

**PERSONAL RESPONSIBILITY  
AND WORK OPPORTUNITY  
RECONCILIATION ACT  
OF 1996**

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**H.R. 3734**

**PUBLIC LAW 104-193  
104TH CONGRESS**

**Volumes 1 to 19**

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**BILLS, REPORTS,  
DEBATES, AND ACT**

**Social Security Administration**

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**Social Security Administration**

**Office of the Deputy Commissioner for  
Legislation and Congressional Affairs**

## **PREFACE**

This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996." The books contain congressional debates, a chronological compilation of documents pertinent to the legislative history of the public law and relevant reference materials.

Pertinent documents include:

- o Differing versions of key bills
- o Committee reports
- o Excerpts from the Congressional Record
- o The Public Law

This history is prepared by the Office of the Deputy Commissioner for Legislation and Congressional Affairs and is designed to serve as a helpful resource tool for those charged with interpreting laws administered by the Social Security Administration.

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- G. H.R. 1250, "Family Stability and Work Act of 1995," introduced March 15, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214. It failed to pass the House on March 23, 1995 by a vote of 96-336.
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10:45 a.m., there be 30 minutes for closing remarks on welfare, to be equally divided in the usual form.

Finally, Mr. President, I ask unanimous consent that at 11:15 a.m., the Senate proceed to vote on the question shall H.R. 1058 pass, the objections of the President to the contrary notwithstanding, to be followed immediately by a vote on adoption of the Welfare conference report.

The PRESIDING OFFICER. Is there any objection?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Reserving the right to object. If the result of this unanimous-consent request is made, we will vote on the two matters that are referred to, but we will not have an opportunity, given what the House of Representatives has just done—and that is, effectively they are recessing tomorrow without a continuing resolution, which will mean that millions of children will be unattended to, millions of the disabled will be unattended to. Effectively, do I understand the majority leader is making a request for those votes tomorrow on those two without giving any indication as to what the majority's intention is going to be, particularly without a continuing resolution, the impact that it is going to have on children and the disabled in this country?

Mr. DOLE. Mr. President, I say to the Senator from Massachusetts, there is a meeting with the President tomorrow morning with the leadership in the Senate and the House. It is my hope that after the meeting is concluded we may be in a position to do something under the CR. I can only speak for myself. I am prepared to do that now, but the House has not sent us one.

I think there will be an effort by the Democratic leader to call up and amend the bill that is now pending, which I would be constrained to object to. But there are others that will be affected in addition to veterans. I think there are four or five groups. It seems to me, if nothing else is successful, we ought to amend the one that the House sent over dealing with veterans and put all the other groups on so they will not be deprived of any benefits or delay in their checks, if everything else fails, as far as the CR is concerned.

Mr. KENNEDY. I will just take another moment.

Mr. President, I appreciate the willingness and the commitment of the majority leader to do that. As the Senator knows, the House has passed now their resolution just a few moments ago which effectively puts them in recess for 3 days, with the possibility of extending 3 more days, the possibility of extending 3 more days, with a 12-hour call-back, and without any continuing resolution, which will be in effect as of 2:30 tomorrow afternoon.

We are being asked to consent to this agreement, where the final votes of which will be some time in the midday;

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UNANIMOUS-CONSENT            AGREE-  
MENT—CONFERENCE REPORT ON  
H.R. 4 AND VETO MESSAGE ON  
H.R. 1058

Mr. DOLE. Mr. President, I ask unanimous consent that following Senator REID's remarks, the veto message be laid aside, and the Senate turn to the conference report to accompany H.R. 4, the welfare bill, that it be considered under the following time restraints: 3 hours to be equally divided in the usual form.

Mr. President, I further ask unanimous consent that at 10:15 a.m., on Friday, there be 30 minutes for closing remarks on securities, to be equally divided in the usual form, and that at

and the House of Representatives, according to the House rules and the Senate rules, then will be permitted to effectively recess without corresponding necessary action by the Senate. And the particular groups that the majority leader has addressed, their needs will be left unattended.

I just want to know what the intention of the majority is going to be with regard to those individuals, particularly since the majority leader has indicated to the minority leader that he has every indication that he is going to object to a clean continuing resolution.

This appears to be the only avenue that is left open to us. I just learned a few moments ago that this was the action that was taken in the House. And this is the inevitable action that will result if the House takes off and we pass this. Those individuals which the majority leader has identified, they will be left unattended while the House of Representatives recesses and while evidently we will be unable to take any action. We will be foreclosed from taking any action too. And I find that that is a troublesome response.

I want to say at this point. I know that the majority leader has been very positive and constructive in trying to move the larger issue about the reconciliation on the budget forward. I think all of us understand that he has tried to be and is a positive force toward moving in that direction. So I am not at this time trying to interrupt that continued kind of effort.

But that really is independent from the groups that the majority leader has mentioned, from their needs being served. I fail to see how we are going to be able to reach any conclusion with regard to those individuals because it will require both bodies taking action.

Is that the understanding of the majority leader?

Mr. DOLE. It is my understanding—I would have to check—but what happened in the House was simply to give the Speaker authority to recess for 3-day periods in accordance with their rules. I do not believe the recess takes effect at 2:30 tomorrow. It is my understanding our meeting at the White House should end about 11:15, 11:30.

If we can accomplish something tomorrow morning, which I believe we can, then it would be my hope that the House would then—either we amend the bill that is over here with a CR or they send us a CR. I am not an advocate of shutting down the Government. I never have been.

We have indicated in a letter to Senator WARNER and others that we would support on this side and the House side paying all those who were furloughed. But I think we have a larger problem, as pointed out by the Senator from Massachusetts. If everything else fails, I think the least we should do is take up the bill that is now here concerning veterans and add to it the other categories that might be affected.

Mr. KENNEDY. I appreciate that. So that would be the intention of the majority leader.

I will not object to the request. I want to commend the majority leader for that responsible action. I hope that during the time between now and tomorrow that he would use his persuasive powers, which he uses so frequently around here, to encourage that action be taken in a similar way by the House of Representatives.

Mr. DOLE. I thank my colleague from Massachusetts. I certainly will make every effort. I am not certain I will be successful, but I share many of the views he has expressed.

The PRESIDING OFFICER. Is there objection?

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, reserving the right to object, and I shall not object, it would be the right of any Senator to ask at this time that the conference report to accompany H.R. 4, the Personal Responsibility Act, be read in its entirety by the clerk. Such a reading would provide the first indication to most Senators of what is in this conference report. It has been 3 full months since the bill passed the Senate, but the conference committee met only once, 2 months ago, October 24, and conducted no business at the meeting other than opening statements. The entire conference process was conducted behind closed doors and without participation by the minority, which is one reason why there is not a single Democratic signature on this conference report.

I was able to obtain a copy of the conference report only a few hours ago, as the House completed its consideration. We are woefully uninformed as to the details, but may I say that all any Senator needs to know about this legislation is that it would repeal title IV-A of the Social Security Act. Aid to Families with Dependent Children, and that it will be vetoed by President Clinton. Mr. President, I do not object.

I simply want to make the point that this partisan mode is not the way great social-political issues are addressed successfully in our country, and I hope this will pass with the coming of Christmas.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

#### UNANIMOUS-CONSENT AGREEMENT—START II TREATY

Mr. DOLE. Mr. President, I further ask unanimous consent that immediately following the two votes, the Senate proceed to executive session to begin consideration of the START II Treaty.

Let me indicate with reference to that, there has been ongoing work that I have been indirectly involved in, in the past several days, to reach some agreement on START II. As I understand, there were seven or eight different issues that have been resolved. They are very close to getting agree-

ment. If that happens, it should not take too long to dispose of the START II treaty.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DASCHLE addressed the Chair. The PRESIDING OFFICER. The minority leader.

#### UNANIMOUS-CONSENT REQUEST—HOUSE JOINT RESOLUTION 134

Mr. DASCHLE. Mr. President, I associate myself with the remarks made by the distinguished Senator from Massachusetts. Many of us have watched with some dismay as the House continues to refuse to offer a resolution which funds the Government. They have now provided for a resolution which only funds that part of the continuing resolution dealing with veterans. We have no objection at all to the veterans resolution coming to the floor and passing it.

We would like to offer an amendment which does that for everything else, including the children and many others who are adversely affected by this Government shutdown.

It is our hope that at some point, certainly before the end of the week, that can be done and would like to see if it could be done tonight.

So, Mr. President, I ask unanimous consent that the Senate now proceed to House Joint Resolution 134, the veterans' continuing appropriations resolution: that the bill be read a third time and passed, as amended, with an amendment that will reopen the Government and keep it open until January 5, 1995; and that the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. Mr. President, I do reserve the right to object and I shall object, because it does not seem to me this will serve any constructive purpose at this time.

We are going back tomorrow. The principals are going to meet on a balanced budget in 7 years. I am not certain what action the House will take on this this evening, in any event.

As I indicated to the Senator from Massachusetts, and I will again state to the Democratic leader, it is my hope we can make enough progress tomorrow that we can do precisely what he recommends. Maybe the date will not be January 5. I do not know about that date. It does seem to me we have made progress today. If we make some in the morning, perhaps we cannot only do some other legislative business, but also pass a continuing resolution. Therefore, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DASCHLE. Mr. President, let me just say, I hope as a result of the meeting tomorrow at the White House we can move forward with some form of a continuing resolution tomorrow. I would like it to be a complete continuing resolution, obviously, dealing with

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WORK ACT OF 1995—CONFERENCE  
REPORT

The PRESIDING OFFICER. Under the previous order, the clerk will report the conference report.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of December 20, 1995.)

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, sometime ago the American people reached a turning point concerning welfare reform. They understand that despite having spent over \$5 trillion over the past 30 years, the welfare system is a catastrophic failure.

In 1965, 15.6 percent of all families with children under the age of 18 had incomes below the poverty level. And in 1993, 18.5 percent of families with children under the age of 18 were under the Federal poverty level. The system created to end poverty has helped to bring more poverty. By destroying the work ethic and undermining the formation of family, the welfare system has lured more Americans into a cruel cycle of dependency. The size and cost of the welfare programs are at historically high levels and are out of control. Federal, State, and local governments

now spend over \$350 billion on means-tested programs.

Between 1965 and 1992, the number of children receiving AFDC has grown by nearly 200 percent. Yet, the entire population of children under the age of 18 has declined—declined by 5.5 percent over this same period. More than 1.5 million children have been added to the AFDC caseload since 1990. And if we do nothing, if we do nothing to reform it, the number of children receiving AFDC is expected to grow from 9.6 million today to 12 million within 10 years.

That is what the future holds if the current system is allowed to continue. A welfare system run by Washington simply costs too much and produces too little in terms of results.

Twenty years ago, 4.3 million people received food stamp benefits. In 1994, that number had grown to 27.5 million people, an increase of more than 500 percent. And between 1990 and 1994 alone, the number of people receiving food stamps grew by nearly 7.5 million people.

In 1974, the Supplemental Security Income Program was established to replace former programs serving low-income elderly and disabled persons. SSI was considered to be a type of retirement program for people who had not been able to contribute enough for Social Security benefits. Of the 3.9 million recipients in 1974, 2.3 million were elderly adults. The number of elderly adults has actually declined by 36 percent.

But consider this: In 1982, noncitizens constituted 3 percent of all SSI recipients. By 1993, noncitizens constituted nearly 12 percent of the entire SSI caseload. Today, almost 1 out of every four elderly SSI recipients is a noncitizen.

Before 1990, the growth in the number of disabled children receiving SSI was moderate, averaging 3 percent annually since 1984. Then, in the beginning of 1990, and through 1994, the growth averaged 25 percent annually and the number trimmed to nearly 900,000 children. The number of disabled children receiving cash assistance under the Supplemental Security Income Program has increased by 166 percent since 1990 alone. The maximum SSI benefit is greater than the maximum AFDC benefit for a family of three in 40 States.

Welfare reform is necessary today because while the rest of the Nation has gone through a series of social transformations, the Federal bureaucracy has been left behind, still searching in vain for the solution to the problems of poverty. It simply will not be found in Washington.

Our colleague, Senator MOYNIHAN, has reminded us on a number of occasions that the AFDC Program began 60 years ago as a sort of widow's pension. Consider that the AFDC Program cost \$697 million in 1947 measured in constant 1995 dollars. In 1995, the Federal Government spent \$18 billion on the AFDC population, an increase of 2,500 percent measured in constant dollars.

Now, the AFDC Program was originally intended to be a modest means to keep a family together in dignity. But much has changed since then and the system has become a cruel hoax on our young people. It has torn families apart and left them without the dignity of work.

Washington does not know how to build strong families because it has forgotten what makes families strong. It has failed to understand the consequences of idleness and illegitimacy.

Last March, the House of Representatives charted an ambitious course for welfare reform in the 104th Congress. H.R. 4, the Personal Responsibility Act of 1995, was a bold challenge to all of us. It was a creative and comprehensive response to the many problems we currently face in the complex welfare system.

Since then, the Senate has continued the national debate and built on the blueprint provided by the House. Just 3 months ago, the Senate demonstrated that it recognized dramatic and sweeping reforms are necessary. The Work Opportunity Act passed the Senate with an overwhelming and bipartisan vote of 87 to 12.

Today, I am here to present to the Senate and to the American people H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995. H.R. 4 ends the individual entitlement to Federal cash assistance under the current AFDC Program. It also caps the total amount of Federal funding over the next 7 years. These are the critical pieces of welfare reform which will institute dramatic changes the American people want.

These two provisions are the key to everything else which will transpire in the States. They make all other reforms possible. They guarantee the national debate about work and family will be repeated in every statehouse. Fiscal discipline will force the State to set priorities. Block grants will provide them with the flexibility needed to design their own system to break the cycle of dependency. And most importantly, this legislation restores the work ethic and reinforces the value of the family as the fundamental cell of our society.

Mr. President, after decades of research and rhetoric, it is indeed time to end welfare as we know it. This welfare reform initiative is built on three basic platforms and contains all the necessary requirements of authentic welfare reform.

First, individuals must take responsibility for their lives and actions. The present welfare system has sapped the spirit of so many Americans because it rewards dependency. It has also allowed absent parents to flee their moral and legal obligations to their children. This legislation ends the individual entitlement to public assistance and provides for a stronger child support enforcement mechanism.

Second, it restores the expectation that people who can help themselves

must help themselves. For far too long, welfare has been more attractive than work. This legislation corrects the mistakes of the past which allowed people to avoid work. We provide additional funding for child care and incorporate educational and training activities to help individuals make the transition from welfare to work. Under this legislation, welfare recipients will know that welfare will truly be only a temporary means of support and must prepare themselves accordingly.

Finally, this legislation transfers power from Washington back to the States where it belongs. This will yield great dividends to recipients and taxpayers alike. As the power is drained from Washington, Americans should eagerly anticipate the reciprocal actions that take place in the States. States will find more innovative ways to use this money to help families than Washington ever imagined.

Freed from the current adversarial system, the States will be able to design their own unique methods to help families overcome adversity. The current system insults the dignity of individuals by demanding a person prove and maintain destitution. States will reverse this disordered thinking and raise expectations by shifting the emphasis from what a person cannot do to what a person can do.

On balance, you will find that the conference reflects the work of the Senate on the major issues within the Finance Committee jurisdiction. And as you examine the individual parts and the bill as a whole, I believe you will find we have been responsive to the concerns of the Senate.

The conference report provides the right mixture of flexibility to the States but still retains appropriate accountability. And I think the States will find this transfer of power to be a reasonable challenge.

Here are the major specific items included in title I which creates the new block grants to States for temporary assistance for needy families with minor children.

Each State is entitled to receive its allocation of a national cash welfare block grant which is set at \$16.3 billion each year, and in return the States are required to spend at least 75 percent of the amount they spent on cash welfare programs in 1994 over the next 5 years.

In terms of funding, the States will be allowed to choose the greater of their average for the years 1992 to 1994 or their 1994 level of funding or their 1995 level of funding. By allowing the States to use their 1995 funding level, we have increased Federal spending for the block grant by \$3.5 billion over the Senate-passed bill. We have maintained the \$1 billion contingency fund.

The States will be required to meet tough but reasonable work requirements. In 1997, the work participation rate will be 20 percent. This percentage will increase by 5 percentage points each year. By the year 2002, half of the State total welfare caseload must be

engaged in work activities. As provided by the Senate bill, States will be required to enforce "pay for performance." If a recipient refuses to work, a pro rata reduction in benefits will be made.

We provide the resources to make this possible with \$11 billion in mandatory child care funds for welfare families. Let me repeat. The conference report includes \$1 billion more for child care than the Senate welfare bill.

Another \$7 billion in discretionary funds are provided to assist low-income working families. There will be a single block grant administered through the child care and development block grant, but guaranteed funding for the welfare population.

The House has agreed to accept the Senate definition of work activities to include vocational training.

The House has agreed to drop its mandatory prohibition on cash assistance to teenage mothers. As under the Senate bill, this will be an option for the States to determine. The House has accepted the Senate authorization for the creation of second chance homes for unmarried young mothers.

The family cap provision has been modified from both positions. Under the new proposal, States will not be permitted to increase Federal benefits for additional children born while a family is on welfare. However, each State will be allowed to opt out of this Federal prohibition by passing State legislation.

The sweeping reforms in child support enforcement has unfortunately been overlooked in the public debate. This has been an important area of bipartisan action and an important method of assisting families to avoid and escape from poverty.

We are strengthening the enforcement mechanism in several ways. In general, the conference report more closely reflects the Senate bill. We reconciled several of the differences between the House and Senate on items such as the Director of New Hires and the expansion of the Federal Parent Locator Service simply by choosing a midpoint. We have increased funding over the Senate bill for the continued development costs of automation from \$260 to \$400 million.

One particular child support enforcement issue which may be of interest to you is the distribution of child support arrears. Beginning October 1, 1997, all post-assistance arrears will be distributed to the family before the State. As of October 1, 2000, all preassistance arrears will go to the family before the State will be allowed to recoup its costs.

We believe that improving child support collection will greatly assist families in avoiding and escaping poverty.

The American Bar Association strongly supports our child support enforcement changes. The ABA recently wrote that, "if these child support reforms are enacted, it will be an historic

stride forward for children in our nation." Mr. President, we cannot afford to miss this historic opportunity.

SSI is now the largest cash assistance program for the poor and one of the fastest growing entitlement programs. Program costs have grown 20 percent annually in the past 4 years. Last year, over 6 million SSI recipients received nearly \$22 billion in Federal benefits and over \$3 billion in State benefits. The maximum SSI benefit is greater than the maximum AFDC benefit for a family of 3 in 40 States.

The conference agreement contains the bipartisan changes in the definition of childhood disability contained in the Senate-passed welfare reform bill. I am pleased we have addressed this problem on common ground.

The conference rejected the House block grant approach. All eligible children will continue to receive cash assistance. We retain our commitment to serving the disabled while linking assistance to need.

For children who become eligible in the future, there will be a two-tier system of benefits. All children will receive cash benefits. Those disabled children requiring special personal assistance to remain at home will receive a full cash benefit. For families where the need is not as great, such children will receive 75 percent of the full benefit.

No changes in children's benefits for SSI will take place before January 1, 1997. This will allow for an orderly implementation and protect the interests of current recipients.

These changes will restore the public's confidence in this program and maintain our national commitment to children with disabilities.

Current resident noncitizens receiving benefits on the date of enactment may continue to receive SSI, food stamps, AFDC, Medicaid, or title XX services until January 1, 1997. After January 1, 1997, current resident noncitizens may not receive food stamps or SSI unless they have worked long enough to qualify for Social Security. States will have the option of restricting AFDC, Medicaid, and title XX benefits.

Legal noncitizens arriving after the date of enactment are barred from receiving most Federal means-tested benefits during their first 5 years in the United States. SSI and food stamps will remain restricted until citizenship or until the person has worked long enough to qualify for Social Security. The States have the option to restrict AFDC, Medicaid, and title XX benefits after 5 years.

Mr. President, it is time to correct the fundamental mistakes made by the welfare system over the past three decades. All too often, the system simply assumes that if a person lacks money, he or she also lacks any means of earning it. The present welfare system locks families into permanent dependency when they only needed a temporary hand up. It creates poverty and

dependence by destroying families and initiative. To end welfare as we know it, we must put an end to the system which has done so much to trap families into dependence. The Personal Responsibility and Work Opportunity Act of 1995 will accomplish precisely these goals.

From the early days of his administration, President Clinton promised welfare reform to the American people. H.R. 4 meets all principles he has outlined for welfare reform. If the President vetoes H.R. 4, he will be preserving a system which costs and wastes billions of taxpayers' dollars. More importantly, however, if the President vetoes H.R. 4, he will be accepting the status quo in which another 2½ million children will fall into the welfare system.

On January 24, 1995, President Clinton declared at a joint session of Congress, "Nothing has done more to undermine our sense of common responsibility than our failed welfare system."

Mr. President, vetoing welfare reform will seriously undermine the American people's confidence in our political system. The American people know the present welfare system is a failure. They are also tired of empty rhetoric from politicians. Words without deeds are meaningless. The time to enact welfare reform is now.

Mr. President, I yield back the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, just as a point of inquiry, we have 3 hours this evening, and I assume it will be equally divided? Is that agreeable to my friend, the distinguished chairman?

Mr. ROTH. That is correct. That is my understanding.

The PRESIDING OFFICER. That is correct.

Mr. MOYNIHAN. Mr. President, first, may I express my appreciation for the thoughtfulness and sincerity with which the Senator from Delaware has addressed this troubled issue. It is not necessarily the mode of address in these times with regard to this subject. And if I do not agree with him, it is not for lack of respect for his views. He knows that.

He mentioned the subject of a presidential veto, sir. And I must say that there will be such. The President this morning issued a statement saying that, "If Congress sends me this conference report, I will veto it and insist that they try again." And I hope we will try again.

He spoke to the idea that, as he says as he concludes, "My administration remains ready at any moment to sit down in good faith with Democrats and Republicans in Congress to work out a real welfare reform plan."

May I say in that regard, first of all, that it is disappointing considering the degree of bipartisan efforts we have made with respect to the Social Security Act. As the Senator from Delaware

stated, this bill would repeal the individual entitlement under title IV-A of the Social Security Act, the Aid to Families with Dependent Children program.

The conference report before us states:

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4), to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence, having met, after full and free conference, have agreed to recommend—

Full and free conference? No, Mr. President. There was one meeting of the conferees on October 24, 2 months ago. We took the occasion to make opening statements, and the conference, as such, has never met since. We received a copy of this report late this afternoon. This is no way to address a matter of this consequence. Let me, if I may, state to you what consequence I refer to.

It is possible to think of the problem of welfare dependency, an enormous problem, as somehow confined to parts of our society and geography, the inner-city, most quintessentially. It is certainly concentrated there but by no means confined there.

The supplemental security income provision, established in 1974, is what is left of President Nixon's proposal for the Family Assistance Plan that would have created a guaranteed level of income. I remarked earlier, a quarter century ago I found myself working with our masterful majority leader in this purpose—the children were left out. But we established a guaranteed income for the aged, the blind and disabled and later expanded it greatly for children. But, basically, the provision to replace AFDC with a negative income tax was dropped.

In the course of the 1960's we developed a new set of initiatives, in particular the Economic Opportunity Act of 1965. We had learned, as a matter of social inquiry, that there is just so much you can do with a one-time survey of the population to understand the condition of that population. You can extrapolate, you can use your mathematical skills as much as possible, sampling and surveying periodically. But we said, if you are going to learn more, you are going to have to follow events over time. Longitudinal studies, as against vertical. The distinguished Presiding Officer knows those words from his experience as an applied economist in the world of business. In 1968, we established the panel study of income dynamics at the University of Michigan at the Survey Research Center, and they have been following a panel of actual persons, with names and addresses, for almost 30 years. We now know something about how people's incomes go up and down, and such.

A distinguished social scientist, Greg J. Duncan, at Northwestern University and Wei-Jun Jean Yeung of the University of Michigan have calculated the

incidence of welfare dependency in our population for the cohort, by which we mean people born between 1973 and 1975. These people will be just going into their twenties and out of age of eligibility.

Mr. President, of the American children born from 1973 to 1975, now just turning 20, 24 percent had received AFDC benefits at some point before turning 18. That includes 19 percent of the white population and 66 percent of the black population. Do not ever forget the racial component in what we are dealing with.

If you include AFDC, supplemental security income, and food stamps, you find that 39 percent of your children, 81 percent of African-Americans and 33 percent of whites—received benefits at some point in their youth.

Problems of this magnitude deserve careful analysis and careful response. That is why persons whose voices have been most persuasive in this debate, those asking, "What are you doing?" have been conservative social analysts, social scientists. James Q. Wilson at the University of California, Los Angeles, for example; Lawrence Mead on leave at Princeton. His chair is at New York University. And George Will, a thoughtful conservative, who had a column when we began this discussion last September called "Women and Children First?" He said:

As the welfare reform debate begins to boil, the place to begin is with an elemental fact: No child in America asked to be here.

No child in America asked to be here.

Each was summoned into existence by the acts of adults. And no child is going to be spiritually improved by being collateral damage in a bombardment of severities targeted at adults who may or may not deserve more severe treatment from the welfare system.

We are talking about these children.

I ask unanimous consent that this column be printed in the RECORD.

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

[From the Washington Post, Sept. 14, 1995]

#### WOMEN AND CHILDREN FIRST?

(By George F. Will)

As the welfare reform debate begins to boil, the place to begin is with an elemental fact: No child in America asked to be here.

Each was summoned into existence by the acts of adults. And no child is going to be spiritually improved by being collateral damage in a bombardment of severities targeted at adults who may or may not deserve more severe treatment from the welfare system.

Phil Gramm says welfare recipients are people "in the wagon" who ought to get out and "help the rest of us pull." Well, of the 14 million people receiving Aid to Families with Dependent Children, 9 million are children. Even if we get all these free riders into wee harnesses, the wagon will not move much faster.

Furthermore, there is hardly an individual or industry in America that is not in some sense "in the wagon," receiving some federal subvention. If everyone gets out, the wagon may rocket along. But no one is proposing that. Instead, welfare reform may give a

whole new meaning to the phrase "women and children first."

Marx said that history's great events appear twice, first as tragedy, then as farce. Pat Moynihan worries that a tragedy visited upon a vulnerable population three decades ago may now recur, not as farce but again as tragedy.

Moynihan was there on Oct. 31, 1963, when President Kennedy, in his last signing ceremony, signed legislation to further the "deinstitutionalization" of the mentally ill. Advances in psychotropic drugs, combined with "community-based programs," supposedly would make possible substantial reductions of the populations of mental institutions.

But the drugs were not as effective as had been hoped, and community-based programs never materialized in sufficient numbers and sophistication. What materialized instead were mentally ill homeless people. Moynihan warns that welfare reform could produce a similar unanticipated increase in children sleeping on, and freezing to death on, grates.

Actually, cities will have to build more grates. Here are the percentages of children on AFDC at some point during 1993 in five cities: Detroit (67), Philadelphia (57), Chicago (46), New York (39), Los Angeles (38). "There are," says Moynihan, "not enough social workers, not enough nuns, not enough Salvation Army workers" to care for children who would be purged from the welfare rolls were Congress to decree (as candidate Bill Clinton proposed) a two-year limit for welfare eligibility.

Don't worry, say the designers of a brave new world, welfare recipients will soon be working. However, 60 percent of welfare families—usually families without fathers—have children under 6 years old. Who will care for those children in the year 2000 if Congress decrees that 50 percent of welfare recipients must by then be in work programs? And whence springs this conservative Congress's faith in work programs?

Much of the welfare population has no family memory of regular work, and little of the social capital of habits and disciplines that come with work. Life in, say, Chicago's Robert Taylor housing project produces what sociologist Emil Durkheim called "a dust of individuals," not an employable population. A 1994 Columbia University study concluded that most welfare mothers are negligibly educated and emotionally disturbed, and 40 percent are serious drug abusers. Small wonder a Congressional budget Office study estimated an annual cost of \$3,000 just for monitoring each welfare enrollee—in addition to the bill for training to give such people elemental skills.

Moynihan says that a two-year limit for welfare eligibility, and work requirements, might have worked 30 years ago, when the nation's illegitimacy rate was 5 percent, but today it is 33 percent. Don't worry, say reformers, we'll take care of that by tinkering with the incentives: there will be no payments for additional children born while the mother is on welfare.

But Nicholas Eberstadt of Harvard and the American Enterprise Institute says: Suppose today's welfare policy incentives to illegitimacy were transported back in time to Salem, Mass., in 1660. How many additional illegitimate births would have occurred in Puritan Salem? Few, because the people of Salem in 1660 believed in hell and believed that what today are called "disorganized lifestyles" led to hell. Congress cannot legislate useful attitudes.

Moynihan, who spent August writing his annual book at his farm in Delaware County, N.Y., notes that in 1963 that county's illegitimacy rate was 3.8 percent and today is 32 percent—almost exactly the national average. And no one knows why the county

(which is rural and 98.8 percent white) or the nation has so changed.

Hence no one really knows what to do about it. Conservatives say, well, nothing could be worse than the current system. They are underestimating their ingenuity.

Mr. MOYNIHAN. I thank the Chair.

Mr. President, in our family, we have had the great privilege and joy since the years of the Kennedy administration to have a home, an old farmhouse on a dairy farm in up-State New York, Delaware County, where the Delaware River rises. Mormonism had some of its origins on the banks of the Susquehanna in our county.

The population of Delaware County is largely Scots, the one main group that you can identify. This was sheep raising country in the 19th century. Presbyterian churches are everywhere. It is not so very prosperous, but more so now than when we moved there. In 1963, 3.5 percent of live births in Delaware County were out of wedlock; in 1973, 5.1; 1983, 16.6; 1993, 32.6. We are, in fact, above the national average in this rural traditional society.

We talk so much about how the welfare system has failed. Mr. President, the welfare system reflects a much larger failure in American society, not pervasive, but widespread, which we had evidence of, paid too little attention to, but still do not truly understand. It will be the defining issue of this coming generation in American social policy and politics.

There is nothing more dangerous to writer Daniel Boorstin, that most eminent historian, former Librarian of Congress, who said that it is not ignorance that is the great danger in society, it is "the illusion of knowledge." The illusion exists where none exists. I have spent much of my lifetime on this subject and have only grown more perplexed.

In the Department of Labor under Presidents Kennedy and Johnson, we began the policy planning staff and picked up the earthquake that shuttered through the American family. We picked up the first trembles. If you told me the damage would be as extensive as it is today, 30 years ago if I was told what would be the case, I would have said no, no, it would never get that way. It has.

Now, we did make an effort. We did, indeed, do something very considerable, and in 1988, by a vote of 96-1, we passed out of this Chamber the Family Support Act, which President Reagan signed in a wonderful ceremony. Governor Clinton was there, Governor Castle for the Governors' Association, in a Rose Garden ceremony, October 13. He said:

I am pleased to sign into law today a major reform of our Nation's welfare system, the Family Support Act. This bill represents the culmination of more than 2 years of effort and responds to the call in my 1986 State of the Union message for real welfare reform—reform that will lead to lasting emancipation from welfare dependency.

The act says of parents:

We expect of you what we expect of ourselves and our own loved ones: that you will



do your share in taking responsibility for your life and the lives of the children you bring into the world.

First, the legislation improves our system of securing support from absent parents. Secondly, it creates a new emphasis on the importance of work for individuals in the welfare system.

All we are saying all this year has been what President Reagan said. We put that legislation into place.

I offered on the floor a bill to bring it up to date, the Family Support Act of 1995. It got 41 votes, all, I am afraid, on this side, because both the present and previous administration, to be candid, have somehow not been willing to assert what has been going on under the existing statute.

I stood on the floor when we were debating the welfare bill and Senator after Senator on our side talked about the extraordinary things going on in his or her State by way of welfare changes, and none acknowledging that they are going on under the existing law.

On Wednesday, Senator James T. Fleming, a Republican, the majority leader of the Connecticut Senate, had an op-ed article, as we say, in the *New York Times*, called "Welfare in the Real World." He talked about Connecticut's new welfare legislation, which is tough. "It imposes the Nation's shortest time limit on benefits, 21 months, and reduces payments under the Aid to Families with Dependent Children program by an average of 7 percent."

Then he goes on to complain that to do this, the State had to get a waiver from Washington, which it did, particularly objecting to the fact that the administration has also refused to permit a two-tier payment system which discourages welfare migration by paying newcomers a lower cash benefit. He says the administration desperately clings to the discredited theory that Washington knows best.

Mr. President, I have spoken to our extraordinarily able, concerned, Secretary of Health and Human Services about this proposition. Why did you refuse the two-tier system? And she said, because it was unconstitutional, that is why. We have a Constitution which provides that an American citizen has equal rights with any other citizen of any State he or she happens to live in. That is what it means to be an American citizen—and that Connecticut cannot say you came from New York and therefore you get half of what somebody who was born here gets. We do not do that. That is all they did.

In point of fact, under the Clinton administration, 50 welfare demonstration projects have been approved in 35 States; 22 States have time-limited assistance in their demonstrations. This kind of experimentation is going on around the country. Governors have finally come to terms with the reality here. A new generation of public welfare officials is learning that they are no longer dealing with the old system.

Frances Perkins, who I had the privilege to know years ago, was Secretary of Labor when the Social Security Act was passed, which created the Aid to Families with Dependent Children program. It was simply a bridge program until old age assistance matured, as there was old age assistance. She described a typical recipient as a West Virginia coal mine widow. The widow was not going to go into the coal mines and was not going to get into the work force.

A wholly new population has come on to the rolls. We know it is extraordinary. We have had intense efforts. Douglas Besharov describes them in an article in the current issue of *Public Interest*, which I ask unanimous consent to have printed in the RECORD.

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

[From the *Public Interest*, Winter, 1995]  
 PATERNALISM AND WELFARE REFORM  
 (By Douglas J. Besharov and Karen N. Gardiner)

After years of collective denial, most politicians (and welfare policy makers) have finally acknowledged the link between unwed parenthood and long-term welfare dependency, as well as a host of other social problems. But it is one thing to recognize the nature of the problem and quite another to develop a realistic response to it. For, truth be told, there has been a fair amount of wishful thinking about what it takes to help these most disadvantaged parents become self-sufficient.

Young, unwed parents are extremely difficult to help. Besides living in deeply impoverished neighborhoods with few social (or familial) supports, many suffer severe educational deficits and are beset by multiple personal problems, from high levels of clinical depression to alcohol and drug abuse. As a result, even richly funded programs have had little success with these mothers; and they rarely, if ever, try to reach the fathers.

The best remedy, of course, would be to prevent unwed parenthood in the first place. But, even if the number of out-of-wedlock births were somehow reduced by half, there would still be over 600,000 such births each year. Thus social programs must do a much better job of improving the life prospects of unwed mothers and their children (without, of course, creating more incentives for them to become unwed mothers). This will require de-emphasizing the voluntary approaches of the past that have proven unsuccessful, and, in their place, pursuing promising new policies that are more paternalistic.

#### UNWED MOTHERS ON WELFARE

In the last four decades, the proportion of American children born out of wedlock has increased more than sevenfold, from 4 percent in 1950 to 31 percent in 1993. In that year, 1.2 million children were born outside of marriage. These children, and their mothers, comprise the bulk of long-term welfare dependents.

Images of Murphy Brown notwithstanding, the vast majority of out-of-wedlock births are to lower-income women: nearly half are to women with annual family incomes below \$10,000; more than 70 percent are to women in families earning less than \$20,000. In addition, most unmarried mothers are young (66 percent of all out-of-wedlock births were to 15- to 24-year-olds in 1988), poorly educated (only 57 percent have a high-school diploma), and unlikely to have work experience (only

28 percent worked full time and an additional 8 percent part time in 1990).

Consequently, most unwed mothers go on welfare. In Illinois, for example, over 70 percent of all unwed mothers go on welfare within five years of giving birth to a child. Nation-wide, an unmarried woman who has a baby in her early twenties is more than twice as likely to go on welfare within five years than is a married teen mother (63 percent versus 26 percent). And, once on welfare, unwed mothers tend to stay there. According to Harvard's David Ellwood, who served as one of President Clinton's chief welfare advisors, the average never-married mother spends almost a decade on welfare, twice as long as divorced mothers, the other major group on welfare.

Unwed parenthood among teenagers is a particularly serious problem. Between 1960 and 1993, the proportion of out-of-wedlock births among teenagers rose from 15 percent to 71 percent, with the absolute number of out-of-wedlock births rising from 89,000 to 369,000.

Teen mothers are now responsible for about 30 percent of all out-of-wedlock births, but even this understates the impact of unwed teen parenthood on the nation's illegitimacy problem. Sixty percent of all out-of-wedlock births involve mothers who had their first babies as teenagers.

Because so many unwed teen mothers have dropped out of school and have poor earnings prospects in general, they are even more likely to become long-term welfare recipients. Families begun by teenagers (married or unmarried) account for the majority of welfare expenditures in this country. According to Kristin Moore, executive director of Child Trends, Inc., 59 percent of women currently receiving Aid to Families with Dependent Children (AFDC) were 19 years old or younger when they had their first child.

These realities have changed the face of welfare. In 1940, shortly after AFDC was established as part of the Social Security Act of 1935, about one-third of the children entering the program were eligible because of a deceased parent, about one-third because of an incapacitated parent, and about one-third because of another reason for absence (including divorce, separation, or no marriage tie). By 1961, the children of widows accounted for only 7 percent of the caseload, while those of divorced or separated and never-married mothers had climbed to 39 percent and 20 percent, respectively. In 1993, the children of never-married mothers made up the largest proportion of the caseload, 55 percent, compared to children of widows (1 percent) and divorced or separated parents (29 percent).

The face of welfare dependency has changed for many and infinitely complex reasons. But there should be no denying that the inability of most unwed mothers to earn as much as their welfare package is a major reason why they go on welfare—and stay there for so long. (A common route off welfare is marriage, but that is a subject for another article.) Hence, since the 1960s, most attempts to reduce welfare dependency have focused on raising the earnings capacity of young mothers through a combination of educational and job-training efforts. Given the faith Americans have in education as the great social equalizer, this emphasis has been entirely understandable. However, the evaluations of three major demonstration projects serve as an unambiguous warning that a new approach is needed.

#### THREE DEMONSTRATIONS

Beginning in the late 1980s, three large-scale demonstration projects designed to reduce welfare dependency were launched. Although the projects had somewhat different

approaches, they all sought to foster self-sufficiency through a roughly similar combination of education, training, various health-related services, counseling, and, in two of the three, family planning.

New Chance tried to avert long-term welfare reciprocity by enhancing the "human capital" of young, welfare-dependent mothers. Designed and evaluated by Manpower Demonstration Research Corporation (MDRC), the program targeted those at especially high risk of long-term dependency: young welfare recipients (ages 16 to 22) who had their first child as a teenager and were also high-school dropouts. Its two-stage program attempted to remedy the mothers' severe educational deficits—primarily through the provision of a Graduate Equivalency Degree (GED) and building specific job-related skills.

The Teen Parent Demonstration attempted to use education and training services to increase the earnings potential of teen mothers before patterns of dependency took root. Evaluated by Mathematical Policy Research, the program required all first-time teen mothers in Camden and Newark, New Jersey, and the south side of Chicago, Illinois, to enroll when they first applied for welfare. The program enforced its mandate by punishing a mother's truancy through a reduction in her welfare grant.

The Comprehensive Child Development Program (CCDP), which is still operating, seeks to break patterns of intergenerational poverty by providing an enriched developmental experience for children and educational services to their parents. A planned five-year intervention is designed to enhance the intellectual, social, and physical development of children from age one until they enter school. Although not a requirement for participation, the majority of families are headed by single parents. The program, evaluated by Abt Associates, also provides classes on parenting, reading, and basic skills (including GED preparation), as well as other activities to promote self-sufficiency.

