

striking "Additional Officers, Department of Education (4)".

(c) **APPLICABILITY.**—This section shall take effect on the first day of the first pay period that begins on or after the date of enactment of this Act.

PART N—STAR SCHOOLS

SEC. 201. STAR SCHOOLS.

Subsection (a) of section 908 of the Star Schools Assistance Act (20 U.S.C. 4035b(a)) is amended by striking "greater" and inserting "lesser".

TITLE IV—DEFINITIONS

SEC. 401. DEFINITIONS.

For the purpose of this Act—

(1) the term "elementary school" has the same meaning given to such term by section 1471(8) of the Elementary and Secondary Education Act of 1965;

(2) the term "field-initiated research" means research in which the topics and methods of study are generated by the investigators, not by the source of the research funding;

(3) the term "institution of higher education" has the same meaning given to such term by section 1201(a) of the Higher Education Act of 1965;

(4) the term "local educational agency" has the same meaning given to such term by section 1471(12) of the Elementary and Secondary Education Act of 1965;

(5) the term "secondary school" has the same meaning given to such term by section 1471(21) of the Elementary and Secondary Education Act of 1965;

(6) the term "Secretary" means the Secretary of Education; and

(7) the term "State educational agency" has the same meaning given such term by section 1471(23) of the Elementary and Secondary Education Act of 1965.

Mrs. KASSEBAUM. Mr. President, the Office of Educational Research and Improvement, also known as OERI, is the agency in the Department of Education which has the potential to make the most significant contribution to our educational system. The other offices in the Department primarily provide financial assistance to students and schools which amount to about 7-8 percent of all money spent on education in the United States.

While this money is spent on worthwhile programs such as chapter I, OERI is the office that supports the research and development which has the potential to enable our schools and teachers to reform and adapt to the continual changes in our society and the needs of students. OERI can make a difference in the classroom by disseminating research findings on effective education practices and providing technical assistance to teachers in translating that research into practice. However, the education research being funded by OERI is not having the impact on the Nation's schools that it could.

In attempting to remedy this in this bill, we have tried to make changes to OERI programs to improve the outreach and dissemination efforts and to ensure that OERI programs are truly serving the needs of schools and teachers.

Toward this end, we have created an Office of Dissemination in OERI to take what we know about effective education practice and deliver it to the

frontline teachers who need it. We also tried to create more linkages among the many OERI components so that they work together and complement each other's efforts working toward the same goals.

I have recommended the creation of a multipurpose teacher research dissemination network which has the potential to reach 50 percent of the Nation's teachers over the next 5 years. This program will put teachers in touch with new ideas and approaches to help them tackle the difficult problems of low student achievement, dropouts, and the increasing responsibilities being passed onto teachers in today's society.

The program is intended to improve communication among OERI components and among teachers within their own school and across the district. It will empower teachers with information about U.S. Department of Education resources available to them by improving dissemination of information about OERI services, products, and activities. Most importantly, it will foster teacher professionalization by encouraging teachers to become more active players in improving their craft, seeking outside assistance, and working with other teachers to share and train each other in successful practices and develop solutions to common problems.

We have streamlined OERI operations through creation of five directorates focusing on broad comprehensive research areas rather than many isolated issues.

The bill provides authority for the continuation of the State National Assessment of Educational Progress [NAEP] trial program. We also incorporated the recommendations of the National Council on Standards and Testing for starting a process by which broader questions of standards and testing can be addressed. I would emphasize, however, that I view this as the beginning of the testing discussion—not the end point.

If we are moving in the direction of developing national standards, we must have broad debate and consensus on what those standards should be. Teachers must have a major role in the development of the standards for they are the ones who will be implementing the standards by turning them into curricula and helping students to meet the standards.

As for the development of a national test or system of tests, many difficult questions deserving of broad public debate remain. I continue to believe it would be a mistake to rush headlong into some type of national test or system of tests. We must be satisfied that such assessment is worth the time, efforts, and money which would be involved. I firmly believe that the primary goal of any such tests should be to improve teaching and learning and inform teachers and students. The Federal role in this area should be one of informing the debate on assessment

practices and supporting State and local efforts.

Overall, I believe that this bill has the potential to provide valuable research, guidance, and technical support for our Nation's schools and teachers as they work with our students to help them prepare for the future.

