money is delayed until July 1, 1997, at which time the Agency for International Development (AID) may program only one-twelfth of the total—about $32 million each month over the next year. Similar limitations were imposed on AID administrators, who complained that the restrictions created management and implementation problems, in FY 1996. Funding availability, however, could be advanced to March 1, 1997, if the president reports, and Congress agrees through passage of a joint resolution early in the 105th Congress, that these restrictions are having a negative impact on proper functioning of the program. The president is expected to issue such a finding, so the House is likely to vote again on the population aid matter sometime in February 1997, several months before considering the Foreign Operations appropriations bill for FY 1998.

Hong Kong—The House may consider legislation to address Hong Kong's reversion to China on July 1, 1997, and the impact on issues concerning the U.S.

Reauthorization of the Overseas Private Investment Corporation (OPIC) and the Trade Development Agency (TDA)—The International Relations Committee will pursue the reauthorization of two export assistance agencies which will otherwise expire on September 30, 1997. In September 1996, the House of Representatives voted down legislation which would have expanded OPIC's authority to lend and insure American investment abroad. When the bill was defeated, the reauthorization of both OPIC and TDA were attached to the FY 1997 Omnibus Appropriations bill. This year's authorization debate for OPIC promises to be controversial, pitting lawmakers who consider the agency a valuable tool for promoting U.S. business abroad against those who deride OPIC programs as "corporate welfare."

State Department/Foreign Aid Authorization—Congress usually considers, either separately or combined, omnibus foreign policy and foreign assistance legislation authorizing international affairs programs for two years, such as military, economic, and development aid. Enactment of these bills, however, has been difficult. Foreign aid has not been authorized since 1985, and President Clinton vetoed a combined omnibus bill in the 104th Congress (H.R. 1561), largely because of congressional proposals to consolidate foreign affairs agencies into the State Department. The House is expected to consider a single foreign policy bill in 1997 that will authorize and set spending ceilings for the State Department, the U.S. Information Agency, the U.S. Agency for International Development, the Arms Control and Disarmament Agency, and other related foreign affairs organizations. In addition to general agency operational issues, this omnibus bill may include virtually any foreign policy issue under consideration by Congress. Frequently, separate foreign affairs legislative initiatives are folded into this vehicle, including possible issues for 1997 such as international narcotics, terrorism, United Nations reform, and child survival/foreign aid programs. The International Relations Committee is expected to consider draft legislation early in 1997, with House debate occurring sometime in the spring.

United Nations Reform/Payment of U.S. Arrearages—Currently, the U.S. owes the United Nations (UN) over $1 billion in dues and assessments for peacekeeping. With a new Secretary General, Kofi Annan, and a promise of reform within the UN, both incoming Secretary of State Madeline Albright and Vice President Gore have promised that the U.S. will address its arrearages. For years, the government has withheld payments in an attempt to force the UN to reform its mammoth bureaucracy. Lawmakers are concerned over the use of U.S. troops in United Nations peacekeeping missions, and may take action regarding the deployment of U.S. troops under foreign command as part of multinational missions. Last September, the House passed legislation that would have denied funding for U.S. participation in any U.N. military operation unless the president justified its decision to Congress before placing the troops under control of foreign commanders. The measure, however, was never taken up by the Senate.

Judiciary

Balanced-Budget Amendment—Budget process reform was an important element in the legislative agenda as part of the *Contract with America* during the 104th Congress. While the balanced-budget constitutional amendment passed the House, it failed by one vote in the Senate. Initially it appears that the Senate has the votes to pass the balanced-budget amendment, but President Clinton opposes this proposal and has been openly lobbying members to oppose it. A proposed constitutional amendment approved by Congress by the necessary two-thirds majority is submitted directly to the states for ratification and not sent to the president for his approval or a veto. The House leaders expect a vote on the Balanced Budget Amendment on February 26, 1997.

Civil Asset Forfeiture Reform. Current law related to this issue allows the federal government to seize property in criminal cases where authorities have "probable cause" to believe that the property was used in a criminal act. In order for the owner to retrieve the property, he must go to court and demonstrate his innocence with a "preponderance of the evidence," by showing the majority weight of proof supports his claim of innocence. The full committee will aggressively consider this issue through hearings, with the intent of producing legislation that, at a minimum, decreases an individual's need to demonstrate his innocence while raising the standard for the government beyond "probable cause" when seeking to seize property and prosecute someone for a crime.