These three projects represent a major effort to break the cycle of poverty and to reduce welfare dependency. New Chance involved 1,500 families at 16 sites and cost about \$5,100 per participant for the first stage, \$1,300 for the second, and \$2,500 for child care (for an 18-month total of about \$9,000 per participant). The Teen Parent Demonstration, involving 2,700 families at three sites, was the least expensive at \$1,400 per participant per year. The most expensive is the CCDP, which serves 2,200 families at 24 sites for \$10,000 per family per year. Since it is intended to follow families for five years, the total cost is planned to be about \$50,000 per family. These costs are in addition to the standard welfare package, which averages about \$8,300 per year for AFDC, food stamps, and so forth.

All three projects served populations predominantly comprised of teen mothers and those who had been teens when they first gave birth. The average age at first birth was 17 for New Chance and Teen Parent Demonstration clients, while half of the CCDP clients were in their teens when they first gave birth. As the project evaluators soon found, this is an extremely disadvantaged—and difficult to reach—population. Over 60 percent of Teen Parent Demonstration and New Chance clients grew up in families that had received AFDC at some point in the past. If anything, early parenthood worsened their financial situations. All Teen Parent Demonstration clients, of course, were on welfare, as were 95 percent of those in New Chance. The average annual income for CCDP families was \$5,000.

The mothers also suffered from substantial educational deficiencies. Although most

were in their late teens or early twenties, few had high-school diplomas or GEDs. Many of those still in school (in the Teen Parent Demonstration) were behind by a grade. In New Chance and the Teen Parent Demonstration, the average mother was reading at the eighth-grade level. Their connections to the labor market were tenuous at best. Almost two-thirds of the New Chance participants had not worked in the year prior to enrollment, and 60 percent had never held a job for more than six months. Only half of Teen Parent Demonstration mothers had ever had a job. These young mothers also had a variety of emotional or personal problems. About half of New Chance clients and about 40 percent of those in CCDP were diagnosed as suffering clinical depression. The mothers also reported problems with drinking and drug abuse. Many were physically abused by boyfriends.

#### DISAPPOINTING RESULTS

Besides the intensity of the intervention, what set these three demonstrations apart from past efforts is that they were rigorously evaluated using random assignment to treatment and control groups. Random-assignment evaluations are especially important in this area because, at first glance, projects like these often look successful. For example, one demonstration site announced that it was successful because half of its clients had left welfare, and their earnings and rate of employment had both doubled. These results sound impressive, but the relevant policy question is: What would have happened in the absence of the project? This is called the "counterfactual," and it is the essence of judging the worth of a particular intervention.

Unfortunately, despite the effort expended, none of these demonstrations came anywhere near achieving its goals. After the intervention, the families in the control groups (which received no special services, but often did receive services outside of the demonstrations) were doing about as well, and sometimes better, than those in the demonstrations. In other words, the evaluations were unable to document any substantial differences in the lives of the families served. Here is a sample of their disappointing findings:

#### WELFARE RECIPIENCY

All three evaluations were unanimous: Participants were as likely to remain on welfare as those in the control groups. Robert Granger, senior vice president of MDRC, summed up the interim evaluation of New Chance: "This program at this particular point has not made people better off economically." At the end of 18 months, 82 percent of New Chance clients were on welfare compared to 81 percent of the control group. The Teen Parent Demonstration mothers did not fare any better. After two years, 71 percent were receiving AFDC, only slightly fewer than the control group (72.5 percent). CCDP participants were actually 5 percent more likely to have received welfare in the past year than were those in the control group (66 percent versus 63 percent).

#### EARNINGS AND WORK

Only the Teen Parent Demonstration program saw any gains in employment. Its mothers were 12 percent more likely to be employed sometime during the two years after the program began (48 percent of the treatment group versus 43 percent of the control group) and, as a result, averaged \$23 per month more in income. In most cases, however, employment did not permanently end their welfare dependency. Nearly one in three of those who left AFDC for work returned within six months, 44 percent within a year, and 65 percent within three years.

The other programs did not show even this small gain. Fewer New Chance clients were employed during the evaluation period than controls (43 percent versus 45 percent), in part because they were in classes during some of the period. Those who did work tended to work for a short time, usually less than three months. Given the lower level of work, New Chance clients had earned 25 percent less than the control group at the time of the evaluation (\$1,366 versus \$1,708 a year). Only 29 percent of the CCDP mothers were working at the time of the two-year evaluation, the same proportion as the control group; there was no difference in the number of hours worked per week, the wages earned per week, or the number of months spent working.

#### EDUCATION AND TRAINING

All three demonstrations were relatively successful in enrolling mothers in education programs. Teen Parent Demonstration mothers were over 40 percent more likely to be in school (41 percent versus 29 percent), and about one-third of the CCDP clients were working towards a degree, 78 percent more than the control group.

About three-quarters more New Chance participants received their GED than their control-group counterparts (37 percent versus 21 percent). But the mothers' receiving a GED did not seem to raise their employability—or functional literacy. The average reading level of the New Chance Mothers remained unchanged (eighth grade) and was identical to that of the control group. This finding echoes those from evaluations of other programs with similar goals, including the Department of Education's Even Start program. Jean Layzer, senior associate at Abt Associates, concluded that, rather than honing reading, writing, and math skills, GED classes tended to focus on test-taking: "What people did was memorize what they needed to know for the GED. They think that their goal is the GED because they think it will get them a job. But it won't—it won't give them the skills to read an ad in the newspaper."

In this light, it is especially troubling that, while increasing the number of GED recipients, New Chance seems to have reduced the number of young mothers who actually finished high school (6 percent versus 9 percent). According to one evaluator, the projects may have legitimated a young mother's opting for a GED rather than returning to high school.

#### SUBSEQUENT BIRTHS

Although the young mothers in New Chance and the Teen Parent Demonstration said they wanted to delay or forego future childbearing, the majority experienced a repeat pregnancy within the evaluation period, and most opted to give birth. Mothers in one project spent only 1.5 hours on family planning, while they spent 54 hours in another, with no discernible difference in impact.

All New Chance sites offered family-planning classes and life skills courses that sought to empower women to take control of their fertility. Many also dispensed contraceptives. In the Teen Parent Demonstration, the family planning workshop was mandatory. Despite these efforts, over 7 percent more New Chance mothers experienced a pregnancy (57 percent versus 53 percent). One-fourth of both Teen Parent Demonstration clients and the control group experienced a pregnancy within one year; half of each group did so by the two-year follow-up. Two-thirds of all pregnancies resulted in births. Although it was hoped that the CCDP intervention would reduce subsequent births, this was not an explicit goal of the demonstration; nor was family planning a core service provided by the sites. But,

again, there was no real difference between experimental and control groups: 30 percent of mothers in both had had another birth by the two-year follow-up.

#### MATERNAL DEPRESSION

Two of the projects, New Chance and CCDP, attempted to lessen the high rates of clinical depression among the mothers. All New Chance sites provided mental-health services, most often through referrals to other agencies (although the quality of such services differed by site). Yet program participants were as likely as those in the control group to be clinically depressed (44 percent). CCDP clients likewise received mental-health services as needed. But, again, there was no discernible impact. Two years into the program, 42 percent of the mothers in both the program and control groups were determined to be at risk of clinical depression. Measures of self-esteem and the use of social supports also showed no differences.

#### CHILD DEVELOPMENT AND CHILD REARING

The CCDP sought to prevent later educational failure by providing five years of developmental, psychological, medical, and social services to a group of children who entered the program as infants. Developmental screening and assessments were compulsory for all the children; those at risk of being developmentally delayed were referred to intervention programs.

A major CCDP goal was to improve the ability of the parents to nurture and educate their children. But, at the end of the first two years, the evaluation found only scattered short-term effects on measures of good parenting, such as time spent with the child, the parent's teaching skills, expectations for the child's success, attitudes about child rearing, and nurturing parent-child interactions. More disheartening, especially given the success of other early intervention programs, CCDP had small or no effect on the development of the children in the program. Participating children scored slightly higher on a test of cognitive development but about the same in terms of social withdrawal, depression, aggression, or destructiveness. They were only slightly more likely to have their immunizations up to date (88 percent versus 83 percent). CCDP's lack of success may be explained by its approach to child development (delivering about one hour per week of early childhood education through in-home visits by case managers or, sometimes, early-childhood-development specialists), which did not focus large amounts of resources squarely on children.

All in all, it's a sad story. But what is most discouraging about these results is that the projects, particularly New Chance and CCDP, enjoyed high levels of funding, yet still seemed unable to improve the lives of disadvantaged families. There are several explanations for their poor performance: Many of the project sites had no prior experience providing such a complex set of services; some were poorly managed; and almost all were plagued with the problems that typically characterize demonstration projects, such as slow start-ups, inexperienced personnel, and high staff turnover. In addition, the projects often chose the wrong objectives and tactics. For example, most focused on helping the mothers obtain GEDs, even in the face of accumulating evidence that the GED does not increase employability. As for the two programs that attempted to reduce subsequent births, program staff tried to walk a fine line between promoting the postponement of births and not devaluing the women's role as mothers. Their sessions on family planning seemed to have emphasized that the mothers should decide whether or not to have additional children—rather than that they should avoid having another child until they are self-sufficient.

But even such major weaknesses do not explain the dearth of positive impacts across so many goals—and so many sites. One would expect some signs of improvement in the treatment group if the projects had at least been on the right track. Hence, one is impelled to another explanation: The underlying strategy may be wrong. Voluntary education and job-training programs may simply be unable to help enough unwed mothers escape long-term dependency.

#### FROM CARROT TO STICK

Young mothers volunteered for both New Chance and the CCDP; no one required that they participate. That level of motivation should have given both projects an advantage in helping them break patterns of dependency. As social workers joke, you only need one social worker to change a light bulb, but it helps to have a bulb that really wants to be changed.

In both New Chance and the CCDP, however, initial motivation was not enough to overcome decades of personal, family, and neighborhood dysfunction. In relatively short order, there was serious attrition. New Chance, for example, was designed as a five-days-a-week, six-hours-a-day program. Yet, over the first 18 months, the young mothers averaged only 298 hours of participation, a mere 13 percent of the time available to them. CCDP experienced similar attrition. Although clients were asked to make a five-year commitment to the program, 35 percent quit after the end of the second year and 45 percent after the end of the fourth.

These dropout rates make all the more significant the Teen Parent Demonstration's success at enrolling non-volunteers. Participation was mandatory for all first-time mothers and was enforced through the threat of a reduction in welfare benefits equal to the mother's portion of the grant, about \$160 per month. When teen mothers first applied for welfare, they received a notice telling them that they had to register for the program and that nonparticipation would result in a financial sanction. Registration involved a meeting with program staff and a basic-skills test. Over 30 percent came to the program after receiving this initial notice. Another 52 percent came in after receiving a letter warning of a possible reduction of their welfare grant.

The 18 percent who failed to respond to the second notice saw their welfare checks cut. Of these, about one-third (6 percent of the total sample) eventually participated. As one mother recounted, "The first time they sent me a letter, I looked at it and threw it away. The second time, I looked at it and threw it away again. And then they cut my check, and I said 'Uh, oh, I'd better go.'" Thus sanctions brought in an entire cohort of teen mothers—from the most motivated to the least motivated and most troubled. For example, no exceptions were made for alcoholic and drug-addicted mothers.

Moreover, the Teen Parent Demonstration was able to keep this population of non-volunteers participating at levels similar to the volunteers in New Chance and the CCDP. After registration, the mothers were required to attend workshops, high-school classes, and other education and training programs. In any given month, participation averaged about 50 percent, reaching a high of about 65 percent during the period when the projects were fully operational. Sanctioning was not uncommon: Almost two-thirds of the participants received formal warnings, and 36 percent had their grants reduced for at least one month.

#### MORE TOUCH LOVE

Voluntary educational and training programs can play an important role in helping those welfare mothers (often older and di-

forced) who want to improve their situations. But, by themselves, they seem unable to motivate the majority of young, unwed mothers to overcome their distressingly dysfunctional situations. Mandatory approaches are attractive to the public and to policy makers because they seem to do just that. In the "learnfare" component of Ohio's Learning, Earning, and Parenting Program (LEAP), AFDC recipients who were under the age of 20 and did not have a high-school diploma or GED were required to attend school. Those who failed to attend school or did not attend an initial assessment interview had their welfare grant reduced by \$62 per month. This penalty continued until the mother complied with the program's rules. Conversely, those who attended school regularly got a \$62 per month bonus. Thus the monthly benefit for a ten with one child was almost 60 percent higher for those who complied with the program (\$336 versus \$212). The program also provided limited counseling and child care. Based on a random assignment methodology, MDRC's evaluation found that, one year after LEAP began, almost 20 percent more LEAP participants than controls remained in school continuously or graduated (61 percent versus 51 percent). Over 40 percent more returned to school after dropping out (47 percent versus 33 percent).

Despite early concerns, such behavior-related rules have not been burdensome to administer. Most have been implemented without creating new bureaucracies or new problems. According to MDRC's Robert Granger, these "large-scale programs have not been expensive." The cost of the LEAP program in Cleveland, for example, was about \$540 per client per year, of which about \$350 was for case management and \$190 for child care.

Nor do such rules seem unduly harsh on clients. The sanctioning in the Teen Parent Demonstration caused little discernible dislocation among the young mothers. In fact, very few of them were continuously sanctioned (and, besides, the sanction was applied against only the mothers' portion of the grant). Rebecca Maynard, the director of the Mathematica evaluation, found that the "clear message from both the young mothers and the case managers is that the financial penalties are fair and effective in changing the culture of welfare from both sides." Clients viewed the demonstration program as supportive, although also serious and demanding. Case managers believe it motivated both clients and service providers. Similarly, the LEAP sanctions caused "no hardship whatsoever to the vast majority of participants and their children," according to David Long of MDRC, a co-author of the evaluation report. Mothers who had been sanctioned reported that they were able to "get by" either by trimming their budgets or by receiving assistance from others.

The early success of such experiments linking reductions (and increases) in welfare to particular behaviors led (as of May 1995) more than two-thirds of the state to adopt, and another nine to propose, one or more behavior-related welfare rules. (State reforms are authorized by a federal law that allows the Secretary of Health and Human Services to "waive" certain federal rules.) Between 1992 and 1995, 21 states adopted learnfare-type programs, which tie welfare payments to school attendance for AFDC children or teen parents (with federal waivers pending in three more); eight states adopted "family caps" that deny additional benefits to women who have more children while on welfare (with waivers pending in six more); 15 states adopted time limits for receiving benefits (with waivers pending in nine more); and 10 states adopted immunization requirements (with waivers pending in three more).

In the coming years, expect more states to adopt such rules—and expect more behaviors to become the subject of such rules.

This attempt to regulate the behavior of welfare recipients is a sharp break from the hands-off policy of the past 30 years—and an implicit rejection of past voluntary education and training efforts. It was not so long ago that people such as Princeton's Lawrence Mead were widely derided for suggesting that welfare is not simply a right but an obligation that should be contingent upon certain constructive behaviors. But, because of both political and practical experience, they are now in the mainstream of current developments.

#### THE LIMITS OF REFORM

No one, however, should expect such paternalistic welfare policies to eradicate dependency. Our political system is unlikely to adopt rules and sanctions tough enough to motivate the hardest-to-reach mothers—nor should it. No politician really wants tough welfare rules that result in large numbers of homeless families living on the streets. Although those who remain on welfare should feel the pinch of benefit reductions, they nevertheless need to be protected from hunger, homelessness, and other harmful deprivations. Thus there is a political limit to the amount of behavioral change that financial sanctions might potentially achieve.

Hence, in the coming years, states will have to grapple with issues such as: How many behaviors can be subject to regulation? How much can the sanctions be stiffened before becoming punitive (and counterproductive)? How should agencies handle clients who, because of emotional problems or substance abuse, seem unable to respond to financial incentives?

Even the experts can only guess about the impact of future rules. The jury is still out, for example, about the impact of New Jersey's family cap; and time-limited programs have yet to be tested in the "real world." Just as important, no sanctioning scheme can compensate for the inadequacy of existing programs for low-skilled and poorly motivated mothers. Programs need to hold out a palpable promise of higher earnings, otherwise participants will drop out—even in the face of financial sanctions. New Chance, the Teen Parent Demonstration, and CDDP all had high dropout rates, suggesting that they failed the consumer test. Describing the services available to the Teen Parent Demonstration, Maynard says: "We did not have much to offer. We had lousy public schools, boring and irrelevant CED programs, and very caring case managers."

Current approaches need to be fundamentally rethought. For example, many welfare experts now believe that education in basic skills is less effective than simply pushing recipients toward work. A recently released evaluation of welfare-reform programs in three sites (Atlanta, Georgia, Grand Rapids, Michigan, and Riverside, California) by MDRC found that intensive education and training activities were only about one-third as effective in moving recipients off welfare as what it called "rapid job entry" strategies (6 percent versus 16 percent).

"The mothers were taught how to look for work and how to sell themselves to employers," according to Judith Gueron of MDRC. "The focus was on how to prepare a resume, pursue job leads, handle interviews, and hold a job once you got one." The programs also maintained telephone banks from which recipients could call prospective employers. And, she stresses, "The program was very mandatory, backed up with heavy grants reductions for mothers who did not comply with job search requirements." Institutionalizing such programs and developing

others in all parts of the country will require creativity, clarity of purpose, and patience, and much trial and error. Still, success will be elusive.

Even if behavior-related rules do not sharply reduce welfare rolls, they could still serve an important and constructive purpose. The social problems associated with long-term welfare dependence cannot be addressed without first putting the brakes on the downward spirals of dysfunctional behavior common among so many recipients. Thus it would be achievement enough if such rules could stabilize home situations. Given the failure of voluntary approaches, the accomplishment of that alone would at least provide a base for other, more targeted approaches.

Aristotle is credited with the aphorism: "Virtue is habit." To him, the moral virtues (including wisdom, justice, temperance, and courage), what people now tend to call "character," were not inbred. Aristotle believed that they develop in much the same way people learn to play a musical instrument, through endless practice. In other words, character is built by the constant repetition of divers good acts. These new behavior-related welfare rules are an attempt, long overdue in the minds of many, to build habits of responsible behavior among long-term recipients; that is, to legislate virtue.

Mr. MOYNIHAN. I am coming to a close. The three demonstration projects of intense efforts for young, unmarried mothers, training them, stimulating them, encouraging them, reassuring them—it is so hard. If we knew how hard it was, we would know what we are putting at risk here. We are abandoning the national commitment to solve a national problem. We are doing it with very little understanding, very little understanding.

I have here, Mr. President, and I will close with these remarks—we are getting used to everyone who comes to the Senate floor having a poster—I have an artifact. Give this a little thought, just a little thought. What I am holding is a pen with which John F. Kennedy, in his last public bill signing ceremony at the White House, October 31, 1963, signed the Mental Retardation Facilities and Community Health Centers Construction Act of 1963. I was there. I had worked on the legislation. He gave me a pen.

In that act we undertook what was known as the deinstitutionalization of our great mental institutions. We developed tranquilizers, first in New York State, at Rockland State Hospital. We again used them systemwide. We thought we had a medication for schizophrenia. We thought it could be treated in the community, perhaps more effectively in the community than in a large mental institution. So we were going to build 2,000 community mental health centers by the year 1980. And then, thereafter 1 per 100,000.

President Kennedy was very deeply interested in this. I have always thought, if some person with wonderful fast-forward vision was in the Oval Office at that moment and said, "Mr. President, before you sign that bill could I tell you we are going to empty out our mental institutions. In 30 years time they will have about 7 percent of

the population in this time. We are only going to build about 600 of these community mental health centers. Then we are going to forget we started that and go on to other things and leave it be." I think the President would have put that pen down. I think he would have put that pen down and said, "What do you want people sleeping on grates on Constitution Avenue? Sleeping in doorways? In cities around the country, schizophrenic persons with no medication, no location, simply cast onto the streets?" He would have said, "They will be called homeless or something?"

I think he would not have signed the bill. I wish he had not. And that is why I am so pleased to say that President Clinton will veto this bill. And then we can get back together, work together for the next stage in what has to be a national effort for an extraordinarily severe national problem.

Mr. President. I see my friend from North Carolina is on the floor but I yield the floor. I thank the Chair for his courtesy.

Mr. ROTH. Mr. President, I yield 10 minutes to my distinguished colleague from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. Mr. President, I have, many times over the course of this session's welfare reform debate stated that it is my strong belief that unless we address the root cause of welfare dependency—illegitimacy—we will not truly reform our welfare system. And my belief in this principle has become stronger and strengthened by the twists and turns of almost a year of debate.

It is with mixed feelings that I rise to discuss this conference report on welfare reform. I am pleased that many of the weak points of our first Senate bills have been strengthened. This conference report contains important provisions to require real work from welfare recipients, a concept known as "pay-for-performance." This means that welfare recipients will only receive benefits as compensation for work done. While this commonsense principle is the undisputed standard in the private sector, can you believe it is a revolutionary thing for the Government to expect work for pay? "Pay-for-performance" requirements are the key to replacing welfare with workfare.

I am also glad to see that the welfare conference report contains what has come to be called the family cap. Middle-class American families who want to have children have to plan for, prepare, and save money, because they understand the serious responsibility involved in bringing children into the world. It is grossly unfair to ask these same people to send their hard-earned tax dollars to support the reckless and irresponsible behavior of a woman who has a child out of wedlock and continues to have them, expecting support from the American taxpayer. In fact, their sole support would be the American taxpayer.

The family cap sends an important message that higher standards of personal responsibility will be expected of welfare recipients. If this conference report becomes law, welfare recipients will no longer receive automatic increases in their benefits when they have additional children.

I am very disappointed that the conference was unable to follow through on the courage and fortitude shown by our colleagues in the House of Representatives, who passed a welfare reform bill which would have prohibited the use of block grant funds for cash payments to unwed mothers under 18. In place of this crucial provision we merely have a statement that options exist for the States. We need much more.

This is little more than a statement of current policy. And current policy has resulted in an out-of-wedlock birth rate which has quadrupled over the last 30 years. Today, more than one in every three American children is born out of wedlock. And in some communities, the illegitimacy rate approaches 80 percent.

Children born out of wedlock are three times more likely to be on welfare when they become adults—three times more likely. Furthermore, children raised in single-parent homes are six times more likely to be poor, and twice as likely to commit crime and end up in jail.

In fact, a young girl who is born out of wedlock, when she reaches early maturity is 164 percent more likely to herself have a child out of wedlock.

To truly reform welfare we must reverse current welfare policies which subsidize, and thus promote, self-destructive behavior and illegitimacy—policies which are destroying the American family. This legislation fails to take this crucial step.

It is also unfortunate that this conference report fails to make major changes in the way welfare is administered at the Federal level. Even though this legislation will block grant the AFDC program, and several other smaller programs, it still leaves in place a structure of too many bureaucrats running too many programs through too many different agencies. This bureaucratic structure will continue to stop and stifle substantial reform.

Mr. President, in spite of these deficiencies, the welfare reform conference report before us does mark a turning point in the attitude which prevails here in Washington, and is reflective of the attitude that prevails around the country and that is that it is past time that we do something.

Finally, we have legislation that recognizes what many of us on this side have known for so long. All of our problems cannot be solved by more Government programs and more spending. Government spending is no substitute for personal responsibility.

This legislation is also significant as a step in the right direction after 30

years of failed welfare policies—30 years of them. But, Mr. President, it is only a very small step in comparison to the enormity of the problem our current welfare system has produced. And our current welfare system has produced, with \$5 trillion of our dollars, the situation we find ourselves in today.

Mr. President, if this legislation does pass, it should not be taken as an excuse to rest, or to rest on any laurels from it. This legislation should serve as a start, to push ahead on the vast remainder of unfinished welfare reform business. The real work of welfare reform is still to be done, but this is a start.

Mr. President, I yield the floor.

Mr. FORD. Mr. President, on behalf of the floor manager for the minority, I yield 15 minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Thank you very much, Mr. President.

Mr. President, it is with sadness that I rise today to discuss the conference report on H.R. 4.

It is 4 days before Christmas, the season usually characterized by giving and good will. But here we are in this Congress in the middle of a partial Government shutdown considering legislation that will dismantle the Federal safety net for poor families and, in the process, push over 1 million additional children into grinding poverty.

Mr. President, it seems to me that too many of our colleagues have forgotten the lesson that Dr. Seuss tried to teach us in "The Grinch Who Stole Christmas." Not only are their hearts too small, but their vision is too narrow as well.

We are, Mr. President, a national community—as Americans—the conditions in which the poor live, especially the poor children, affect us all no matter our wealth or where we happen to live in this great country.

I have in my years in public life advocated making welfare work better. In fact, earlier this year I introduced a welfare bill that I believe addressed the critical problems entrenched in our current system; lack of incentives to move from welfare to work and lack of jobs in low-income communities to absorb those people who want to work.

Mr. President, that bill acknowledged that changes are needed, and it also incorporated lessons that the States have learned—particularly those States that have already instituted successful reform. Those States have shown us that you cannot reform welfare on the cheap.

This bill ignores that experience altogether. Welfare reform should center on eliminating the incentives for dependency on building strong, two-parent families and moving recipients into the economic mainstream.

The Senate bill, though better than the House effort, did not accomplish those objectives, and this conference

report is even worse. Reform may be needed, but not shortsighted reform.

I support increased State flexibility, experimentation, and positive and constructive change. But this bill will lead to a complete abandonment of any national commitment to poor families. There is room for a shared Federal-State partnership, but this bill gives us no partnership at all but simply envisions the Federal Government as the check writer of last resort. There is no accountability for the money. There is no accountability for the rules nor for the money, and the bill encourages a race to the bottom among the States with the States doing the least, potentially hurting the poor the most. There is no recognition in this legislation that as a national community we must have a national safety net if poverty is not to become an accident of geography.

In addition to dismantling the Federal safety net, this bill is flawed in a number of other ways.

The plan makes a mockery of the goal to move welfare recipients into private sector jobs.

The Congressional Budget Office, which has gotten a lot of support around these quarters in recent times, in discussions on the budget, has reported time and time again that the funding levels in this bill are inadequate to meet the work requirements. In fact, the Congressional Budget Office assumes that most States will fail to meet those work requirements and, therefore, will incur substantial penalties under the terms of the legislation.

If only 10 to 15 States—which is the estimate of the number of States that might meet the work requirements—if only 10 meet those work requirements, what of the other 40? What will be the ramifications for them?

Several studies, including one by Northern Illinois University, have shown that, even if the States could meet the work requirements in this legislation, the private sector job market cannot, at the present time, absorb all of the new workers entering the system. Half of the adults receiving AFDC in Chicago right now have never graduated from high school. And one-third of them have never held a job.

This conference report will seal the doom of many of these people for whom it will be difficult, if not impossible, to employ without appropriate support services, education, job training, and assistance—that is nowhere provided for in this legislation.

The plan also cuts funding and block grants critical child welfare programs. Mr. President, this is the last place where we should be making cuts. Our child protection system is already overburdened and underfunded. I can think of no more vulnerable population than abused children, and there have been, frankly, far too many heart-wrenching, alarming stories this year about children who have been abused by their parents who should have been



protecting them. This conference report would increase the chances that these children would languish in unsafe environments of abuse, neglect, disease, and death. This Congress should not blithely go down the road that will visit that kind of harm on the most vulnerable population of Americans.

Finally, Mr. President, most frightening, the conference report will push 1.5 million children into poverty. This country already has a higher child poverty rate than any other industrialized nation. Why would this legislative body knowingly exacerbate that already shameful figure?

It is clear to me that this plan fails those who need a national safety net the most. Welfare should have, I think, two goals at least—protecting children and helping adult recipients to become self-sufficient.

During the floor deliberations, I noted repeatedly that the majority of people receiving assistance under welfare, as we know it, are children. Currently, these are the facts. These are hard facts. This is not somebody's idea or speculation.

Currently, there are 14 million individuals receiving cash assistance, and two-thirds of them, or 9 million of them, are children. While the welfare rolls overall have declined recently, the number of children receiving welfare assistance has remained constant. And that trend is likely to continue because, while 50 percent of the recipients who go on welfare leave it within a year, many of them have a tendency to cycle on and off the rolls due to low-paying, entry-level jobs that barely provide a livable wage for a family. So we are looking at, again, 9 million children being involved in this debate.

Mr. President, I am not arguing that anybody should get a free ride. I do not believe anybody in this body or in this legislature believes that adults should get a free ride. People who can work should work. The role of government is not to subsidize indefinitely those who are capable of working. But it is our role, and indeed our responsibility, to provide a national safety net for children. It is not their fault that they are poor. But it is our fault if this bill dooms them to stay that way.

This Congress, Mr. President, should not pave the way to so-called welfare reform at the expense of poor children. What amazes me about this whole debate is that many of my colleagues know this and yet continue to support this legislation. Some of my colleagues believe that poor children are expendable and that it is, therefore, OK to experiment with their lives. If they can scratch and survive, that is fine. If they do not, well, that is life, and it is just too bad. It is a cruel game of survival of the fittest. We actually heard testimony to that effect in the Senate Finance Committee, and it was stunning to me.

But, Mr. President, policy based on political rhetoric is wrong. This debate has focused on the stereotypes and it

gets in the way of our understanding the facts. Senator MOYNIHAN was brilliant earlier in talking about the notion that the facts here are—facts that we really have not gotten yet to the point of fully being able to appreciate, much less to know how, if you push one button, you will get one kind of consequence.

So we are experimenting here based on stereotypes. We talked about the stereotype of the underdeserving, free-loading poor for so long that many of my colleagues, I think, are frankly determined not to let those misperceptions stand in the way of their policymaking.

Mr. President, the fact is that most of the people who will be affected by this legislation are children.

So my colleagues who support this legislation continue to talk about the parents so they will not have to face the consequences of the children.

It is very difficult, Mr. President, to survive and to compete, or to be self-sufficient if you are a child. So I want to go over again some additional facts that we must not let escape this debate.

Fact one, 22 percent of the children in this, the richest nation in the world, live in poverty. In fact, I have a chart here on child poverty rates. I just hope that this, again, does not get lost in this debate.

Child poverty rates among industrialized countries—here is the United States, 21.5. Here is Australia, Canada, Ireland, Israel, the U.K. can you imagine is here? Italy, Germany, France, the Netherlands, Austria, Norway, Luxembourg, Belgium, Switzerland, Denmark, Sweden, Finland—from 2.5 to 21.5 percent of the children in this country live in poverty.

Children living in poverty are more likely to have poor nutrition, to experience a greater incidence of illness, and to perform more poorly in school, to obtain low-paying jobs and then to live in poverty as adults themselves. And even more shocking, Mr. President, even more shocking, every day, every day in this country, 27 children die due to causes associated with their poverty.

I think these facts are or should be common knowledge for anyone who would presume to legislate in an area such as this. And yet, Mr. President, this body has so far rejected attempts to provide some subsistence to just the children. Assuming for a moment their parents are off the deep end and do not want to be self-sufficient or cannot find a job through no fault of their own, at least let us provide for some subsistence for the children. And this body has rejected those attempts. Quite frankly, if that is not mean-spirited, I do not know what is.

I am going to refer to this picture, which I am sure the Presiding Officer has seen. This is a picture that was taken at the turn of the century, and it was an article in the Chicago History magazine called "Friendless Found-

lings and Homeless Half Orphans." It talked about the social service and social welfare system for children before we had the national safety net that this legislation seeks to dismantle. In that article on friendless foundlings and homeless half orphans, it talked about the phenomenon of what happened to children, the friendless foundlings, the children that the mothers would take and put on the church steps or put on the doorway of someone who had money because they knew they could not feed them, or the homeless half orphans, the children whose mothers, when the winter came and there was no way to support them, would take them to the orphanage and drop them off to be cared for during the wintertime.

It talked about the fact that the various States had various ways of dealing with this issue. And, in fact, in some States there were trains that would take the babies that they found lying in the gutters and lying in the alleys and the streets and ship them out West so they could be raised by farm families who could possibly provide them subsistence.

Are we to go back to this? That is what this conference report would have us do, Mr. President, and it is absolutely sobering and it is absolutely unconscionable, in my mind. Need I remind you of this experiment and would it not make sense for us to be reminded of what happened then when we did not have a national safety net? Do we want to go back to a time of friendless foundlings, homeless half orphans and orphan trains? And do we want to go back to the whole idea of State flexibility? We have been there. As they say in the community, "been there; done that; hated it." We did that in this country. We had 50 separate welfare systems in this United States and this is what it produced. This conference report will send us back to that.

Mr. President, every child in this country is precious, too precious to risk on a poorly designed, shortsighted experiment, and that is what this legislation is. It is an experiment. I say to my colleagues, if the system is broke, this bill does not fix it but, rather, breaks it up even more and then shatters the parts and ships them out to the States. I urge my colleagues to think long and hard before they support this conference report for that reason.

In closing, Mr. President, I would like to end with a quote in a December 14 editorial from the Journal Star, a Peoria newspaper, remember how we used to talk about "how is it playing in Peoria?" I think the Journal Star has it exactly right. After describing the gory details—and I told my colleague on the other side of the aisle I would not read this out loud but, rather, would just put it in the RECORD—and the numerous negative consequences of this conference report, the article concluded by saying, "We're not opposed to welfare reform. We're just opposed

to welfare reform that makes no sense."

Mr. President, this bill makes no sense. This bill makes no sense. It will do more harm than good. And I am just delighted that the President has sent a letter saying that he will veto this bill and that he will do so quickly so that we can come together and, based on the facts as we know them, we can address welfare as we know it and begin to come up with responses to this problem that will make us proud as Americans for having addressed the condition of those who have the least in our community.

With that, Mr. President, I yield the floor.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. I thank you very much, Mr. President.

Tonight I wish to talk about this bill from what I can see as a very different perspective. It is a perspective shared by a lot of people in my State and I think by people more broadly across America.

It may be that there are some in this Chamber who bought into the stereotype of people who are in the needy category in our country and view them only as freeloaders. I do not come from that perspective. We have people in my State—I know them well—who would like very much to not be dependent on the Government, people who would like to be earning their own income and people who would like to be on the first rung of the economic ladder. I know it from my own family's experience. My own father was at one time in a CCC camp, so I know a little bit about the experiences of people in hard times and the desire that I think exists within all of us to not be dependent on Government but, rather, dependent on ourselves.

What I think most people are saying in this country today is very simply this, that we have, over 20-plus years at a national level, attempted to fight a war on poverty with very little tangible success. Those who are below the poverty line today are approximately the same percentage of our country as the case when this program began. But in the meantime, and contrary I think to some of the things suggested here during the earlier debates and these, I think our States have changed their philosophy.

I know certainly that in Michigan the desire is not to have flexibility and liberation from Washington to put more people in poverty but, rather, to help the people who are below the poverty line to be able to take better care of themselves. Indeed, that is why I support this legislation, because I wish to really win the war on poverty, not just fight a battle that 20 years from now is at the same pace and point that we are today.

We have a broken system, and it should be fixed. I think the legislation

before us moves us in the direction of fixing it. It establishes goals that are long overdue—foremost among them, the notion that intact families are a critical ingredient in addressing the poverty problem in America today; that the problem of illegitimacy, which many of our colleagues have spoken of and spoken more eloquently than I and understand in more detail than I can understand, the problem of illegitimacy I think has been lost over the years during this poverty debate where a check became a substitute often for a parent, a check from Washington.

So I think it is time, as this bill does, to change the goals and to put intact families and reducing the illegitimacy at the top of our national agenda, and also to put the goal of putting people to work rather than being part of a permanent welfare condition at the top of the agenda. And most importantly, to put hope and the inspiration needed to put people on the economic ladder at the top of the agenda. The current system has I think failed us in achieving those objectives.

What the bill does strategically is this. It gives States, the people on the front lines, the kind of flexibility they need to help people who are on welfare. It says, let us have less bureaucracy in Washington and let us give the people on the front line, the front-line case-workers the chance to really work with people in our country who need help to get them on the economic ladder. That is what we need. In my State of Michigan, approximately two-thirds of the time of our front-line welfare case-workers is spent basically filling out paperwork, most of it for the Federal Government, instead of helping the people these programs are intended to help.

A second objective is to give the States the flexibility to give better solutions to the problems, rather than the Washington-knows-best solutions that they have labored under for far too long. The States in fact, Mr. President, care a lot more about the people who live in them than anybody here inside the beltway. And Governors and legislators are just as concerned and compassionate as we are, and I happen to think are a lot more likely to be creative and inventive in dealing with the problems in their own States than we possibly can be trying to administer a 50-State program with one set of solutions. So State flexibility is a cornerstone of the program. So, too, is the consolidation of the programs.

Instead of having the massive numbers of programs that have grown up during the last 25 years, this program, this welfare bill, reduces, consolidates programs. It saves us money in terms of bureaucracy but it makes the programs comprehensible and workable, instead of far too complicated, and oftentimes in conflict with one another.

Third, it addresses, as I suggested earlier, the illegitimacy problem facing our Nation today in a variety of, I think, very effective ways. During the

original debate on this bill I was on the floor promoting part of this legislation which I helped draft, the so-called bonus to States who reduce the rate of illegitimacy without simultaneously increasing the number of abortions.

The PRESIDING OFFICER. The Senator has used his 5 minutes.

Mr. ABRAHAM. Mr. President, I ask the manager if I might have an additional 2 minutes?

Mr. ROTH. I yield 2 additional minutes.

The PRESIDING OFFICER. The Senator may continue.

Mr. ABRAHAM. I thank the Chair and I thank the manager.

This approach addressing the illegitimacy problems will start finally to focus priorities at the State level where they ought to be, on keeping families intact, on reducing the number of out-of-wedlock births, and as a consequence addressing the problem at its core, the child poverty statistics we hear so often about.

The concern I think we all have for children born in poverty is in no small sense a result of the fact that too many children are born out of wedlock into families that are not economically strong enough to protect them.

Finally, the strategy in this legislation is to put strong, tough work requirements into place and to give States the incentives they need to try to get people to work rather than simply administering the massive transfer of payment program that does very little to give people the kind of dignity, incentive, and encouragement and help they need to get onto the economic ladder.

For those reasons, Mr. President, I think this bill is on target. I will support the conference report when we vote tomorrow. I hope that the President will reconsider his comments with respect to vetoing the legislation because I believe this truly will accomplish something that he and many of us have spoken about in the context of our campaigns, the notion that we truly would reform welfare and change welfare as we know it.

This legislation ends business as usual. This legislation will address the welfare problems effectively. Mr. President, I hope our colleagues will support it. I thank the Chair and I yield the floor.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER (Mr. BROWN). Who yields time?

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I appreciate the willingness of the manager to yield me some time. I had the privilege of being in the chair and thereby being able to give my full attention to the statement of the Senator from New York, and following that the Senator from Illinois, two Senators for whom I have enormous respect and personal affection.

I am moved by the clear and unalloyed concern they have for the children in poverty in our country and for the failure of our present system to solve that problem. I can think of no two Senators who have better motives and more genuine urges to solve this problem than these two.

I am a supporter of the conference report. And I want to respond to the comments that were made so that my support for the conference report will not be misunderstood. I think the Senator from New York put it in the best context when he described the signing ceremony that took place in the Kennedy administration against a backdrop of great optimism and unfortunately complete ignorance as to what the future would actually be like.

I think the Senator's point is well taken. We are embarking once again on a leap of faith with considerable ignorance as to what the future would be like. I would be reluctant to take that leap of faith if I thought the present was working. But the present is not working. And I am willing to take a leap into the future in the hope that it will be better than the present and frankly a fear that things could not be much worse than we have in the present, that we are not risking that much by dismantling some of the present circumstance.

Let me share with you an experience from my home State of Utah that gives me more hope for the future than perhaps my friends have. In the State of Utah we set up—I say we, I had nothing to do with it—the Governor and the office of social services set up a program which required a whole series of waivers from Federal regulations in order to implement.