By Mr. AKAKA (for himself and Mr. INOUE):

(S. 287) A bill to amend the Employee Retirement Income Security Act of 1974 with respect to the preemption of the Hawaii Prepaid Health Act, and for other purposes; to the Committee on Labor and Human Resources.

HAWAII PREPAID HEALTH CARE EXEMPTION ACT

Mr. AKAKA. Mr. President, I rise today to reintroduce legislation to exclude the Hawaii Prepaid Health Care Act from the Employee Retirement Income Security Act of 1974 [ERISA]. Senator INOUE has joined me in introducing this bill.

In recognition of Hawaii's determined effort to provide universal health care, my bill would exempt the State's Prepaid Health Care Act from restrictions contained in ERISA. Such an exemption would give Hawaii greater flexibility to improve both the quality and scope of health coverage to her working men and women and their families. It would also allow the State to address inconsistencies in its innovative approach to health care.

Hawaii had led the Nation in ensuring that basic health care is available to all its people. This system delivers high-quality care at relatively low cost, despite a cost of living that is 30 to 40 percent higher than the rest of the country.

The results of Hawaii's innovative approach is impressive. Of all the States, Hawaii is the closest to achieving universal health care coverage. Results of a State of Hawaii department of health survey indicate that 3.75 percent of Hawaii's residents lack health insurance. This compares with national estimates that between 14 and 17 percent of U.S. residents are not covered.

Mr. President, my State has achieved this unique status by building on the success of the Hawaii Prepaid Health Care Act of 1974, which forms the backbone of the system. There are two other components of this three-pronged approach. One is the State's Medicaid Program, which uses Federal and State funds to provide access to care for the medically and economically needy. The other part is the State Health Insurance Program [SHIP], which seeks to enroll the remaining gap group ineligible for either employer-provided coverage, Medicaid or other Federal programs.

Since 1974, Hawaii has had a mandated employer health benefits program, the first and only one of its kind in the United States. The Prepaid Health Care Act was enacted after many years of study and debate in an environment of already strong employment-based coverage. Nearly all of Ha-

wall's employers are required to provide employee health insurance, with the employee paying up to half the premium cost, but no more than 1.6 percent of monthly wages and the employer providing the balance. Dependent coverage is optional.

Eligible employees must work at least 20 hours a week. Employers may offer one or two basic plans—a fee-for-service plan or a designated health maintenance organization plan.

Hawaii has also been expanding eligibility for Medicaid allowed under Federal options and recently implemented SHIP, its subsidized insurance program covering those left in the gap between employer-provided insurance and Medicaid.

Launched in April 1990, SHIP provides a State-subsidized basic insurance plan to those in the gap group—mainly the unemployed; dependents of low-income workers, who are mostly children; and part-time workers unable to afford coverage. An estimated 30,000 to 35,000 individuals are in the gap group. To date, over 17,000 members have enrolled.

Mr. President, the road to universal health care coverage is often rocky, and the Federal Government has sometimes erected barriers rather than removed constraints to achieving maximum coverage. A case in point is the State's experience with the Hawaii Prepaid Health Care Act and ERISA.

In 1983, the Ninth Circuit Court of Appeals held that the preemption clause in ERISA prevented the State from enacting minimum health care requirements for employers governed by ERISA. The court determined that in the absence of an expressed exemption for the Hawaii statute, Federal law governs. The U.S. Supreme Court affirmed the lower court ruling, and concluded that relief could come only from Congress.

Soon thereafter, I sponsored legislation to grant an exemption for the Hawaii statute. After considerable congressional debate, a limited ERISA exemption was signed into law on January 14, 1983. However, the exemption was not prospective and only permitted the State to require the specific benefits set forth in its 1974 statute.

An unfortunate consequence is that the Hawaii Prepaid Health Care Act has been frozen in time, with no amendments or changes allowed other than those that would enhance effective administration.

Mr. President, there is an urgent need to bring the State statute up to date, inasmuch as 19 years have passed since its enactment. We need to allow a State that has been at the forefront of innovative approaches to health care to make changes which better reflect the needs of today's population and their employers. Hawaii should not have to resort to back-door approaches in order to ensure basic health care to its citizens. My legislation will permit the State to address these issues and

upgrade its successful health care programs for the 1990's and beyond.