Encryption—Commercial software manufacturers express concerns about the ability of the federal government to intercept and examine their products at will. In addition, concerns over Internet expansion and usage have led to efforts to ensure that communications transmitted on the World Wide Web are protected from interference. Current technology allows analog and digital communications to be "encrypted," or protected using various codes or computer chips or technologies that make interfering with them more difficult. However, the federal government wants to reserve the right to review commercial software, even if encrypted, citing concerns for the welfare of the nation in doing so. Hearings will focus on efforts to prevent the federal government from having blanket access to software that were included in the Safety and Freedom Through Encryption Act (SAFE), which was introduced by Congressman Bob Goodlatte in the last Congress.

Clarifying Firearm Restrictions for Misdemeanor Offenses—Last Congress, a provision crafted by Senator Frank Lautenberg (D-NJ) was added to the FY 1997 Omnibus Appropriations bill, enacted in September 1996, to prohibit persons convicted of a misdemeanor or higher offense from

being able to carry a handgun. Once enacted, it was discovered that certain law enforcement officers and military personnel could be violating the law; several instances were discovered nationwide of officers with misdemeanor convictions—often for domestic violence—which would prohibit them from carrying a gun in the line of duty. The committee is expected to take action this year to address this unintentional result.

Internet Copyright Protections—As access to entertainment media (such as music CDs and movies) expands to the Internet (with the use of telephone lines and local telephone carriers), artists, manufacturers, and others involved in the entertainment and copyright industries are starting to think about ways to protect such commodities while providing the services to consumers. Current copyright laws allow legal actions for persons who unlawfully distribute a protected property. However, telephone companies fear being included in those lawsuits even though they are unaware of the activity taking place on their phone lines. Hearings on this subject will focus on securing protections for telephone companies without compromising copyright protections for artists.

Judicial Activism—The Courts and Intellectual Property Subcommittee will hold hearings to review federal judicial activism and its effects on state actions. Committee action related to this issue will focus on instances such as the injunction imposed by a California federal district judge after the November 1996 California Civil Rights Initiative (CCRI) was passed by statewide ballot. Legislation requiring such state measures to be reviewed by a three-judge court instead of a single federal judge was passed by the House in September 1995. The Senate did not consider the legislation.

Juvenile Crime Prevention—H.R. 3 was filed on January 7, 1997, by Congressman Bill McCollum, chairman of the Crime Subcommittee. The bill provides measures to combat violent youth crime and increase accountability by law enforcement officials and agencies for juvenile criminal offenses. This year's bill is modeled after H.R. 3565, the 1996 Violent Youth Predator Act, which sought to remove procedural barriers to prosecuting dangerous juvenile criminals as adults in federal court for serious crimes. The bill passed the House but was not considered by the Senate. H.R. 3 has not yet been scheduled for a hearing.

Legal Services Corporation—Although ostensibly created to provide legal services to the nation's poor, this government-sponsored corporation has long been a focus of controversy because of its high-profile role in using litigation to champion liberal political causes, such as expanding welfare entitlement rights and alleging prison overcrowding. The FY 1997 Commerce/Justice/State Appropriations bill trimmed LSC's funding to $283 million and imposed restrictions on what kinds of cases LSC grantees could pursue. This year, the committee will conduct oversight hearings to review the revised duties of LSC enacted for FY 1997.

Lobby Law Reform—The 104th Congress enacted the Lobbying Disclosure Act of 1995 (*P.L. 104-65*), which tackled a 40-year effort to rewrite the nation's omnibus lobby disclosure statute. The new law addressed domestic lobbying requirements by imposing new disclosure requirements for lobbyists who contact legislative and executive branch officials and their staff, clarifying precisely what activities qualify as "lobbying," and imposing civil penalties on lobbyists who fail to file or who report false information. It also amended the 1938 Foreign Agents Registration Act (FARA) to require disclosure of foreign interest lobbying other than lobbying by foreign governments and political parties. A bill to address technical amendments to the 1995 Lobbying Disclosure Act (LDA) passed the House, but was not considered by the Senate. This effort will likely be taken up

again in the 105th Congress to clarify several LDA provisions concerning the definition of "covered executive branch official", the reporting of lobbying expenses for non-profit organizations in certain instances, and the exemption of foreign interest lobbyists from registering under FARA in certain instances.

Other related issues may be considered in this area in the 105th Congress, such as post-employment rules to tighten lobbying restrictions for former members of Congress and senior staff, restrictions on political activities by non-profit organizations that receive federal dollars, and requirements that lobby registrations and reports be made accessible on the Internet and linked to information on election campaign contributions.