These waivers took a great deal of time and effort to put in place. Finally the Feds said, "Well, we will grant you the waivers"—my memory tells me that it took 44 such waivers—"We will grant you the waivers from the Federal regulations because we think the program you will put in place will in fact improve the lot of the poor, who come under your program. However, we tell you that based on our analysis, the program will cost 20 percent more than is being expended right now. And we do not think you can afford it, but we will give you the opportunity to spend that extra money."

We wanted to have—in response to the kinds of concerns the Senator from New York raised about "understanding"—a proper kind of control of this circumstance, so even though some centers were set up for the pilot program, in the one center where the most people would come for the pilot program, they established a truly random control group: that is, one would come in and be put in the present Federal programs, the next person through the door would be put in the State pilot program, the next person through the door in the Federal program, the next person in the State pilot program, and so on, so that you had exactly the same

kind of people, from exactly the same neighborhood, serviced by exactly the same social workers to see what happened.

Under the program devised by the State, which was completely flexible, the question asked was, "What do you need? Tell us your circumstance. And what do you need?"

"Oh, all right, if this is what you need, I have control over all of the Federal programs, all of the money, and I can give you so much for food stamps, I can give you so much for this, I can give you so much for that. By the way, before you receive this, we have to have an understanding that this is temporary and you are looking for work."

Under those that came in under the Federal program, the question was not "What do you need?" the question was, "For what are you eligible?" The whole focus was on eligibility. "You may need this program, but you don't happen to be eligible, and, therefore, I'm not empowered to give it to you. So I will give you only what you're eligible for."

And by the way, no one really brings up the issue of work. Very interesting results. First the financial results. The program managed by the State was not 20 percent more expensive, it was 5 percent cheaper. We saved money. That was not the purpose of the program. The purpose of the program was to do something better for the people who were poor, but the byproduct of doing it the way we did it is that we saved money. People who came in who had never had an experience with the welfare system before, when asked "Are you willing to go to work?" responded instantly, "Of course. That's what I want. I am only here because I can't get work."

"We'll help you find a job. That is part of the reason we're here for. We'll help you find employment."

People who came in who had experience with the Federal welfare program before said, "Wait a minute. Nobody ever asked me about work before. And I don't want to talk to you about that. I'm here to get that to which I am entitled. And I'm going to fight you if you say I have to do anything other than show up." Admittedly, those are people who had previous experience with the Federal welfare program.

The people who had not had the previous experience did not have that attitude. But among the new folk who were coming in for the first time—automatic—"We want to do something to get a job."

These are the statistics, as I remember them. The folks under the State pilot program, 95 percent of them are ultimately employed. Admittedly, they may not be employed in the kinds of jobs you and I would like, Mr. President. There are many of them employed in what are sometimes derisively called leaf raking jobs, but there are things for them to do somewhere, someplace that the office involved with

their lives helps them find. And 95 percent of them have some kind of income as a result of their work.

Mr. President, I cite this example as justification for my support of this conference report. The State devised this program, and it is better than the Federal program. The State devised this program, and it is cheaper than the Federal program. Then the final blow here, that says to me we must do what we can to get this out of the hands of the Federal control.

Donna Shalala came to Utah and saw this program, and she was entranced. She said, "This is what we should be doing nationwide." That was 3 years ago, Mr. President, and nothing has happened at the Federal level.

The Federal bureaucracy is so cumbersome and so difficult that even the Secretary, with all of her good will and desire to solve these problems—and I grant her all of that—has been unable to move the bureaucracy under her control in the direction that she herself said it ought to go. Governors move more rapidly than that. Federal bureaucrats, if I may use an old cliché, and I know that it is not entirely fair, but it makes the point. When I entered the Federal bureaucracy, I was told, we think in 40-year periods because that's how long it takes us to get our pension.

Governors get reelected in 4-year periods, so perhaps they think 10 times as rapidly. But the Governor who put in place the program I have just described already knew at the time he was doing that that he was going to face the electorate 4 years later and he had to have a success and he had to have it quickly. The bureaucrats who are in the Civil Service who think in 40-year periods think perhaps some day we might.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. I yield 5 minutes to my friend from Utah. He makes great sense.

Mr. BENNETT. I thank the Senator for his courtesy. I had not intended to go on this long. But it is this experience that has said to me: we ought to try this. We ought to turn this over to the States and see what happens.

When people say to me, "But you're playing with children's lives here"—and the Senator from Illinois was tremendously moving in her comments in that regard, and that is one of the reasons I take the floor, because I want to make it clear I am aware of the fact that we are playing with children's lives here, and I do not take that responsibility lightly—but I look at the results of the present system and I say, "What are we risking if we try something else?" I look at the disasters that have occurred under the present system and ultimately decide we are not risking that much.

Mr. President, I am not announcing for reelection at this point, but I expect to be in the Senate longer than my present term. I assure the Senator from New York and anyone else, if we



find out, as a result of the passing of this kind of torch from the Federal level to the State level, that we do, indeed, get a race to the bottom, we do, indeed, see greater disasters than what we have right now, I will be one of the first Senators to come here and say, "Let us not let the future roll continue" for however many years it has been since President Kennedy signed that bill that I think had a major, significant impact on the rise of homelessness. I will be one of the first Senators to be here and say, "OK, we tried it, it is clearly not working, the race to the bottom is happening, let's stop it, let's stop it now."

But I am not content to let the present circumstances go on without this kind of experimentation, because the human tragedy that the present circumstances created is so significant that we must do what we can.

I thank the Senator for his courtesy. That is my response to listening to the comments that were made. I appreciate the Senators letting me get it out while it is still fresh in my mind. I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I yield myself 5 minutes, briefly to respond to my distinguished friend from Utah to say that I believe every word he says is true for him. I do not think this will lead to a race to the bottom in Utah. It will in New York, I am sorry to say. The proportions are so much vaster.

In New York City, we have 1.1 million people on welfare at this moment. These are overwhelmed systems, and you do what is easiest: You send out checks. That is the cheapest, easiest, and most destructive thing to do. We are learning the kinds of things you describe in Utah. The Manpower Development Research Corp., which is the principal evaluator of studies like this, said of some study results in Atlanta, Riverside, CA, Grand Rapids, MI, that they had an effect on bringing down AFDC rolls to the point where they said this exceeds the savings achieved by experimentally evaluated programs in the last 15 years.

We are beginning to get a hold, maybe. I begin with the thought that things are so much worse than we know.

In the fine State of Utah in 1970, the illegitimacy ratio was 3.6 percent. It is now 15.5. That is half the national average, but the trend line is the same. This is something so deep in our society, we have not found an answer. I simply want to maintain a national commitment, but I am sure that Secretary Shalala said just what she did, and I am sure she tried to move the Department of Health and Human Services.

That is our dilemma. The easiest thing to do is what we now do and it is the most destructive, but it need not be that way. President Reagan thought it would change, and it is changing, be-

cause the Utah program proceeds under the Family Support Act.

I can say no more but thanks for the candor and the quality of the Senator's statement.

Mr. President, the Senator from New Jersey was to be next. I am sorry if I seem to be stammering here, but it is because I am stammering.

The Senator from New Jersey is here now, and I would like to yield him such time as he may desire for the purpose of speaking. The Senator was one of 11 Members on this side who voted against this bill when it first came forward.

Mr. LAUTENBERG. Thank you very much, Mr. President. I thank my friend and colleague from New York not only for allotting me some of the time to respond to this conference report, but also for his long-time work, scholarly review of the problems of families, welfare, and balance in our society. Few have paid as much attention to the issue as has the distinguished Senator from New York.

Oddly enough, however, whenever I am doing something with the Senator from New York, whether I sit on the Environment Committee or another committee, he always has more knowledge than anyone else. I am still trying to figure out how he does it, but he does it very well. This is just one example of many.

Mr. President, I rise in strong opposition to the conference report. I think it is a terrible Christmas present to give the children in our country. If this bill becomes law, many children in this Nation will wake up on Christmas day with no safety net and hardly any prospect of anything pleasant in the Christmas stocking.

This piece of legislation represents the worst, I think, of Speaker GINGRICH's agenda. It rips at the safety net, tears it to shreds. These poor children fend for themselves, and it violates the most basic values of our country.

Mr. President, all of us here constantly extoll the justified virtues of this Nation of ours, the greatest country on God's Earth. But what a paradox. Here we are, the wealthiest country in the world, no exceptions, and despite our prosperity, 9 million children are so poor that their families are on AFDC assistance.

Mr. President, there is no question that the current welfare system needs reform. I think there are many avenues of reform that are not fully explored. I think we want to encourage family structuring. I think we have to think in terms of letting someone who is on welfare—typically a woman with children—who perhaps meets someone that she would like to share her life with and provide her own family network, we immediately say to her, "Well, you are off the welfare assistance, you are out of the health care program."

What you do is you cut off your opportunities when you form this union, and you are in far worse shape than you otherwise would be. That does not

encourage family togetherness. What it does do is it encourages a kind of deception and says, "OK, you maintain your address; I maintain my address; and we will cohabitate, but we will not violate the rules." I think we ought to be looking at that kind of program. We ought to help welfare recipients find productive work. I am all for that. I do not think we ought to punish the poor kids who are on AFDC.

Mr. President, this bill is not a serious policy document. It is a budget document. It is a downpayment on the Republican tax break that targets the benefits for the millionaires and other wealthy Americans. We found out what the thinking is when I proposed an amendment one night that said, tell you what we will do, friends in the U.S. Senate. We will limit any tax break to those who earn under \$1 million. Well, the outcome of the vote is in the RECORD. We did not get any Republican votes on that one. They said that even if you earn over \$1 million, if a tax break comes along, you have to get your share. We know what we face.

I had the opportunity yesterday morning to be on one of the early-morning local shows with a freshman Republican Congressman from the other body, and we start our discussion and the first thing he says is, "We are committed to providing that tax break." That overrides almost every other consideration. That is why we are here, wringing our hands, pleading the plight of those who face Christmas without an income, with a great deal of uncertainty, 280,000, roughly, Federal employees who give their all whenever they are asked, but now suddenly we have decided that they are good pawns to play in this chess game. Why? So they can force this reconciliation bill down the throat of the administration. It is a terrible game to play, I think.

The focus is on the tax break. Included in that will be those who are dependent on welfare who will suffer significantly if the program, as prescribed now, through the conference committee, goes through.

If you make \$350,000 a year, the GOP reconciliation bill includes an \$8,500 tax break. It is nice but certainly not necessary. I think it is painful because it comes from other people who do not have the means to get by on a day-to-day basis.

I want to talk for a moment about some of the facts with this legislation. The proponents talk about philosophy, giving States flexibility. It sounds good, but I found out there is kind of a catch-all situation here that says it is the bureaucracy—they do not say it is the bureaucracy, stupid; sometimes they say that—but it is the bureaucracy. That is the evil force that commands everything here. It may be a bureaucracy, but I do not know how you conduct a business or a structure of any kind without having people who work there—in this case, we are talking about people who are told to carry on policy in a particular fashion—and

perhaps they need more training, perhaps we have to alter the policy.

To conceal the fact that we are going to be shortchanging the recipients, the dependents on the welfare assistance, by calling it a block grant is, I believe, hypocrisy. The fact is that an HHS study shows this legislation—I was reminded about it in a letter I have included among my precious papers, a letter from the Senator from New York, just a short paragraph, talking about the children that will pay a price for the legislation that passed this body the first time with 11 Democrats and one Republican voting the other way.

Mr. President, 1.2 million to 2 million children will be facing hunger in roughly 7 years. That is hardly a way to design a program—punish the children, move 1 million to 2 million of them into poverty, into hunger. This is based on conservative assumptions. In all likelihood, the figure will be somewhat higher. I wish all Senators would fully appreciate what we are doing. Living below the poverty line is not a particularly pleasant experience. Having tried it myself as a child, I did not like it. My parents did not like it. The poverty level for a family of three, a woman and two children in this country, is \$11,800 a year. How many people here believe that they could properly raise two children on \$11,800 a year? It is not possible.

This bill also cuts food stamp funding by over \$32 billion. These cuts, literally, as I said earlier, will take the food out of the mouths of our children.

Unfortunately, this bill is not the end of the pain for our Nation's children. The budget reconciliation is yet another assault on our children. The Republican budget bill ends the guarantee of health care for poor children. The bill's Medicaid cuts will mean that about 4 million kids—to use the expression—will be denied health care coverage. The cuts in the earned-income tax credit will mean that the parents of 14.5 million children, parents making under \$30,000 a year, will get a tax increase on average of \$332 a year.

Mr. President, \$332 does not seem like a lot of money. But to a poor family it is an enormous sum. Working parents could use this money to buy the basic food, books, clothing, and pay for rent. I think it is unconscionable that our friends in the Republican majority are asking this of our children while providing a \$8,500 tax break for people who make over \$350,000 a year.

Republicans say they are making these deep cuts to help the children, the next generation. If I were the children I would say to them, "Thanks; no thanks. Do not do us any favors. Just kind of keep us in balance now. Make sure we get the appropriate nutrition so we can learn and be productive citizens."

The one thing I think that is really fallacious in what I hear going around here is that, somehow or other, those who are poor, those who are, perhaps,

different, are another group. They do not belong to us.

One does not have to be a genius to know that we all have a stake in their well-being. It is our responsibility to protect them and help lift them out of poverty as if they were our own children, because we will pay the price—in many cases personally—for the lack of development that these children suffer.

I do not know how many have been to Brazil, to Rio de Janeiro, one of the most beautiful cities in the world, where poverty fills every sight that you see, whether it is the mountains or the sea or what have you. Little kids, abandoned by their families, who will steal from open tables in the restaurant. I saw it happen. Because they are so hungry, they do not know any bounds, by virtue of appropriate conduct. Hunger, cunning takes over at all levels.

There was a shocking program the other night on "Nightline" about children who beg in the streets of Rio, who, when they get to be just a little more than 8 or 9 or 10 years old, they realize that their appeal for this baby face no longer has a salutary effect on the cups that they hold out for coins. Do you know what they do? They turn to prostitution at 9, 10, 11 years old. And they turn HIV positive in a hurry. And there is an epidemic of AIDS among little kids in Brazil, because they sell themselves. They do not know any other way to stay alive.

That is hardly a picture that we ought to aspire to and I am sure we do not. Those who are against this, I am not suggesting in any way, are for that kind of condition. But that is the reality when you cut off food and shelter and some caring concern. These little people find ways to exist, ways that we do not like, ways that we do not approve of, especially when they get a weapon in their hands, and especially when they gang up on someone who they think has the means to help them out.

That is why they are our responsibility, as well as some compassion in the hearts and souls of Americans. We have that as a people.

So, Mr. President, I hope we will reconsider. I hope my colleagues will reject this legislation. Once again, I commend our colleague from New York for his distinguished leadership in so many things, but particularly with this piece of legislation on welfare. I commend the President, also, for his veto statement, and I hope we will be able to sustain it.

Mr. President, this piece of legislation represents the worst of Speaker GINGRICH's radical agenda. It tears the safety net to threads. It leaves poor children to fend for themselves. It violates the most basic values of our Nation.

Mr. President, we live in the greatest nation on Earth. We are the wealthiest country in the world. But it is clear that some in our society do not share in this wealth. They are poor. They are

jobless and in some cases homeless. And they must rely on public assistance to survive. In America, this is unacceptable. And we should be committed to improving their lives.

Mr. President, there is no question that the current welfare system needs reform. But the central goal for any welfare reform bill should be to move welfare recipients into productive work.

This will only happen if we provide welfare recipients with education and job training to prepare them for employment. It will only happen if we provide families with affordable child care. It will only happen if we can place them into jobs, preferably in the private sector or—as a last resort—in community service.

But this welfare bill is not designed to help welfare recipients get on their feet and go to work. It is only designed to cut programs—pure and simple.

It is designed to take money from the poor so that Republicans can provide huge tax cuts for the rich. That is what is really going on here.

Unfortunately, Mr. President, the radical experiment proposed in this legislation will inflict additional problems on our society while producing defenseless victims.

Those victims are not represented in the Senate offices. They are not here lobbying against this bill. They do not even know they are at risk.

The victims will be America's children. And there will be millions of them.

Mr. President, the AFDC Program provides a safety net for 9 million children. These young people are innocent. They did not ask to be born into poverty. And they don't deserve to be punished.

These children are African-American, Hispanic, Asian, and white. They live in urban areas and rural areas. But, most importantly, they are American children. And we as a nation have a responsibility to provide them with a safety net.

The children we are talking about are desperately poor, Mr. President. They are not living high off the hog. These kids live in very poor conditions.

Mr. President, it is hard for many of us to appreciate what life is like for the 9 million children who are poor and who benefit from AFDC.

I grew up to a working class family in Paterson, NJ, in the heart of the Depression. Times were tough. And I learned all too well what it meant to struggle economically.

But as bad as things were for my own family, they still were not as bad as for millions of today's children.

These are children who are not always sure whether they will get their next meal. Not always sure that they will have a roof over their heads. Not always sure they will get the health care they need.

Mr. President, these children are vulnerable. They are living on the edge of homelessness and hunger. And they did not do anything to deserve this fate.

Mr. President, if we are serious about reforming a program that keeps these children afloat, we will not adopt a radical proposal like this bill. We will not put millions of American children at risk. And we will not simply give a blank check to States and throw up our hands.

Mr. President, this Republican bill isn't a serious policy document. It is a budget document. It is a downpayment on a Republican tax break that targets huge benefits for millionaires and other wealthy Americans. For those who make \$350,000 per year, the GOP reconciliation bill includes an \$8.500 tax break.

Mr. President, if the Republicans were serious about improving opportunities for those on welfare, they would be talking about increasing our commitment to education and job training. In fact, only last year, the House Republican welfare reform bill, authored in part by Senator SANTORUM, would have increased spending on education and training by \$10 billion.

This year, by contrast, this welfare bill actually cuts \$82 billion, including huge reductions in education and training.

So what has changed? The answer is simple. This year, the Republicans need the money for their tax breaks for the rich.

Mr. President, shifting our welfare system to 50 State bureaucracies may give Congress more money to provide tax breaks. But it is not going to solve the serious problems facing our welfare system, or the people it serves.

To really reform welfare, Mr. President, we first must emphasize a very basic American value: the value of work.

We should expect recipients to work. In fact, we should demand that they work, if they can.

Of course, Mr. President, that kind of emphasis on work is important. But it is not enough. We also have to help people get the skills they need to get a job in the private sector. I am not talking about handouts.

I am talking about teaching people to read. Teaching people how to run a cash register or a computer. Teaching people what it takes to be self-sufficient in today's economy.

We also have to provide child care.

Mr. President, How is a woman with several young children supposed to find a job if she cannot find someone to take care of her kids? It is simply impossible. There is just no point in pretending otherwise.

Unfortunately, this bill does not address these kind of needs. It does not even try to promote work. It does not even try to give people job training. It does little to provide child care.

All it does is throw up its hands and ship the program to the States. That is it.

Mr. President, that is not real welfare reform. It is simply passing the buck to save a buck. And who is going to get the buck that is saved? The peo-

ple the Republicans really care about: those who are well off.

Mr. President, I would like to take a moment now to talk about some of the facts about this legislation. The proponents of this legislation talk about philosophy and giving States flexibility, but I would like to talk about the facts.

The fact is that an HHS study showed that this legislation will force 1.2 to 2.1 million children into poverty.

And this is based on conservative assumptions. In all likelihood, the figure will be much higher.

Mr. President, I wish that all Senators would fully appreciate this. Living below the poverty rate is no fun. As I said, the poverty level for a family of three, a woman with two children, is \$11,821 per year.

Mr. President, How many people here think that they could raise two children well on \$11,821 per year?

Mr. President, not only does this analysis contain conservative assumptions, it also does not document what will happen to those children who already live in poverty. It is clear that they will also be harmed by this legislation because AFDC spending will be frozen at 1994 levels under this bill even though the cost of living for the poor will rise during the next 7 years.

This bill also includes a mandatory 5-year cap for the receipt of benefits. Once this time period is completed, there is nothing left for a poor family. No job, no education, no income support—nothing.

Mr. President, this seems like a benign provision but it will have harsh consequences for our children.

The cap will mean that 3.3 to 4.3 million children will get no help after 5 years. They will have no income support. They could be homeless.

Mr. President, I would like to point out that the 5-year cap is a maximum. It is an outer barrier. States can enact 1-, 2-, or 3-year caps and that will mean that even more children will have to go without assistance.

Mr. President, this bill also cuts Supplemental Security Income [SSI] benefits for disabled children. Under this conference report, 300,000 disabled children will be denied benefits in the year 2002.

Furthermore, approximately 500,000 children with disabilities, such as cerebral palsy, Down's syndrome, muscular dystrophy and cystic fibrosis, would have their benefits cut in the year 2002.

Mr. President, this bill also cuts food stamp funding by \$36 billion. These cuts will literally take food right out of the mouths of our children.

Mr. President, the children of this country belong to all of us. We all have a stake in their well being. It is our responsibility to protect them, as if they were our own children.

And, Mr. President, I would point out that we don't take risks with our own children's well being. We do not say to them—you better shape up or we will put you out on the street without food.

We protect our own children. And we want to do more to help them. Parents across this country work hard to make sure that their children will have a better life. This is the same philosophy we should take towards reforming our welfare system. We must protect our children and we must help them become better off.

We can not do this by cutting millions of children off and forcing them into poverty. This will make them worse off—not better off.

Mr. President, I urge my colleagues to reject this legislation and I urge the President to issue an emphatic veto.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I yield myself such time as I may require to thank my colleague and neighbor and friend from New Jersey for his statement, and particularly for raising a point, absolutely central to the legislation before us, which has not been raised until this moment in the debate, which is that this measure would repeal the eligibility of families who are now on Aid to Families with Dependent Children for Medicaid. This was not in the bill that passed the House. It was not in H.R. 4. It was not in the Senate bill. It is in the conference bill, which we have never seen. We never saw it. The conference never met.

I am sorry, we met once, October 24, for opening statements. And it never met again and the bill has come out. It was handed to us, the conference report was handed to us this afternoon. We found out what the Senator from New Jersey has said. That is the degree of the destructiveness of this measure.

I find it hard to comprehend, but I am not in the least surprised that every major religious group in the country, save one alone, pleads with us "Don't do this." Catholic bishops, the Lutheran Conference, on and on, UJA: "Don't do this to children."

I am increasingly confident, Mr. President, that we will not.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition? The Senator from Delaware.

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from Iowa.

Mr. GRASSLEY. Thank you, Senator ROTH, and thank you for being a good chairman of this committee and shepherding through a very important piece of legislation.

I have to acknowledge that it is with mixed emotions that I speak tonight on this conference report before us. I am very pleased to join my colleagues in support of a sweeping welfare reform proposal, probably the most sweeping in recent history. But I am angry at the President for saying that he will veto this.

I suppose you would say I should not be surprised that the President would veto this. I suppose you would look at his complaining about the Government being shut down and understand that he vetoed four bills this week, that if

he had not vetoed them, Government would be functioning. Yet he wants to point the finger at us.

This is the President who, in 1992, said we are going to change, reform welfare as we know it. He said that as a candidate. He said that as President of the United States. And considering the fact that he is always for a balanced budget on television but never negotiating for a balanced budget when he sits down to do it, or his people sit down to do it, and you cannot even get numbers on a sheet of paper, we maybe should not be surprised that the President said he is for reforming welfare as we know it and all of a sudden does not want to reform welfare as we know it, because he has a record of changing his mind on the very most critical issues before our country. He kind of has a real problem with making up his mind.

Mr. President, I have made up my mind. I am supporting this conference agreement. The House passed this conference by a vote of 245 to 178. That is a bipartisan vote. We should pass this bill more overwhelmingly than the House did. Remember, this passed the Senate 88 to 11. As I have said many times on this floor, States have been very successful in their efforts to reform welfare under waivers that are begrudgingly given to them by some faceless bureaucrat from time to time down at HHS. My own State of Iowa has a very successful effort at moving people from welfare to work, saving the taxpayers money, moving people off of welfare completely and trying to change the atmosphere in welfare of dependence to one of independence, where there is a sense of pride and esteem once again. The way my State of Iowa is doing this is by having the highest percentage of any State in the Nation of welfare recipients who are on private-sector jobs.

We have raised that percentage in 3 years of our reform from 18 percent to 34 percent. This is the kind of success that we at the Federal level have failed to achieve. Even in our best attempts in the 1988 Family Support Act we failed. That bill passed 96 to 1. That vote means that it was the best of intent to reform welfare. But we have three and a quarter million more people on welfare now than we did then. And it is costing billions of dollars more, which means we have failed to reform welfare.

We have seen States in the meantime succeed at welfare reform. That is the premise of this legislation. Moving out of the Washington bureaucracy the responsibility for welfare, moving it to our State and local governments to accomplish what we could not accomplish—moving people from welfare to work, moving people from dependence to independence, and saving the taxpayers' money.

I am pleased that we are making this move. We are acknowledging that we in Congress do not have a lock on wisdom or compassion. We are saying that we trust Governors and State legislatures

to take care of citizens in need, and to do it with a community-based approach and to reform welfare thus doing.

When we started this process 10 months ago now, I set four goals that I wanted to accomplish in welfare reform.

First, to provide a system that will meet the short-term needs of low-income Americans as they prepare for independence.

Second, to provide States a great deal of flexibility.

Third, to reduce the incidence of out-of-wedlock births.

And, finally to save the taxpayers some of their hard-earned money.

I am pleased that Senator ROTH has led a conference that has given us a report that substantially addresses each of these goals.

The conference report provides for a block grant of the AFDC program to the States so that the States can meet the needs of low-income Americans in the most community-oriented, cost-efficient manner. It accepts a fact of life—that you cannot pour one mold here in Washington, DC, and expect to spend the taxpayers' money wisely solving the problems the same in New York City as you do in Waterloo, IA. This will let New York do the best with the taxpayers' money they can to accomplish the goals that they know should be accomplished, and the people in Iowa will do it according to their best way.

In doing so, this gives the States the great flexibility they need to design their programs to meet the needs of their individual citizens. Iowa has demonstrated a great benefit of the program designed with its citizens in mind, its very own program. Over 2 years ago, the Iowa State Legislature passed a bill that totally overhauls our welfare system. State leaders came to us at the Congress at the Federal level for that waiver necessary to implement their ideas. The waiver was finally approved, and the State plan was implemented in October 1993.

As I mentioned before, in the last 2 years, we have moved from 18 percent to 34 percent the number of our welfare recipients in jobs. This dramatic increase shows the ingenuity of the Iowa State plan to move people from welfare to work. It also shows the importance of giving much greater flexibility to State leaders.

Another positive portion of the final report is that it protects States which are under waiver agreements like my State of Iowa.

When Iowa came to the Federal Government for their waiver, they were required to have a cost neutrality clause in their contract agreement with the Federal Government. If my State wanted to try new ideas, then they were told by the Federal Government that they would have to bear the burden of any additional cost incurred. Being sensitive to the Federal deficit, I understood the need for that agreement.

But since we are now changing the rules of the game midstream, it was

critical that we not hold the States liable under those waiver agreements. Since we are going to change our end of the deal—we at the Federal level by this legislation—States should not be required to live up to their end of the deal. This issue was addressed in the conference agreement by allowing States to cancel their waiver agreements while addressing the up-front costs that States have invested in their welfare programs.

My next goal was to take steps to address the seemingly intractable problem of out-of-wedlock births. The conference report requires that teenage mothers live at home, or in a supervised setting. If there is anything that we should all be able to agree upon, it is that young teenage mothers should not be left alone in raising children. They need support.

Witness after witness who came before Senator ROTH's committee agreed that teenage moms should not be left to fend for themselves and their children.

The conference also keeps the family cap but allows States to opt out if they desire. This compromise between the original House and Senate language is reasonable because it keeps the States from ignoring the issue but leaves the final determination to each State legislature.

My last goal—to save the taxpayers some of their hard-earned money—is really more of a result of reform than a goal itself. If we take steps to move people from welfare to work, give greater flexibility to the States, and reduce illegitimacy, we will—in the long run—save some taxpayer money. This would be a positive result.

I urge my colleagues to recognize this conference agreement as a good compromise between the House and Senate bills. It accomplishes the President's goal to end welfare as we know it.

We should send the President this conference report in the hopes that he will reconsider his recent comments and sign this bill into law. I urge adoption of the conference agreement.

Mr. KENNEDY addressed the Chair. The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, as I understand it, we have been rotating back and forth. I know that Senator GRAMS has been here. I do not intend to take very long. But I would like to address the Senate on this issue.

I yield myself 12 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, there is a right way and a wrong way to reform welfare. Punishing children is the wrong way. Denying realistic job training and work opportunities is the wrong way. Leaving States holding the bag is the wrong way. While we all want to reform welfare, this conference report is simply the wrong way. It takes a bad Senate bill and makes it worse.

Mr. President, I know all of our Members are familiar with the excellent work that has been done by our friend, the Senator from New York, Senator MOYNIHAN, both in his presentations earlier this evening and his very considerable contribution to this debate over the years. I hope all of our Members will read carefully, prior to the time that we vote, the presentation of our good friend and colleague, Senator MOYNIHAN.

The Senate bill eliminated a 60-year old good faith national commitment to protect all needy children, and for that reason, in my opinion, it was fatally flawed. The Office of Management and Budget documented that the Senate bill would have pushed an additional 1.2 million children into poverty—hardly the goal of real reform. This conference report simply adds insult to injury. It will undoubtedly result in increased suffering for millions of American children and families. It continues to be legislative child abuse—and it should be defeated.

The Senate bill cut food stamps for 14 million children, SSI benefits for 225,000 disabled children, essential protections for 100,000 abused children, and minimal assistance for 4 million children left with no safety net after the time limit. This conference report slashes each of these survival programs even further—with nutrition services, disability benefits, and child protection efforts footing most of the bill.

If the conference report becomes law, children born to parents on welfare will be punished in every State. Victims of domestic violence will lose their special protections. Food stamps for the working poor and the unemployed will be further restricted. Women and children on AFDC will lose their Medicaid guarantee. Family preservation programs, child abuse programs, and child nutrition programs will be block granted. Family hardship exemptions and State investment requirements will be further reduced. All this pain is inflicted above and beyond the Senate bill.

And even the modest child care provisions added to the Republican Home Alone bill on the Senate floor have been rolled back. The Republican welfare agreement not only falls far short of providing essential child care funding but guts essential protections for children in child care.

During consideration of the Senate bill, the Congressional Budget Office said most States were likely to simply throw up their hands and ignore the new work requirements. Unfortunately, nothing on that front has changed for the better. CBO continues to believe that under this conference agreement, States will accept the sanctions for failing to comply, rather than try to reach the goals without the resources needed to make it possible.

This conference report more than doubles the child care short fall found in the final Senate bill. According to the Congressional Budget Office, the

conference report is more than \$6 billion short of providing States with enough child care funding to make the work requirements work. Once again, this is not welfare reform: it is welfare fraud.

What we know is that there are certain ingredients which are necessary to make any real welfare reform effort work. First of all, you have to provide some degree of job training and education for the individual. There has to be a job market out there so that the individual is able to gain employment and hopefully earn a decent wage. And there has to be health insurance coverage, particularly for small children, and there has to be child care.

Those are the effective ingredients and without these effective ingredients we are not going to have the kind of welfare reform which is so important and necessary. We will not be able to move people out of dependency into some degree of hope and opportunity for themselves and for their children.

What we have seen here is, even after the debate held on the floor of the Senate, even after the amendment of Senator DODD, myself and others was accepted, it goes to the conference and is rolled back from that position. Not only is the total amount of funds inadequate, but the protections for children in child care are gone.

Mr. SANTORUM. Will the Senator from Massachusetts yield for a question?

Mr. KENNEDY. If any Member of this Senate wants to see the best child care in this country, go to a military base. Go to any military camp across this country and you see child care programs at their very best. That is what has happened, Mr. President. Military child care represents the kind of high quality care that was fought for by our friend and colleague, Senator DODD, and also that was eventually worked out in a bipartisan way with Senator HATCH and Senator DODD and signed into law by President Bush—bipartisan support.

Now we read that these important child care protections have been stripped away in this conference report. It is absolutely untenable. And you and I know what is going to happen. With inadequate funding and protections for child care, we are going to hear in another 2 or 3 years about how child care is being bungled in the various States, and this is going to be used as an excuse to further reduce it. That is what is going to happen. And that I think is unfair, unjustified, and unwarranted.

Mr. SANTORUM. Will the Senator from Massachusetts yield for a question?

Mr. KENNEDY. I would like to just finish. I do not intend to speak for long. And then I will be glad to yield.

Mr. President, further, the conference agreement will undoubtedly ensure that those struggling to stay off welfare will lose their support to those seeking to get off welfare. But low-in-

come working families need help, too. The average cost of a child in child care is almost \$5,000 a year, yet the take-home pay from a minimum wage job is stuck at \$8,500 a year. This is not manageable. It is not acceptable.

The conference agreement pulls the rug out from under these families just as they are getting on their feet. Such an approach is callous and counterproductive. In Massachusetts, of mothers who left welfare for work and then returned to welfare, 35 percent cited child care problems as the reason that they do not get enough of it. And the principal reason is we have three different child care programs that existed under the Finance Committee, all repealed. We also had a block grant program that was out there dealing with children of working parents. You had about 760,000 in one, about 650,000 in the other programs. And those programs have been combined and the entitlement status eliminated. At the same time, the need has been dramatically increased. In the Republican welfare conference, the total amount that is now being provided is even more inadequate than before. And even though we made some adjustment in this Chamber, that child care program has been very much emasculated.

The Republicans have cut by more than 50 percent the funds set aside to improve the quality of child care. This is true despite the fact that report after report documents the shockingly poor quality of child care in far too many child care centers and home-based child care settings. These Federal quality funds are making a measurable difference in the growth and development of low-income children.

The changes in this bill reduce child safety, parental choice, and parental opportunity. They do not promote work or protect children. This bill is not about moving American families from welfare to work. It is about taking assistance away from millions of poor, homeless and disabled children—and passing it out in tax breaks to the rich. It is about starving small children and feeding corporate fat cats. It is Robin Hood in reverse.

My Republican colleagues are correct when they say that this is a historic moment. If this bill passes, it will go down in history as the day the Congress turned its back on needy children, on poor mothers struggling to make ends meet, on millions of fellow citizens who need our help the most.

Some may wonder why the Republicans want to jam through a welfare conference report that they just managed to twist enough arms to get signed last night? The Republicans put a premium on speed. They hope that no one will find out exactly what their plan means until it is too late. They want to hide the harsh reality. When you strip away their rhetoric, their overall budget plan is to punish children and to protect corporate loopholes.

Republican priorities are clear. For millionaires, they will move mountains.

We passed in the Senate under the leadership of Senator MOYNIHAN and others by over 90 votes a repeal of the billionaire's tax cut. This is the provision that allows you to make \$4, \$5, \$6 billion, trade in your citizenship, and get a tax break to take up residency in another country while the rest of Americans are working hard and paying their fair share. We voted overwhelmingly to eliminate it. Only four Members actually voted against it. But as soon as they went to conference and closed the door, they put it right back in here. While they are cutting child protection and child nutrition programs, they are protecting the billionaire's tax cut. And that is untenable, Mr. President.

Poor children, there is not a finger lifted for them.

Some of the Nation's corporate executives purchased full page ads in the Washington Post and the New York Times calling on Congress to produce a budget deal stating that every form of spending should be on the table. I couldn't agree more. It is high time that we had shared sacrifice.

We all want to balance the budget. But it cannot and should not be done on the backs of America's children. Enough is enough. Enough of backroom deal with high paid corporate lobbyists. Enough of dismantling commitments made to our children and families who need our help.

In the end, it is a battle for the heart and soul of this Nation. It is a simple question of priorities. Are we going to leave millions of American low-income children behind in order to give huge tax breaks to the rich? Are we going to put disabled children back in institutions in order to allow corporations to ship their profits overseas.

A "survival of the richest" plan is not what makes America America.

President Kennedy said in his Inaugural Address: "If a free society cannot help the many who are poor, it cannot save the few who are rich."

And in defense of the national safety net—President Reagan said in 1984: "We can promote economic viability, while showing the disadvantaged genuine compassion."

We have learned from experience that some cuts never heal—and I caution my colleagues that this conference report is full of them.

I am proud to join President Clinton and my Democratic colleagues in the House and the Senate vigorously opposing this conference report. Clearly, we can do better, and now is the time to start trying.

For the children who are too young to vote and who cannot speak for themselves—we must be their voice. I urge my colleagues to vote "no" on this conference report.

I will be glad to yield.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. KENNEDY. I yield myself 6 minutes to be able to respond, if the Senator from Pennsylvania had a question.

Mr. SANTORUM. I thank the Senator from Massachusetts. I just want to clear—

The PRESIDING OFFICER. The Senator from New York yields time?

Mr. MOYNIHAN. To the Senator from Massachusetts.

Mr. KENNEDY. The Senator from Pennsylvania had inquired earlier, and I indicated I wanted to complete my statement, and I have. And the Senator from New York has granted I think 2 more minutes—

Mr. MOYNIHAN. As much time as the Senator likes.

Mr. KENNEDY. To respond to the Senator who wanted to ask questions. Otherwise, I yield the floor.

Mr. SANTORUM. I would like to ask a question of the Senator from Massachusetts. The Senator from Massachusetts made the statement that child care funding under this bill is rolled back, has declined. I would just refer him to—he said we had a premium on speed, and I think in this case the premium on speed has been to our detriment because I am not sure the Senator has the most current figures on child care. Let me review for the Senator what is in the bill.

Like the Senate bill that passed, there is a \$1 billion per year block grant to the States, identical to what we passed here. There is a difference in the mandatory child care category. We in the Senate-passed bill spent \$10 billion over 7 years for child care. In the conference report it is \$11 billion. \$1 billion more than the Senate bill overall. And in addition, it is over \$1.8 billion more than the current CBO baseline. So it is more than the Senate bill, and it is substantially more than what would be under current law.

Mr. KENNEDY. Well, Mr. President, just to respond, I understand that it provides \$11 billion over 7 years for child care as opposed to \$8 billion over 5 years in the Senate bill. I think I am correct on that. I see my friend from New York nodding his head. And CBO says that this amount is \$6 billion short of the funding needed to make the work requirements work. In addition, the conference report caps the child care block grant for working poor families at \$1 billion—is that correct?—rather than such sums as in the Senate bill. So I think I stand by the earlier statement. I see the Senator from New York—

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. The Senator can have as much time as remains to us, if he wishes.

Mr. SANTORUM. If I can say to the Senator from Massachusetts that the 5-year number is correct, \$8 billion over 5 years in the Senate-passed bill, but \$10 billion over 7 years in the conference report. The Senator is correct it is not \$8 billion in 5 years; it is \$7.8 billion. So you trade off in a sense \$200

million in the first 5 years for an additional \$1 billion in the final 2 years, which many would see as a pretty good trade-off and an increase in the overall allocation of \$1 billion.

So I do not think it is fair to say that it is a decrease in chapter funding when you are spending \$1 billion over a year covered by the bill.

Mr. KENNEDY. Well, I say to the Senator, I will put in the RECORD my understanding on the child care provisions, as I indicated earlier, the \$11 billion over 7 years, still far short of what CBO says is needed, and also that the cap of the child care block grant. This bill also rejects the Senate provisions preserving the funding entitlement for all protective services, including essential foster care and adoption programs.

As the Senator from Pennsylvania knows, the conference agreement maintains the entitlement for room and board costs associated with foster care and adoption, but block grant the funds used to keep children safe by removing them from dangerous situations and finding and monitoring alternative placements.