Today, Hawaii has one of the lowest infant mortality rates and one of the highest life expectancy rates in the Nation. Although the incidence of chronic diseases, such as cancer and heart disease is similar to that of other States, the death rates from these diseases are lower. The substantial investment Hawaii has made in the prepaid health care law has clearly paid off.

In recognition of Hawaii's need to make beneficial changes to its landmark health care statute, a provision expanding the existing ERISA exemption for Hawaii was included in the conference report on H.R. 11 in the 102d Congress.

Although we continue the quest for a long overdue national health care reform, we should not allow a dynamic State like Hawaii to remain hobbled by Federal limitations on a truly innovative program with a proven record of success.

Mr. President, I urge my colleagues to support this bill, and I ask unanimous consent that it be printed in the RECORD.

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

S. 287

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

SECTION 1. PREEMPTION OF HAWAII PREPAID HEALTH CARE ACT.

Section 514(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144(b)(5)) is amended to read as follows:

"(5)(A) Except as provided in subparagraphs (B) and (C), subsection (a) shall not apply to the Hawaii Prepaid Health Care Act (Haw. Rev. Stat. §§ 393-1 through 393-51).

"(B) Nothing in subparagraph (A) shall be construed to exempt from subsection (a) any State tax law relating to employee benefits plans.

"(C) If the Secretary of Labor notifies the Governor of the State of Hawaii that as the result of an amendment to the Hawaii Prepaid Health Care Act enacted after the date of the enactment of this paragraph—

"(i) the proportion of the population with health care coverage under such Act is less than such proportion on such date, or

"(ii) the level of benefit coverage provided under such Act is less than the actuarial equivalent of such level of coverage on such date,

subparagraph (A) shall not apply with respect to the application of such amendment to such Act after the date of such notification."

By Mr. DORGAN:

S. 288. A bill to amend the Internal Revenue Code of 1986 to provide a reduction in the capital gains tax on individuals, and for other purposes; to the Committee on Finance.

CAPITAL GAINS TAX FAIRNESS ACT OF 1993

Mr. DORGAN. Mr. President, the debate over capital gains in America today shows what is wrong with the economic thinking in this Nation, and why the middle class never seems to gain any ground.

For the past decade, a cadre of beltway pundits has turned capital gains into the poster child of the rich. They have painted a picture of investors sitting glumly in their Wall Street offices, so victimized and despondent over the lack of a capital gains tax loophole that they have lost all will to save and invest.

Of course, that picture is a product of ideological axe grinding. The rich are doing quite well in America today. Their tax rates are about half the level of the 1960's—a time when, let us not forget, the American economy was booming, despite the very high tax rates in the upper brackets.

The sad part of the maudlin hand-wringing over the rich, is that it has overshadowed a very real problem facing middle-income taxpayers. People of modest means who sell an occasional asset—a small family business, for example—often find the gain wiped out by taxes. These are not professional investors, nor tax shelter players. Rather, they are ordinary people who depend on some property for long-term savings and investment, only to find much of that savings wiped out by taxes and inflation.

That is why I am introducing today the Capital Gains Tax Fairness Act of 1993. This is tax relief for Main Street rather than Wall Street; it would deal with the capital gains problems that ordinary Americans, like family farmers and Main Street business owners, actually experience, as opposed to the kind of tax problems that the ideological axe grinders moan about. Under this bill, an individual taxpayer would get a special low-tax rate on up to \$200,000 in capital gain income—not including stocks and bonds—over his or her lifetime. The House passed this proposal as part of the 1990 budget bill; it was later dropped in conference.

In addition, this bill would enable middle-income taxpayers to take a modest \$1,000 in capital gains income each year, tax free. This exclusion would apply to publicly traded stock, among other assets; but it would be diminished for taxpayers who make over \$150,000 a year. The \$1,000 annual tax break would not count against the lifetime allowance of \$200,000 in low-taxed gains.

What I am proposing today is an alternative to the kind of across-the-board capital gains loophole that the Bush administration was pushing to revive. This country cannot afford more tax breaks for the rich. The last thing our economy needs, moreover, is a return of the tax shelter industry, which was built on the old capital gains tax break, and which siphons off the Nation's productive energies into tax lawyering and accounting.

America will not return to prosperity through tax loopholes and accounting finagles. We need low rates for everyone, and simple laws, so that investors can respond to the market, rather than to the arcana of the Internal Revenue Code and to the whims of the IRS.