Partial-Birth Abortion Ban—President Clinton vetoed a bill during the last Congress to ban abortions which are performed through dilating the birth canal and executing a breech delivery of a live baby up to the head, extracting the contents of the skull with a surgical vacuum—thereby collapsing the skull, and removing the child's body for disposal. Both the House and Senate are expected to take action again. This year's effort is expected to remain the same as last year's bill, which bans the procedure except in cases where it is necessary to save the life of the mother.

Product Liability—Judiciary Committee Chairman Henry Hyde is especially eager to enact product liability reforms which were either defeated last year in the Senate or vetoed by the president. As part of the House *Contract With America*, legislation passed the House and Senate containing several reform provisions, including measures to (1) limit punitive damage awards against small businesses and individuals with a net worth of $500,000 or less by juries, (2) protect sellers of goods from legal liability for manufacturer error unless the manufacturer cannot be brought to court in the U.S. or lacks the funds to pay compensation for injuries, (3) eliminate joint liability for non-economic damages in product liability cases, (4) reduce manufacturer's liability for a claimant's injuries to the extent that the claimant altered or misused a product, and (5) prohibit plaintiffs from collecting damages against biomaterials manufacturers unless they can show that the company acted irresponsibly and that its mistake actually caused the harm suffered. The bill was vetoed by the president on May 2, 1996; despite an attempt by the House to override the veto, it was sustained when the House failed to garner the necessary 290 votes on May 9, 1996.

Race/Gender Preferences—The Constitution Subcommittee will examine the issue of prohibiting race and gender preferences when doing business with the federal government or when considering admissions into public colleges and universities. At this point, the full range of preference issues to be considered or included in legislation is undetermined. Late in the 104th Congress, a bicameral effort covering similar issues of federally mandated racial preferences was introduced by Subcommittee Chairman Charles Canady and Majority Leader Dole; it was not considered by either chamber.

Regulatory Fair Warning Act. This legislation would protect private citizens who must comply with various federal agency regulations. Specifically, the bill seeks to protect citizens who did not receive prior warning from prosecution for violating such regulations. This bill resembles legislation which was reported by the full committee last year but was not considered.

Term Limits—Current action regarding term limits started with a Constitution Subcommittee hearing last Wednesday. At least three different versions of term limits legislation have been filed for committee consideration. The options mirror those available two years ago during this debate,

when a total of four substitute term limits plans were introduced. Three of the plans—including one offered by Democrats which applied retroactively—proposed 12-year House and Senate term limits for members of Congress. The fourth, offered by Mr. Inglis of South Carolina, proposed a similar Senate restriction with a six-year House limit. Speaker Gingrich has committed the House to hold a vote on this issue as the first order of major business during the 105th Congress, so action is expected within the first ten days of February.

U.S. Civil Rights Commission—The Constitution Subcommittee will hold hearings and draft legislation to reauthorize the U.S. Civil Rights Commission. The commission assesses federal laws and policies to determine whether they deny equal protection in areas such as employment, housing, voting rights, and education, and makes recommendations to Congress and the president.

Voluntary Self-Evaluation for Environmental Compliance. The bill, modeled after H.R. 1047 from the 104th Congress, would allow for cooperation between the federal government and private sector companies to monitor the environmental compliance practices of those companies. Many companies retain in-house personnel who monitor environmental practices for their businesses to ensure compliance with federal laws; such activities ostensibly reduce the need for the federal government to become directly involved in overseeing these businesses. However, companies are concerned that the federal government may, and does, use information collected by the companies against them.

National Security

Ballistic Missile Defense—Legislation will probably be considered in the 105th Congress which expresses U.S. policy to deploy before the year 2003 a National Missile Defense (NMD) system that (1) is capable of providing a highly effective defense of U.S. territory against limited, unauthorized, or accidental ballistic missile attack; and (2) will be augmented over time to provide a layered defense against larger and more sophisticated ballistic missile threats. This might be a free standing bill, such as legislation which was introduced in the 104th Congress, or may be attached to the FY 1998 Defense Authorization bill.

Department of Defense (DOD) Funding—DOD programs are authorized annually in a bill that includes funding for procurement, research and development (R&D), and operation and maintenance. The FY 1998 authorization bill will likely spark debates over basic budget trade-offs (the size of the armed forces, weapons modernization, and military readiness). There is a sense of commitment towards weapons modernization, but at a cost which might affect the size of force and readiness.