That is one of the most important aspects of the program. I am extremely familiar with the excellent program that is taking place in Los Angeles, one of the most effective family preservation programs around. With outreach and support efforts, children are being kept safe and experiencing good care and attention.

The Senate bill emphasized prevention and family preservation. But by block granting these special efforts with crisis intervention programs, these particular provisions have been effectively eliminated. Independent living programs are also repealed. And at a time when the needs will increase in terms of the children protection, the report cuts essential services by \$1.3 billion more than the Senate bill.

We have not even talked about the disabled children, what has happened to them. We have not talked about the food stamp programs that are going to affect children. We have not talked about child nutrition. You nearly double the size of the cuts in the Senate bill from \$3.4 to \$5 billion. There are 32 million needy children currently in this program. And the list goes on.

I know the Senator will want to address this. This is a listing of my understanding of it. I know the Senator from Pennsylvania will do likewise. But I welcome the opportunity to identify the impact of this legislation on children. And what exists at the present time, what was in the Senate bill, and what has come out of this conference. I think it should be listed, and attention should be drawn to it, hopefully prior to the time we vote. I know the Senator will put in his interpretation, as I do mine.

I thank the Senator from New York. I yield myself 30 more seconds to say how much all of us appreciate his leadership, not only this evening and the work on the conference report, but the



brilliance of his leadership during the consideration earlier in the debate and for all the good work that he has done over the years. In 1988, his true reform program provided the child care, provided jobs training and education, and provided for transitional support in terms of the health care.

That still is, when the final chapter is written, the way to go. All of us, all Americans are in his debt for the leadership that he has provided. I thank the Chair.

Mr. MOYNIHAN. Mr. President, may I yield myself 30 seconds to thank my friend from Massachusetts, who is, as ever, at the fore in these matters.

The President in his statement that he will veto this bill says that he looks forward to bipartisan efforts to pursue the directions we took in 1988 and on which we should continue. But it is not cheaper. Mr. President, the cheapest thing to do is what we do now, what we are going to do in this bill. And it is ruinous to children. We would look back at this as a day without precedent in the history of this body, an idea that a year ago would have been, I think, unthinkable.

I think now we will at long last, when we have come to our senses, as I said earlier, in a bipartisan effort accomplish what we need to as soon as this particular one is behind us. I thank the Chair.

The PRESIDING OFFICER. Who seeks recognition?

Mr. ROTH. I yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. I ask the manager of the bill if I could have up to 10 minutes?

Mr. ROTH. I am sorry, just 5.

Mr. GRAMS. Mr. President, I rise today in support of the conference report to H.R. 4, the Work Opportunity Act of 1995, and I commend the majority leader and my colleagues for the months of concentrated effort it took to bring us to this point. And I appreciate the opportunity to speak on this bill tonight.

Mr. President, since the beginning of the 104th Congress, we have been debating the state of this Nation's welfare system. Both sides of the aisle recognize that the system is broken.

It encourages illegitimacy.

It does not recognize the importance of marriage and family. It offers no hope or opportunity for those Americans who are trapped within its layers of bureaucracy.

And it was not supposed to be this way.

After signing the 1964 Welfare Act, President Lyndon Johnson proclaimed, "We are not content to accept the endless growth of relief rolls or welfare rolls," and he promised the American people that "the days of the dole in our country are numbered."

The New York Times predicted the legislation would lead to "the restoration of individual dignity and the long-

run reduction of the need for government help."

In 1964, America's taxpayers invested \$947 million to support welfare recipients—an investment which President Johnson declared would eventually "result in savings to the country and especially to the local taxpayers" through reductions in welfare case-loads, health care costs, and the crime rate.

But yet, 30 years later, none of those predictions have materialized, and the failure of the welfare system continues to devastate millions of Americans every day—both the families who receive welfare benefits and the taxpayers who subsidize them.

Despite a \$5.4 trillion investment in welfare programs since 1964, at an average annual cost that had risen to \$3,357 per taxpaying household by 1993:

One in three children in the U.S. today is born out-of-wedlock;

One child in seven is being raised on welfare through the Aid to Families with Dependent Children program; and

Our crime rate has increased 280 percent.

Mr. President, those are the kinds of devastating statistics which until recently have been ignored by the bureaucratic establishment in Washington, but those are the statistics H.R. 4 will finally address.

By rewriting Federal policies and working in close partnership with the States, we can create a welfare system which will effectively respond to the needs of those who depend on it—at the same time to protect the taxpayers.

This bipartisan welfare conference report sets in place the framework for meeting those needs by offering individuals who are down on their luck some opportunity, self-respect and most importantly, the ability to take control of their own lives.

And yes, we will ask something of them in return.

The most significant change in our welfare system will be the requirement that able-bodied individuals put in 20 hours of work every week before they receive assistance from America's taxpayers.

Mr. President, my colleagues and I have come to the floor repeatedly this session to suggest that our present welfare system promotes dependency by discouraging recipients from working, but nothing sums up the problem more perfectly than a story which appeared just last month in the Baltimore Sun.

It seems that the Baltimore regional office of the Salvation Army is having trouble this year recruiting volunteer bell ringers to staff the red kettles that have become a symbol of the holiday season.

So they decided to pay for the help—\$5 an hour, thinking it would give people on public assistance the opportunity to earn some money. Here is where the Baltimore Sun picks up the story:

The Frederick chapter ran a help-wanted ad for bell ringers in the local paper for a

week but received only four applications. It then approached an agency that provides temporary workers.

The agency interviewed 25 people for the bell ringing job, but no one wanted to do it. One person accepted the job at a second temporary help agency.

"I'm beating my head against the wall," Captain Mallard said.

That is Butch Mallard, commander of the Salvation Army in Frederick, MD:

I don't know if people don't want to work outside, or that they just don't want to work for \$5 an hour when they can stay home and get that much from the government.

Mr. President, the Salvation Army has found out what we have been saying all along: the government makes it so easy for a welfare recipient to skip the work and continue collecting a federal check that there is absolutely no incentive to ever get out of the house and find a job.

And if someone actually takes the initiative to take a job—perhaps as a bell ringer—they risk forfeiting their welfare benefits entirely.

During Senate consideration of the Work Opportunity Act, Senator SHELBY and I joined forces with the majority leader to ensure that welfare recipients receive benefits only after they work.

We believe welfare recipients should be held to the same standards, the same work ethic, to which America's taxpayers are held.

American taxpayers are putting in at least 40 hours on the job each week—and are sometimes forced to take on an additional job or work overtime hours just to make ends meet.

And all the while, they have been generously providing welfare recipients with cash and benefit assistance, while the only thing we ask of welfare recipients is to provide an address where we can mail their checks.

Under the Grams-Shelby pay-for-performance amendment which was adopted earlier this year, this practice will end. Welfare recipients will be required to work before they receive any cash assistance.

Simply put, our amendment stipulates that welfare recipients will receive financial assistance from the taxpayers only for the number of hours they are actually engaged in a work activity.

A work activity includes: a private sector job, on-the-job-training, a subsidized job, workfare, community service, job search limited to 4 weeks, and vocational education limited to 1 year.

A welfare recipient is required to be required to work 20 hours a week—if they only put in 15 hours in a particular week, they will only receive cash assistance for those 15 hours of work.

Many of my colleagues have expressed their support for these tough work requirements and the need for the pay-for-performance amendment.

But some Members believe our original bill did not include adequate funding to provide child care while parents were working.

These concerns were raised despite the fact that the Senate bill dedicated \$8 billion toward child care services.

But in order to address the concerns that \$8 billion is still not enough, the conference report increases child care funding to \$18 billion.

As it has in the past, safeguarding the well-being of children will continue to remain a primary concern of the re-focused welfare system our bill will create.

I am proud that we have taken additional steps through this conference report to ensure our children's readiness, and ability, to learn.

Throughout the last year, I have been meeting with parents, educators, nutrition experts and pediatricians who are concerned about the future of Federal nutrition standards.

Many of them have pointed out that unless children receive and maintain a proper level of nutrition, they will perform significantly lower than their learning potential.

And so I have worked to ensure that medically devised Federal nutrition standards, established by the National Advisory Council on Maternal, Infant and Fetal Nutrition, are maintained under this legislation.

I am pleased that my colleagues have joined me in recognizing the need for these uniform standards by including them in this bill.

Mr. President, our bill also recognizes that officials elected locally—our state legislators and governors—are more capable than their representatives in far-away Washington to administer effective programs on the State and local level.

And so this welfare reform legislation will give States like Minnesota the flexibility they need to develop innovative programs to assist those who need help most.

States will no longer have to ask Washington for permission to establish successful programs like the Minnesota family investment plan. States will finally be able to save money and use it wisely, rather than being forced to spend it on the wasteful paperwork Washington requires them to fill out.

Mr. President, the bipartisan legislation before us today to overhaul our failed welfare system is the first positive step away from a system which has held nearly three generations hostage with little hope of escape.

Only by enacting this legislation can we offer these Americans a way out and a way up.

I challenge my colleagues on both sides of the aisle, and the President, and the American people themselves, to take this message to heart: Government cannot solve all our problems.

As Americans, we need to look within ourselves rather than continuing to look to Washington for solutions.

Does anybody really believe the Federal Government embodies compassion, that it has a heart?

Of course not—those are qualities found only outside Washington, in America's communities.

Mr. President, there is no one I can think of who better exemplifies heart

and compassion than Corla Wilson-Hawkins, and I was so fortunate to have had the opportunity to meet her recently.

She was one of 21 recipients of the 1995 National Caring Awards for her outstanding volunteer service to her community.

Corla is known as "Mama Hawk" because, more than anything else, she has become a second mother to hundreds of schoolchildren in her west-side Chicago community, children who, without her guidance, might go without meals, or homes, or a loving hug.

Mama Hawk gives them all that and more, and she and the many, many other caring Americans just like her represent the good we can accomplish when ordinary folks look inward, not to the government—and follow their hearts, not the trail of tax dollars to Washington.

Mama Hawk tells a story that illustrates better than I ever could how the present welfare system has permeated our culture and become as ingrained as the very problems it was originally created to solve.

These are her words.

When I first started teaching, I asked my kids, what did they want to be when they grew up? What kind of job they wanted. Most of them said they wanted to be on public aid. I was a little stunned.

I said, "Public aid—I didn't realize that was a form of employment." They said, "Well, our mom's on public aid. They make a lot of money and, if you have a baby, they get a raise."

Mr. President, that is the perception, maybe even the reality, we're fighting to change with our vote today on this historic conference report. While there is more work to accomplish, this bill is a good first step toward truly ending welfare as we know it.

I look forward to working with my colleagues in the future to finish the good work we have started today.

Ms. MIKULSKI. Mr. President, I oppose this conference report. We should reject this bill. We should return to the bargaining table to negotiate real welfare reform which moves people from welfare to work and provides a safety net for kids.

Nearly 3 months ago, I joined 34 of my Democratic colleagues in reaching across the aisle to pass a bipartisan welfare reform bill by a vote of 87-12.

We did so because our deliberations had produced a bill that began to move the welfare reform debate away from the harsh rhetoric of the House bill.

I had hoped that our initial success at compromise in the Senate could lead to true compromise with the House. Regrettably, it did not.

During Senate action last September, Senate Republicans and Democrats worked together to find common ground and the sensible center. In contrast, the House-Senate welfare conference was shaped by Republican back room deals. Democrats were shut out.

This Conference Report is punitive. It's tough on kids, and it does not give people the tools they need to get and keep a job.

This bill moves us in the wrong direction.

First, this bill is part of the Republican assault on needy families. This bill cuts \$82 billion from child care, food stamps, child nutrition, child protection, welfare and other programs over 7 years—drastically more than the Senate welfare reform bill. These cuts are draconian.

They are coupled with other budget cuts critical to working families, such as the earned income tax credit. The EITC helps keep working families out of poverty. The Republicans welfare plan says go to work. The Republican budget says, once you get to work, we're going to make you pay more in taxes.

Second, the conference report snatches away the safety net for kids. It weakens the Senate effort to provide child care to working families by cutting \$1.2 billion. These drastic cuts mean that parents will have to choose between taking care of their kids and going to work. Today, 34 percent of women on welfare say they are not working because they cannot find or afford child care.

Children will go hungry under this conference report. It jeopardizes the nutrition and health of millions of children, working families, and the elderly. It cuts food stamps and school lunches. And, if there is a recession, there is no guarantee those in need can get either. At least 14 million kids will suffer from this cut.

Third, neglected and abandoned children, and children in foster and adoptive care, will suffer further under this conference report. It slashes protective services to these kids by 23 percent or \$4.6 billion over the next 7 years. The bill also cuts funding to investigate reports of abuse and neglect, to train potential foster and adoptive parents, to help place children in foster and adoptive homes and to monitor State child protection programs. These cuts come at a time when resources can't meet current needs to protect children from abuse and neglect.

Fourth, the conference agreement is punitive to disabled children. We all agree Supplemental Security Income needs to be reformed. But, this goes too far. It too narrowly defines who qualifies. So, only the most severely disabled children will get SSI, stranding many disabled kids and their families.

Fifth, the conference report allows States to cut back on their financial commitment to poor families. It weakens the State maintenance of effort provisions the Senate fought so hard for. Under this bill States could cut their contributions to poor families by 25 percent each year. The net effect—less child care, fewer tools to help get people to work, and more children falling into poverty.

And sixth, the bill fails to recognize that when there is an economic downturn, people lose their jobs and need a helping hand. There is not an adequate contingency fund for use during times



of natural disasters, changes in child poverty, and population shifts.

This bill fails to move people from welfare to work. And it is a bill that will force more than a million additional children into poverty.

The welfare package of the President's 7-year balanced budget plan is a good place to start. It takes a significant page from the Work First proposal that Senators DASCHLE, BREAUX, and I wrote earlier this year. It requires welfare recipients to go to work by providing them with the tools to get a job and keep it. It cuts \$49 billion in welfare programs, but does so responsibly—not in the reckless and punitive fashion of this conference report.

The best social program in America is a job. Unfortunately, the Republicans welfare bill now before the Senate is a con job when it comes to Americans' desire to get welfare recipients back to work. Vote no on this conference report.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, we are truly at the end of our debate this evening, toward the end. I ask unanimous consent that statement by the presidents of the National League of Cities, the National Association of Counties, and the United States Conference of Mayors urging the defeat of this measure be printed in the RECORD.

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

NATIONAL LEAGUE OF CITIES, NATIONAL ASSOCIATION OF COUNTIES, THE UNITED STATES CONFERENCE OF MAYORS, DECEMBER 20, 1995.

DEAR SENATOR: On behalf of the nation's local elected officials, we are writing to urge you to oppose H.R. 4, the conference agreement on the Personal Responsibility Act. Although the conferees agreed to some changes in the areas of foster care consultation with local governments, we cannot support the Final conference agreement which fails to address many of the other significant concerns of local governments. In particular, we object to the following provisions:

The bill ends the entitlement of Aid to Families with Depend Children, thereby dismantling the critical safety net for children and their families.

The bill places foster care administration and training into a block grant. These funds provide basic services to our most vulnerable children. If administration and training do not remain an individual entitlement, our agencies will not have sufficient funds to provide the necessary child protective services, thereby placing more children at risk.

The eligibility restrictions for legal immigrants go too far and will shift substantial cost into local governments. The most objectionable provisions include denying Supplemental Security Income and Food Stamps, particularly to older immigrants. Local governments cannot and should not be the safety net for federal policy decisions regarding immigration.

The work participation requirements are unrealistic, and funding for child care and job training is not sufficient to meet these

requirements. One example of the impracticality of these provisions is the removal of Senate language that would have allowed states to require lower hours of partition for parents with children under age six.

We remain very concerned with the possibility of any block granting of child nutrition programs. A strong federal role in child nutrition would continue to ensure an adequate level of nutrition assistance to children and their families. School lunch programs are necessary to ensure that children receive the nutrition they need to succeed in school. Children's educational success is essential to the economic well being of our nation's local communities.

The implementation dates and transition periods are inadequate to make the changes necessary to comply with the legislation. We suggest delaying them until the next fiscal year.

As the level of government closes to the people, local elected officials understand the importance of reforming the welfare system. However, the welfare reform conference agreement would shift costs and liabilities and create new unfunded mandates for local governments, as well as penalize low income families. Such a bill, in combination with federal cuts and increased demands for services, will leave local governments with two options: cut other essential services, such as law enforcement, or raise revenues. We, therefore, urge you to vote against the conference agreement on H.R. 4.

Sincerely,

GREGORY S. LASHUTKA,  
*President, National League of Cities, Mayor, Columbus, Ohio.*

DOUGLAS R. BOVIN,  
*President, National Association of Counties, Commissioner, Delta County, Michigan.*

NORMAN B. RICE,  
*President, The United States Conference on Mayors, Mayor, Seattle, Washington.*

Mr. MOYNIHAN. Mr. President, they make a number of points, but the first one being:

The bill ends the entitlement of Aid to Families with Dependent Children, thereby dismantling the critical safety net for children and their families.

This is the central point. We do not have welfare reform before us, we have welfare repeal, a repeal of a commitment made in the 1930's in the middle of the Depression. To be abandoned now would be unthinkable, and I am increasingly confident it will not occur.

Also, I ask unanimous consent to print in the RECORD a joint statement by Catholic Charities USA, the Lutheran Social Ministry Organizations of the Evangelical Lutheran Church in America, the Salvation Army, and the Young Women's Christian Association on these and other matters.

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

JOINT STATEMENT OF LARGE NONPROFIT SOCIAL SERVICE PROVIDERS, OCTOBER 19, 1995

Catholic Charities USA, the Lutheran Social Ministry Organizations of the Evangelical Lutheran Church in America (ELCA), The Salvation Army, and the Young Women's Christian Association (YWCA) are the

nonprofit organizations who together do more for low-income families and poor people in the United States than anyone else. We are greatly concerned about the consequences that deep cuts in programs that serve poor and low-income people will likely create. The very fabric of our society is at risk. We believe that such cuts will exacerbate the despair already felt among many and turn it into hopelessness. As we go about our business of serving both the physical and spiritual needs of people, we see the desperation in many of their eyes.

The chasm between the rich and poor in our country appears to be growing. While children born to families in the upper twenty percent of the income scale in the United States experience the highest standard of living in the industrialized world, the children born to families in the lowest twenty percent receive one of the lowest. We should be developing policy that narrows that gap rather than policy that widens it. The reduction in the support for programs serving low-income people such as Aid to Families with Dependent Children, food and nutrition, Medicaid, housing, the Legal Services Corporation, Supplemental Security Income, and the Earned Income Tax Credit, when combined, will have a devastating effect on families that have few options. Even if these families are able to work, that work is often at or near minimum wage with no benefits leaving families still living in terrible deprivation. Elderly people as well will experience increased poverty and all that it brings.

In addition to the hopelessness of spirit, we believe the proposed policy changes will increase hunger, homelessness, and abuse and neglect within families.

Historically, we have worked quite successfully in partnership with government to provide services to persons with special needs. On every front we have received commendation for the great work we have done. However, we do not have either the financial or physical capacity to serve the increased need we expect to occur because of these policy changes. In fact some of the changes may force us to terminate some programs and even close our doors in some areas. We are deeply concerned that the partnership between government and religious institutions, which has worked so well in the past, is now being broken.

We will do our part to alleviate as much suffering as possible by our acts of mercy. However, we believe that all have a responsibility for the needs of the people, the general welfare, the common good—church members and non-church members alike. Because not all seek what is just and good, dependence on charity for the basic needs of life is inadequate. Charity can supplement, but it will never be able to replace "justice." It is not just the responsibility of faith group members who choose to give generously of both their time and resources to ensure that people's needs are met. Society as a whole must be committed to the well being of all. We believe that government, as a means by which Americans act corporately, has a major role in establishing justice, protecting and advancing human rights, and providing for the general welfare of all. This is not a time for government to deny their role and reduce their portion of the partnership.

We believe that Congress and the President should be cautious when making sweeping changes in policy and not reverse the present working relationship with nonprofit providers which has worked so well in the past.

Rev. CHARLES MILLER,  
*Executive Director, Lutheran Social Ministry Organizations of the Evangelical Lutheran Church in America.*

Rev. FRED KAMMER, S.J.,  
*President, Catholic  
 Charities USA.*  
 Commissioner KENNETH L.  
 HODDER,  
*National Commander,  
 The Salvation Army.*  
 PREME MATHAI-DAVIS,  
*Executive Director,  
 YWCA of the U.S.A.*

Mr. MOYNIHAN. I reserve the remainder of my time as I believe we are going to try to go to a concluding measure here.

Mr. ROTH. Mr. President, first, I yield 5 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. Thank you, Mr. President. I thank the distinguished chairman of the committee for the wonderful job that he has done. It is never easy to make such changes as we are making in this bill. But it is one of the most important decisions that we will make, because it is one of the key elements to change the direction of this country as it relates to welfare and to allow us to balance the budget.

We have heard a lot of talk this afternoon and this evening about helping children. Mr. President, if we are going to help the children of this country, the most important thing we can do is balance the budget. We cannot balance the budget unless we put welfare on a budget. If we do not put welfare on a budget, we will not be able to do what is right for this country.

I am voting yes on this conference report for two reasons: We must take welfare off entitlement status and, Mr. President, we have talked all day and all night about the President saying he is going to veto this bill. There is one reason he is going to veto this bill. It is because we are taking welfare off entitlement status and putting it on a budget. That is the fundamental difference between the President and those of us who are going to support this bill.

This bill does not cut welfare spending. This bill slows the rate of growth of welfare spending from 5.8 percent to 4.02 percent, less than 2 percentage points of difference in the rate of growth. We are going to spend more on welfare. But the difference is we are going to put some parameters around it. We are going to give the States the right to have a welfare program that fits the needs of their States.

Mr. President, my Governor, George Bush, says, "What are they talking about, hurting the children? Do they think I am going to have starving children in my home State?"

My Governor is a graduate of Yale. I mean, it is not the University of Texas, but it is OK. I think he is enlightened. I think he can handle the job, and I think every other Governor in the United States of America knows best what will fit their State's needs.

This is going to make some monumental changes in the priorities we have. We have heard tonight Senators

saying, "What are the priorities of this country?" We are going to decide.

The priorities of this country are that we want to help people who need a transition for a temporary period, and that is what this bill does. Can people stay on welfare if they are able-bodied and do not have young children under 6? They cannot do it forever. No, they cannot. They cannot stay on it generation to generation. They have to work after 2 years and they have a lifetime limitation of 5 years.

What does that tell working people of this country, especially the working poor? It says there is an incentive for you to do what is right. No longer are you going to have to support people who can work but will not. If you can work and do, if you consider it a privilege to work and contribute to the economy of this country, you will not be subsidizing people who can work and do not.

We have talked about what is a block grant and what is not a block grant. We are going to put AFDC on a block grant with growth. There is a formula that allows for the growth States to have a fair allocation. But there still is a safety net, Mr. President. There is a safety net in food stamps, in child nutrition. Those will not be block granted. Those are going to be based on need. So food and nutrition programs are a safety net, and they are kept in the bill as a safety net.

Mr. President, we are going to set the priorities of our country with this bill. We are going to say to the working people of this country that it is worth something to work, it is a privilege in this country to have a job and to contribute to the economy and you are not going to be competing with someone who refuses to work even if they can. The working people of this country are going to know that we have a budget and that this is not going to be unlimited spending.

Mr. President, I know that my time is up, and I will just say that we are making decisions that will determine the priorities of our country and we are going to get this country back on track and we are going to bring back what made this country great.

It was the strong families, it was the spirit of entrepreneurship and the working relationships that have built this country. We are going to bring it back and make this country strong again.

Thank you, Mr. President. I yield the floor and thank the chairman.

Mr. ROTH. Mr. President, I yield the remainder of my time to the distinguished Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 18 minutes, 52 seconds.

Mr. SANTORUM. Mr. President, I want to thank the distinguished chairman of the committee who has done an absolutely superb job with this piece of legislation in shepherding it through the conference. It has been a pleasure to work with him in the time we have

worked on the welfare bill since he has become chairman.

For the benefit of the staff here, I am going to do the wrap-up and then proceed with my remarks after the wrap-up.

#### MORNING BUSINESS

Mr. SANTORUM. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, as of the close of business yesterday, December 20, the Federal debt stood at \$4,988,966,775,602.69, a little more than \$11 billion shy of the \$5 trillion mark, which the Federal debt will exceed in a few weeks.

On a per capita basis, every man, woman, and child in America owes \$18,938.20 as his or her share of that debt.

#### HONORING JOHN C. STENNIS

Mr. WARNER. Mr. President, I rise today to pay tribute to Senator John C. Stennis, for whom our Nation's newest aircraft carrier is named. Further, I include in today's RECORD the excellent remarks given by the Secretary of Defense, William Perry, and Senator THAD COCHRAN, the two principal speakers at the commissioning of this great ship on December 9, 1995.

Built with the minds, hands, and sweat of thousands of workers at Newport News Shipbuilding, and manned by the men and women of the most powerful Navy in today's world, this ship serves as an symbol of peace, that will stand guard night and day on the seven seas deterring aggression. As a former sailor in World War II, Secretary of the Navy, and now a senior member of the Senate Armed Services Committee, I know well the awesome capabilities of these magnificent ships.

In my brief remarks to an impressive audience of over ten thousand people who braved a wintery day, I recalled how, as I worked by his side for over a decade, Senator Stennis would relate stories of how a succession of Presidents would say "Whenever I was awakened in the middle of the night by a report of a crisis somewhere in the world, my first thoughts were always 'Where is the nearest U.S. aircraft carrier?'"

Mr. President, it is fitting that this great ship bears the name of Senator Stennis. Senator Stennis was my friend and mentor, whose humble beginnings in a small working-class home and equally humble and proud manner in which he lived his entire life, stand in stark contrast to this magnificent ship that now bears his name. He was a true visionary and champion of our Nation's

contribution to this goal. This legislation is a final congressional effort to make Farmer Mac viable. Legislative restrictions may have hobbled the institution until now. If the new authorities do not prove sufficient, it will be time to declare Farmer Mac a failed experiment. The bill before us provides for orderly procedures in this event.

I urge my colleagues to support this important piece of legislation.

Mr. LEAHY. I rise at this time to engage the gentleman from Indiana, the chairman of the committee, in a colloquy.

Mr. LUGAR. I would be pleased to engage the Senator in a colloquy.

Mr. LEAHY. It is my understanding that the legislation before us today includes provisions designed to provide relief to institutions of the Farm Credit System from the paperwork, costs, and other burdens associated with unnecessary and archaic regulatory requirements placed on such institutions under current law. It is also my understanding that similar legislation to provide regulatory relief to the commercial banking industry is also under consideration by the Congress.

Mr. LUGAR. The Senator is correct.

Mr. LEAHY. It is also my understanding that the legislation before the Senate includes amendments to title VIII of the Farm Credit Act of 1971 to modernize, expand, and make other improvements in the Federal charter and authorities of the Federal Agricultural Mortgage Corporation so that this entity, commonly known as Farmer Mac, can better provide credit to agricultural borrowers through commercial banks and other lenders.

Mr. LUGAR. The Senator is correct.

Mr. LEAHY. It is my further understanding that this legislation includes an agreed-upon compromise to address once and for all the issue of the return of the remaining 32 percent of the one-time self-help contributions paid by Farm Credit Systems banks and associations to help capitalize the Financial Assistance Corporation. The institutions that were assessed these contributions were designated as holders of stock in the Financial Assistance Corporation, commonly referred to as FAC stock. Is it not true that this stock, in and of itself, has no value, and that the holders of this stock have no legal claim, either now or in future, against any party in association with this stock, beyond any that may arise as a result of the specific provisions of the bill before us today?

Mr. LUGAR. The Senator's understanding is absolutely correct.

Mr. LEAHY. I am disappointed that the bill before us today does not include amendments to the remaining titles of the Farm Credit Act of 1971 to provide similar modernization, expansion, and improvements to the Federal charter and other authorities of the remaining institutions of the Farm Credit System. These banks and associations of the Farm Credit System provide a needed source of credit to the

farmers, ranchers, their associations, and cooperatives across rural America. The System also provides financing for agricultural exports, rural water and waste, and other rural enterprises. Does the chairman have any plans to comprehensively review the authorities of these other institutions regulated under the Farm Credit Act of 1971 with an eye toward providing for the similar modernization, expansion and improvement of their Federal charter and other authorities?

Mr. LUGAR. Yes, it is my intention next year to work with the gentleman from Vermont and other interested Members to conduct a comprehensive review by the Committee on Agriculture, Nutrition, and Forestry of the authorities of the institutions regulated under the Farm Credit Act of 1971, other than Farmer Mac, consistent with the jurisdiction of the committee. The stated goal of this review will be to develop legislation to provide for the modernization, expansion, and improvement of their Federal charter and other authorities of the institutions of the Farm Credit System. Such legislation, if warranted by our review, could provide for enhanced agricultural, business, and rural development financing across the United States.

Mr. LEAHY. I thank the Senator for his cooperation on the bill before us today and look forward to working with him next year on the important Farm Credit System modernization legislation he has just described.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the amendment be agreed to and the bill be deemed read a third time and passed, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the amendment (No. 3109) was agreed to.

So the bill (H.R. 2029) was deemed read the third time and passed.

So the title was amended so as to read: An Act to amend the Farm Credit Act of 1971 to provide regulatory relief, and for other purposes.

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MEASURE READ THE FIRST  
TIME—HOUSE JOINT RESOLUTION  
134

Mr. SANTORUM. I inquire of the Chair if the Senate has received from the House House Joint Resolution 134?

The PRESIDING OFFICER. It has been received.

Mr. SANTORUM. I ask the joint resolution be read for the first time.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A joint resolution (H.J. Res. 134) making further continuing appropriations for the fiscal year 1996, and for other purposes.

Mr. SANTORUM. I now ask for its second reading and object to my own request on behalf of Senators on the Democratic side of the aisle.

The PRESIDING OFFICER. The bill will be read a second time on the next legislative day.

ORDERS FOR FRIDAY, DECEMBER  
22, 1995

Mr. SANTORUM. I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 10:15 a.m. on Friday, December 22, that following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

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PROGRAM

Mr. SANTORUM. At 10:15 a.m. the Senate will begin 30 minutes for closing debate on the veto message to be followed by 30 minutes for closing debate on the welfare conference report. Two back-to-back votes will occur beginning at 11:15 on both issues. Following the two back-to-back votes, the Senate will begin the START II treaty. The Senate could also be asked to consider available appropriations bills, other conference reports, and other items due for action. Rollcall votes are therefore expected throughout the session of the Senate on Friday.

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POSTPONEMENT OF CLOTURE  
VOTE

Mr. SANTORUM. Mr. President, I further ask unanimous consent that the cloture vote scheduled for today be postponed to occur at a time to be determined by the two leaders on Friday.

The PRESIDING OFFICER. Without objection, it is so ordered.

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ORDER FOR ADJOURNMENT

Mr. SANTORUM. If there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order, following the remarks of the Senator from Pennsylvania.

The PRESIDING OFFICER. Without objection, it is so ordered.

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PERSONAL RESPONSIBILITY AND  
WORK ACT OF 1995—CONFERENCE  
REPORT

The Senate continued with consideration of the conference report.

Mr. SANTORUM. Mr. President, again I want to restate my admiration for the Senator from Delaware and for the members of the Finance Committee staff for their tremendous work in this legislation and for hastily preparing Members for this debate this evening that was not expected until tomorrow.

I want to also thank Senator CHAFEE, who really worked diligently during the conference between the House and the Senate on behalf of points that the

Senate stood very strongly in support of—things like the maintenance of efforts provision, which there was a lot of concern on both sides of the aisle, and child care funding and the SSI provisions. Those three points could have, I think, caused significant problems had we not held very closely to what the Senate provisions were, and I think we have done that in all three cases. I think Senator CHAFEE should be commended for his work.

I also want to congratulate Senator DOMENICI for not just his work on the welfare reform bill, but in all the conferences that he had to deal with and his action on the welfare issue when Senator CHAFEE helped the resolution of the bill move toward the Senate bill. That is probably one of the most important things I wanted to stress about this bill.

It may sound like you are lauding yourself here, but in a sense the Senate did a very good job of arguing for its positions in the welfare conference. I think most folks who look at this from the outside will see that, of the two bills that went in, the one bill that came out looks a heck of a lot more like the Senate bill than it does the House bill. I think that is a wise course to take.

The Senate bill is a more moderate bill, but it is still a very dramatic reform and one that I think will set this country on a proper course of putting the ladder back down, all the way down, to allow even those at the lower social strata of our country today and income strata of our country today, to climb that ladder up to opportunity and success and change the entire dynamics of welfare from one that is looked upon by those now who are in the system and who pay for the system disparagingly.

Welfare is not a word, when it is uttered, that is given any kind of respect. Nobody says the word "welfare" and thinks, "Wow, what a great system." Or, "Gee, this is something that is really necessary, that works."

That is sad. It is sad for the people who have to pay the taxes to finance it. It is also sad for the people who find themselves caught in it, to be stigmatized by this system that has failed. It may not have failed them particularly. In fact, many people have gotten onto the welfare rolls and come off stronger and better. But those cases happen not as often as we would like to see. We would like to see the changing of the stigma of welfare to a program that, when you look at it, you can be proud of it. When you see your dollars invested in it, you see dollars invested in a system that truly does help people and that is marked with more successes than failures.

While there have been successes, they simply do not match up. I think we can look at the overall decline in our poor communities as evidence of that.

I want to debunk a couple of myths here to begin with, and then go into the specifics of the legislation, because

as I said before, the point I wanted to make here, more than anything else, is if you were someone who voted for H.R. 4 when it passed the Senate, you have to do a pretty good stretch to vote against this conference report. You have to think up a lot of reasons that, frankly, do not exist to vote against this conference report. Because the bills are very similar and, in fact, there were things adopted in the conference report that even moved more toward the Democratic side of the aisle than were in the original Senate-passed bill.

That is why I am somewhat at a loss and I am hopeful—I should not say that. I am not hopeful. I would like to think that the President, when he takes a second look at this legislation in its entirety and matches it up with H.R. 4 that passed the Senate, which he said he would sign, that again he would have a big stretch to find some fatal flaw in the conference report that did not exist in the bill that he said he would sign.

Let me debunk a couple of myths. No. 1, that we are cutting welfare. We are not cutting welfare. This is the same idea that is being perpetrated on the American public with "We are cutting Medicare." We are not cutting Medicare, Medicare increases over 7 percent a year for 7 years. It is a mantra that comes out. I do not even think about it. It spews forward because we are constantly defending the "cuts in Medicare." We will be charged with cutting welfare, leaving people homeless and not providing support.

I refer my colleagues to this chart, which shows that welfare spending from 1996 to the year 2000 will go up under current law at 56 percent, that is 5.8 percent per year. That is almost three times the rate of inflation. Under the Republican bill, this bill that some will label draconian and mean-spirited and not caring about children and all the way—it goes up 34 percent over the next 7 years, or 4 percent a year, almost twice the rate of inflation.

So you do not think that the increase is based on an increase in the amount of people going on welfare programs, you will see that the per capita increase in welfare spending—what we are spending on what is estimated to be the welfare population—also goes up over the next several years and continues to go up. That is in spite of the fact that we have a very sharp disagreement between the Congressional Budget Office, whose numbers this is based upon, and the Department of Health and Human Services, as to what the welfare caseload will be over the next several years.

These numbers are based on the Congressional Budget Office, which suggests that the welfare caseload will, in fact, remain constant over the next 7 years. Even though with changes in SSI, with other changes in AFDC, with the block-granting, with the work requirements, we have seen a dramatic drop in States that have implemented these kinds of work requirements—

Wisconsin and Michigan, for example—in welfare caseload. CBO does not account for that. They say it is going to be constant.

The Department of Health and Human Services, by the way, suggests that the welfare caseload over the next 7 years will drop by 50 percent. This is getting ridiculed for one thing but getting scored for the other. You get ridiculed by the White House for cutting welfare rolls by 50 percent over the next 7 years and therefore cutting off children and women and all these things, yet for the purposes of determining how much money you are spending per child the Congressional Budget Office says that welfare caseload is going to remain constant. So you lose on both ends in this situation, which is unfortunate for this debate.

But I think it points out that there is certainly room to believe that welfare caseload will go down, and with the programs that we have in place, the block granted programs with finite dollars, that the spending per family will actually increase more than this, that there will be more money for States to do the things that those on the other side, who oppose this bill, want—because there are many who voted for the original Senate bill who say there is not enough money for child care or there is not enough money for work.

As I suggested to the Senator from Massachusetts, we are not cutting child care in this bill. We are increasing child care above what is in current law, as we should. We are requiring work, which we have not heretofore. So we are increasing child care almost \$2 billion over the next 7 years to compensate for those who will have to work to receive welfare benefits.

I will remind Members here that, under the current provisions in this bill, no one will be required to work unless the State opts out of this formula for 2 years. So, most of the child care burden and the participation rate starts out at, I believe, 30 percent and phases up to only 50 percent of the entire caseload. So we are not saying "everybody this year." In fact, under the bill the block grant scheme does not go into effect until October of 1996. That is a change from the Senate bill. As I said, there are certain things in the bill that will be attractive to the other side of the aisle. One of them is that the block grant does not go into effect immediately, as it would have under the Senate bill. It does not go into effect until October 1. So we keep the Federal entitlement for another three quarters of a fiscal year. And it does not go into effect until October 1. So that is a plus. I would think, for some Members on the other side.

The child care money that is there, and the work money that is there, we believe is more than sufficient to cover the anticipated caseload given the participation rates, the delay in people having to work, and the delay in the program itself, of 2 years, before anyone even in the program has to work.

That is why, with respect to child care, we have backloaded the money. The reason we backload the money is because that is when more people will be required to work and that is when they, the States, will need the money for day care. We think that is a logical way to accomplish it. Some would suggest that we are skimping a little bit in the early years. The Senator from Massachusetts thinks that is wrong. I think that is a very wise allocation of resources on the part of the proponents of this legislation.

With respect to the work requirements, we have cut work requirements. One of the things that many Members on the other side of the aisle supported in this bill and were a bit dismayed about with the original Finance Committee bill was that it did not have tough work requirements. We have those same tough work requirements in this bill.

We believe with the evidence of other States, Michigan as I said, before, Wisconsin, and others, that caseload does decline when you require work. Many people who would otherwise get on the rolls who know that they have to go to work opt to go to work instead of getting on the rolls. We have seen that happen.

We believe there will be more than enough money. Again, we do something that we think is very important. We allow for fungibility. We allow for flexibility of States to move money from one area to another where the States determine where their greatest need is, with the exception of child care because we have seen that is a very crucial item. So we do not allow that money to be used for other purposes. We in a sense have a one-way battle. Money can come in for more child care but no more money than was originally dedicated for child care can go out. Again, it is a concession to the other side of the aisle for their paramount, and I think legitimate, concern for child care.

Another thing we did different than the Senate bill, I think many Members on the other side of the aisle would appreciate, is we separate child care out into a separate block grant. In the original Senate bill it was included with the other block grants. There was some concern about the long-term integrity of that fund if it was included. So we have now separated out child care as a separate block grant unto itself which again is something that many Members on the other side of the aisle wanted. As I said before, we put more money in child care.

The Senate bill that passed here had \$15.8 billion in child care for 5 years. Our bill had \$16.3 billion for 5 years—more money in 5 years, and more money for 7 years; \$5 billion more; again, almost \$2 billion more than current law.

Another big thing that the other side of the aisle took sort of a last stand on was the idea of maintenance of effort, maintaining the States' contribution

to their welfare program—the fear that some would argue, its legitimacy. But I side with them. I think there is legitimate fear here that States would race to the bottom. They would take the Federal dollars, eliminate the State contribution, and really squeeze their welfare program down to just where the Federal dollar is contributing and no State contribution.