The FY 1998 authorization bill will likely include R&D funding for tactical aircraft, (e.g., the F-18E/F, F-22, and Joint Strike Fighter programs), New Attack Submarines (NAS), and the Arsenal Ship building program. Major procurement issues will focus on ground force requirements, the Unmanned Aerial Vehicle (UAV) program, more attack helicopters for the Army, the LPD-17 Amphibious Landing Ship building program, additional Aegis destroyer's, a future aircraft carrier, and the expansion of the use of battlefield electronic information systems. Furthermore, the B-2 stealth bomber might be another issue addressed by members who support additional procurement over the 21 planes already funded. Proponents argue that if the government does not commit to buying any

additional planes "within a year or so," it would be very difficult to reconstitute the network of subcontractors and suppliers.

Another issue that might be addressed in this year's authorization includes the "pay gap." Lawmakers have raised concerns, given the recent decline in armed services enrollment, that military pay is not competitive with civilian wages. Some have argued that the failure of military pay to grow at the same rate as civilian pay has led to a "pay gap" that will discourage talented potential recruits from military service.

Department of Energy (DOE) National Security Programs—An annual authorization is required for defense nuclear programs operated by the DOE. This authorization program will be included in the FY 1998 Defense Authorization bill.

Funding for Operations in Bosnia—The president's budget will be presented on February 6, 1997, and will likely include a supplemental funding request of approximately $2 billion for the current Stabilization Force (SFOR) operation in Bosnia. (The Defense Department will likely propose that the supplemental funding be offset by rescissions from the FY 1997 budget.) During 1996, the U.S. stationed about 15,000 troops in Bosnia and roughly 5,000 support personnel in Croatia, Hungry, and Italy. Since the deployment, the U.S. force has suffered only one fatality as a result of a landmine. All NATO nations have contributed personnel, along with 18 non-NATO nations, for an implementation force (IFOR) under the U.N. Charter totaling about 54,000 troops. On December 12, 1996, the Security Council authorized a follow-on force dubbed the Stabilization Force (SFOR) for 18 months. SFOR will be a smaller force, about 25,000-30,000 troops, with the U.S. providing 8,500 in Bosnia and additional support personnel again elsewhere in the region.

Military Construction—The military construction authorization covers military and family housing construction costs and base closure. Issues that will be addressed include the inadequate and underfunded quality of life for troop housing. The military construction authorization will also be included in the FY 1998 Defense Authorization bill.

Military Medical Care and Medicare Subvention Funding—Legislation might be introduced in the 105th Congress to allow the Military Health Services System (MHSS) to receive payment from Medicare for health care provided to Medicare-eligible military retirees. This proposed payment of Medicare funds for military health care services has been referred to as Medicare "subvention" funding. Currently, the MHSS continues to treat military retirees, including those over the age of 65, on a space-available basis, but does not receive compensation from the Medicare Trust Fund via the Health Care Financing Administration (HCFA).

Quadrennial Defense Review (QDR)—The Defense Department is scheduled to complete by May 15, 1997, the "Quadrennial Defense Review," a far-reaching reassessment of defense policy. Congress has required that an independent, nine-member National Defense Panel assess the review. Key issues include how much strain the ongoing high pace of military operations has put on current forces. Since the review will come out around the same time as the FY 1998 Defense Authorization bill, the National Security Committee will probably not have sufficient time to implement its findings, but rather apply them to the FY 1999 Defense Authorization bill. Even though fundamental shifts in policy direction will not occur until FY 1999, some form of change might occur in a House-Senate conference.

Resources

American Land Sovereignty Protection Act—The National Historic Preservation Act currently allows the United Nations (UN) to designate land as a UNESCO Biosphere Reserve or World Heritage Site without congressional approval. Such designation places restrictions on potential use of the land in order to preserve it. Currently, the U.S. has 20 World Heritage Sites, including the Statue of Liberty and Independence Hall, and 47 biosphere reserves. Resources Committee Chairman Young will reintroduce a bill, similar to one which passed the House during the 104th Congress, that would require congressional approval for any such UN designation in an effort to protect the United States' authority to control its own lands and protect the market value of private property. Private land owners are concerned about decreasing property value when part of their land or adjoining land falls under the strict land-use requirements of UNESCO.

Endangered Species Act (ESA)—The 1973 ESA provides the legal means to protect plants, animals, and their habitats that are classified as "endangered" or "threatened." Currently, the 1,530 species that are listed as endangered or threatened are protected by federal law from human-caused decline while the Interior Department develops and implements population recovery plans. Though authorization for the ESA expired on October 1, 1992, Congress has continued to appropriate funds for ESA enforcement programs. As Congress attempts to reauthorize the law, major issues for debate are (1) the rights of property owners and compensation for reduced land value related to ESA requirements on private land, (2) the method by which species are placed on the endangered list and the definition of species able to qualify for the list, (3) the amount of state and local authority over implementation, and (4) possible ways to increase funding to implement the law. Chairman Don Young has requested a draft bill from Interior Secretary Babbitt by April. Spokespersons for the administration have argued that major legislative changes are not needed.