What we have said is in the Senate bill that passed that States would maintain 80 percent of their effort for 5 years. The Senator from Louisiana, Senator BREAU, called for an amendment that increased it to 90 percent. The reason he said that is because he was afraid in going to conference with the House, which had a zero maintenance of effort provision—they did not have any maintenance of effort provision—that we had to get to 90 percent simply to go to conference so we can bargain because we probably only would end up with a 45 percent—halfway, or 50 percent—maintenance of effort. We came out of the conference not with 50 percent, 60 percent, or 70 percent, but a 75-percent maintenance of effort which was the original request of those who were working on the provision here in the Senate in the first place. They only went to 80 because they wanted a negotiated position. It succeeded. They ended up with 75 which is what they wanted in the first place. So maintenance of effort is as Members wanted it in the Senate bill.

So, again the two major provisions that caused acrimony in dealing with this bill—child care and maintenance of effort—one was solved in conference to the benefit and even more generous than came out of the benefit, again the Senate bill. The other is exactly where the Senate wanted it in the first place, 75 percent over the term of the bill.

So, again I wonder where the problem is or may be found for Members on the big issues because on the big issues, on the real hot buttons, we are in sync with where the Senate was when the bill passed. All the same requirements are there. The 50-percent participation standard by the year 2000, something the other side wanted and we wanted; no family can stay on more than 2 years.

Remember, ending welfare as we know it, requiring work after a period of time, and then cutting off benefits after a period of time, something candidate Clinton campaigned on when he ran in 1992 as the new Democrat, is in this bill as passed by the Senate.

We allow States to exempt families with children under 1 year of age from working, something that was advocated by the Democrats and kept in in the conference. States that are successful in moving families into work can reduce their own spending. We do allow for flexibility. But the more people you get into work the lower you can reduce your maintenance of effort because you have obviously accomplished the goal of the program, which was to get people working.

As far as money is concerned, a lot of concern about growth funds and contingency funds, loan funds—the loan fund is the same as it passed the Senate. The contingency fund is the same as it passed the Senate. And the population growth fund is roughly the same as passed the Senate. The transferability of funds is the same as passed the Senate. And, again with the exemption of the child care block grant which you cannot touch, the same as passed the Senate. The State option on unwed teen parents, the illegitimacy provision, the same as passed the Senate, a very contentious issue, one that was fought here on the Senate floor, one that was demanded by the House. They had to have the illegitimacy provision as the Senator from North Carolina stated, Senator FAIRCLOTH. They conceded to the Senate position to allow an option to the States to do that. The one concession that we gave—and it is a minor one—is on the family cap provision which is, once you have gotten onto the welfare role, any additional children you have while on welfare you do not get additional dollars for additional children. Several States have implemented that program. What we have said in this bill is that there is an opt out.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SANTORUM. I ask unanimous consent for an additional 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. I thank the Chair for his indulgence.

We allow the States to opt out of the requirement of a family cap. That may sound tough. We say that you have to have a family cap provision in your welfare. But you can pass legislation in your legislature signed by the Governor that would remove you from that requirement. In actuality, what this provision does, since, as a result of the Brown amendment legislatures and Governors have to pass bills to implement and spend this money, what we in a sense require is a vote on this provision in the legislature. Since the legislature is going to act anyway, all we say here is that the legislature has to make a decision whether to allow a family cap or not, and, if they say no family cap, the family cap goes out. If they want it, it goes in. All we do is force the decision. That is hardly a burdensome addition to this legislation.

We have all sorts of terrific reforms on child support enforcement and maternity establishment and absentee parents. All were in the Senate bill. All were heartily supported by both sides of the aisle. All are in the conference report.

Nutrition programs—in the Senate bill we had a block grant option for States for food stamps. That was not very popular on the Democratic side of the aisle. Many Members did not like the option for food stamps that passed the Senate and objected to it. We have

reduced the opportunity for States to get into a block grant by putting up very stringent accountability requirements for fraud and error rates, tough error rates than frankly most States will be able to meet. So the open ended allowance for block granting food stamps has been really drawn back:

Again, it is something that moves to the Democrat side of the aisle on this bill.

In return for that, the House did not want to block grant the food stamps, but they wanted to block grant nutritional programs for schools, a hotly debated topic. So what we did there is allow a seven-State demonstration project for block granting school lunch programs, a very narrow block granted program with very tough requirement on the State.

We added back, I might add, in response to the Senator from Massachusetts, who said that we dramatically reduced nutrition funding—and, again, this is where maybe the haste in bringing this bill to the floor resulted in faulty information getting into the hands of Senators. We added back \$1.5 billion to nutrition programs, the exact amount that many Senators who had been negotiating on this welfare bill on the Democratic side of the aisle asked for—\$1.5 billion was asked for; \$1.5 billion was put in the nutritional programs.

SSI. This was an interesting area of debate for me because I have worked on this issue now for close to 4 years and was a very contentious issue when Congressman MCCREY from Louisiana and Congressman KLECZKA from Wisconsin and I broached this situation in the Ways and Means Committee, and we have come a long way since then. In fact, we came so far that the SSI provisions that are included in this bill were the same SSI provisions that were included in the Democratic alternative welfare bill. There was not an amendment in the Chamber discussing the reduction of the number of children, drug addicts, alcoholics who qualify for SSI.

I have heard in some of the reports, criticisms from some now saying that we cut children off SSI. I would just suggest that the same children that are removed from the SSI rolls under this bill were the same children that were removed from SSI under the bill that I believe every Member of the other side of the aisle voted for, their own substitute—same language.

So there is no argument there, I do not believe, unless there is a newfound argument. Very legitimate change in the SSI Program due to a court decision which we have discussed on the floor many times. We have, in fact, loosened the provisions in this bill from the provision that passed the Senate just a few months ago.

We said with respect to noncitizens in SSI that they would never be eligible for SSI until they had worked 40 quarters and would be eligible through the Social Security System. We now allow for people who are noncitizens,

legal noncitizens to qualify for SSI benefits if they become a citizen.

So citizenship, something many Members on the Democratic side of the aisle voted for in an amendment that was here that was narrowly defeated in the Chamber, we have now conceded the point that they lost here on the Senate floor and loosened the eligibility requirements for SSI, another reason we have moved more toward them as opposed to away from them in this bill.

One thing that we did add is we added to the SSI requirement for legal noncitizens—I should not say requirement, the SSI ineligibility for legal noncitizens, the State has an option as it did in the original bill to eliminate cash welfare, Medicaid and title 20 services if they so desire.

If you look at probably the last argument that Members of the other side will have in searching for reasons not to vote for this legislation, it will be that we end the tie between welfare, people on AFDC and Medicaid. For the clarification of Members, if you qualify for AFDC, you automatically as a result of your eligibility for AFDC become eligible for an array of benefits—food stamps, Medicaid, potentially housing.

What we have done, since we are block granting Medicaid to the States, we are going to say to the States that they will be able to determine eligibility for their program. And that includes whether they want to make people who are on AFDC eligible for their program.

Obviously, most Governors will tell you that they will. But even if they do not, which I think is unlikely, but even if they do not, the Congressional Budget Office has scored this provision, this decoupling of AFDC and Medicaid, have scored this provision on the following assumption: that all the children who now are on AFDC and qualify for AFDC will qualify for Medicaid under some other provision in law other than AFDC.

So all of the children that are now qualified under AFDC will qualify anyway under some other avenue, and it is so scored. So when you hear the comments over here that all these children will be cut off of health care, not true, not according to the Congressional Budget Office and not according to at least many of the Governors' understanding of the current law.

And again according to the Congressional Budget Office, slightly over half of the women in this program will automatically qualify for Medicaid from some other avenue other than AFDC. The rest will have to qualify under the new State standards. And as I said before, and I think Senator HUTCHISON from Texas said it very well, even though the Governor from Texas went to Yale and not the University of Texas or Penn State, I am sure the Governor of Texas and Governor of Pennsylvania have concern for their citizens and mothers trying to raise

children in very difficult circumstances and recognize the need for the State to provide adequate medical attention. And to suggest otherwise I think goes back to the days of thinking of Southern Governors standing in front of the courthouse not letting people in because of the color of their skin. Those days are gone, and I would think that hearkening back to those kinds of days in this kind of debate does not lift the content of the debate to a credible level.

That is it. Those are the differences between H.R. 4, as passed by the Senate, and H.R. 4 as before us now, hardly startling differences that would send people rushing to the exits to get away from this horribly transformed piece of legislation.

This piece of legislation was crafted to pass the Senate with a margin very similar to the margin that passed originally, with those who would examine the content of this legislation and vote for it on its merits not because of pressure from the White House due to an expected veto.

On the merits, this bill matches up very well with what passed just a very short time ago. On the merits, this is a bill that all of us can be proud of, that is going to change the dynamic for millions of citizens to put that ladder all the way down, to create opportunities for everyone in America to climb that ladder, as my grandfather and my father did, who lived in a company town, Tire Hill, PA, right at the mouth of a coal mine, got paid in stamps to use at the company store, and in one generation, in one generation in America lived to see their son in this Chamber. That is the greatness of America. That is what this whole welfare reform bill is all about. I can tell you because I was in those discussions. I have been in those discussions on the House floor 2 years ago. I was in those discussions here during the Senate debate, in the back rooms where we worked on all the details of this bill; we crafted the compromises, every step of the way from the original introduction of the House bill 2 years ago to the final compromise in the conference.

I can tell you with a straight face that when we made decisions on what to put in this legislation, not just the principal, but the sole reason for changing the welfare system from what it is to what I hope it will be was not the dollars that were saved but the people it would help and the lives that would change for the better.

This is not about balancing the budget. This is about creating opportunity and changing the face of America, changing the word "welfare" from that disparaged term to one that we can all be proud of, that we can all say, yes, America can work to help everybody reach up for more.

Mr. President, I yield the floor.



ADJOURNMENT UNTIL 10:15 A.M.  
TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned until 10:15 a.m., December 22.

Thereupon, the Senate, at 9:56 p.m., adjourned until Friday, December 22, 1995, at 10:15 a.m.

### NOMINATIONS

Executive nominations received by the Senate December 21, 1995:

#### DEPARTMENT OF ENERGY

THOMAS PAUL GRUMBLY, OF VIRGINIA, TO BE UNDER SECRETARY OF ENERGY, VICE CHARLES B. CURTIS, EXPORT-IMPORT BANK OF THE UNITED STATES

MARTIN A. KAMARCK, OF MASSACHUSETTS, TO BE PRESIDENT OF THE EXPORT-IMPORT BANK OF THE UNITED STATES FOR THE REMAINDER OF THE TERM EXPIRING JANUARY 20, 1997, VICE KENNETH D. BRODY, RESIGNED.

#### THE JUDICIARY

DONALD W. MOLLOY, OF MONTANA, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF MONTANA VICE PAUL C. HATFIELD, RETIRED.

SUSAN OKI MOLLWAY, OF HAWAII, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF HAWAII VICE HAROLD M. FONG, DECEASED.

#### IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE, TO THE GRADE INDICATED, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 8373, 8374, 12201, AND 12212:

#### To be major general

BRIG. GEN. JAMES F. BROWN, 000-00-8924, AIR NATIONAL GUARD OF THE UNITED STATES.  
BRIG. GEN. JAMES MCINTOSH, 000-00-6731, AIR NATIONAL GUARD OF THE UNITED STATES.

#### To be brigadier general

COL. GARY A. BREWINGTON, 000-00-4746, AIR NATIONAL GUARD OF THE UNITED STATES.

COL. WILLIAM L. FLESHMAN, 000-00-8848, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. ALLEN H. HENDERSON, 000-00-9260, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. JOHN E. IFFLAND, 000-00-1220, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. DENNIS J. KERKMAN, 000-00-4163, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. STEPHEN M. KOPER, 000-00-0859, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. ANTHONY L. LIGUORI, 000-00-9869, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. KENNETH W. MAHDN, 000-00-1696, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. WILLIAM H. PHILLIPS, 000-00-3520, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. JERRY H. RISHER, 000-00-6920, AIR NATIONAL GUARD OF THE UNITED STATES.  
COL. WILLIAM J. SHONDEL, 000-00-0951, AIR NATIONAL GUARD OF THE UNITED STATES.

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE REGULAR AIR FORCE OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

#### To be brigadier general

COL. BRIAN A. ARNOLD, 000-00-4452.  
COL. JOHN R. BAKER, 000-00-3934.  
COL. RICHARD T. BANHOLZER, 000-00-2983.  
COL. JOHN L. BARRY, 000-00-7396.  
COL. JOHN D. BECKER, 000-00-8234.  
COL. ROBERT F. BEHLER, 000-00-1612.  
COL. SCOTT C. BERGREN, 000-00-1312.  
COL. PAUL L. BIELOWICZ, 000-00-8502.  
COL. FRANKLIN J. BLAISDELL, 000-00-5802.  
COL. JOHN S. BOONE, 000-00-1474.  
COL. CLAYTON G. BRIDGES, 000-00-5361.  
COL. JOHN W. BROOKS, 000-00-8909.  
COL. WALTER E. L. BUCHANAN III, 000-00-7387.  
COL. CARROL H. CHANDLER, 000-00-9115.  
COL. JOHN L. CLAY, 000-00-7432.  
COL. RICHARD A. COLEMAN, JR., 000-00-5256.  
COL. PAUL R. DORDAL, 000-00-1175.  
COL. MICHAEL M. DUNN, 000-00-3491.  
COL. THOMAS F. GIOCONDA, 000-00-8123.  
COL. THOMAS B. GOSLIN, JR., 000-00-2970.  
COL. JACK R. HOLBEIN, JR., 000-00-6552.  
COL. JOHN G. JERNIGAN, 000-00-1322.  
COL. CHARLES L. JOHNSON II, 000-00-5967.  
COL. LAWRENCE D. JOHNSTON, 000-00-1244.  
COL. DENNIS R. LARSEN, 000-00-3094.  
COL. THEODORE W. LAY II, 000-00-9638.  
COL. FRED P. LEWIS, 000-00-3712.  
COL. STEPHEN R. LORENZ, 000-00-2664.  
COL. MAURICE L. MCFANN, JR., 000-00-9309.  
COL. TIMOTHY J. MCMAHON, 000-00-1034.

COL. JOHN W. MEINCKE, 000-00-2903.  
COL. HOWARD J. MITCHELL, 000-00-0859.  
COL. WILLIAM A. MOORMAN, 000-00-5251.  
COL. TEED M. MOSELEY, 000-00-1516.  
COL. ROBERT M. MURDOCK, 000-00-4098.  
COL. MICHAEL C. MUSAHALA, 000-00-4529.  
COL. DAVID A. NAGY, 000-00-5778.  
COL. WILBERT D. PEARSON, JR., 000-00-4130.  
COL. TIMOTHY A. PEPPE, 000-00-8336.  
COL. CRAIG P. RASMUSSEN, 000-00-9204.  
COL. JOHN F. REGNI, 000-00-3567.  
COL. VICTOR E. RENUART, JR., 000-00-0278.  
COL. RICHARD V. REYNOLDS, 000-00-1155.  
COL. EARNEST O. ROBBINS II, 000-00-3677.  
COL. STEVEN A. ROSER, 000-00-9610.  
COL. MARY L. SAUNDERS, 000-00-9530.  
COL. GLEN D. SHAFFER, 000-00-3490.  
COL. JAMES N. SOLIGAN, 000-00-8751.  
COL. BILLY K. STEWART, 000-00-6469.  
COL. FRANCIS X. TAYLOR, 000-00-1721.  
COL. GARRY R. TREXLER, 000-00-6465.  
COL. RODNEY W. WOOD, 000-00-5034.

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE, TO THE GRADE INDICATED, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 8373, 8374, 12201, AND 12212:

#### To be major general

BRIG. GEN. WILLIAM A. HENDERSON, 000-00-2276, AIR NATIONAL GUARD.  
BRIG. GEN. TIMOTHY J. LOWENBERG, 000-00-7542, AIR NATIONAL GUARD.  
BRIG. GEN. MELVYN S. MONTANO, 000-00-7736, AIR NATIONAL GUARD.  
BRIG. GEN. GUY S. TALLENT, 000-00-5258, AIR NATIONAL GUARD.  
BRIG. GEN. LARRY R. WARREN, 000-00-8470, AIR NATIONAL GUARD.

#### To be brigadier general

COL. JAMES H. BAKER, 000-00-2719, AIR NATIONAL GUARD.  
COL. JAMES H. BASSHAM, 000-00-8202, AIR NATIONAL GUARD.  
COL. PAUL D. KNOX, 000-00-8288, AIR NATIONAL GUARD.  
COL. CARL A. LORENZEN, 000-00-9580, AIR NATIONAL GUARD.  
COL. TERRY A. MAYNARD, 000-00-9629, AIR NATIONAL GUARD.  
COL. FRED L. MORTON, 000-00-3770, AIR NATIONAL GUARD.  
COL. LORAN C. SCHNAIDT, 000-00-1892, AIR NATIONAL GUARD.  
COL. BRUCE F. TUXILL, 000-00-5226, AIR NATIONAL GUARD.





RECORD an editorial in this morning's Washington Post entitled "Hard Hearts, Soft Heads."

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

[From the Washington Post, Dec. 22, 1995]

HARD HEARTS, SOFT HEADS

President Clinton earlier this year gave way too much ground in endorsing one bad welfare bill. Yesterday, he finally took the right stance in announcing that he would veto a successor bill that is even worse. Better late than never, and not a moment too soon.

His announcement came as the House passed this terrible piece of legislation and the Senate prepared to take it up. This time, Mr. Clinton should stick to his position, and the bill's opponent should have the political will to sustain any veto. That would provide the one chance of passing welfare reform that does what it claims—or, failing that, of at least avoiding a dangerous step toward something worse even than the current system.

Advocates of this bill's deep cuts in programs for the poor and its ending of welfare's "entitlement" status like to cast themselves as true friends of the poor and foes of "dependency." Their hardheadedness, they insist, grows from warm-heartedness and a desire to promote work.

But the House Ways and Means subcommittee on human resources heard a very different analysis from Lawrence M. Mead, a welfare expert much respected by Republicans and conservatives. Prof. Mead was not at all confident that Congress's welfare proposal would do much to promote work. On the contrary, he said, it imposes theoretical "work requirements" that states will have great trouble meeting. He suggested that the states might just dump work requirements entirely and take the modest 5 percent cut in federal aid that the bill proposes. This is "workfare"?

But hear out Mr. Mead's argument. "To promote serious reform, it is crucial that Congress manifest that work requirements are serious, and also that it is possible to meet them," he said. "I fear that the new stipulations are not credible as they stand. They call for participation rates never before realized except in a few localities, yet they provide no specific funding or program comparable to JOBS [the Job Opportunities and Basic Skills program] to realize them. The demands made look excessive, but it is also doubtful whether Congress really means to enforce them." Imagine that: a bill that claims to be historic whose work requirements are essentially rhetorical.

If Congress wants a welfare "reform" that will do little to encourage work while endangering the basic systems of support for poor children, this bill is just the ticket. But that's a strange place for a "revolutionary" Congress to end up.

Mr. MOYNIHAN. Mr. President, last evening, I had occasion to remark that persons most specifically critical of the welfare measure before the Senate have been conservative social scientists who understand the extent of the problem we face and the resources needed if we are going to achieve anything.

I mentioned Prof. Lawrence Mead. It turns out he prepared a report for the Republican Caucus in the House saying "Your bill is a disaster, can't you see that?" and readers will do so.

Several of those of us who voted against this measure in September are

PERSONAL RESPONSIBILITY AND  
WORK ACT OF 1995—CONFERENCE  
REPORT

The PRESIDING OFFICER. Under the previous order, there will now be 30 minutes for closing remarks on the conference report accompanying H.R. 4, to be divided in the usual form.

The clerk will report.

The legislative clerk read as follows:

A conference report to accompany H.R. 4 to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

The Senate resumed consideration of the conference report.

Mr. MOYNIHAN. Mr. President, to begin, I ask there be printed in the

on the floor. My friend from Minnesota, may I yield him 1½ minutes.

Mr. WELLSTONE. I thank the Senator from New York. Mr. President, I voted for this piece of legislation when it first came to the Senate. I asked the question, will this bill called "reform" lead to more children who are impoverished and more hunger among children? I said, if so, I would vote "no." I voted "no."

Two studies have come out since that time that said that is exactly what would happen. Now we have a conference report even more harsh, even more punitive, without basic medical assistance, guarantees of medical assistance coverage, with even more drastic cuts in nutrition programs for children.

Mr. President, this is too harsh. It is too extreme. It is beyond the goodness of America. It is punitive toward children. We should not vote for a piece of legislation that will mean there will be more impoverished children and more hungry children and more children without health care. That is not what we are about. That is not what America is about. I urge my colleagues to vote against this.

Mr. MOYNIHAN. I yield 5 minutes to the distinguished minority leader.

Mr. DASCHLE. I thank the Senator from New York. Mr. President, this bill represents a lost opportunity. Democrats and Republicans share the view that the current welfare system needs to be reformed. We recognize that the current system does not work. It does not enable people to become self-sufficient. It does not contain the resources to put people to work. It is not flexible enough for the States. It sends mixed messages to welfare recipients.

Welfare can become a trap, that work does not pay. In short, most recognize that welfare should not be a way of life. We also recognize the twin goals of creating incentives to work, to provide the opportunity for welfare offices to truly become employment offices. That is No. 1—giving people a chance to work, people who want to work, who have no skills to work, who need to work. They want that opportunity. Mr. President, and that ought to be the goal of welfare reform.

Our second goal ought to be to protect children, to provide them the nutrition, to provide them the housing, and most importantly, if we are going to ensure that parents have the confidence that they can leave their homes and go to work, that their children will be cared for while they are gone.

There is no perfect solution, no easy solution, but Democrats in a unanimous demonstration of support proposed what we called the Work First bill. The Senate-passed bill was passed with the support of many of us and we recognized it as really, just a first step—a minimal bill in many respects, minimally acceptable in the view of many of us, but certainly a bill that represented an improvement over the current system.

The pending conference report, Mr. President, has fallen way below that minimum standard of acceptability. It will move more children into poverty, not less. It provides virtually no protections for children. It particularly targets disabled children.

The pending bill falls far short of real welfare reform. It fails to achieve the goals. It punishes children and it does not move people to work. It does not provide the resources necessary to move people from welfare to work. It does not provide sufficient child care funds. It slashes assistance for disabled children and abused and neglected children.

So the conference bill in our view is a deep disappointment. It is not only a lost opportunity for millions of men and women and children, it may also do real harm to the very people that it is supposed to help. It reduces or terminates benefits for 1 million disabled children receiving supplemental security income. It endangers the lives of millions of abused and neglected children. Most importantly, it terminates Medicaid coverage for the poor, and begs the question, where do we expect them to go?

It is a lost opportunity as well for the working poor. While simultaneously threatening real harm for them, too, by slashing food stamp funding important to millions of low-income working families and the elderly, it slashes the earned income tax credit, the most effective effort to move low-income people into the work force and retain them in the work force that we have today.

It underfunds child care assistance, which we know is the linchpin between welfare and work. It dismantles the current health and safety standards contained in the child care development block grant. So the conference bill falls far short of the minimum standard of acceptability which many of us supported in the Senate-passed bill. It reneges on nearly every improvement Democrats made to the bill before it passed in the Senate.

Let there be no mistake. Democrats strongly support welfare reform, but this legislation threatens single women and children, the disabled, and the working poor. This is not primarily a debate about spending.

The PRESIDING OFFICER. The time of the leader has expired.

Mr. DASCHLE. I ask unanimous consent I be allowed to use 3 minutes of my leader time to complete my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Democrats proposed over \$20 billion in welfare savings as part of a Democratic alternative, debated in September. Earlier this week we proposed over \$40 billion in welfare savings as part of an overall budget being negotiated. So, this is a debate about policy, about changes in funding with a serious regard for reform. It is about a real effort to move people from welfare to work.

In the name of reform, this bill boxes up the current system and shifts it off to the States. It says, "You do it. We do not care if you have the resources or not, you, Governors, you fix it." It is ironic that in the same session we passed legislation to prohibit unfunded mandates, some now propose we pass the biggest one of all.

So it is with deep regret we cannot support this attempt at welfare reform. We had hoped to work with conferees to improve the Senate bill. We had hoped we could continue to work in a bipartisan manner. We regret the political process led to this political document that falls far short of real reform. We regret that this bill is not about work, that it does not protect children. At best, it is a recognition of a vexing national problem which must be addressed. At worst, it is an experiment set up for failure.

A defeat of this conference report is the first step to a bipartisan effort to create real welfare reform, just as we did with the Senate-passed bill. This bill is going nowhere. The President will veto it if we fail to defeat it now. So let us get down to business. Let us work in a bipartisan fashion to draft a real welfare reform bill.

It should not take a veto to achieve that objective. This opportunity, this lost opportunity, is not our last chance. Together, as Republicans and Democrats determined to solve a real problem, we can seize the opportunity to make welfare work.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, as I stated on repeated occasions in last evening's debate, this is not welfare reform; this is welfare repeal. It is repeal of title IV(A) of the Social Security Act, something never done, never contemplated in this Congress in 60 years.

I am happy to yield a minute and a half to my valiant comrade in this regard, the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois [Mr. SIMON] is recognized for a minute and a half.

Mr. SIMON. Mr. President, I do not ordinarily mention religion on the floor of the U.S. Senate, but in 3 days we will celebrate the birth of Jesus, and the majority of Americans claim affiliation with his religion. And he said, in the Biblical account in Matthew 25, whatever you do for poor people you do to me. That is the judgment day scene that he describes. We, in the U.S. Congress, are going to celebrate Christmas by trashing poor people. What a record: Reducing food stamps, abused children, foster care children, cutting them by 23 percent when the numbers are going up, disabled children, 160,000—sorry, you are off of SSI. For 750,000 disabled children, cutting it by 25 percent.

Real welfare reform, not just public relations, will have to deal with jobs for people of limited ability. It will have to deal with problems of poverty.

But we are going to celebrate Christmas by trashing poor people.

It is not a record we can be proud of. I am going to vote no, and be proud to vote no.

Mr. MOYNIHAN. The people of Illinois can be proud of you, sir.

Mr. SIMON. I thank my colleague. The PRESIDING OFFICER. Who yields time? The Senator from Delaware [Mr. ROTH] is recognized.

Mr. ROTH. Mr. President, I yield myself such time as I may use.

Mr. President. 3 months ago the Senate passed H.R. 4 by an overwhelming bipartisan vote of 87 to 12. Republicans and Democrats worked together on the floor of the Senate to forge an agreement to deliver a comprehensive, bipartisan welfare reform package which has been promised for so long.

In a few minutes we will vote on a final conference report on H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995. There has been a great deal of misinformation about this conference report, as President Clinton has issued his unfortunate veto threat against this legislation. Instead of ending welfare as we know it, it seems he prefers to continue business as usual.

Let me say to each of the 87 Members who voted for authentic welfare reform last September, you should not hesitate to vote for this conference agreement. Overall, you will find H.R. 4 remains true to the goals we share and to the most important agreements we made.

Members know that from the early days of his administration, the President has outlined principles for welfare reform. H.R. 4 meets these principles.

I invite Members to go back through the record of this past year. You will find there were substantial differences between the House and Senate versions of welfare reform. Those who examine the conference report in all its details will surely agree it more closely reflects the Senate positions on the major issues at stake.

We have, in fact, added more money for the block grants for temporary assistance for needy families. We have, in fact, increased funding for child care. We have retained the Senate position on requiring the States' maintenance of effort. We rejected House provisions which would have converted SSI assistance to children into a block grant. We have improved child support enforcement provisions. We have preserved the current law entitlements to foster care and adoption assistance maintenance

payments. We are keeping our commitment to children in the foster care system. Contrary to some disinformation, they will continue to be eligible for Medicaid coverage.

So I hope all Members will objectively examine the conference report and compare it to the House and Senate version passed earlier this year. But more important, I invite Members to open their minds to what the States are doing when they get the opportunity to design modifications to the current welfare system. Look at what is being done in Massachusetts, Michigan, Wisconsin, Delaware, Virginia, and Iowa when the States are allowed at least some measure of control over the welfare system.

For a reassuring glimpse of the future, I recommend an article by Massachusetts Gov. William Weld entitled, "Release Us From Federal Nonsense," which appeared in the Wall Street Journal last week.

As for me, I have greater confidence in the Governor and State legislature in Delaware than I do in the careerists in the Hubert Humphrey building. We know why the number of people in poverty has continued to increase despite the best efforts and intentions. But after 30 years of failed experimentation, it is clear the Washington bureaucracy cannot tell us how to break the vicious cycle of dependency. Complex human behavior cannot be reduced to a mathematical diagram. We have not found the wisdom of Solomon in the Federal Register.

President Clinton has stated he will veto H.R. 4. Last night, a number of my colleagues on the other side of the aisle stated that we should wait for a bipartisan bill. Mr. President, we have a bipartisan bill. The Senate bill passed 87 to 12. President Clinton promised welfare reform 34 months ago. Today, we are delivering welfare reform to the American people. There is no need to wait any longer. Welfare reform is here.

I yield the floor, Mr. President.

Mr. FORD. Mr. President, according to the latest figures I have, there are 92,160 unemployed individuals in Kentucky. Eight counties in my State still have double-digit unemployment rates.

There is widespread support for putting welfare recipients to work. But one of the questions I frequently get when I talk to constituents about welfare reform is "Where will the jobs come from?" I still do not know the answer. I do not think we have thought

through that simple question very well.

I also get asked two conflicting questions about welfare. One is "Why don't you cut spending on welfare?", and "What are you going to do to enable those on welfare to find jobs?"

These are legitimate questions. I hear about three common barriers to those on welfare who truly want to work:

First, fear of losing health care for their kids—and that is Medicaid;

Second, lack of affordable child care; and

Third, inadequate educational or job training opportunities.

I supported the earlier version of welfare reform because I thought it was a good faith attempt to address these competing priorities. It did reduce overall spending on welfare programs, and it also attempted to address some of the obstacles to finding jobs—particularly child care.

Unfortunately, the conference report before us today, in my opinion, has shifted entirely toward cutting spending. It cuts spending far more than the Senate-passed bill, and it retreats from putting people to work.

When you combine this with the impact of the Republican budget proposal, you see even further that this conference report just simply will not work:

First, the proposed Republican budget cuts in Medicaid will be devastating for those trying to get off of welfare and go to work.

Second, the proposed Republican tax increases on low-income families will hurt many just as they try to get off welfare.

Third, the revised, pessimistic CBO numbers on the unemployment rate assume that unemployment will remain virtually unchanged at 6 percent over the next 7 years even if we pass a balanced budget plan. This means jobs will be at least as scarce as they are today for those trying to go from welfare to work.

Mr. President, I do believe this welfare conference report will succeed in reducing Federal spending on welfare programs. But I believe it will—

First, fail to put people to work;

Second, underfund child care; and

Third, increase poverty among our children.

For these and other reasons, I cannot support this conference report, because I simply do not believe it will work.

WELFARE SIDE BY SIDE

	Senate-passed bill	Conference report
Work	measures work work bonus \$8 billion child care over 5 years 80 percent maintenance of effort personal responsibility contract required work exemption for moms w/kids under 1 work after 3 months	measures work no bonus; lowers maintenance of effort for successful States instead. \$7.0 billion child care over 5 years. 75% State maintenance of effort. no Personal Responsibility Contract. work exemption for moms w/kids under 1. no work for 2 years.
Time limits	20 percent exemption	15% exemption.
Protect kids	\$8 billion child care over 5 years 100 percent maintenance of effort for child care no transfer for CCDBG retains health and safety standards for child care no mom w/child under 6 can be sanctioned due to inability to find or afford child care State option to allow mom w/kids under 6 to work 20 hours per week	\$7.0 billion child care over 5 years. 75% maintenance of effort for child care. no transfer of CCDBG. eliminates health and safety standards for child care. No mom w/child under 6 can be sanctioned due to inability to find or afford child care. mom w/kids of any age required to work 35 hours per week by 2002.

WELFARE SIDE BY SIDE—Continued

	Senate-passed bill	Conference report
Teens	time limit exemption raised from 15 to 20 percent but no specific voucher option for kids all children remain eligible for Medicaid required to stay at home or in adult-supervised group home \$150 million over 7 years for second-chance homes State option to deny teen moms money family cap at State option	time limit exemption lowered to=15% and no specific voucher option for kids. eliminates the guarantee of Medicaid eligibility for welfare recipients. required to stay at home or in adult supervised group home. no money for second chance homes. State option to deny teen moms money. mandatory family cap: States may opt out.
Funds	AFDC block grant \$1 billion contingency grant fund and \$1.7 billion loan fund food stamp block grant at State option, but Wellstone amendment requiring sunset of block grant if HHS finds 2 successive findings of increased child hunger school lunch program left intact child protection programs left intact	AFDC block grant. contingency grant fund \$1 billion and \$1.7 billion loan fund. food stamp block grant at State option.  cuts child nutrition programs and allows 7 State demo fro school lunch block grant. block grants child protection programs.

Mr. BIDEN. Mr. President, last September I voted for a tough welfare reform bill. I supported—and I still strongly support—a comprehensive overhaul of the welfare system.

Too many welfare recipients spend far too long on welfare and do far too little in exchange for their benefits. Many of those who manage to get off the welfare rolls only end up back on them after a short period of time. And, for some, generations have made welfare their way of life.

This is unacceptable. And, the American people rightly are demanding reform.

Last September, I outlined how I think we should reform the welfare system. Welfare recipients would be required to work in exchange for their benefits. The time a person could spend on welfare would be limited. Child care would be provided so that children would not be left home alone. A safety net would be retained for the innocent children. And, we would be as tough on the deadbeat dads who did not pay child support as we would be on the welfare mothers who did not work.

That is what I supported last September. And, that is what I voted for last September.

But, Mr. President, I did not vote to dismantle the child protection system. I did not vote to cut foster care. I did not vote to gut the Child Abuse Prevention and Treatment Act. I did not vote to end the Federal Government's effort to help States prevent child abuse. I did not vote to cut the school lunch program. I did not vote to cut child nutrition programs. I did not vote to take away health care for pregnant women and children. And, I did not vote to eliminate the health and safety protections for kids in day care.

I voted for welfare reform. I did not vote for this bill.

I am reminded of the children's fable where the lesson was: beware of the wolf in sheep's clothing.

Mr. President, this bill is a wolf in sheep's clothing. This bill uses welfare reform as a mask for an all-out assault on the most vulnerable of America's children—many of whom are not on welfare. This bill uses welfare reform as a cover for the extreme, mean-spirited policies emanating from the House.

Look behind the so-called welfare reform. Strip away the wool of the sheep, Mr. President, and you are left with an awfully extreme wolf.

It did not have to be this way.

When I voted for the original welfare bill last September, I noted at the time that I had some reservations. But, the final product was a good-faith effort at a bipartisan compromise. And, despite the fact that I thought it could have been both tougher on work and more compassionate toward innocent children, I was not going to undermine the bipartisan compromise. Working out differences and coming to an agreement is what the American people sent us here to do.

But, what happened? The Senator from New York has pointed out that the House-Senate conference met once—for opening statements. Everything else was done behind closed doors without any participation by Democrats. The bipartisan compromise left the Senate and became the victim of House Speaker GINGRICH's extremism.

So, Mr. President, while I was willing to overlook a few reservations last September for the sake of a bipartisan compromise on welfare reform, I am not willing to sacrifice my principles for the sake of one party's extremists—just because they call it welfare reform.

I urge my colleagues to reject this conference report and demand that we take up and pass real welfare reform.

Mr. HEFLIN. Mr. President, I must oppose the conference report on welfare reform despite my support for the original version of this bill, which previously passed the Senate.

The conference report on welfare reform goes far beyond the bill passed by the Senate and consequently, Republican efforts to reduce the budget fall heavily on working poor families, unemployed workers, the elderly and the disabled.

Welfare reform, in my mind, is about moving people from welfare to work. This conference report undermines that goal. The bill's apparent emphasis on transforming the welfare system to a work system is undermined by the failure to provide States with adequate resources for work programs and child care while maintaining a basic safety net of poor children and the elderly.

The bill combines cash assistance and work programs into a single block grant. According to CBO estimates, block grant funding, combined with State spending, would fall \$5.5 billion short of what will be needed to fund the work program in 2002 alone, assuming States maintain their safety net for poor children and the elderly. Over the 7-year period, funding for the work

program would fall about \$14 billion short of what the CBO projects will be needed. Furthermore, this bill also contains provisions which allow States to escape the work requirements the bill seeks to impose by cutting needy families off the rolls instead.

This bill also makes deep cuts in basic benefits for the elderly poor. The conference report would likely deepen poverty among the elderly due to a series of provisions that would reduce or eliminate SSI, food stamps, and Medicaid for various groups of elderly people living below the poverty line.

The conference agreement would raise from 65 to 67 the age at which impoverished elderly people can qualify for SSI, thus effectively eliminating SSI to eligible people 65 and 66 years old. Not be coincidence, the change in the age requirement for SSI eligibility would be raised in tandem with the scheduled increase to 67 at which retirees may receive full Social Security benefits. If the Social Security retirement age is raised in the future, the SSI eligibility would automatically raise as well. In addition, since receiving SSI is a qualification for Medicaid, persons denied SSI would most likely lose Medicaid coverage as well.

This conference agreement also falls seriously short in that the provision of current law which assures that AFDC families receive Medicaid coverage would be repealed. Roughly 1.5 million children and at least 4 million mothers could lose Medicaid coverage as a result and join the ranks of the uninsured. Also, changes made in eligibility rules would mean a reduction in benefits for most disabled children by 25 percent. This Medicaid provision was in neither the House nor the Senate bills.

The school lunch and other child nutrition programs are programs that I have long supported and strongly believe that they have made considerable contributions to the overall improving health of our school-aged children. These programs must be maintained as they provide an important safety net for young children and establish a solid foundation for future development.

However, the welfare conference report contains provisions that could undermine the school lunch program. The conference report would allow for seven States to block grant the school lunch program. In these States, sufficient funds would no longer be available in the event of an economic recession. States that have a history of budget reductions through proration, like Alabama, will be hard hit. In times of an

economic downturn, the fixed amount going to these States would not be sufficient to provide adequate assistance to the rolls of the needy that would expand as a result of the recession. This could ultimately lead to the serving of lower quality meals in an effort to cut corners. This is absolutely not in the best interest of our young children for whom we are responsible.

The bill also includes more than \$32 billion in food stamp benefit cuts affecting the working poor, the elderly and disabled poor, and all others receiving food stamp assistance. There has been much talk about reducing the waste, fraud and abuse associated with this program. Actually, less than three percent of the bill's food stamp savings come from cutting administrative costs, reducing fraud or imposing tougher sanctions on people who fail to follow program requirements. Instead, these cuts would hit families with low incomes.

Also, for no reason that I can see, food stamp benefits would be cut for those receiving low-income energy assistance.

For the many reasons stated, and for many more that have gone unmentioned, I must oppose the conference report. This bill does little to encourage people to move from welfare to work by removing the safety net for individuals as they make that transition. Basic assistance for the elderly and child nutrition programs are cut without must consideration of the impacts that they will have on those that are least able to support themselves. We should not punish people for being young, or old or poor. We should, instead, provide for the necessary safeguards for people who want to move from welfare to work. This does not preclude our efforts to identify and deal with those taking advantage of the system, it simply signals our willingness to help those that are trying to help themselves and not punishing those that need our help.

Mr. FEINGOLD. Mr. President, I am deeply disappointed that the conferees refused to follow the path of the bipartisan welfare reform bill that was passed by the Senate by a wide margin last September.

Instead of following the bipartisan framework set out in the Senate bill, the conferees produced a bill that is punitive in nature and is likely to hurt innocent children, rather than help their families move off welfare into the work force. I will vote against it.