Forest Health—Last year, wildfires burned more than 6 million acres, demonstrating the continued need to reduce dry fuels and improve forest health on the nation's federal lands. Major legislative issues that will be addressed in the 105th Congress are measures to (1) reduce the amount of dead and dying timber that increases the risk for repeat fires, (2) recover salvageable timber and ensure forest regeneration, (3) develop recovery plans for the soil and surface, and reduce the epidemic spread of insects and disease, and (4) devise a plan to manage natural forest fires. The measures are controversial because some environmental groups assail salvage operations as a loophole to allow more logging.

Grazing Fees—In August 1995, the administration proposed new rangeland management rules that increase public participation in management decisions, focus on ecosystem health and protection, and reduce the number of livestock allowed to graze on an acre. Provisions to revise the administration's rules were almost added to last year's Omnibus Parks Bill (H.R. 1296), but were pulled at the last minute. Major issues that may be addressed this Congress include the condition of rangeland, public involvement in rangeland management, public access to rangelands, and water rights. Western lawmakers may bring up the issue again in hopes of repealing the new rules.

Historic Preservation Fund Reauthorization—The Historic Preservation Fund provides money to preserve sites on the National Register of Historic Places, such as buildings on historically black college campuses and old light-houses. Funds are also designated to further historic research and maintain historic inventories. Along with reauthorizing the fund, the 105th Congress is expected to

take action to ensure more dollars go toward preserving the buildings and less for research and inventories than in previous years.

Mining Regulations—The 1872 Mining Law was implemented to promote mineral exploration in the western United States by granting mineral prospectors access to public lands. Whenever a mineral deposit is found, the cost for a claim is $100 per year and the cost for a patent for surface and mineral rights is $2.50 or $5.00 per acre, depending on the type of claim. While the mining industry is in favor of the current claim-patent laws, opponents believe that these nominal charges are not enough to compensate for the use of public resources. As part of the 1995 Balanced Budget Act, the 104th Congress passed provisions that would have (1) required a five percent net proceeds mineral royalty, (2) raised the claim fee to $200 per year, and (3) increased patent fees to fair market value. President Clinton vetoed the bill. At this point, differences between the Resources Committee and the administration's wishes have placed negotiations at a stand still. The major issue is the number of mining claims that would be exempt from royalty payments because of a grandfather clause.

National Parks—A major "Omnibus Parks" bill (H.R. 4236) passed in the final hours of the 104th Congress that included numerous measures to expand or improve the operation of the nation's collection of national parks, trails, and historic sites. The 105th Congress is expected to further address national park issues, including (1) reforming concessions policies for hotel, food, and souvenir sales, (2) granting the National Forest Service permanent authority to charge a recreation fee to enter national parks and recreation areas, (3) reviewing new budgeting/funding allocations created last Congress, and (4) developing comprehensive science and resource management programs.

United States-Puerto Rico Political Status Act—In 1994, the Puerto Rican legislature requested Congress to determine the steps to resolve Puerto Rico's political status. Last year, a bill was introduced in response that outlined a three-step process to determine whether Puerto Rico will become a sovereign nation, the 51st state, or continue its current structure of local self-government as a U.S. territory. Although the bill had strong bipartisan support, it was not debated in the House. One issue that was left pending last Congress is whether or not Congress can require English to be the official language at the state level; it is already required for all federal agencies.

Science

The Science Committee is still assigning subcommittee chairman and has not set its agenda for the year. However, limiting or repealing the Metric Conversion Act, which requires the federal government to use the metric system, is one of the ongoing topics in that committee.

Small Business

Community Empowerment—Small Business Committee Chairman James Talent and Congressman J.C. Watts last year introduced H.R. 3467 (the American Community Renewal Act), which they plan to reintroduce this year. This bill seeks to create jobs, stimulate investment, expand educational opportunities, and assist families in areas where high rates of poverty, crime, welfare dependency, joblessness, and poor schools have plagued communities. The bill aims to be a first step at rebuild-

ing low-income communities through the cooperation of state and local governments, educational and religious organizations, and the aid of private philanthropy. It allows up to 100 "renewal communities" to be established on a competitive basis in both urban and rural areas. To be designated a renewal community, state and local governments have to work in partnership with neighborhood groups to create a business-friendly tax and regulatory environment. In addition, each renewal community will establish an educational choice scholarship program and a tax credit for charitable giving to private organizations who aid the poor. The committee will focus on sections of the bill affecting small businesses.