Mr. President, when I voted for the Senate-passed welfare reform bill, I expressed my hope that the conferees would return a bill that tracked the Senate measure and avoided the kind of mean-spirited, destructive provisions proposed by the House.

Instead, we have a final product that slashes funding for the child care that is essential if we want to avoid leaving young children unsupervised and unattended while their parents are at work, that allows States to immediately re-

duce their contributions by 25 percent, thereby rewarding States which already spend low levels of their own funds for families while States like Wisconsin which make substantial investments will bear the burden of potential welfare migration, and imposes punitive provisions denying benefits for newborn infants. It also adds harsh new provisions slashing assistance for families with disabled children and an important safety net for impoverished elderly.

This is not meaningful welfare reform. It is an abandonment of the bipartisan agreement reached in the Senate-passed bill that has focused upon helping families escape the welfare cycle and gain self-sufficiency.

I think the current system is broken and is badly in need of reform, but this is not the way to reform.

Mr. BINGAMAN. Mr. President, I rise today to oppose the conference report on welfare reform, H.R. 4. I would like to briefly explain my reasons for doing so.

First of all, I regret that we are planning to vote on this legislation at this time. It is my understanding that the conference report we are considering was released on Wednesday. Two days later, we are voting on this important piece of legislation that would dismantle the social safety net we have known for decades, and replace it with block grants to the States loaded with numerous requirements limiting the amount of assistance to some of our society's most vulnerable members. Although I voted for the Senate-passed version of this legislation to send a message that our current system can certainly stand some improvement, I would be reluctant to support any conference report on such a complex issue without having an adequate opportunity to review it, and to get the best information on its likely impact on my State. I regret that we have not had adequate opportunity to do that sort of analysis on the legislation before us.

Nevertheless, I have had an opportunity to review the broad provisions of this agreement, and I do not believe that is likely to result in a better system for welfare recipients, or the States and communities involved in the current system.

#### WELFARE RECIPIENTS

Mr. President, the current system is not serving its clients as well as it should. In too many cases, welfare and other public assistance has become a way of life, not a brief interlude of assistance. We have children growing up in a welfare culture, always living at the margin, and sometimes shuffled through the foster care systems of our various States. Their parents never seem to get the skills or opportunities that would enable them to support their families. Many of us have expressed the concern that too often, these parents are single parents trying to raise their families alone.

Our current system, which knits together Aid for Families With Depend-

ent Children [AFDC], Medicaid, food stamps, school lunch programs, and child protection moneys, seeks to provide a basic safety net. It seeks to ensure that in America, even the poorest of poor have food, shelter, basic clothing, safe homes for children, and an opportunity for something better. The main problem welfare reformers have sought to address this year is making sure that the safety net is not the primary means of support for families, and that people use this safety net for a short time before finding a means to become self-sufficient. Again, I share these goals.

But what have the conferees returned to us to meet these goals? They have given us a system that will limit the time a person may receive benefits to 5 years in a lifetime, and imposed unrealistic requirements to work. They have limited the amount of time a recipient can spend training to get the skills that will enable them to find work that will make them self-sufficient.

Let me talk for just a minute about what this bill does not do for recipients. Every credible expert agrees that the work requirements will be very difficult to meet without additional child care dollars. We are asking States to ensure that the number of working single parents go from about 20 percent now to 50 percent by 2002. These parents are not going to leave young children alone, so they will need day care. Still, while we are expecting to increase the work force participation of single parents by 150 percent, we are only increasing the core child care money in this bill by a little more than 20 percent—\$1.9 billion over a baseline of \$9.3 billion. This juxtaposition will prove to be totally unworkable.

Another issue that has not been given adequate thought is why we assume merely taking an entry-level job will lead to economic independence for welfare recipients. I recently came across a University of Wisconsin-Madison Institute for research on poverty study on welfare recipients which reported that to replace the benefits received on welfare, the average mother will need a job providing at least \$8 to \$9 an hour. The average job available to a person with the skills of the average working mother is only about \$5.15 per hour, with little hope of real advancement. Obviously, this leaves a huge gap in income if the family this mother heads is going to be able to keep its members fed, clothed, and sheltered. I want to emphasize that we are not talking about the wage needed to live the middle class dream of home ownership in a nice suburb and a vacation every year. We are talking here about maintaining a subsistence standard of living. If we adopt the provisions included in this conference report it is likely that many families that are somehow surviving now are going to find themselves making choices between shelter, food, and clothing. In all likelihood, as my colleague Senator

Moynihan pointed out on this floor last week, we are going to see a surge in the number of homeless families within a few years.

The obvious solution here is to ensure that recipients have the skills they need to get better jobs, and that economy produces high wage jobs that they can fill. This bill unreasonably limits the amount of time recipients can take to upgrade their skills.

Another issue I would like to address is the cuts to the food stamp program included in this legislation. I have heard some of colleagues tout that food stamps will remain an entitlement in most States. What they fail to mention is that this legislation severely cuts that and other nutrition programs. Food stamps alone would be cut by \$32 million under the legislation before us.

Although there are many other concerns raised in how people currently served by welfare will be affected by these provisions, the final point I want to raise concerns child protective services. The advocates of this conference agreement have stated that funds for foster care support are not being block granted. They fail to note, however, that funds for investigations, court procedures, quality assurance, professional training, and other services are block granted and capped by this conference report. Inevitably, these provisions will result in less protection for children suffering from neglect and abuse in this Nation. In States like my own, where protective services are under State supervision, the capped block grants will likely be unable to pay for the changes mandates in these services.

#### THE STATES AND COMMUNITIES

Clearly, the welfare proposal will not work from the perspective of welfare recipients. I doubt it will work from the perspective of the States and communities these recipients live in, either.

I have not yet seen the final amount New Mexico will receive under the conference agreement. I believe, however, that the number touted by proponents for New Mexico under the vetoed budget agreement was about \$135 million for the TANF portion of this welfare reform package. According to Department of Health and Human Services figures, however, New Mexico received \$141.5 million in fiscal year 1995. Clearly, my State will not be getting a large increase in funding. Yet the mandate for child care inherent in the work requirements imposed by this bill are huge. New Mexico, and other States, will face a shortfall at a time when many States, including my own, are under extreme budget constraints already.

The picture gets worse when one considers the other Republican proposals being tossed around the Capitol. The Republican budget contained significant reductions to the earned income tax credit. It also proposed substantial cuts in homeless assistance. At a minimum the Republican proposal cut

homeless funding 32 percent. When eligibility for welfare runs out, and families are on the streets, they are going to have even fewer resources to draw on to help.

I know that many of my colleagues on the other side of the aisle believe that private giving and State resources will take up the slack. That is pure fantasy.

#### CONCLUSION

In short, Mr. President, I have yet to hear a coherent statement from the proponents of this conference report regarding how communities will meet the needs of poor children and their families that will be generated by this legislation. If it were to become law, we would be trading in an admittedly imperfect system for one that is certainly not better, and perhaps is much worse.

It seems particularly ironic to me that we are considering this ill-conceived legislation right before Christmas. Indeed, it is difficult not to think of Dickens' "A Christmas Carol." I am particularly reminded of the statement of the ghost of Scrooge's business partner, explaining why he is fated to be a miserable ghost: "Business! Mankind was my business. The common welfare was my business; charity, mercy, forbearance, and benevolence were, all, my business. The dealings of my trade were but a drop of water in the comprehensive ocean of my business!"

Meaningful welfare reform is our business, Mr. President. It is my understanding that the President intends to veto this legislation. I hope that after that veto, we can get down to that business.

Until then, God bless us, every one.

Mr. PELL. Mr. President, on September 19, 1995, after 2 weeks of floor debate and over 40 rollcall votes, the Senate passed welfare reform legislation by a vote of 87 to 12.

At that time, I voted for the welfare reforms measure. I did, however, make it clear in remarks here on the Senate floor, that I was doing so with some reluctance. I was concerned that the legislation did not go far enough in protecting our children and in providing adults with the important tools needed to help them move off welfare and into meaningful, long-term employment.

I voted for the measure because it included the Dole-Daschle compromise amendment, providing additional protections for children and families.

I said at that time that I would oppose the conference report if it were to return from the conference committee without the moderating provisions found in the Dole-Daschle amendment. This final bill erodes the important protective safety net and it is punitive and harmful.

In particular, I am concerned that the conference report is weaker on work requirements than the Senate-passed bill because of a \$5 billion reduction of funds available to put people back to work. The report significantly reduces important child care protec-

tions, one of the major components of the Dole-Daschle compromise, and cuts food assistance guarantees to children by cutting almost \$35 billion.

I will, therefore, oppose the conference report.

Mr. President, the current welfare system clearly needs to be reformed. I firmly believe that any system in place for 60 years needs updating and rethinking. It remains my strong desire to see a welfare system that celebrates, not mocks, compassion. I continue to support the provisions of the work first proposal put forth by Senator DASCHLE which emphasizes the significance of work for adults and the importance of protecting, not punishing, the children who have not chosen their parents or their circumstances.

Mr. SHELBY. Mr. President, I rise in strong support of the conference report on H.R. 4. This bill is the most significant piece of welfare reform legislation to come before Congress in more than three decades. The current welfare system is destroying the hopes and opportunities of thousands of Americans by trapping them in cycles of dependency. President Roosevelt, the hero of liberal welfare advocates, warned us what would happen if we structured our welfare system in a way that fostered reliance on the Government. Listen to what he said in his 1935 annual message to Congress:

The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit.

Mr. President, that is exactly what the architects of the modern welfare state have done. They have created a welfare system that encourages people to view welfare as a way of life. The typical welfare family has already spent 6½ years on welfare, and will end up spending a total of 13 years on the rolls. Thirteen years, Mr. President. After 13 years on welfare, the average family has received at least \$150,000 of taxpayers' money. No wonder President Roosevelt said this type of welfare was a narcotic that destroyed the human spirit.

The reason welfare has become so addictive is because it completely destroys any incentive to work or become self-sufficient. The current system essentially says to its potential victims, if you do not want to work, have a child you are not able to support. If you do this, the Government will send you a check every month, pay your food bills, give you some free child care, pay all of your health care bills, your heating bills, your college bills, give you some WIC money, pay for your children's breakfast and lunch at school, and possibly provide you with your own apartment.

In other words, Mr. President, the message is the Government will take care of you. You do not need to take



care of yourself. You simply need to sit at home and do nothing. That is a very cruel form of assistance. It destroys the natural inclination in every human being to reach their full potential. No private charity operates in that manner. No private charity simply mails people checks for having children they are not able to support.

The bill before us today will begin to repair the broken welfare State; it will restore healthy incentives in our welfare system. It does not abandon poor Americans or their children. Rather, it requires adult welfare recipients to work in exchange for their benefits. If passed, these work requirements will be the first serious work requirements ever passed by Congress. This is not only healthy for the recipients, but it is good for their children to be raised in an environment where they see their parents getting up and going to work everyday. Work will become the norm among those receiving welfare, not the exception.

While I am very optimistic about the results of the strong work requirements in this bill, I want to express my concerns with the lack of provisions to address the most serious problem facing our country today: the breakdown of the traditional family. Eighty percent of children in many low-income communities are born in fatherless homes and welfare is the dominant feature of these homes.

For many poor people, the current welfare system makes bearing children out of wedlock a very practical alternative to the traditional method of raising a family—getting a job, a work skill, and finding a spouse committed to raising a family before having a child. If a young woman has a child before she has a work skill and a spouse, it will be almost impossible for her to ever escape the welfare trap. Mr. President, I regret that this legislation does not replace cash payments to teenagers with services to care for the child. But, I am glad we were able to at least give States the option to do that. It is my sincere hope that many States will pursue that option and will enact other policies to address the crisis of illegitimacy. I am glad that we were able to include the national prohibition against increasing cash payments to welfare recipients who have additional children while on welfare. Mr. President, if we do not contain the epidemic of illegitimacy, it will destroy the fabric of our society. America simply cannot survive without a strong family unit.

This legislation represents real reform. It is a carefully constructed balance between those who would advocate a complete end to public assistance and those who would seek to expand the current welfare State. It is the boldest reform we could have taken in the current political environment, and I hope for the sake of our Nation's future, that all of my colleagues will support this bill and the President will sign it into law.

Mr. HATCH. Mr. President, we stand here today to debate and vote on a very important piece of legislation, one that could change the lives of America's needy families.

Not since the Economic Opportunity Act was signed into law by President Lyndon Johnson on August 20, 1964, have we had such broad-sweeping and radical change in our welfare system.

Mr. President, we all know that the current war on poverty has not been successful. Since the war began, the number of children on the welfare rolls has grown from 3.3 million to 9.6 million in 1993. This was not the result of negligence, or a lack of trying. The combined Federal, State, and local spending on welfare in constant dollars increased from \$38.4 billion in 1965 to \$324.3 billion in 1993.

The current system is not working. What was designed with good intent, has become a trap pulling the needy families of America into a cycle of dependency that eats at their self-esteem and their ability to become self-sufficient.

The legislation before us today would change all that. This legislation moves the Federal Government out of the paper-pushing bureaucracy and moves it into a facilitator for families moving into self-sufficiency.

This legislation will help empower our families, not pull them into perpetual dependency. Gone will be the days of welfare checks for nothing. Beneficiaries will now have to engage in work activities in order to receive assistance.

This legislation retains the role of the Federal Government in overseeing the allocation of Federal money, but also gives the authority for designing the systems to the States. The States are in the best position to know the needs and environment of their unique constituencies. This legislation will allow them to design programs that coordinate resources and support families rather than just lead them through the blind maze of bureaucracy.

Mr. President, we all agree that the current system must be changed. This legislation turns the welfare programs of this country into a cohesive system flexible enough to meet the varying demands of individual States and areas while protecting our families and our children. I urge my colleagues and the President to take the chance we have today to make good on President Clinton's campaign promise to "change welfare as we know it." Let us pass this legislation and enable it to become public law.

Mr. McCAIN. Mr. President, I rise in strong support of the Indian provisions contained in the conference report to H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995. I commend the distinguished majority leader, Senator DOLE, and the leaders of the Senate Committee on Finance and the House Committee on Ways and Means, for their efforts to overhaul our Nation's welfare system and for includ-

ing provisions which responsibly address the unique needs and requirements of Indian country. They have taken great care to draft a welfare plan that effects real change in a system that is greatly in need of repair while ensuring that all citizens, including our Nation's American Indian and Alaska Native population, receive equitable access to necessary welfare assistance. The bill before us today honors in many practical ways the special relationship that the United States has with Native American tribal governments.

There is no doubt in my mind that the so-called Great Society programs of the past have failed American Indians as much or even more than they have failed the rest of America's citizens. These programs have failed Indians because they have largely ignored the existence of Indian tribal governments and the unique needs of the Indian population. Recent attempts to fix this problem have been like placing a bandaid on a gaping wound. Under existing programs, Indians remain the worst-off and yet benefit the least. If we are to truly reform welfare then we cannot ignore Indians, who year-after-year rank the highest in poverty and unemployment.

It is vital that we authorize Indian tribal governments to administer a welfare block grant for two reasons. First, in fiscal year 1994, only a fraction of the eligible American Indians and Alaska Natives received AFDC. But in States such as Alaska, Montana, North Dakota, and South Dakota, Arizona, and New Mexico, Indians and Alaska Natives are disproportionately represented as AFDC recipients. It is my belief, and that of many members of the Senate Indian Affairs and Senate Finance Committee, that Native American tribal governments are best able to address the needs of Indians and to provide accessible service to those who must travel great distances for service. They are, after all, the governmental units closest in proximity, culture, and values, to those they serve. Clearly, the impetus for the Congress to provide block grants to States also applies to Indian tribal governments—Indian tribal governments, not the States, know the most about the real impact of welfare on their communities and how best to design programs to meet their needs.

If this bill is signed into law, for the first time in our Nation's history, tribal governments will be able to receive block grant funds to design and administer Federally-funded welfare programs. Indian tribal governments have sought that authority throughout history. The block grant approach in this bill is a practical way to implement the Federal trust obligation that we owe Indian tribes, a doctrine stated in the earliest United States Supreme Court decisions and grounded in the United States Constitution.

The bill before us today promises greater hope for Indians because it allows their own tribal governments to

serve Indians now living in poverty. It empowers tribes themselves to assist in ending the welfare dependency often created by existing programs by placing resources necessary to fight local welfare problems into the hands of local tribal governments. Mr. President, I believe this bill demonstrates a real commitment to ending welfare as Indians have known it. As I have said on many occasions, our successes as a Nation should be measured by the impact that we have made in the lives of our most vulnerable citizens—American Indians.

Early in the 104th Congress, the Senate Committee on Indian Affairs held several hearings on the potential impact to Indians of various welfare reform proposals such as block grants. During these hearings, tribal leaders spoke out in strong favor of direct Federal funding which would allow tribal governments flexibility in administering local welfare assistance programs and stated their hopes of receiving no less authority than the Congress chooses to give to State governments in this regard. The Committee also received testimony from the Inspector General of the U.S. Department of Health and Human Services who testified to how poorly Indians fare under block grants as currently administered by State governments. In response to the record adduced at these hearings, the Indian Affairs Committee developed provisions for direct, block grant funding to tribal governments which are now contained in H.R. 4. These provisions reflect the efforts of many Members on both the Indian Affairs and Finance Committees, and to them I express my gratitude.

Let me take several minutes to explain the Indian provisions related to temporary assistance for needy families contained in H.R. 4 and the goals and purposes of those provisions. In general terms, the bill authorizes Indian tribal governments, like State governments, to receive direct Federal funding to design and administer local tribal welfare programs. Let me be clear—an Indian tribe retains the complete freedom to choose whether or not it will exercise this authority. If it does not, the State retains the authority and the funds it otherwise has under H.R. 4. The following references are to new sections of law in Part A of title IV, which are set forth in Section 103 of the H.R. 4.

Section 412 is the main Indian provision setting forth the basic authority for tribal direct funding and the express requirements of tribal family assistance plans. It requires the Secretary to make direct funding available to Indian tribes exercising this option in order to strengthen and enhance the control and flexibility of local governments over local programs, consistent with well-settled principles of Indian Self-Determination. Section 412(b) provides that in order to be eligible to receive direct funding, an Indian tribe must submit a 3-year tribal fam-

ily assistance plan. Each approved plan must outline the tribe's approach to providing welfare-related services consistent with the purposes of this section. Each plan must specify whether the services provided by the tribe will be provided through agreements, contracts, or compacts with intertribal consortia, States, or other entities. This allows small tribes to join with other tribes in order to economize on administrative costs and pool their talents to address their common problems. Each plan must identify with specificity the population and service area or areas which the tribe will serve. This requirement is designed to ensure that there is no overlap in service administration and to provide a clear outline to affected State administrations of the boundaries of their responsibilities under the Act. Each plan must also provide guarantees that tribal administration of the plan will not result in families receiving duplicative assistance from other State or tribal programs funded under this part. Each plan must identify employment opportunities in or near the service area of the tribe and the manner in which the tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards. And finally, each plan must apply fiscal accounting principles in accordance with chapter 75 of title 31, United States Code. This last requirement is consistent with other Federal authority governing the administration by tribes and tribal organizations of similar block grant programs under authority of the Indian Self-Determination and Education Assistance Act of 1975, as amended. Section 412(c) requires the establishment of minimum work participation requirements, time limits on receipt of welfare-related services, and individual penalties consistent with the purposes of this section and the economic conditions of a tribe's service area and the availability to a tribe of other employment-related resources. These restrictions must be developed with the full participation of the tribes and tribal organizations, and must be similar to comparable provisions in Section 407(d). The remaining provisions of Section 412 further ensure that funding accountability will be maintained by tribes and tribal organizations in administering funds under an approved tribal family assistance plan.

Section 412(a) establishes the methodology for funding an approved tribal family assistance plan, including the use of data submitted by State and tribal governments. This provision anticipates that the data involved is already collected or the added burden of data collection required will be de minimus. The funds provided to a tribe under Section 412 are deducted from the State allocation. Tribal plans are funded at levels that are based on the amounts attributable to the Federal funds spent by a State in fiscal year

1994 on Indian families residing in the service area of an approved tribal plan. Under Section 405(b), the State is notified of any reduction to its block grant that has been made in order to fund a tribal plan. Having lost the Federal support for temporary assistance to needy Indian families in a tribal plan's service area, the State no longer has any responsibility under the bill for those families.

The Indian Affairs Committee has been informed by various State representatives that it is administratively more difficult and costly for States to provide services to Indians who reside in remote locations of their States. While these States acknowledge a responsibility to provide services, circumstances such as geographic isolation make it more difficult to do so. States are, therefore, well-served by these provisions, because if Indian families in a geographical area are identified in an approved and funded tribal plan, a State government no longer has the responsibility to serve those families unless the tribe and the State agree otherwise.

Some tribal representatives have pointed out that some tribes may choose not to exercise the option to administer a tribal plan, because the bill does not require a State to provide State funding to supplement the Federal funding provided to a tribe. As originally drafted, the Indian provisions expressly permitted States to agree to provide State funding or services to an Indian tribe with an approved plan in order to maintain equitable services. It is my understanding that this language was deleted because other provisions in the bill provide sufficient guarantees that States will ensure the delivery of equitable services. But under the bill's current provisions, a State is not prohibited from entering into an agreement with a tribe for the transfer of State funds or the provision of specific State services to a tribe for the benefit of Indians within that State. Indeed, a State government may choose to enter into an agreement with a tribal government to induce the tribe to take over administration of these programs, and one of the inducements could be a transfer of State funds to the tribe that would otherwise have been used by the State to serve those who would now be served under the tribal plan. If State administrators are sincere about making real progress on welfare reform, and I think they are, I expect they will act responsibly and sensitively with tribes that wish to join the State in administering programs that end welfare dependency.

Mr. President, it is important to point out that these Indian provisions are consistent with the overall purposes of H.R. 4. The Indian provisions do not seek to circumvent these purposes nor give preferable treatment to Indian tribal governments. The tribal plans remain subject to minimum requirements and penalties similar to those applied to State governments.



H.R. 4 also requires a tribe to comply with the fiscal accountability requirements of chapter 75 of title 31, United States Code and the Indian Self-Determination and Education Assistance Act of 1975, as amended. I would also submit that giving tribal governments the authority to administer a tribal welfare program is consistent with our goal of empowering local government control over local programs. It only stands to reason that, like States, Indian tribal governments are most familiar with the problems that plague their local communities.

Section 402(a)(5) of the bill requires a State to certify, as it does with several other important Federal priorities, that it will provide equitable access to Indians not covered by a tribal plan. This provision expressly recognizes the Federal Government's trust responsibility to, and government-to-government relationship with, Indian tribes.

Section 412(a)(2) provides that the Secretary shall continue to provide direct funding, for fiscal years 1996 through 2000, to those 77 Indian tribes or tribal organizations who conducted a job opportunities and basic skills training program in fiscal year 1995, in an amount equal to the amount received by such tribal JOBS programs in fiscal year 1995. These sums are in addition to the sums provided to State and tribal block grants for family assistance.

Section 418 provides standard definitions of the terms "Indian", "Indian tribe", and "tribal organization" in order to clarify the respective limits of State and tribal government responsibilities under the bill.

Many of my colleagues in the Senate know that some Indian tribal governments may not have existing capacity or infrastructure to administer complex welfare programs. Consequently, H.R. 4 includes provisions authorizing tribes to enter into cooperative agreements with States or other tribal governments for the provision of welfare assistance. This will allow small tribes to join with other tribes in order to economize on administrative costs and pool their talents and resources to address their common problems. However, I believe it is very important to permit and encourage those Indian tribal governments that do possess such capacity to participate in these new welfare initiatives by addressing welfare issues at a local level.

It should go without saying that any State may enter into any agreement it chooses with a tribe for the transfer of State funds to that tribe for the purpose of administering a welfare program that benefits Indians within that State. In my view, it is in both a State and a tribe's best interest to work out supplemental agreements for funding and services where necessary because to do otherwise could undermine the goals of the bill.

I know that many Members in this body are aware that Indian Country has historically been plagued by high

unemployment and therefore its residents suffer from extremely high poverty rates. H.R. 4 enables Indian tribes that are currently administering tribal JOBS programs to continue to do so. Section 412(a)(2) requires the Secretary to provide direct funding in an amount equal to the amount received by the existing tribal JOBS programs in fiscal year 1995. By keeping the JOBS programs in Indian Country intact, we will acknowledge the positive impact it has made in the lives of thousands of Indians. The Indian JOBS program has had measureable success. For instance, in fiscal year 1994, in just one quarter, over 2,000 American Indians and Alaska Natives participating in the JOBS program obtained job placements. Indians residing in communities where a tribal JOBS program is in operation have experienced a new sense of hope by developing basic job skills that have helped them to secure stable job opportunities both on and off the reservation. H.R. 4 also contains provisions in Titles VI and VIII which provide continuing resources for programs that have proven successful in Indian Country, such as the Child Care and Development Block Program as well as new programs that are critical to ending the high Indian unemployment rates such as the proposed workforce development and training activities. These provisions, along with the JOBS component will greatly assist in helping Indian Country contribute to the goals of welfare reform and the purposes of the Act.

Mr. President, I believe it is important to point out that with passage of these provisions in H.R. 4 the Congress will discharge some of its continuing responsibilities under the United States Constitution—the very foundation of our treaty, trust, and legal relationship with the Nation's Indian tribes, and which vests the Congress with plenary power over Indian affairs. I was deeply troubled to learn that earlier this year, the House passed its version of H.R. 4 without addressing the unique status of Indian tribal governments or the trust responsibility of the Federal Government to the Indian tribes. There was no House debate on the status of the "welfare state" on many Indian reservations nor the impact that the proposed changes to welfare programs would have on access to services already in existence in Indian Country. Nor was there any mention made in the House welfare debate of the significant legal and trust responsibility that the Federal Government has to the Indian tribes. I am pleased that the House conferees agreed to adopt much of the Senate approach on Indians.

As the Chairman of the Indian Affairs Committee, I feel it is my responsibility to take a moment to briefly expand my remarks to a discussion of the responsibilities of the Congress toward Indians under the United States Constitution. The Constitution provides that the Congress has plenary power to prescribe Federal Indian policy. These

powers are provided for pursuant to the Commerce and the Treaty Power clauses. Sadly, over the last two centuries, the Congress has poorly exercised its power and responsibility—subjecting Indian tribal governments to inconsistent or contradictory policies—policies of termination and assimilation. These policies have served to weaken well established Indian systems of government and, in my view, have greatly contributed to the welfare state that exists today on most Indian reservations.

I know that time and time again, I have stood on this floor to recite grim statistics revealing that Indians are, and consistently remain—even in 1995—the poorest of the poor and always the last to benefit. Today, I will withhold from reciting that data because I believe that this bill begins to turn the tide in this Nation's treatment of Indians and their tribal governments. Similar to the unfunded mandates bill we enacted into law earlier this year, H.R. 4 will treat tribal governments like State governments by allowing them the flexibility and authority to directly administer their own programs free of Federal bureaucratic intrusion and control. Due in large part to the leadership of the late President Nixon, the Congress for more than two decades has responsibly exercised its plenary authority by replacing the distorted and dismal policy of termination of Indian tribal governments with empowering policies of Tribal Self-Determination and Self-Governance—policies that respect and honor the government-to-government relationship between the Federal government and the Indian tribes—policies that are consistent with the Federal trust responsibility and that set a new course of fairness in the Federal Government's dealings with Indian tribal governments.

Given the renewed commitment by Congress to deal fairly with the Indian tribes, I fully understood why many tribal leaders became concerned when the Congress earlier this year began moving toward a system of block grants to States. The concerns were that if the Congress did not revise the block grant model to reflect its responsibility to Indian tribal governments, the government-to-government relationship between the tribes and the United States would be soon eroded and the Federal trust responsibility held sacred in our Constitution and the decisions of our Supreme Court would be relegated to the States.

These tribal concerns are likewise valid in a practical sense. A Federal Inspector General's report issued in August 1994 found that Federal block grants to States, in some instances have not resulted in equitable services being provided to Indians. That report found that in 15 of the 24 States with the largest Indian populations, eligible Indian tribes did not receive funds even though Indian population figures were used to justify the State's receipt of

Federal funding. In addition, findings of the Senate Committee on Indian Affairs revealed that even when States were attempting to serve Indians, the programmatic and administrative costs of providing welfare services to Indians are often greater than providing local services to others. What these findings revealed to me is that when either the Federal or State governments have administered programs for Indians, Indians have not received an equitable share of services.

Mr. President, the whole purpose of welfare reform is to provide the tools to State governments to design and administer local welfare programs. After all, we have come to understand that local governments want and have the ability to create local solutions to address what are, in essence, local problems. I would suggest that this policy is no different than the Federal Indian policies of Tribal Self-Determination and Self-Governance. I also know that elected tribal officials have a great love of country and an incredible desire to contribute to the Nation's goal of elevating members of their communities out of the depths of poverty. Given the tools to do so, I believe that Indian tribes will make a great contribution to the Nation's war on poverty.

Mr. President, I want to acknowledge a group of Senators that I believe have demonstrated a great level of understanding and commitment to the importance of addressing the needs of Indian tribes in the Nation's welfare reform movement. Senators HATCH, DOLE, ROTH, INOUE, DOMENICI, SIMON, MURKOWSKI, PRESSLER, CAMPBELL, BAUCUS, and KASSEBAUM have contributed to the efforts to ensure that Indian tribes are not overlooked and abandoned in the current welfare reform efforts.

Two members of the Indian Affairs Committee deserve particular recognition: my good friend from Kansas, Senator NANCY LANDON KASSEBAUM and my good friend from Utah, Senator ORRIN HATCH. Senator KASSEBAUM, as chairwoman of the Labor and Human Resources Committee, worked closely with the Indian Affairs Committee and Senator SIMON to ensure that provisions for direct Federal funding would be available to Indian tribes in her Committee's employment consolidation bill and that tribes would continue to receive funding through the Child Care and Development Block Grant program. Senator KASSEBAUM's leadership has greatly contributed to the fairness with which Indian tribes are treated under H.R. 4 and the progress that has been made by the Congress in its treatment of Indian tribes. While there is still some question about the impact of the bill's overall reductions on the current level of child-related funding made to Indian tribal governments, I am pleased by the Conference Committee's action, taken at the urging of Senator KASSEBAUM, to make all child care funds throughout the bill available to Indian tribal governments.

Although there are many Indian tribal provisions that I strongly support in the bill, I was extremely disappointed that it does not include a provision to address the concern of State Child Support Administrators and Indian tribal governments that tribes have been left out of efforts to provide uniform child support enforcement. The amendment offered by myself and several others, including the vice chairman of the Senate Indian Affairs Committee, Senator INOUE, and the Senate minority leader, Senator DASCHLE, was unanimously agreed to by the Senate but it was not adopted by the Conference Committee. Nonetheless, I am pleased to know that the National Council of State Child Support Administrators has agreed to continue to work with me to address our mutual concern. Unless something is done to include tribes in these efforts, we will deprive Indian children of necessary child support services and funding, and we will perpetuate a uniform child support system that truly does not provide uniformity in Federal funding or services.

In addition, I am concerned that no provisions were made to provide direct funding to Indian tribes for Title IV-E Foster Care and Adoption Assistance funds. The Congress had abundant evidence of the great need in Indian Country for these funds. One stark example is the 1994 Office of the Inspector General's report that documented that Indian children are disproportionately represented in substitute care. However, Indian tribes must rely on State governments to share Federal funding for Title IV-E funds; yet the OIG report found that most Indian tribal governments have received little or no Title IV-E funding. It is my hope that States with Indian tribes within their boundaries will make a good faith effort to share these funds equitably in order to improve the Nation's overall rate of children in substitute-care.

Finally, I want to give particular thanks to my good friend from Utah, Senator ORRIN HATCH. Senator HATCH has worked tirelessly with me over the last several months to shape and enhance tribal welfare provisions that could be acceptable in any welfare reform plan. Senator HATCH is a member of the Senate Finance Committee and he is a new member of the Senate Committee on Indian Affairs. He has demonstrated a great level of understanding and commitment to the betterment of the lives of Indian people, and I commend Senator HATCH for his steadfast leadership in ensuring that Indian tribal governments are fairly treated in the welfare reform debate.

Overall, I support the bill. It contains many important advances in the way our Nation treats tribal governments. Several months ago when the bill passed the Senate with these Indian provisions, many Democrats joined with Republicans in supporting this measure. While we may disagree on many things, I was glad to see that the Indian provisions gained broad, biparti-

san support. That reflects a principle I believe should guide the Congress in all matters affecting Indian affairs: Indian issues are neither Republican nor Democratic. They are not even bipartisan issues—they are nonpartisan issues. They are day-to-day human issues which require understanding and support from both sides of the aisle. Whatever new form this Nation's welfare system takes, providing equal access to the Nation's Indian population through tribal block grants is not only the right thing to do, it honorably discharges some of our continuing responsibilities under the United States Constitution. I urge my colleagues, and the officials in the Clinton Administration, to ensure that this approach is maintained as we reform welfare.

Mr. DORGAN. Mr. President, despite some concerns, I voted to support the welfare reform bill which passed the Senate with overwhelmingly bipartisan support on September 19. I did so because I believe our current welfare system needs to be reformed and because substantive improvements were made to the bill on the Senate floor. I also wanted to advance the bill to a conference with the House where I hoped additional improvements would be made. Before the vote, however, I stated that I could not support a final bill unless it guaranteed that innocent children were protected. Regrettably, the bill which has emerged from the Senate-House conference fails to meet that test.

I am disappointed that the conference committee did not build on the bipartisan legislation which passed the Senate. Instead, we have before us a bill which, in my view, abdicates our moral responsibility to ensure that children are not punished for the mistakes of their parents. There ought to be a safety net to protect children. This bill shreds the safety net and instead gambles with the lives of poor children by failing to guarantee their security.

On September 19, I stated that there were several improvements contained in the Senate bill which would have to be retained or improved upon in conference or I would oppose final passage. Unfortunately, many of these provisions were substantially weakened or removed altogether from the bill by the conference committee. I would like to point out just a few of the fatal flaws in the bill before us today.

#### CHILD CARE

Every expert will tell you that the biggest obstacle in moving people from welfare to work in this country is the lack of adequate child care. Child care is the linchpin for successful welfare reform.

While the bill proposed in the Senate added more money for child care, it fell significantly short of the amount that the Congressional Budget Office estimated would be needed in order for the States to meet the stringent requirements in the bill for moving welfare recipients into the work force quickly.

To address this shortage of child care funding, the Senate added an additional \$3 billion just prior to final passage. While that amount was still well below the amount needed for child care, it was a small step in the right direction. Yet the small amount of money added by the Senate for child care was reduced \$1.2 billion in conference. The Congressional Budget Office tells us that the shortfall for child care over the next seven years will be almost \$12 billion. That just doesn't make sense. If we want to move welfare recipients into the work force, we must provide for their child care needs. The bill before us is woefully inadequate in meeting those needs.

To make matters worse, the conference agreement lets States off the hook. As adopted by the Senate, this extra pot of child care funding was made available only to States which agreed to spend in future years 100 percent of what they spent for child care in 1994. The conference committee slashed that State requirement to 75 percent, thereby further reducing the amount of money available for child care. Again, this just doesn't make sense.

#### MOTHERS OF SMALL CHILDREN

The Senate bill, wisely in my view, allowed States to reduce the work requirements for mothers with children under age six to 20 hour per week instead of the 35 hours per week required of other recipients. Unfortunately, the conference agreement deletes this crucial Senate provision. Giving mothers the ability to spend more time at home to nurture their children during their most formative years of development is the right thing to do. It also meets the test of common sense. The Senate-passed bill required these mothers to work, but allowed them to balance work responsibilities with family obligations. The bill before us does not, and families will suffer because of this.

#### FISCAL ACCOUNTABILITY

Welfare has always been a Federal-State partnership. Under current law, States contribute about 45 percent of total welfare expenditures. Without States continuing to contribute their share, the pot of money currently available for welfare could be reduced by almost half overnight. To make sure that this did not happen, the Senate bill required States to contribute at least 80 percent of the money they spent on welfare in 1994 in order to be eligible for their block grant money. That requirement was reduced to 75 percent by the conference committee. What this means is that States will be able to cut their funding by approximately \$17 billion over the next 5 years. The end result is that cash assistance could be denied to as many as 1 million needy children. I am simply not willing to gamble with the life of one child. We can and should do better than what is being proposed here.

#### CHILD PROTECTION

The conference committee also rejected the Senate bill's protections for

extremely vulnerable children. While the conference agreement maintains the entitlement status of room and board costs for foster care and adoption, it establishes block grants for all other funding critical to ensuring that children are safe, including removing abused and neglected children from unsafe homes and placing them in licensed facilities and permanent homes, and training for foster parents.

The conference bill also ends the Federal entitlement responsibility for all other child protection programs, which the Senate had maintained in its bill. Instead, they are combined into two block grants—which will undoubtedly pit preventative services against crisis and treatment programs in a battle for limited funding. I find these two provisions unconscionable. I have no doubt in my mind that they will result in more children living in abusive homes and in danger.

The current welfare system serves no one well—not recipients, not their children, not American taxpayers. The current system has trapped too many people in a cycle of lifetime dependency. Any meaningful welfare reform must be grounded on the basic premise that government assistance is a way "up and out"—not a "way of life." It must be viewed as a temporary assistance program for people who are down and out on their luck and need a helping hand to get them back on their feet and back to work.

In crafting meaningful welfare reform, however, protecting the children of poor mothers must be a priority. Let's not forget that 9 million children will be affected by this legislation. Let's not forget that more than 20 percent of America's children live in poverty. And let's not forget that the Office of Management and Budget estimates that an additional 1.5 million children will fall into poverty if this conference agreement is enacted. Protecting innocent children is and ought remain a Federal responsibility and a national priority. Unfortunately, the conference committee has failed to meet this responsibility. There is simply no safety net for poor, innocent children in this bill. For this reason, it is with great disappointment that I simply cannot support this conference agreement. Having said that, I remain optimistic that a responsible welfare bill which puts people to work but protects innocent children can be crafted during this session of Congress. I remain committed to that goal.

#### THE MILKING OF OUR CHILDREN'S FUTURE

Mr. LEAHY. Mr. President, America is waking up to what the Contract With America is really about. But that has not stopped the Republican Congress from forging ahead with their ideological war, that in the end will hurt not just low-income children and families, but our country as a whole.

The bill before us is rhetorically called "welfare reform". Its supporters claim they want to get people off welfare and into a job, but this is under-

mined by the fact that the bill does not give States the resources to follow through on this claim.

What this bill does do is provide billions less than what is necessary for States to provide child care and meet work requirements. This bill cuts assistance for the poor, disabled children and the elderly, and cuts funds that are needed to rescue children from abusive homes. It cuts over \$30 billion from the food stamp program and provides for optional block grants that will not allow States to respond to increased need during periods of higher unemployment—over 80 percent of food stamp benefits go to families with children.

Vermont initiated its own welfare reform plan a year ago, aimed at getting people off welfare and into the work force. Vermont's program is working—because the State lowered the rhetoric, left off the sound bites, and got the job done. The cuts included in this bill will be a step backward and could dismantle the programs that have been working in Vermont. It will also be a step backward for the work accomplished by Vermont Campaign to End Childhood Hunger and other Vermont children's advocacy groups.

To highlight what this bill is really all about I want to talk about just one—perhaps seemingly minor—aspect of the agreement reached on the school lunch program. A few years ago, the Reagan administration tried to block-grant the school lunch program. They also tried to say that ketchup was a vegetable. Americans resented people in Washington playing politics with school lunches.

Now the Republicans in the House of Representatives, and a few here in the Senate, are playing the same kinds of political games. Their block grants would end the 50-year-old requirement that schools provide a carton of milk with every school lunch.