Regulatory Reform—The committee will focus on moving toward a more flexible and less burdensome regulatory system to help small businesses expand and grow. It will continue to hold hearings on the impact of federal regulations—both specific requirements and the cumulative effect of regulations—on the small business community. Regulations from federal agencies with significant regulatory power such as the Occupational Health and Safety Administration, the Environmental Protection Agency, or the Food and Drug Administration are most likely to be reviewed by the committee.

Regulatory Enforcement—Ensuring that federal agencies comply with two regulatory reform bills passed in the 104th Congress will also be a top priority for the committee. The Paperwork Reduction Act (*P.L. 104-13*) reduces by an initial ten percent paperwork requirements imposed by the federal government on individuals and businesses. The Small Business Regulatory Enforcement Fairness Act (*P.L. 104-121*) requires regulatory flexibility analyses of major regulations (over $100 million in costs) impacting small business.

Small Business Tax Relief—A top priority for the committee will be to ensure that any tax legislation considered by Congress includes relief for small businesses. Last year, Congress enacted the Small Business Jobs Protection Act (*P.L. 104-188*), a bill that provided significant small business tax relief including increasing expensing for small businesses, extending the work opportunity tax credit, extending the tax credit to employers who provide educational assistance to employees, and modifying the rules regarding Subchapter S corporations. This year, the committee will look to restore the home office deduction for business people who are ineligible under current law. The federal tax code requires that only a home office that is a "principal place of business" can qualify for the deduction. Business people who perform work at a number of sites, while doing only the administrative work of their businesses in their home offices, are ineligible for the deduction.

Transportation

Amtrak Restructuring—Efforts to reauthorize or restructure Amtrak failed during the 104th Congress but are expected to continue during this session. The House passed a bill in 1995 by a vote of 406-4 to restructure Amtrak by allowing it to operate more as a business; the bill was not acted on in the Senate. The bill would have reformed labor laws applying to Amtrak, permitted Amtrak flexibility to design its route system, and provided financial and tort reform.

Clean Water Act—Despite passage of a bill in the House during the 104th Congress to reauthorize the Federal Water Pollution Control Act (Clean Water Act), the bill was not considered by the Senate. The bill reauthorized and amended the Clean Water Act, which is implemented primarily by the Environmental Protection Agency (EPA). In approaching reauthorization of the Clean Water

Act this year, lawmakers will focus on funding for, as well as overall flexibility and regulatory reform of water quality programs, changes to the wetlands protection rules, addressing continued sewer overflow (CSO) problems in urban areas, and measures to address polluted runoff from farms and city streets (nonpoint source pollution).

Coast Guard Authorization—The 104th Congress reauthorized funding for the operations of the United States Coast Guard (USCG) at $3.7 billion annually for FY 1996 and FY 1997. Recently, the Coast Guard has taken on new responsibilities in drug and refugee interdiction and pollution control. The Transportation Committee will introduce a bill with the primary purpose of authorizing appropriations for the USCG for FYs 1998 and 1999.

Courthouse Construction Reform—The Transportation Committee is expected to consider a bill to reform the General Services Administration's public buildings program to make it more efficient and to save taxpayers money by cutting costs. The bill attempts to reform asset management, courthouse construction procedures, leasing consideration, and scoring rules that discourage federal ownership of assets. The bill's primary focus will be on controlling excessive costs of courthouse construction, as lawmakers argue that too much funding is spent on construction and elaborate decoration.

Intermodal Surface Transportation Efficiency Act—Lawmakers will renew the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA; *P.L. 102-240*) to reauthorize federal funding for the nation's highway, transit, surface transportation research, highway safety, and motor carrier safety programs. The current authorization expires on September 30, 1997. Numerous hearings on the reauthorization were held during the second session of the 104th Congress and the bill is expected to be ready for committee action in early spring. The significant issues of ISTEA will focus on overall funding levels, the structure of the highway and transit capital grant programs, and the distribution of federal grant funds.

Ocean Shipping Reform Act—During the 104th Congress, the House passed the Ocean Shipping Reform Act (H.R. 2149), but the bill was not taken up in the Senate. The Transportation Committee is expected to reintroduce this legislation which will deregulate international ocean shipping and eliminate the Federal Maritime Commission (FMC), as well as eliminate tariff filing, create a mandatory right of action on service contracts, permit individual negotiation of service contracts, authorize confidential contracting, and transfer all remaining functions of the FMC to the Department of Transportation. It is anticipated that the bill will continue to be controversial with certain segments of organized labor, such as the longshoreman's unions, because they believe it will result in the loss of service to smaller ports and weaken the American merchant marine industry.

Taking Transportation Trust Funds Off Budget—During the 104th Congress, the House overwhelmingly passed a bill to remove the four user-fee financed transportation trust funds from federal budget calculations. The Senate did not consider the measure. It is likely that the Transportation Committee will reintroduce this bill either separately or as part of the ISTEA reauthorization bill. The bill will move the Highway, Aviation, Inland Waterways, and Harbor Maintenance Trust Funds off budget, and stipulate that all receipts and disbursements of these trust funds will not be included in calculations by the Congressional Budget Office of new budget authority, outlays, or receipts. Moving these trust funds off budget exempts them from all general budgetary limitations, including discretionary spending caps.

Veterans Affairs

Disability Benefits—The committee is likely to address the process by which veterans are awarded disability benefits. In December 1996, the congressionally-mandated Veterans Claims Adjudication Commission released a report on the current adjudication process, which is plagued by a long backlog of cases. The report is a likely subject for hearings and may lead to legislation to alter the benefits process.

Health Care Eligibility Reform—The committee will begin oversight on the implementation of the Veterans' Health Care Eligibility Reform Act of 1996 (*P.L. 104-262*), which authorizes the VA, within appropriations, to provide all needed hospital care and medical services to eligible veterans. This law makes a number of changes to the U.S. code, which governs eligibility for VA hospital and outpatient care. It establishes a new standard of eligibility which ensures that clinically appropriate medical judgment, rather than legal criteria, will determine when care will be provided and the level at which the care will be furnished. Availability for care will be based on a priority enrollment system. Certain veterans who previously did not meet criteria for eligibility will now be eligible to receive care. Hearings on the implementation of the law are likely and legislation could result if the committee determines that VA resources are not sufficient to handle the increased demand for care.

Health Status of Persian Gulf Veterans—The committee will examine the government's response to certain Persian Gulf War veterans who have experienced a wide range of health problems. Though often referred to as Persian Gulf Syndrome, experts who have examined the available medical data do not believe that veterans are suffering from a single illness. Instead, experts hypothesize that veterans are suffering from a variety of illnesses, the cause or causes of which are yet unknown. The Presidential Advisory Committee on Gulf War Veterans' Illnesses made extensive recommendations on additional actions which could be taken to improve the government's response to these veterans. The administration recently announced that it was considering regulatory changes to liberalize eligibility for disability compensation for Persian Gulf War veterans who suffer from an undiagnosed illness. The committee will hold hearings to determine whether the legislation authorizing such disability compensation has been properly implemented and whether the priority health care authorized by law is meeting their needs.

Medicare Subvention—The committee will pursue passage of legislation to create a demonstration project that allows the Department of Veterans Affairs (VA) to receive payment from Medicare for the care and treatment provided to Medicare-eligible veterans. This proposed payment of Medicare funds for veterans health services has been referred to as Medicare "subvention" funding. During the 104th Congress, the Veterans Affairs Committee passed subvention legislation, but cost concerns regarding Medicare held up passage by the full House before the end of the session. This year the committee intends to work closely with all parties to forge compromise legislation.

Reallocation of VA Medical Care Spending—Earlier this year, the VA released its plan to provide medical care funding to regions across the country in a more equitable fashion. The Veterans Equitable Resource Allocation system was created in response to findings which indicated that the veteran population is shifting to different parts of the country but health care dollars are not. The VA's plan would employ an allocation formula that ties funding for each of the 22 geographic regions to the numbers of veterans they actually serve. The model should enable the VA to treat in an even-handed way the greatest number of veterans who have the highest priority for care. The committee,

while supportive of the plan's concept, is cognizant that many veterans who live in the Northeast and Midwest fear that a loss in funding will result in a decrease in both the quantity and quality of health care. In response to these concerns, the committee will conduct aggressive oversight into this matter and take any appropriate steps to ensure that veterans across the country receive adequate health care.

Vocational Rehabilitation—In September 1996, the General Accounting Office released a report on the state of the VA's vocational rehabilitation program, which continues to place a low percentage of veterans in jobs. Hearings are probable and legislation could result as the committee looks at program effectiveness and whether the VA is accomplishing through the vocational rehabilitation program what is required under the law.