Milk has been required in the National School Lunch Program ever since the program began in 1946. The law could not be clearer on this subject: "Lunches served by schools participating in the school lunch program under this act shall offer students fluid milk."

Milk is essential to a child's healthy development. It builds strong bones and healthy bodies. Serving every child a carton of milk every day teaches children a crucial lesson about eating healthy meals.

Schools now serve about 40 million half-pints of milk per day in the school lunch and school breakfast program. Children in the school lunch program drink 454 million gallons of milk per year. By comparison, all the dairy farmers in the State of Vermont produce 279 million gallons of milk per year. The milk provided through school lunches accounts for over 7 percent of all fluid milk consumed in the United States.

In my 8 years as chairman of the Agriculture Committee, during two full

rewrites of the child nutrition law, I never once heard anyone complain that the school lunch program was serving too much milk.

Yet this bill sets up block grants, and then provides them with insufficient funds to provide a healthy meal, including milk, to every child who needs one.

When the financial crunch hits, States are likely to stop serving milk to children—they will replace it with cheaper and less healthy substitutes like soda.

By the way, under this Republican welfare bill, any State—not just a block-grant State—can obtain a waiver to serve junk food and soda in school cafeterias. I fought for 8 years to keep junk food out of the school lunch program.

I want to read from a letter that the Senator from Kentucky, Senator MCCONNELL, and myself sent to the chairman of the Agriculture Committee, Senator LUGAR, on December 6 supporting his stance against school lunch block grants. The letter was also signed by 9 other Republicans and 11 other Democrats.

We oppose mandatory or optional block grants for the child nutrition programs. The school lunch program provides healthy meals every day for 25 million American children. Block grants could undermine the nutritional value of those meals, threaten the guarantee of free meals for needy children, and provide inadequate funding for the program during recessions and other times of need.

The National School Lunch Program is a program that works. Americans—both Democrats and Republicans—support it. It answers a vital need. So why do we need to end the Federal commitment to feeding children and replace it with a block grant? The American School Food Service Association believes that school block grants are a step in the wrong direction and has urged members to vote against this bill.

Underfunded block grants, whether for school lunch, food stamps, child protection, Medicaid or aid to families with children do not give States the tools they need to respond to increased needs during periods of higher unemployment. State taxpayers will be the ones to pick up the tab.

This bill needs to be vetoed so we can start working on a real welfare reform bill in a bipartisan fashion. We must come together and we must agree on the basic principles that can guide our efforts. In my view, the only way to begin this discussion is for President Clinton to veto this bill.

I trust that the President will do so in the interest of American's children and America's future.

Mr. COHEN, Mr. President, 3 months ago, the Senate voted overwhelmingly to bring about fundamental change to welfare in this country.

The entitlement status of cash welfare is ended in this bill. This is the most important step we can take if we want to successfully end the cycle of

dependency. As Marvin Olasky noted in his recent book, "The Tragedy of American Compassion," effective welfare requires the ability to distinguish those who have fallen on hard times and need a helping hand from those who simply refuse to act in a disciplined and responsible manner. When welfare is a Federal entitlement, it is very difficult to make these distinctions.

However, ending the entitlement must be accompanied by the support necessary to get welfare recipients into jobs. In considering our welfare system, I think it is useful to distinguish beneficiaries by three major groups.

First, there are those in need of temporary assistance. People who, while they are generally able to support themselves and their families, they have fallen on hard times. Food stamps and other assistance must be there to provide temporary help when unforeseen economic crises occur.

The second group includes those whom most of us would agree cannot work. These individuals—through no fault of their own, are simply not able to economically provide for themselves. They have disabilities that warrant our compassion not our scorn. The welfare system should be there for them.

The third group consists of people who fall somewhere in between the first and second groups. They have been on and off the welfare rolls for years, yet they don't seem to fit the profile of someone whom most would agree cannot work.

It is this third group that should be the focus of the current welfare debate. The debate has often been extremely polarized. Many on the left are reluctant to vest any sense of personal responsibility in welfare recipients. They view them as unwitting victims of societal injustices, refusing to acknowledge the role that personal behavior may play.

On the other hand, many on the right are reluctant to acknowledge that no person is an island—that each of us thrives or fails to thrive, to some extent, as a result of our environment. Some on the right naively believe that we all have the same opportunities and that a failure to succeed is simply evidence of laziness.

For many beneficiaries in this third group, one of the most essential ingredients for self-sufficiency is the availability of child care. I am of the opinion that we cannot mandate strict work requirements without providing States with a reasonable amount of child care funding.

During Senate debate on welfare, I worked on a bipartisan basis with other Members to increase funding for child care. Even under the current system of entitlement, there are more than 3,000 children of working parents already waiting to receive child care assistance in Maine. While the conference agreement decreases the Senate funding level by about \$200 million,

that decrease in funds is balanced by a reduction in the work requirements in the early years of implementation. Rather than the 25 percent level called for in the Senate bill, States will be required to place 15 percent of their caseload in work activities.

In addition, the conference agreement will add \$1.6 billion in funding for the social services block grant. This block grant has been used in many States to fund additional child care services for low-income families and this funding will allow States to furnish additional services for child care and to promote economic self-sufficiency.

The provision for child care services in the agreement continues to provide protections for children who are not yet in school by prohibiting States from penalizing mothers who cannot work because there simply is no child care available.

We have been criticized on all sides for providing too much and providing too little in this legislation. We do not know how States will react to this new flexibility and independence in setting policy. This legislation reflects the philosophy that Washington does not have all the answers. We should no longer assume that one-size-fits-all Federal solutions offer better hope than granting more freedom to States to design approaches that address a State's unique set of circumstances.

Having said that, I believe we have a common and national interest in assuring an effective social safety net for all Americans, regardless of where citizens may reside. So I would not support any effort to completely remove the Federal Government from the welfare system.

Through Government, we have an obligation to try to counter the negative influences which impact some of the poorest members of our society. Many Americans are born into environments of drugs, crime and severe poverty. And regrettably, too many of our young people are growing up without two parents involved in their lives. The correlation between single parenthood and welfare dependency is overwhelming. Ninety-two percent of AFDC families have no father in the home.

Society must also acknowledge the correlation between crime and fatherlessness. Three-quarters of all long-term prisoners grew up without fathers in their homes or active in their lives. When 24 percent of children born today are born to unwed mothers, we cannot avoid this issue if we hope to break the cycle of poverty and crime that permeate some of our communities.

Unfortunately, no one really knows how to stop that cycle. For this reason, I do not support efforts to attach a lot of strings to the welfare block grants, including provisions ostensibly designed to curb illegitimacy. It is clear that welfare reform cannot disregard the growing incidence of out-of-wedlock births, teen pregnancy, and absent

fathers, but it is also clear that we don't know what will counter this trend. Accordingly, we ought not prescribe a Federal solution that would hamstring the ability of States to try different approaches.

This legislation does bring a new national presence to the collection of child support and establishing paternity for children born out-of-wedlock. By taking a tougher stand to establish and then enforce child support orders, some of the families currently tied to the welfare system may be able to get loose. Financial support cannot replace the presence of a good father in a household but it will relieve some of the burdens placed on single mothers.

I support the general thrust of the pending welfare legislation to turn more decisionmaking authority over to the States. Consistency would suggest that we not at the same time put a lot of requirements on States on how and who to spend Federal welfare dollars. I do think that it is important to ensure that States share responsibility with the Federal Government by investing dollars at the State level in welfare programs. For this reason, I supported a strong maintenance of effort requirement which remains largely intact in the conference report.

Block-granting AFDC to the States is not a panacea. A welfare system that has clearer lines of responsibility and accountability will be more effective. But this is not the end of the welfare debate. Hopefully, we will enact legislation this year that will make meaningful improvements in the current system. But turning these programs over to the States will not itself fix the problems. Congress and the President must continue to work with States to improve the welfare system to make sure that a safety net is there for those who need it but is denied to those who abuse it.

I intend to support the conference agreement, but I do have reservations regarding some of the changes that were included in the final agreement. We have been put on notice that this legislation will be vetoed by President Clinton. If the President follows through on his promise, it is my hope that we can revisit those important issues when the legislation returns to Congress.

Mrs. FEINSTEIN, Mr. President, the welfare reform conference report before us today should be defeated. It should be defeated because it does not adequately address our Nation's needs and particularly the needs of my State; it endangers the Nation's children; it does not help people move from welfare to work.

INADEQUATE ATTENTION TO UNEMPLOYMENT,  
GROWTH

Compared to the bill we previously passed, this bill gives short shrift to my State's needs.

First, the Senate bill created a contingency fund of \$1 billion to help States with high unemployment. This conference agreement reduces this fund

to \$800 million. California had an unemployment rate stood of 8.8 percent in November, while the national rate was 5.6 percent. In the last 5 years, my State's unemployment rate has never dropped below 7 percent, reaching 10 percent in 1994.

Second, the bill's underlying funding formula fails to recognize high growth rates in poverty. I offered an amendment to redistribute funds by the change in poverty population each year. The conference agreement does not rectify this problem. California's population is expected to grow from 30 million in 1990 to 42 million in 2010 and 49 million by 2020.

Third, under this bill, States will contribute less. The Senate bill required States to maintain 80 percent of their 1994 funding of cash assistance [AFDC]. Under this bill, States can drop their funding to 75 percent. Thus, they can reduce their funding by 25 percent. This would allow States to reduce State spending by \$5 billion.

PROTECTING NEGLECTED AND ABUSED CHILDREN

Programs providing services to neglected and abused children are an important part of this bill. These are services that have removed children from unsafe homes, placed them in protective settings, provided periodic reviews of their status, and trained child protection staff.

Child protection services are included in a block grant and cut by \$1.3 billion over 7 years. These are services like training for foster parents, child abuse emergency response, and other services that try to keep families together and protect children in foster homes.

There are at least half a million of these children in California.

From 1988 to 1993, nationally, the rate of reported child abuse and neglect rose 25 percent. The foster care caseload grew 50 percent. From 1983 to 1993, the number of children in child protection grew by two-thirds. Los Angeles last year responded to more than 165,000 reports of abused and neglected children.

This bill will weaken support for these, our most vulnerable children.

NOT HELPING MOTHERS BE MOTHERS

The Senate bill allowed States to limit the work requirement to 20 hours a week for mother with children under age 6. This bill requires mothers of small children to work at least 35 hours a week.

While work requirements are appropriate for many people, mothers are the most important influence in a young child's life. Work requirements should be compatible with raising a family and guiding young children. I believe a 20-hour work week requirement for mothers with young children, rejected by this bill, is reasonable.

NO HEALTH COVERAGE

The conference version, unlike the previous Senate bill, ends the guarantee of health insurance or Medicaid for women on AFDC and their children over age 13.

In California, 290,000 children and 750,000 parents would lose coverage, according to the Children's Defense Fund. This represents 18 percent of all children in the United States losing coverage.

By ending this health insurance, we will add to our State's uninsured population which is already the third highest in the Nation at 22 percent. Without health insurance or the ability to purchase it, sick people end up in hospital emergency rooms and we all pay through tax dollars or our private policies.

WORK REQUIREMENTS, RESOURCES WEAK

The bill's goal, a goal I endorse, is to move welfare recipients from dependency to work. The bill requires States to have 50 percent of recipients participating in work by 2002. But the bill falls short in several ways.

First, the conference agreement, unlike the Senate bill, does not require personal responsibility contracts, agreements that obligate the recipient and move him or her toward self-sufficiency.

Second, the conference agreement deletes the Senate provision giving bonuses to States for job placements.

And third, and most importantly, the bill does not provide adequate funds for child care programs to support the requirements that States put welfare recipients into work.

CHILD CARE

Child care is the linchpin to self-sufficiency for mothers on welfare. The fact is that mothers cannot go to work without child care programs for their children. There are two serious problems in this bill, the first is funding and the second is standards.

Currently in California, 80 percent of eligible AFDC children are unserved. The bill before us exacerbates this already dire situation. To support the work requirements of the bill, the bill falls short from \$6 billion to \$13 billion.

Child care experts in California tell me that this means our State would be \$1.3 billion short of what is needed to meet the increased demand caused by the work requirements of the bill.

Under current law, to qualify for Federal child care funds, States must set quality standards that address things like caregiver to child ratios, sprinkler systems, plumbing standards, hygiene.

The Senate bill retained this requirement, but the conference agreement before us eliminates it. This means that there is no guarantee that young children will be in safe and healthy environments.

INNOVATIVE PROGRAMS

California has some of the most innovative welfare programs in the country.

We have the GAIN program—Greater Avenues for Independence—in Riverside, that has returned \$2.84 to the taxpayers for every \$1 spent.

In Los Angeles, the GAIN program has a job placement rate of 34 percent.

San Mateo and San Diego Counties have successful job-search programs.

San Mateo, last year, put 85 percent of the people in the program to work.

The Senate adopted my amendment to allow HHS to negotiate directly with large counties to establish innovative programs. Unfortunately, the conferees deleted this provision.

#### CONCLUSION

No one has a right to welfare. Welfare was never intended to be a permanent way of life. It was intended to be a lifeboat for people in temporary emergency situations. In my State, there are almost 2.6 million people receiving welfare or 18 percent of the U.S. caseload in a State that has 12 percent of the population. I want to reform welfare. I want families to be secure and self-sufficient. But this bill does not do it. I cannot support it.

Mrs. BOXER. Mr. President, I rise today in strong opposition to the conference report for the Personal Responsibility Act of 1995.

I gave my qualified support to the Senate welfare reform bill, the Work Opportunity Act of 1995, because I believed it contained important improvements from the draconian House welfare reform measure.

Without the Senate-passed protections, I can no longer support the welfare reform efforts of this Republican Congress. This bill simply goes too far toward what I believe will be a dark development for poor families as spending for needy families with children will be reduced by approximately 18 percent.

I would like to take this opportunity to further explain why this conference agreement is unacceptable to me and should not be passed by the Senate.

#### CHILD WELFARE

Mr. President, abused and neglected children have no place in efforts to reform welfare. To try to squeeze out savings from programs which protect the most vulnerable in our society is not only wrongheaded, but mean-spirited as well.

The House bill would create two child protection block grants to States—ending the total Federal guarantee of foster care and adoption assistance to the children who are the most desperately need of our help. The Senate-passed bill left current law on these programs unchanged.

It has been demonstrated that in times of economic downturns, the need for child protective services rises commensurately. When there was a 6 percent decrease in AFDC California in 1992, there was a 10 percent increase of children into the welfare system and a 20 percent increase in child abuse reports in Los Angeles County. However, this conference agreement takes a short-sighted approach by capping spending on child welfare programs at a time when the need for them could increase dramatically.

The conferees wisely retained the Federal guarantee for title IV-E foster care and adoption assistance mainte-

nance payments for abused and neglected children who qualify. But the conference agreement caps the costs to administer the foster care and adoption assistance program, regardless of additional burdens which may be placed on the system. This will mean \$1.3 billion over 7 years will be slashed from serving abused and neglected children. That is a disgrace.

Mr. President, I want to explain what constitutes "administrative costs" under the foster care and adoption assistance program. I think we can all agree that where needless paperwork and red tape can be eliminated, we should encourage it. But in the case of the title IV-E foster care and adoption assistance program, administrative costs are used for activities such as the training of foster care and adoptive parents, investigations, referrals, and appropriate child placements.

Title IV-E administrative costs would be folded into a Child Protection Block Grant, and capped, together with the Family Preservation and Independent Living Programs.

Mr. President, the Family Preservation Program is having a positive effect in the State of California. In Los Angeles County, the Family Preservation Program has served 10,000 children in 3 years. Through more extensive supervision by law enforcement and social workers and violence prevention, the Los Angeles County Preservation Program can claim an approximate 50 percent decrease in child abuse deaths in 3 years and serves more at-risk families with less money than the traditional foster care program.

This welfare bill will hurt innovative programs such as Los Angeles County Family Preservation Program by capping it arbitrarily.

The story of 6 year-old Elisa Izquierdo in New York is the kind most of us hope to never have to read. Young Elisa fell through the cracks of the New York City child welfare system—one of the largest in the country. Her story is a tragic example of what can happen in an overburdened child welfare program.

Mr. President, we have an obligation to ensure that every child is protected from an unsafe household. The conference agreement will seriously undermine the ability of child welfare agencies to meet this obligation. To endanger the lives of vulnerable children is not worth the few savings these provisions will bring.

#### WORK

This bill is weak on work. The conference agreement strips out provisions added to the Senate bill which would get serious about putting welfare recipients into the workforce. This legislation gives a person 2 years before they have to work—not 3 months, as in the Senate bill.

The conference agreement also does not contain the bonus to States for exceeding the targeted work participation rates as provided under the Senate bill.

The debate on welfare has centered around "personal responsibility." Yet the conference agreement fails to require welfare recipients to sign a personal responsibility contract in order to receive their benefits.

On the other hand, the conference agreement removes some of the most important protections for welfare families transitioning to work. I supported the provisions in the Senate bill which would have recipients to go to work after 3 months of receiving benefits. However, where a woman's safety could be threatened, the Senate bill would permit an exemption for battered women from the overall work requirement.

The Violence Against Women Act, which I introduced and passed last Congress, went a long way toward assisting battered women who were in unsafe households. Removal of this important exemption demonstrates the failure to understand the dangers many battered women face and the circumstances which keep them from leaving their abusers.

In addition, the final bill forces 35 hours of work per week for parents with young children without sufficiently funding child care.

And where a family is subjected to circumstances of extreme hardship, I support a more generous exemption for such families from the time limit on benefits. While the Senate bill would have permitted States to exempt up to 20 percent of their welfare caseload under a hardship exemption, the conference agreement only permits the exemption of 15 percent of the caseload. Based on HHS estimates, this could mean up to 500,000 more children than the Senate bill will be denied benefits due to the expiration of time limits under the lower 15 percent exemption.

#### CHILD CARE

Mr. President, the conference agreement is inadequate in meeting the child care needs of welfare families. CBO estimates that this bill contains \$6 billion less than what is needed by families to meet the bill's own work requirements. HHS estimates that the funding level is \$13.6 billion less than what will be needed to meet the work requirements.

The agreement does not contain the important provision in the Senate bill which would allow States to require mothers with children under the age of 6 to participate in work programs for 20 hours per week instead of 35 hours per week. Removal of this exception will mean significantly greater demands will be placed on the child care funds contained in the bill, hindering the efforts of parents trying to get off of welfare.

In addition, child care health and safety protections contained in current law and retained in the Senate bill would be eliminated.

The quality set-aside, used by States to promote and assure the availability of safe and affordable child care, is less than half the amount passed in the



Senate bill. Without safe and affordable child care, parents are faced with terrible alternatives: leaving their young children with siblings too young for the responsibility, or worse yet, allowing their young children to stay at home unsupervised. No responsible parent wants to be faced with that decision. In some cases, such decisions could meet with dire consequences.

Mr. President, simply put, child care is the absolute linchpin to any successful welfare reform effort. Without adequate child care, there is little reason to believe that welfare families have any real hope of working their way off of welfare and staying off. Working families with children today understand this need better than anyone else.

California already has a serious shortage of safe and affordable child care. Today, 30,454 children in California are served under Federal child care programs. But thousands more sit on waiting lists. In fact, only about 14 percent of eligible children are currently being served by child care programs in California.

Combined with the title XX Social Services Block Grant funding cut of 10 percent in the budget reconciliation measure—which many states use to fund child care activities—the severe underfunding of child care in the conference bill will further exacerbate the problem of underserved families in California.

#### LEGAL IMMIGRANTS

California is home to the approximately 38 percent of the total number of all immigrants in the United States. Legal immigrants comprise more than 12 percent of the total population of California for an estimated 4 million total number of legal immigrants. Legal immigrants make up approximately one-sixth of the total Los Angeles County population.

The conference agreement will cut off a variety of benefits to legal immigrants. The California legislative analyst's office estimated that the legal immigrant provisions of the House and Senate-passed welfare bills would reduce Federal funds to the State of California by \$6.6 to \$8.3 billion over 5 years. The restrictions on benefits to legal immigrants would comprise more than half of the total loss of Federal welfare funds to the State (\$3.6 to \$5.3 billion).

The loss of these funds will result in a tremendous cost shift to the State of California and its local governments. Under California State law, counties are mandated to provide cash and medical assistance to low-income persons who are otherwise ineligible for Federal assistance.

In sum, the conference agreement goes too far in restricting benefit eligibility for legal immigrants, many of whom have been in the country for years and paid taxes. It will also transfer billions of dollars in costs to the already overburdened local governments of California.

#### MEDICAID ELIGIBILITY

The conference agreement quietly severs the link between AFDC and Medicaid eligibility. Under this bill, women and children over age 13 receiving cash assistance would no longer be guaranteed Medicaid coverage. Neither the Senate nor the House-passed welfare bills would have gone so far as to eliminate the longstanding guarantee of Medicaid coverage for needy citizens.

Elimination of this link, combined with ending the entitlement to cash assistance and shrinking spending for other services for our needy, will render the safety net for the most vulnerable in our country virtually nonexistent.

#### CHILD NUTRITION

House Republican efforts to end Federal School Lunch and School Breakfast Programs and replace them with capped funding to States are both ill-advised and unpopular. Again, the Senate approach wisely maintained the Federal child nutrition programs.

For nearly 50 years, the School Lunch Program has fed hungry children. School-based feeding programs are sound investments in children's health and their education. Studies show that children who go to school hungry tire easily. They have trouble concentrating, do worse on standardized tests and are more likely to miss class due to illness. Every day, 25 million school children in America get a well-balanced, nutritious meal through the Federal school lunch program—2 million of these children are in California.

Despite widespread public support for the National School Lunch and School Breakfast Programs, the conference agreement would permit 7 States to receive funding for their programs in the form of a block grant. Children in those 7 States would no longer receive a Federal guarantee to a nutritious meal which may be the only one they eat all day.

The Los Angeles Times published a series of articles on hunger in southern California late last year. One of the most moving pieces told the stories of the many hungry children at Edgewood Middle School in the city of West Covina. The piece recounted the problems of serious hunger and malnutrition among students in what is considered to be a middle-class bedroom community.

After the story was printed, there was a huge outpouring of public support for feeding the hungry students at Edgewood. Citizens donated boxes of food, and money, and the West Covina Unified School District voted for the first time to sign up for the School Breakfast Program. Shortly thereafter, 60 California school districts followed suit and applied for the Federal School Breakfast Program.

The conferees' decision to open the door to ending National School Lunch and School Breakfast Programs flies in the face of widespread public support

for child nutrition programs, as evidenced by the Edgewood Middle School example.

#### SSI FOR CHILDREN

The conference agreement goes beyond the Senate-passed bill to reduce Supplemental Security Income (SSI) benefits by 25 percent for 65 percent of the children who are on SSI. The agreement would create a two-tier benefit structure, cutting the SSI program for disabled children by \$3 billion over 7 years more than under the Senate bill. This cut will have a dramatic impact on low-income families who use SSI to help pay for their disabled children's needs.

#### MAINTENANCE OF EFFORT

The Senate passed a requirement that States must spend at least 80 percent of their previous fiscal year's spending in order to receive their full block grant allocation. The conference agreement lowers the requirement to 75 percent. In effect, this will permit States to reduce their welfare spending by \$5 billion over the next 7 years more than under the Senate-passed bill.

#### FAMILY CAP

Real welfare reform makes work pay and provides incentives for families to transition out of the system. This bill takes the reverse tack of punishing welfare families for being poor. Take for instance, provisions to impose mandatory family caps. Family caps prohibit States from providing additional cash assistance to families who have more children while on welfare.

The Senate spoke on this issue by voting to remove a mandatory family cap provision. The conference agreement subverts the Senate vote by requiring States to impose family caps unless the State legislature explicitly votes otherwise—making it extremely difficult to provide additional assistance to affected children.

The family cap has not sufficiently proven itself to be a successful way to drive down the number of births to women already on welfare. A preliminary study done by Rutgers University of the New Jersey State family cap revealed that the policy did not reduce births to women on AFDC, but did drive children in such families even further below the poverty line.

#### CHILD SUPPORT

The conference agreement does not contain the amendment which passed unanimously in the Senate which would eliminate benefits to deadbeat parents. The amendment, which I offered, would make noncustodial parents who are more than 2 months behind in their child support ineligible for federally means-tested benefits unless they enter into a schedule of repayment for arrears owed. This provision would have sent a message to get tough with parents who do not take their child support obligations seriously.

## CONCLUSION

Combined with proposals to severely cut back the Earned Income Tax Credit, Medicaid, and Head Start, this welfare reform bill will not reform the flawed welfare system, but create more serious barriers for families trying to work their way out of welfare.

This conference agreement extracts approximately \$60 billion from programs serving the poorest among us at a time where the Republicans want to give tax breaks to the wealthiest among us. I do not agree with these priorities. Moreover, the bill's dramatic underfunding is unfair to both States and poor families.

And while I support welfare reform that gets tough on work, this one fails even that test.

In summary, I cannot support legislation which will throw countless children into poverty. No one expects us to solve the welfare problem by punishing children for being poor.

The President has pledged to veto this welfare bill. And for the reasons I have stated, I must vote against the final welfare reform bill as well. I urge my colleagues to do the same.

Mr. STEVENS. Mr. President, I am proud to be an original cosponsor of the Dole Work Opportunities Act and am proud to have worked with the current occupant of the chair, the Senator from Pennsylvania. I do believe that this welfare reform act will, as the President said months ago, "end welfare as we know it."

As early as 1935, President Roosevelt recognized that the welfare system was not working. At that time he said:

The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is inimical to the dictates of sound policy. It is a violation of the traditions of America.

Unfortunately we find ourselves, today, some 60 years later, with millions of Americans on welfare. In my State, 39,000 Alaskans are on welfare sometime during the year. That includes many foreign citizens, who are residents of our State.

What is worse, once people go on welfare they seem to stay on it. The average person is on welfare for a mind-boggling 13 years, once he or she gets on welfare.

Teenage girls get welfare checks, but only if they become pregnant. Instead of discouraging teen pregnancy, our Government actually rewards it with a cash bonus.

Today, the out-of-wedlock birth rate is a startling 33 percent. Half of the teenagers who have babies end up on welfare before their babies are a year old.

The current welfare system rewards idleness instead of work, rewards teenagers who have babies out of wedlock instead of those who practice abstinence, and rewards foreigners who illegally enter the country.

The war on poverty's chief casualty has been the American taxpayer. Over \$5 trillion, in constant 1993 dollars, has been spent on welfare programs in the 30 years since its inception.

I supported some of those activities under that program, but I am convinced now that the American people are fed up with this Federal welfare system that contradicts values: It discourages marriages, penalizes work, and encourages illegitimacy. Its results speak for themselves.

In Detroit, in 1993, 50 percent of all children in that city received AFDC benefits at some time during the year. And an astounding 67 percent of all the people of that city received AFDC payments during the year. Mr. President, 50 percent of all children in the city were receiving benefits at a given point of time, and 67 percent received them at some point during that year. I am quoting from the statistics from the Department of Health and Human Services.

The current welfare system is not a temporary way station for many. Instead, it has become a multigenerational way of life. According to a 1986 study by David Ellwood, currently an Assistant Secretary at the Department of Health and Human Services, 82 percent of AFDC recipients on the rolls at a given time had been there for more than 5 years, and 65 percent for 8 years or more.

The breakdown of the family, the glue that has traditionally held our American society together, is another casualty of this welfare system. Teenagers, too young to have a driver's license, are having babies and moving into apartments of their own, financed by the taxpayers, and having more babies. And children born out of wedlock are three times more likely to be on welfare when they grow up.

The existing system breeds discontent and idleness. It is a fertile ground for abandoning personal responsibility for one's life, one's children, our society, or our way of life.

Mr. President, I grew up in the Depression when everyone had to work to survive. We had to work hard. From the time, literally, we were 6 or 7, my brothers and sister and I worked at odd jobs to keep our family going. Things were tough, but my grandmother taught us that the way for us to get ahead and stay ahead was through hard work.

I think it is time to put my Grandma Stevens' horse sense back into our public policy.

The bill BOB DOLE and I, and the occupant of the Chair, cosponsored charts a bold new course designed to reverse decades of perverse incentives and failed policies. Our bill will restore a sense of ethics to our social fabric, especially the ethics of work, responsibility, and family integrity.

This bill will end welfare as an entitlement. The bill will return to the concept of a helping hand to those truly in need, temporarily, until that

person has a chance to get back on his or her own two feet.

It will impose a 5-year lifetime limit on receiving welfare benefits, require welfare recipients to work as soon as they are trained, provides \$18 billion for child care to enable welfare mothers to work, terminates benefits to those who refuse to work, requires teenagers who have babies to stay in school and live under adult supervision to qualify for benefits, denies welfare payments to drug addicts and alcoholics, reduces the Federal bureaucracy by transferring the programs to the States to run.

This measure provides the flexibility to allow States to address the needs of those truly in need. We will all agree, I hope, that the disabled veteran, the elderly widow, or the learning-disabled child should continue to receive our help, and will under this bill.

Nothing in this bill prevents States from exempting recipients from the work requirement if they are physically or mentally unable to do the work. This bill also gives the States the option to cut off benefits to mothers who have more children while on welfare to discourage illegitimate births. As harsh as that sounds, it was the recommendation that came to me personally from school nurses in my State.

This is the family cap concept. Some folks in the media, I think, have misconstrued this section of our bill. Our bill does not say the States cannot institute a family cap—it says let the States decide whether to institute it or not. That is what this debate is all about.

For too long, Washington has dictated welfare policy to individual States. My State is a good example of the flexibility that is needed in administering laws such as this.

States have the right to experiment and decide the best way to discourage welfare abuse and yet meet the needs of their citizens. By mandating caps, we would go down the failed road of "Congress knows best."

This bill is not a Congress knows best bill. It is a "States know best" bill. And that is what the 10th amendment is all about. It is simple. It says:

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

The 10th amendment is fulfilled by this bill that we have before us, the Work Opportunities Act. It leaves to the States the powers reserved to them, and I am proud to support it.

I thank the Chair. I yield the floor.

Mr. ROCKEFELLER. Mr. President, this year, I have consistently argued for reform of the welfare system. Today, I voted against legislation that misuses the label "welfare reform" and deserves to be soundly rejected.

I am extremely disappointed that an extremist faction of Congress managed to turn a historic chance for enacting welfare reform into another way to



pursue an agenda that will hurt children, weaken families, and cripple State budgets. To pursue this mean-spirited program so close to Christmas makes it all the sadder and more shameful.

I am determined to press on for real welfare reform that promotes work, reduces dependency, and protects innocent children. I have personally worked to promote welfare reform for many years as Governor of West Virginia and in the U.S. Senate, and I will not give up.

In 1982, as Governor, I helped establish one of the first workfare programs in the country, which continues in West Virginia today. In 1988, I was a conferee who helped forge a bipartisan agreement to promote work in the Family Support Act. This year, I have been eager to work in a bipartisan manner to promote even bolder initiatives for welfare reform that could build on the innovations started by the Family Support Act, and state-led experimentation.

My fundamental principles for reform are that parents should accept personal responsibility and work, but that children must be protected, not punished. We should never forget that two-thirds of the people on welfare are children, and 70,000 of them live in my State of West Virginia. They are the innocent ones, and they should not be punished because of their birth.

I was an original cosponsor of the Work First plan, sponsored by Senators DASCHLE, MIKULSKI, and BREAUX, because I strongly felt that this program was the best initiative to promote work and still protect the millions of children who depend on welfare for basic needs of food, clothing, and shelter. When our Democratic alternative was not adopted, I was willing to work in a bipartisan manner in the Senate to try and forge an agreement. I voted for the Dole-Daschle leadership amendment and the bipartisan Senate welfare bill. It was not perfect, and no comprehensive bill can be. It was a sincere effort to reform our welfare system and retain some fundamental safety net programs for children, especially child welfare and foster care.

Unfortunately, the bipartisan approach taken in the Senate was not adopted by the conference committee. As Senator MOYNIHAN, the ranking member of the Finance Committee said in his statement, the conferees were not consulted. In fact, one of the Senate Republican conferees did not even sign the conference report. Several Republican Senators have expressed serious concerns about disturbing policy changes tucked into the conference report that do not belong in a welfare reform bill.

Having served on the conference committee in 1988 for the Family Support Act, which passed the Senate with a strong bipartisan vote of 96 to 1, I am disappointed that this was not the model for negotiations on this legislation. The conference committee for the

Family Support Act included hard work and tough decisions, but it was a sincere, bipartisan effort and it produced modest success, and the framework for innovation that led to this debate.

There are many issues involved in this debate and the conference report. Many of the cuts are in programs beyond our current general welfare program, called Aid to Families with Dependent Children, [AFDC]. Personally, it is the cuts and drastic changes to the other programs that trouble me greatly.

For example, this conference report eliminates assured Medicaid eligibility for poor children over 13 years old, and poor mothers. As someone who has fought to expand health care coverage for families, this is too much of a step backwards. This report cuts child nutrition in general and allows for block grants of the successful school lunch program in seven States as a demonstration. What happens in those seven States when a recession hits and more children qualify and need school lunches, but Federal funding doesn't increase? The harsher cuts in Supplemental Security Income [SSI] for disabled children and the two-tier benefit structure that reduces benefits by 25 percent for the majority of disabled children are disappointing, given the bipartisan Senate position on SSI for disabled children.

Throughout this year and the general debate on welfare reform, I have focused much on my time and energy on the Federal programs for abused and neglected children—child welfare services, foster care, and adoption assistance for children with special needs. Children served by these programs are among the most vulnerable in our society. They are children at risk of abuse and neglect, often in their own homes by their parents, and I deeply believe that we have a moral obligation to protect these children.

But this conference report does not adequately protect such vulnerable children, and I do not believe that it reflects the bipartisan approach to child welfare programs strongly endorsed in the Finance Committee and on the Senate floor. In this Chamber, a strong, bipartisan coalition supported retaining current law for child welfare and foster care in recognition of the special needs of these children.

The conference report on child welfare and foster care falls woefully short of the needs of abused and neglected children. A broad range of child advocates and bipartisan groups oppose the block grants suggested in the conference report. Mr. President, I will ask unanimous consent that a list of these advocates be printed in the RECORD.

Having served as chairman of the National Commission on Children, my goal is to improve services to abused and neglected children as suggested our unanimous, bipartisan report, not work to dismantle, effective programs. For example, the conference report would

eliminate the Independent Living program, a small but effective program offering an alternative to foster care of teens. The conference report would eliminate the promising Family Preservation and Family Support Program which I helped to create in 1993, and this program has received good initial reviews from the Government Accounting Office [GAO]. Additionally, the conference report would block grant and cap vital Federal funding for foster care placement services, including recruiting foster care parents and other essential services. This is the wrong direction for child welfare, and it is the wrong time to undercut these program if we are to move ahead on bold reform of general welfare, known as AFDC.

For West Virginia, the stakes in this debate are high. My State is eager to promote work and has already been approved by the Clinton administration for a waiver to create the Joint Opportunities for Independence [JOIN] to encourage private employers to hire welfare recipients. Having personally met with the top officials in the Department of Human Resources, I know of their interest to reform welfare. West Virginia also has regions of high unemployment and difficult transportation issues. My State is struggling to cope for a Medicaid funding crunch and can ill afford to lose hundreds of millions of dollars in social service programs and at the same time be slapped with higher work requirements for welfare families. West Virginia wants to, and is already, moving families from welfare to work, but my State needs continuing Federal investments in child care and support services to run effective programs. Even the Congressional Budget Office [CBO], acknowledges that this conference report is \$6 billion short on the funding needed to child care to move parents into work.

Let me reiterate. I want to enact meaningful welfare reform that moves parents from welfare to work. Since the President has already said he will veto this bill, it is time to make a New Year's resolution for 1996 that Congress will revive the bipartisan cooperation and effort needed to accomplish the kind of welfare reform that Americans have every right to expect.

Mr. President, I now ask that the aforementioned list be printed in the RECORD.

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

LIST OF ORGANIZATIONS WHO HAVE WRITTEN LETTERS IN OPPOSITION TO THE CONFERENCE REPORT PROVISIONS ON CHILD WELFARE SERVICES AND FOSTER CARE:

American Bar Association.  
National Conference of State Legislatures.  
American Public Welfare Association.  
Adoption Exchange Association.  
Adoptive Families of America.  
Alabama Council on Child Abuse (Montgomery, AL).  
American Academy of Child and Adolescent Psychiatry.  
American Academy of Pediatrics.  
American Association of Psychiatric Services for Children.