Ways & Means

Adoption Reform—The committee will consider legislation to encourage and facilitate adoption. Last year, Congress enacted measures (rolled into the Small Business Job Protection Act, or minimum wage bill) which expedite interracial adoptions by preventing state or federal government agencies from allowing a child's race to be a barrier to being adopted by a family of a different race. The subcommittee intends to hold hearings to determine what other barriers to adoption may exist and how states can help families overcome them. Legislation is tentatively scheduled for markup in late spring or summer.

Child Support Hearings—The Human Resources subcommittee will hold hearings regarding implementation of child support provisions of the new welfare law. Legislation making any changes might be considered after the Department of Health and Human Services (HHS) submits its recommendations for program changes to the committee.

Extension of Aviation Taxes—The taxes which fund the Aviation Trust Fund include the ticket tax, international departure tax, cargo waybill tax, and general aviation fuel tax. These taxes expired on December 31, 1995. The Small Business Job Protection Act (the minimum wage bill; *P.L. 104-188*) reinstated the excise taxes imposed on air travel for the period from August 27 to December 31, 1996. The taxes included a 10 percent tax on domestic air passenger tickets, a 6.25 percent tax on domestic air freight waybills, a $6 per person tax on international air departures, a 17.5 cent per gallon tax on non-commercial aviation, and a 15 cent per gallon tax on gasoline used in non-commercial aviation. While the taxes were extended for a brief amount of time during the 104th Congress, proponents of the taxes argue that to avoid depletion of the Aviation Trust Fund they need to be extended again. Expenditures from the trust fund pay for Federal Aviation Administration (FAA) operations, facilities and equipment, and airport capital expenses.

Fast Track Presidential Authority—This year Congress will consider granting the president the authority to negotiate trade agreements with Chile. Fast-track authority allows the president to negotiate directly with another country without Congress needing to ratify his agreement.

Most Favored Nation Trading Status—China's annual Most Favored Nation (MFN) status will be considered once again, likely in mid-July. This issue traditionally draws quite a controversy. Specifically, opponents of renewing MFN status to China argue that the country's history of human

rights abuses (population control through forced abortions, suppression of free speech), suspected and proven arms proliferation, and its Communist-led government exemplify why China does not deserve to derive any commercial benefit from the U.S. unless it changes these practices. Proponents, on the other hand, contend that extending MFN status to China allows for American presence that can be, and is, helpful in affecting changes on these issues. By removing a U.S. business presence, free traders argue we open the door for other countries to do business with China who may be interested only in the country's commercial development and ignore social issues considered important to the U.S. Another issue that will influence this year's debate is China's behavior toward Hong Kong after it reverts to Chinese rule on July 1. In addition to China, Congress may consider granting MFN status to countries in South America and Sub-Saharan Africa. Specific hearing dates have yet to be scheduled.

Medicare—In 1996, the Medicare Hospital Insurance (HI) Trust Fund began running a deficit, more than a year before projected. Information released last year revealed that, at the current rate of spending, the Medicare Part A Trust Fund will be exhausted by the year 2000, and the entire Medicare system could become bankrupt in 2001. The 104th Congress attempted to address the impending bankruptcy of Medicare. Republicans proposed to limit the programs growth rate to six percent, while the president proposed to let it grow by 7.5 percent annually. In December 1995, the president—backed by Democratic lawmakers who charged Republicans with attempting to "eviscerate" the program—vetoed the Medicare Preservation Act that would have placed Medicare on solid footing through at least 2010. In 1995, the White House and Congress traded compromise proposals, but by then the debate had become a campaign issue so no serious efforts evolved to broker a compromise. Because of the urgency to save the trust fund from insolvency, Congress will likely take action on Medicare this year. The Ways & Means Committee, however, will not begin crafting proposals until after the president submits his budget on February 6, 1997.

Tax Reform—Several tax provisions for individuals and small businesses were enacted last year. This year, the committee will focus on the progress of implementation efforts of provisions which were enacted in the (1) Health Insurance Portability and Accountability Act and (2) the Small Business Job Protection Act. Ideas and provisions contained in these bills will be included in hearings to monitor the success of their implementation since being signed into law.

Welfare Reform Oversight—The committee will begin reviewing implementation of the new welfare reform law and make technical modifications as necessary. Likely hearing topics include (1) work programs for welfare recipients making a transition to the workforce, (2) the five-year time limit for welfare benefits, (3) implementation and regulation of anti-illegitimacy provisions, (4) noncitizen access to welfare benefits, and (5) supplemental security income (SSI) benefits for children. Legislative action is not expected before early spring.

Social Security—The Social Security Subcommittee will hold hearings on reforming the social security system. Specific issues and details for legislation have yet to be determined.