- American Civil Liberties Union.  
American Ethical Union, Washington Ethical Action Office.  
American Humane Association, Children's Division.  
American Jewish Congress.  
American Jewish Congress Commission for Women's Equality.  
American Jewish Committee.  
American Professional Society on the Abuse of Children.  
American Psychiatric Association.  
American Psychological Association.  
American Red Cross.  
The Arc.  
Arkansas Advocates for Children (Little Rock, AR).  
Asistencia para Latinos (Glenwood Springs, CO).  
Association of Children's Services Agencies.  
Bazelon Center for Mental Health Law.  
Beech Brook (Cleveland, OH).  
Behavior Sciences Institute/Home Builders (Federal Way, WA).  
Bienvenidos Children's Center, Inc. (Altadena, CA).  
Boarder Baby Project (Washington, D.C.).  
Bridgeport Child Advocacy Coalition (Bridgeport, CT).  
California Association of Children's Homes (Sacramento, CA).  
California Association of Services for Children (Sacramento, CA).  
California Consortium to Prevent Child Abuse (Sacramento, CA).  
Catholic Charities, USA.  
Center for the Study of Social Policy.  
Center on Juvenile and Criminal Justice.  
Child Abuse Council (Moline, IL).  
Child Care Association of Illinois (Springfield, IL).  
Child Welfare League of America.  
Children Awaiting Parents.  
Children First, Florida Legal Services.  
Children's Action Alliance.  
Children's Defense Fund.  
Children's Research Center/National Council on Crime and Delinquency.  
Children's Rights, Inc.  
Citizenship Education Fund.  
Coalition for Family and Children's Services in Iowa (Des Moines, IA).  
Coalition for Juvenile Justice.  
Coalition on Human Needs.  
Colorado Association of Family and Children's Agencies, Inc. (Denver, CO).  
Colorado Coalition for the Protection of Children (Denver, CO).  
Colorado Foundation for Families and Children (Denver, CO).  
Communities for Children (Boston, MA).  
Connecticut Center for Prevention of Child Abuse.  
Council for Exceptional Children.  
Council of Family and Child Caring Agencies (New York City, NY).  
Council on Child Abuse and Neglect.  
Council on Social Work Education.  
Damar Homes, Inc. (Camby, IN).  
David and Margaret Home, Inc. (La Verne, CA).  
DAWN for Children (Providence, RI).  
DC Action for Children.  
Delawareans United to Prevent Child Abuse.  
Demiccio Youth Services (Chicago, IL).  
The Episcopal Church.  
Families' and Children's AIDS Network.  
Family Preservation Institute, Department of Social Work, New Mexico State University.  
Family Resource Coalition.  
Family Service America.  
Florida Committee for Prevention of Child Abuse (Gainesville, FL).  
Florida Foster Care Review Project, Inc. (Miami, FL).  
Foster Family Ministries (Kansas City, MO).  
Four Oaks, Inc. (Cedar Rapids, IA).  
Friends Committee on National Legislation.  
Gary Community Mental Health Center (Gary, IN).  
General Board of Church and Society.  
United Methodist Church.  
General Federation of Women's Clubs.  
Generations United.  
Georgia Council on Child Abuse.  
Georgians for Children.  
Gibault School for Boys (Terre Haute, IN).  
Girl Scouts USA.  
Hamilton Centers Youth Service Bureau, Inc. (Noblesville, IN).  
The H.E.L.P. Group (Sherman Oaks, CA).  
Hillsides Home for Children (Pasadena, CA).  
Hollygrove Children's Home, Los Angeles Orphans Home Society.  
Home-SAFE Child Care, Inc. (Los Angeles, CA).  
Hoosier Boys' Town (Schereville, IN).  
Illinois Action for Children.  
Indiana Association of Residential Child Care Agencies (Indianapolis, IN).  
Institute for Black Parenting.  
Intensive Family Preservation Services National Network.  
Julia Ann Singer Center (Los Angeles, CA).  
Juvenile Law Center (Philadelphia, PA).  
Kansas Children's Service League.  
Kentucky Council on Child Abuse.  
KidsPeace National Centers for Kids in Crisis (Indianapolis, IN).  
The Law Center (TLC) for Children of Legal Services of North Virginia, Inc.  
Legal Assistance Foundation of Chicago.  
LeRoy Haynes Center (La Verne, CA).  
Louisiana Council and Child Abuse.  
Lutheran Child and Family Services, Indiana/Kentucky (Indianapolis, IN).  
Lutheran Office for Governmental Affairs.  
Luzerne County Children & Youth Services (Wilkes-Barre, PA).  
McKinley Children's Center (San Dimas, CA).  
Maryland Association of Resources for Families and Youth.  
Maryland Foster Care Review Board.  
Maryvale (Rosemead, CA).  
Masada Homes (Torrance, CA).  
Metropolitan Council on Jewish Poverty (New York City, NY).  
Michigan Federation of Private Child & Family Agencies (Lansing, MI).  
Minnesota Committee for Prevention of Child Abuse.  
Minnesota Council of Child Caring Agencies (St. Paul, MN).  
Missouri Chapter, National Committee to Prevent Child Abuse.  
Missouri Child Care Association (Jefferson City, MI).  
Moss Beach Homes, Inc. (San Carlos, CA).  
National Adoption Center.  
National Association of Child Advocates.  
National Association for Family Based Services.  
National Association for Foster Care Reviewers.  
National Association for Homes and Services for Children.  
National Association of School Psychologists.  
National Association of Service and Conservation Corps.  
National Association of Social Workers.  
National Baptist Convention, USA.  
National Black Child Development Institute.  
National Center for Children in Poverty.  
National Center for Youth Law.  
National Collaboration for Youth.  
National Committee to Prevent Child Abuse.  
National Committee to Prevent Child Abuse, New York State.  
National Committee for Rights of the Child.  
National Council of Churches.  
National Council of Jewish Women.  
National Court Appointed Special Advocates Association.  
National Crime Prevention Council.  
National Education Association.  
National Family Planning and Reproductive Health Association.  
National Foster Parent Association.  
National Independent Living Association.  
National Jewish Community Relations Advisory Council.  
National Network of Children's Advocacy Centers.  
National Network for Youth.  
National One Church One Child.  
National Parents and Teachers Association.  
National Resource Center on Special Needs Adoption.  
National Respite Coalition.  
NETWORK: A National Catholic Social Justice Lobby.  
New Jersey Association of Children's Residential Facilities.  
New Jersey Foster Parents Association.  
New Mexico Advocates for Children and Families (Albuquerque, NM).  
New York State Citizens' Coalition for Children, Inc.  
North American Council on Adoptable Children.  
North Dakota Committee to Prevent Child Abuse.  
NOW Legal Defense and Education Fund.  
The Ohio Association of Child Caring Agencies, Inc. (Columbus, OH).  
Oklahoma Committee to Prevent Child Abuse.  
Oklahoma Institute for Child Advocacy.  
Ounce of Prevention Fund (Chicago, IL).  
Parents Anonymous, Inc.  
Parents and Children Together (Honolulu, HI).  
People Against Child Abuse, Inc.  
Pleasant Run Children's Homes (Indianapolis, IN).  
Polk County Decategorization Advisory Committee (Des Moines, IA).  
Presbyterian Church.  
Prevent Child Abuse, Hawaii.  
Prevent Child Abuse, Illinois.  
Prevent Child Abuse, Indiana.  
Prevent Child Abuse, North Carolina.  
Prevent Child Abuse, Vermont.  
Prevent Child Abuse, Virginia.  
Project Family of Kitcap County (Bremer-ton, WA).  
Project Vote.  
Puerto Rican Legal Defense and Education Fund (New York, NY).  
Reiss-Davis Child Study Center (Los Angeles, CA).  
Rosemary Children's Services (Pasadena, CA).  
Society for Behavioral Pediatrics.  
South Carolina Association of Children's Homes and Family Services (Lexington, SC).  
Southwest Indiana Regional Youth Village (Vicennes, IN).  
Spaulding for Children.  
State Communities Aid Association (Albany, NY).  
Texans Care for Children.  
Texas Association of Licensed Children's Services (Austin, TX).  
Texas Committee to Prevent Child Abuse (Austin, TX).  
Tompkins County Department of Social Services (Ithaca, NY).  
Union of American Hebrew Congregations.  
National Industrial Home for Children (Trenton, NJ).  
Unitarian Universalist Association.  
Unitarian Universalist Service Committee.

United Synagogue of Conservative Judaism Villages of Indiana, Inc. (Indianapolis, IN)  
 Vista Del Mar Child and Family Services (Los Angeles, CA)  
 Voices for Illinois Children (Chicago, IL)  
 Wake County Department of Social Services (Raleigh, NC)  
 West Virginia Child Care Association  
 Wheeler Clinic (Plainville, CT)  
 Whittington Homes and Services for Children & Families (Fort Wayne, IN)  
 Women's Legal Defense Fund  
 Working to Eliminate Child Abuse and Neglect (WE CAN, Inc.) (Las Vegas, NV)  
 Youth Law Center  
 Youth Services, Center of Allen County (Fort Wayne, IN)  
 YWCA of the USA  
 Zero to Three, National Center for Clinical Infant Programs  
 Zero to Three Hawaii Project. Imua Rehab (Wailuku, HI)

Mr. GRAHAM. Mr. President, today, on the Friday before Christmas, the Senate will vote on dramatic, sweeping changes in our welfare system.

Unfortunately, in a pre-holiday perversion of the legislative process, the U. S. Senate will vote on this major conference report without the opportunity for thoughtful review. As of last evening, Members of the Senate did not even have printed copies of the legislation.

So, for starters, we yearn for more information about exactly what is contained in this major piece of legislation, touted as a centerpiece of the majority's legislative package for 1995.

But, as we prepare to vote under these challenging circumstances, I want to state clearly my objections, based on what I do know about this ill-advised so-called reform.

Some have made the curious claim that this welfare reform conference report is a marked improvement from that which came before the Senate before the Thanksgiving recess.

However, it is clear to me that the product that has come from the conference committee is a step backwards, and therefore, I will oppose the legislation as reported from conference.

Much of what I will say today, I relayed earlier in my statement on the reconciliation conference report. Further, I make this statement knowing that the President has made clear his opposition to this legislation, and has issued a statement announcing his intention to veto the measure in its present form.

I support welfare reform. I want to see Congress pass a welfare reform measure, and I want the President to sign welfare reform legislation into law.

My support for sweeping change in our Nation's welfare system is a matter of record. As recently as September 19, 1995, I joined 86 of my colleagues in supporting the Work Opportunity Act of 1995. I voted in support of this bill, even though I had reservations, to keep the welfare reform effort alive in this Congress. Unfortunately, the conference agreement is worse than the Senate version of the bill we considered 3 months ago.

My consideration of the conference report focuses on three concerns. First, will it work? Welfare reform, when it is executed well, works. Florida is proud of two successful welfare pilot projects, the largest in America in instituting a "time limited benefit." Florida, in fact, has been one of the pioneers in the "two-years-and-you-are-out" approach.

I visited Pensacola to observe one of Florida's pilot programs. Earlier this year, President Clinton met with some of the participants, and he touted the program.

These pilots are succeeding because there is a front-end investment in the lives of those affected by the program change. Whether it is day care, job training, temporary transportation assistance, or health care, the welfare recipient is given a hand up instead of a hand out. One of the lessons learned from these pilot projects is that transitional support is needed to move people from welfare to work. My concern is that the legislation before us would jeopardize these successful experimental efforts, and would fail to provide adequate transitional support to meet the goals of the legislation.

Second, is this conference report fair to States? The formula to allocate funds to the States continues welfare as we knew it. It treats poor children differently, depending upon which State they reside in. The conference formula says that if your State spent a lot in the old days, and thus built incentives to keep people on welfare, you will be given a leg up on every other State under welfare block grants in the future.

The formula, titled against growth States, is flawed if not rigged. High-growth States like Florida would be set up to fail.

Third, how would the reform proposal treat legal immigrants and what effect would the immigrant provisions have on States with large immigrant populations? The city of Miami had more legal immigrants admitted last year than 20 States combined. Thus, the prohibitions and timetable on certain benefits would shift to Miami costs that once were shared by the Federal Government.

The State of Florida does not set America's foreign policy, nor its immigration policy. The State of Florida did not negotiate with Cuba to accept 20,000 legal immigrants per year. But the State is now being told the following: we are going to stick you with hundreds of millions of dollars in costs for legal and illegal immigration, even though you have no control over these foreign policy decisions that affect immigration.

Today, I join the President in his commitment to pass welfare legislation. We should be honest with the American people and not call something reform which is in reality is an abdication of our responsibility for providing a sensible framework for moving people from welfare to work.

It is my hope that when the President vetoes the welfare conference report and the question of welfare reform is reopened, that the concerns I have outlined today will be addressed.

Mr. HARKIN. Mr. President, our welfare system is broken. It is failing the taxpayers and those who are on welfare. It must be reformed. And I have been working hard to bring about bipartisan reforms that will work. I worked to enable innovative reforms in my State of Iowa. I introduced, along with Senator KIT BOND of Missouri, the first bipartisan welfare reform bill 2 years ago based on successes in our states. And I worked to support and improve the comprehensive reform bill that we passed in the Senate earlier this year by an overwhelming bipartisan vote of 87 to 12.

Unfortunately, all of the hard work done by the Senate to design bipartisan common sense reforms has been lost in the conference agreement before us. Not only will this bill fail to move people from welfare to work and self-sufficiency, it is filled with provisions that have nothing to do with welfare reform.

How does raising the retirement age for individuals to receive SSI from 65 to 67 get welfare recipients off the dole and into jobs? Or is it a foot in the door for NEWT GINGRICH and his followers to raise the Social Security retirement age?

How does cutting school lunch assistance to children reform the welfare system?

How does gutting protections for abused and neglected children and major revisions to programs to assist in the adoption of abandoned children fix welfare?

Well, the answer is clear. Those provisions do not do anything to reform welfare. Nor do many of the other provisions of the pending legislation.

And I said, this bill will not move people from welfare to self-sufficiency and it will not require responsibility from day one. Central to this is the failure to include the Senate bill provision added by an amendment I offered to condition the receipt of welfare benefits on the signing of a strong personal responsibility contract. As we require in Iowa, welfare recipients would have been required to accept responsibility from the first day on welfare by signing a binding contract stating what they must do to get off of welfare and a date by which welfare benefits will end. Responsibility would begin on day one, not year two. Failure to abide by the terms of the contract would mean termination from the welfare rolls—immediately.

Each individual starting a new job is given a job description which outlines precisely what is expected to receive a paycheck. At the present time, an individual on welfare is simply sent a check without requiring anything in return.

We need to fundamentally change welfare as we know it. Welfare is not

about getting something for nothing. It is about responsibility and accountability.

But not this bill. There is no contract. There is no accountability. My amendment corrected that situation, but my provision requiring a personal responsibility contract is gone.

For the past several weeks we have been told by NEWT GINGRICH that we need to listen to the Congressional Budget Office [CBO] because they are the experts. There analysis is accurate and should be trusted.

Well, the CBO tells us that this new Republican welfare bill will not work. Their analysis indicates that most welfare recipients won't be put to work. They say that states would be forced to cough up a whole lot more of their money to meet the mandates in the legislation and that this won't happen.

CBO says that the bill falls \$7 billion short of what would be required to put welfare recipients to work. Further, work programs will also cost more money than is provided by the legislation.

So in spite of a lot of nice sounding rhetoric by NEWT GINGRICH and his supporters, if we pass this bill, welfare will not be reformed in most states. Taxpayers and welfare recipients will not see the promised changes in the system and local communities will be left paying the bills.

Iowans pay taxes that go to support those on welfare in New York, Texas, California, and other states. This bill shirks our responsibility to insist that those tax dollars aren't just wasted away. That is not acceptable.

This conference report makes deep cuts in essential safety-net programs for children. It provides deeper cuts in food stamps and child nutrition programs than were proposed by the Senate bill. It also unfairly cuts assistance to fully 65 percent of children with disabilities. In addition, changes to the foster care and adoption programs will place abused and neglected children at greater risk of harm. Ronald Reagan advocated the maintenance of a safety net for children. This bill shreds that safety net.

I have always thought that things worked best when we all worked together. For months, in fact for several years, I urged my colleagues to work together in a bipartisan manner to reform welfare. That's the way we did it in Iowa, and it is working. We had bipartisan cooperation for a brief time in September. And working together outside of partisan politics we put together a good, commonsense plan.

But that sentiment quickly deteriorated and the pending legislation was negotiated behind closed doors without any significant bipartisan cooperation. We are left with a phony, partisan bill.

The President has said he will veto this legislation and has called for bipartisan cooperation on welfare reform. Again, I implore my colleagues to heed his words.

Let us make a New Year's resolution to stop the partisan sniping and work together in a bipartisan manner on this issue as well as the many other items on our agenda in the second session of the 104th Congress.

Mr. HATFIELD. Mr. President, the House and Senate conferees have reported from conference a welfare reform proposal which ends the welfare program as we know it. I agree with the Republican agenda which takes on the difficult issues in welfare reform, but I differ on some of the finer points included in this agreement. Welfare has become a terrible cycle which engulfs impoverished parents who raise children in poverty. Those children who do not have adequate access to quality education, which would break the cycle of dependency, continue to be chained in poverty, languishing there, thus continuing this vicious cycle.

Mr. President, my generation grew up in era where there was no government safety net, instead there was family and community. We relied upon each other for help and we took any job we could find. We may have gone hungry for a short period of time until the next paycheck arrived, however, nobody starved. Today, that sense of community has changed, largely because of our Federal welfare efforts. All people have a smidgen of pride implanted in their being and it burns as a fire within. We are fueled by this fire to become better people. We educate ourselves, we move forward above and beyond what we are today and strive to become even better tomorrow. Unfortunately, through our welfare program, we have only succeeded in taking away incentive for people to work by dousing that fire-in-the-belly that drives us all.

We must first address the root problems of poverty before we can discuss the cure for poverty: lack of education, lack of affordable and adequate child care, and access to upward social and economic mobility and stability. A successful society allows its citizens the opportunity to educate themselves, to increase their opportunities and knowledge. It is of no benefit to society to remove welfare recipients and place them into jobs with no upward mobility. Without the prospects of advancement they can only maintain the status quo at best and as history has taught us the cycle possesses a powerful habituation to welfare.

This bill takes a step in the right direction by requiring those who can work to work. This is a policy goal I have long supported and advanced. I believe this will make a difference in our welfare system and that States should be rewarded for their efforts at matching individuals with jobs. My own State of Oregon has chosen to link public assistance functions with welfare-to-work services, providing a seamless link amongst the differing human resource agencies. The measurement of their success is declining welfare rolls and increasing placement of former welfare recipients into unsubsidized employment.

I also support limiting welfare as an entitlement program. As chairman of the Senate Appropriations Committee I know all too well the dire consequences of continuing our spending levels on entitlement programs that we do not and cannot control. We can no longer keep spending until all needs are met. Yet, in our effort to reform programs from entitlement spending to other forms of financing, we cannot cut indiscriminately. I am concerned that some aspects of this conference report are inconsistent with our policy goals.

The Congressional Budget Office has analyzed this report and found that, over the next 7 years, funding levels would fall far short of what would be needed to cover the child care costs associated with the work requirements of the bill. In my view, adequate funding for child care is a necessity, in order for parents to work.

In addition, I am concerned that the conference agreement does not reflect the Senate's position of requiring States to continue Medicaid coverage for families who would have received AFDC if it still existed on March of this year. The agreement before us repeals current law and does not require States to provide Medicaid coverage for those in AFDC families who do not otherwise qualify—those children over the age of 12 and women who are not pregnant. While I understand the conferees' attempt to delink Medicaid from welfare, to be dealt with later, I am not confident that this basic safety net will be preserved.

Finally, I have received a letter from the Oregon Department of Adult and Family Services raising several concerns with this conference agreement. I ask unanimous consent that this letter be printed in the RECORD following my remarks.

THE PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HATFIELD. Mr. President, I am told the President intends to veto this bill, which will bring it back before us. I expect we will have an opportunity to work further on some of the finer points of this agreement. I am committed to do so. Our obligation to bettering the standard of living for those in poverty must not waiver. The Federal Government should encourage, not impede innovation and creativity in the States and private sector.

#### EXHIBIT 1

#### OREGON. DEPARTMENT OF HUMAN RESOURCES

Salem, OR, December 21, 1995.

Hon. MARK O. HATFIELD,  
U.S. Senator, Hart Senate Office Building,  
Washington, DC.

DEAR SENATOR HATFIELD: I am writing to you out of concern over the most recent language in the Welfare Reform Bill, HR 4. As you may know, Oregon is a leader in Welfare Reform, and this State's Legislature, with my support, recently passed a sweeping Welfare Reform Bill that is very much in keeping with the thrust of HR 4. However, there are several technical areas of the Bill in which language should be clarified to allow

States full latitude in implementation, including:

#### MAINTENANCE OF EFFORT

While I am supportive of a Maintenance of Effort provision, any State expenditure which directly supports the achievement of self-sufficiency or temporary assistance to low-income families should be counted in the calculation of that maintenance of effort. To do otherwise directly imposes a special Welfare Reform design on States that significantly impedes their flexibility.

#### FEDERAL RESTRICTIONS ON STATE SPENDING

States must be free to spend State dollars on their self-sufficiency programs as they deem appropriate. There are many provisions of HR 4 which appear to restrict not only the State expenditure of federal funds but the expenditure of State funds as well. Surely this is not the intent of Congress.

#### WORK PARTICIPATION CREDIT FOR UNSUBSIDIZED EMPLOYMENT

One of the hallmarks of the Oregon program is the number of placements into unsubsidized employment that not only move families off of welfare but also move them out of poverty. What was six months of participation credit for such families in earlier versions of HR 4 appear to be deleted in the Conference version. Since employment is the best way to accomplish Welfare Reform, states should be given proper credit for helping low-income families accomplish that goal.

#### CHILD CARE NECESSARY FOR PARTICIPATION IN WORK PROGRAMS

We work very hard with our low-income families to obtain safe child care. If such care is not available, we do not require their participation in our JOBS program. However, the current wording of HR 4 suggests that if any particular type of care is not available or convenient then no participation can be required. In fact, even if the type of care that is not available is not one that the participant ordinarily uses, it remains grounds to refuse to participate in employment and training programs. Wording should indicate the participation is required if any safe (under State law) child care can be arranged.

Again, while these are technical areas, they remain important to States that will be charged with implementing the most sweeping changes in welfare since the advent of the Social Security Act. With your continued help, we can produce Welfare Reform that works, allowing states to assist low-income families to escape poverty through self-sufficiency. If you or your Staff members have any questions regarding our concerns in these areas, please feel free to contact Jean Thorne of the Governor's Office or Jim Neely, Assistant Administrator of Adult and Family Services Division. Thank You.

Sincerely,

STEPHEN D. MINNICH,  
Administrator, Adult and Family Services  
Division, Assistant Director, Department of  
Human Resources.

Mr. CHAFEE. Mr. President, we spent many months negotiating the contents of the Senate welfare bill, which was approved 87-12, with overwhelming bipartisan support. I believe that measure, which the President indicated he would sign, was a tremendous victory for all parties.

Regrettably, the final conference agreement strays in several respects from the Senate-passed welfare reform bill. As a consequence, President Clinton has indicated he will veto this legislation.

Today I voted to send the conference report to the President because, while far from perfect, this legislation is still better than current law, which only encourages and perpetuates dependency. For example, this bill provides for time-limited benefits, so that individuals know they must make every effort to become self-sufficient by a date certain. It also includes much stronger child support enforcement mechanisms to require parents to assume financial responsibility for the children they bring into this world. Importantly, it also gives the States needed flexibility to develop innovative programs to help their citizens break the cycle of dependency associated with the present welfare system.

However, I am still not satisfied with this legislation, and continue to believe it can be improved, and intend to work toward that end following the President's veto. The areas in which I will seek improvement are as follows:

#### AFDC ELIGIBILITY FOR MEDICAID

The conference agreement severs the link between AFDC eligibility and Medicaid. Under this provision, which was not included in either the House or Senate version of the legislation, States would no longer be required to provide Medicaid coverage to millions of AFDC eligible women and their children over the age of 13. Only those women who are pregnant and on AFDC, and children under the age of 13, would be guaranteed Medicaid coverage.

While I am pleased that the conference report retains Medicaid eligibility for foster care and adoption assistance children, eliminating mandatory Medicaid coverage for other AFDC beneficiaries is counterproductive. This provision is troubling and should be dropped.

#### CHILDREN'S SUPPLEMENTAL SECURITY INCOME (SSI)

This program took a big bite in the Senate bill. A more restrictive definition of disability was adopted to ensure that only those children who are truly disabled qualify for cash assistance. On top of this, the conference agreement adds a new two-tiered system of eligibility which will result in a 25-percent reduction in SSI benefits for 65 percent of the children on the program. The distinctions in this two-tiered program are arbitrary and make no practical difference to a family where one parent must give up his or her job to remain at home with a severely disabled child. This provision should be modified.

#### FOSTER CARE

While I am pleased that the conference agreement maintains the Federal entitlement for foster children and adoption assistance—a position which I strongly supported—this bill would block grant and cut funding for the administrative and preplacement costs associated with these programs. These costs, which represent nearly half the cost of the overall program, are far from purely administrative. They cover such critical services as licensing and

recruitment of foster homes and foster parents, services needed to remove children from abusive and unsafe homes, monitoring children in out-of-home placements, and court expenses to qualify special-needs children for adoption. These provisions need to be improved.

#### CHILD CARE

The final conference agreement provides reduced funding for child care and drops Federal health and safety standards in the Child Care and Development Block Grant [CCDBG]—two significant and troubling changes from the Senate-passed bill. Given the enormous importance of child care to the success of welfare reform, these provisions should be reexamined.

#### LEGAL IMMIGRANTS

While I was able to secure some improvements on the treatment of legal immigrants in the conference report, the final bill still goes well beyond the Senate-passed bill. The tough new eligibility restrictions for Federal programs that this legislation would impose upon legal immigrants are excessive and should be further modified.

Mr. LEVIN. Mr. President, just a few months ago I stood with a bipartisan group of my colleagues in the Senate in passing, 87 to 12, a compromise welfare reform bill which I believed represented a constructive effort at achieving meaningful change in the current welfare system. I voted for the bill because I believe the current system is broken and needs to be fixed. It needs to be fixed in a way that does at least two things: requires able-bodied persons to work and protects children in the process.

Mr. President, the Senate compromise bill met this challenge. It would fundamentally change the current system by replacing a system of unconditional, unlimited aid with a system providing conditional benefits for a limited time. It would do so without abandoning the national goal of preserving the important safety net for poor children. It moves able-bodied people into work, tightens child support enforcement laws, and provides adequate child care resources for children of parents making the transition into work and to low-wage working families that seek to remain off of welfare.

I was particularly pleased that the compromise bill contained an important work provision I've been promoting, cosponsored by the majority leader, requiring that unless an able-bodied person is in a private sector job, school or job training, the State must offer, and the recipient must accept, community service employment within 3 months of receipt of benefits, not the 2 years contained in the original legislation proposed by majority leader.

Mr. President, I had great hopes that the bipartisan achievements in the Senate compromise proposal could be sustained through the conference with the House. Regrettably, this conference report is weak on work and it does not

adequately protect children. I cannot support it.

The American taxpayers want people who are on welfare and are able-bodied to work. So it is quite perplexing to me that despite House Republicans continuing claims of being "tough on work," the conference dropped the Levin-Dole work requirement from the bill. If we are serious about work, Mr. President, we must have the kind of provision that requires it: not 2 years down the road, not 1 year down the road, but 3 months from receipt of benefits for those persons who are not in school or job training or in an exempt category.

And, Mr. President, the punitive proposal before us cuts \$14 billion more out of programs for poor children and their families than the bipartisan compromise Senate bill, causing millions of children to lose their eligibility for important safety-net programs.

The changes in eligibility rules would reduce benefits for most disabled children by 25 percent, sets lower levels of funding for child-care programs than the Senate proposal, and eliminates important health and safety standards. Many of the more than 300,000 children covered by Medicaid, because they receive foster care or adoption assistance, also would be placed in jeopardy.

It also significantly reduces the benefits to children and families who receive support from the food stamp and child nutrition programs, which could have serious consequences for the health and well-being of millions of children, working families, and elderly.

The optional block grants undermine the basic framework of the lunch and breakfast programs by eliminating low-income children's guarantee of access to free meals, weakening nutrition standards, and removing the programs' ability to respond to changing economic circumstances.

For some reason, totally unrelated to welfare reform, House Republicans are jeopardizing programs that for decades have fed millions of children in schools and child care centers in America. Do we want to erode the safety net for the 5 million poor children who are served nutritious breakfasts at school? What about the 24 million children who receive nutritious school lunches? Nearly half of these lunches are provided to poor children free of charge, and nearly 2 million lunches to low-income children at reduced prices.

Mr. President, the answer is "No."

Mr. CONRAD. Mr. President, I strongly believe that we must reform our welfare system. I have devoted a great deal of time and energy to examining the broken welfare system and developing meaningful solutions to address the deficiencies. I presented a welfare reform proposal, the Work and Gainful Employment Act, and worked with my Senate colleagues to improve and strengthen the Senate version of H.R. 4.

Central to each of the welfare reform proposals I've supported were the basic

principles of work, responsibility, and family. The proposals were built in a framework of increased State flexibility while not placing the health and safety of our Nation's children at risk. They had tough work requirements, and promoted personal responsibility while protecting children and the disabled.

Because of my sincere interest in reforming the welfare system, I look upon the welfare reform conference agreement with great disappointment. The conference agreement on H.R. 4 falls far short of upholding these core principles and meeting these goals. It is weak on work and places abused and neglected children in danger. Additionally, the conference agreement on H.R. 4 cuts too deeply into the programs that provide the lifeline for the most vulnerable in our society. Yesterday, I joined a bipartisan group of colleagues to develop a plan to reach a balanced budget by the year 2002. The conference agreement, however, proposes far greater cuts than the bipartisan group of Senators deemed reasonable. It is for these reasons that I oppose this severely flawed approach to reforming the welfare system.

I firmly believe that among the most critical issues facing our Nation is the future of our children. It is of crucial importance that families and communities equip children with the skills necessary to face the increasing challenges of the 21st century. Children must be taught the value of work.

The conference agreement on welfare reform is weak on work. The supporters of this legislation claim it will move welfare recipients into work without providing resources sufficient to make it happen. In fact, instead of strengthening the work and child care provisions of the Senate-passed welfare bill, the conference agreement reduces funding in these areas.

Additionally, both my WAGE Act and the Senate-passed welfare reform proposal included a personal responsibility contract that welfare recipients had to sign as a condition of receiving welfare benefits. The personal responsibility contract was a binding agreement that the recipient would make meaningful steps to move off of welfare and take responsibility for his or her actions and well-being. I ask you, why would the conferees remove the contract between the welfare recipient and the Government to move the recipient off of welfare? The conference agreement is weak on work and does nothing to develop personal responsibility.

Perhaps the most disturbing and mean-spirited provisions of this proposal are the ones that place the most vulnerable and helpless children in our society at risk. On top of providing inadequate resources for child care services, this legislation eliminates Federal health and safety standards for child care facilities. It slashes funding by \$1.3 billion for child protection services for abused, neglected, and aban-

doned children and children in foster and adoptive services. Additionally, it proposes draconian reductions in the SSI program for low-income children with disabilities. HHS has estimated that by the year 2002, 750,000 low-income disabled children who are eligible for SSI benefits will have their benefits cut by 25 percent. Finally, the conference agreement eliminates the requirement for States to provide Medicaid benefits to children whose families are eligible for cash assistance. This extreme provision was not in either the Senate- or House-passed bills and threatens the health and future productivity of our poorest children. These program changes are cruel and rip the safety net from under the most vulnerable children in our society.

Mr. President, I want to reemphasize my commitment to balanced and reasonable welfare reform. The welfare system should be tough on work and personal responsibility, should promote families and family values, and should maintain basic health and safety protections for our Nation's children. I say to my colleagues in the House and the Senate: Let us reform the welfare system; however, let us target the programs and not the children.

Mr. MOYNIHAN. Mr. President, I yield 1 minute to my colleague on the Finance Committee, and good friend, the Senator from Louisiana.

The PRESIDING OFFICER. (Mr. INHOFE). The Senator from Louisiana is recognized.

Mr. BREAU. Mr. President, I thank the chairman for yielding. In 1 minute I will try to say eloquent things about why this bill should not be adopted.

Mr. President, put me down as being conservative when it comes to welfare reform. The current system, in my opinion, has not worked very well for the people who are on it, nor has it worked well for the people who are paying for it. It has to be changed.

But the goal of welfare reform has to be to put able-bodied people to work and at the same time protect innocent children. This bill does not do that. It fails in a couple of fundamental manners.

No. 1, the bill cuts benefits for disabled children on SSI by 25 percent. That is not reform. It is a step backwards.

Second, the bill, in changing the rules for abused and neglected children, is contrary to every bipartisan recommendation that this Congress received from the Governors and from the State legislative bodies. This is a step in the wrong direction.

Finally, this is the wrong bill at the wrong time. It should be in the context of the budget negotiations. There is more money going to be available in that context. We know what we are doing with the EITC, the tax cuts, and other changes that are being made to fundamental policy. This welfare bill today should be turned down and come back, and we should do it in the context of the budget negotiations.



Mr. MOYNIHAN. Mr. President, may I simply respectfully suggest that the budget negotiations are much too narrowly based with five or six persons in one room for the kind of bipartisan effort on welfare which President Clinton called for when he said he would veto this bill. We achieved consensus through such effort when we passed the Family Support Act of 1988 by a vote of 96 to 1.

I am happy to yield 1 minute to my good friend, the distinguished Senator from Washington.

Mrs. MURRAY. Mr. President, thank you.

First, let me commend the Senator from New York for his tremendous leadership on behalf of the children in the welfare reform bill.

WELFARE: REFORM: DON'T RENECE

Mr. President, it is with sadness today I must tell the American people their Congress has failed them in its attempts to reform public assistance in this country. Welfare reform is important, but the bill before us today was written with so little compassion it must be stopped.

The American people know we must change welfare. They know welfare must give a hand-up, not a hand-out. But no one I have talked to, not the most conservative welfare-basher, would stand where I am standing and vote to hurt children like this bill will.

You have heard the estimates: this bill will throw an additional 1.5 million children into poverty in this country. It will eliminate the guarantee to basic services to children at a time when we should be improving the safety net. Children need the guarantee to assistance. Children need the safety net.

I supported a welfare bill out of this Senate, a bill I had fundamental disagreement with, because we were able to make some improvements before it left the floor. I fought hard for child care funding, for money for job training, for domestic violence language. When these improvements had been made, I held my nose and voted for the bill, knowing some people would think I had done something horrible, because I naively thought the majority might be listening.

I thought after all our fighting, the majority party might get a hint about what kinds of things we thought were important in a bill to actually reform welfare. I said at the time—if this bill got worse in negotiations with the House, if the majority did not improve this bill dramatically, then it would not have my support. And it will not. This bill is a slap in the face of every person in this country trying to get off public assistance, and I will vote "no."

The conference report is so lacking, if I pick out just one thing to focus on, there won't be time to tell you about any others. But let us look at what the conference report proposes to do about child care:

First, remember that child care faces major problems today, before this welfare bill sends many new people into

the work force. Child care is not always easy to find, you cannot always depend on the quality, you cannot always afford quality when you find it, and sometimes you cannot afford to pay at all, so a relative or friend takes care of your kids. But that's all today. Here's what the conference report will do tomorrow:

Over the next 7 years, the work requirements in this conference report will create the need for an additional \$14.9 billion worth of child care. But, the report only funds \$1.9 billion of new money, leaving a \$13 billion shortfall, according to HHS. The result is many people will have no place to leave their child when they go to work.

If you are lucky enough to get your child into child care, the conference report cuts funding for child care quality standards more than 50 percent from the Senate bill. This money pays for improvements in quality and access to child care: training providers, inspecting and monitoring facilities, helping parents to find child care, providing grants to buy cribs and other equipment to start child care businesses, and beginning school-age programs.

The result is, you as a parent will have to worry about whether your child care worker is well-trained, and whether your child is healthy and safe when you return from work.

This conference report also allows welfare recipients to count providing unpaid child care toward meeting the work requirements, essentially, to babysit other people's children without meeting any of the standards of a child care facility or home day care business. There is no money for training or certification for people setting up home child care under this provision.

What is worse, the conference report repeals a state's ability to regulate health and safety in child care, including these small in-home child care situations, which is where most of the abuse problems in my state occur.

If you are unlucky enough to be a child in a child care situation where there is a problem, this conference report cuts the abuse enforcement that might protect you. It block grants child protection and foster care, and cuts the very functions that allow States to help children who need foster care, to recruit and train parents, to place children, and to monitor quality. The \$3.7 billion reduction over seven years will cut Child Protective Services, family preservation money for preventing problems, and money for older youth.

Finally, the conference report significantly cuts the child and adult care food program, by as much as \$3 billion over seven years. Providers in my state tell me these cuts will effectively close the doors of many small day care businesses, and lead to cost cutting that will affect child nutrition. We will have more people competing for less child care, and nutrition declining in the centers which stay in business.

Who here on the floor of the Senate can honestly say they speak for chil-

dren? We have lobbyists for every issue, but infants and children do not get to vote. If you cut child protection, what constituency will rise up in protest? Not the children themselves; I will guarantee it.

This conference report has many problems. One of them is the assault on child care. I will be voting against this report.

Mr. President, I speak against the welfare conference report, and I do so as someone who voted for the Senate welfare reform bill, but I did so because I thought the majority would understand that our yes vote meant that we strongly supported child care funding language for domestic violence and job training funds. Those are not in the final bill. It is \$13 billion short in child care money. That is not just money; that is children who will be out there on the streets with no one to take care of them.

Mr. President, this Congress will not be remembered for passing welfare reform. They will be remembered for endangering the lives of thousands of American children.

I urge my colleagues to vote "no" on this conference report.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Thank you, Mr. President.

Mr. President, I do not know where to begin. Last night I spoke at length about the difference between the Senate bill that passed and the bill that is now before us. I think I laid out the points, but I will try to be consistent and lay them out today.

The bill that is before us actually moves more toward the Democratic side than the bill that we passed here. I am somewhat at a loss as to why we see all these objections raised here when if you go down the changes that were made in the conference, we actually move toward the Democratic side of the aisle than the bill that passed the Senate. I will go through them.

If you look at child care, so much is being talked about in child care. The child care funding in this bill is more than the child care funding that passed under the original Senate bill. In fact, over the first 5 years in the Senate bill that passed child care funding was \$15.8 billion. Under this bill, it is \$16.3 billion. Over 7 years we spend \$1 billion more in child care under the conference report than we did in the Senate bill.

I do not understand the concerns that somehow we are now shortchanging child care when before we had adequate child care dollars. We have more money in child care.

Second, maintenance of effort. We heard so much concern and consternation about the maintenance-of-effort provision. There was a 75 percent maintenance-of-effort provision in here, which is exactly what both sides agreed

was an adequate level for State support in the Senate bill. Again, I do not understand the concerns. We kept the Senate proposal.

Third, funding. We talked about this welfare program being slashed. I refer you to this chart. Here is welfare funding today. Under current law, it will go up by 58 percent. Under our bill, it goes up 34 percent. That is 4 percent a year. That is almost twice the rate of inflation.

Welfare spending will go up under this bill. If anyone is concerned, yes, welfare spending will go up, but we have more people in the system. No. In fact, the Congressional Budget Office has said that under our bill, the number of people in the system will be maintained at a constant level. There will not be an increase. Therefore, spending per person in welfare will go up over the next 7 years. We will have more child care. We will have a maintenance of effort. Spending will go up under this bill. You would think that I am describing the Democratic proposal. But, no, we are describing the conference report.

The work requirements that so many people on both sides of the aisle wanted are the same in the Senate bill. We kept the entitlement to school lunches. We kept the entitlement to family-based nutrition programs, something desperately wanted by the other side of the aisle that was not in the House bill. The House conceded to us on that.

We kept title requirements. In fact, we put in title requirements for food stamp block grant eligibility. In the Senate bill we passed a block grant option for food stamps given to all States. Under the conference report, we make it much tougher to get a block grant of food stamps, and we put very tough error rate standards in there, so many States will not, in fact, be able to qualify, something many Members on the Democratic side of the aisle wanted to see.

We kept the population growth fund intact, which many Members on the other side wanted.

Contingency funds for employment—the same as in the Senate bill.

We kept "no transferring out" of the child care block grant, something that was very important to Members on the other side of the aisle. Every dollar in child care must be spent in child care. And, in fact, there can be a transfer of money but only into child care, not out of child care.

I heard a concern about SSI and about throwing children off SSI. I would remind Senators on the Democratic side of the aisle that the same provisions that are in this bill were in the Democratic substitute on this floor and voted for by every Member on the other side of the aisle. Those same children not being cut off was something that every Member on the other side of the aisle voted for in their substitute and the 87 Members of this body voted for in the Senate bill—the same provision. The only difference in the chil-

dren portion of the SSI bill is that for children who do not need round-the-clock care to be able to stay at home, we reduce the amount of benefit by 25 percent.

I would remind Members that the adult benefit for SSI, which is supposed to be an income supplement to maintain someone who is an adult so they can live independently, is the same amount that a child gets when living at home. So what we said is that, if you are a child living at home which does not need 24-hour care but is still considered disabled, we are going to reduce your benefit somewhat versus a child that needs 24-hour child care. We think that is a reasonable thing to do, and certainly it is not going to be hurting children.

A lot has been made about the child protection portion of this bill. We do some tremendous things. First of all, we spend more money on child protection in this bill than in the Senate bill. The Senate bill that passed that got 87 votes cut \$1.3 billion out of this program. The conference report cuts \$0.4 billion.

We spend more money on child protection services. We allow in this agreement so much that has been talked about.

I ask for an additional 2 minutes.

Mr. ROTH. I yield 2 more minutes.

Mr. SANTORUM. Mr. President, I thank the chairman.

As I said before, we spend more money on child protection services, No. 1. No. 2, we allow so much. So much has been made about the Elisa case in New York, a tragic case. But one of the reasons that case happened is because police agencies and social agencies cannot share information about abuse. In this bill you can. And it was not even in the Senate bill, an improvement over the Senate provisions.

We gave a concession from the conference report that appeared in the reconciliation bill to current law standards for child protection and citizen review panels, again another concession to the other side.

We gave again greater flexibility to use administrative funds on services, something that cannot be done today. Fifty percent of all the money spent in child protection is spent on administrative and overhead costs—50 percent. No wonder a lot of people do not want to change it because a lot of people make a lot of money off child protection services in this country. Fifty percent is spent on staffing. What we do is we give a block grant and allow that money to be used for services, allow that money to be used to help direct payments to people who need assistance, again a dramatic departure, something I know many people on the other side of the aisle want to see done.

We think this bill not only is a better bill than passed the House—much better—a better bill than passed the Senate but moves more in the direction of Members on the other side of the aisle. I am absolutely astounded to hear

Members get up and talk about how this bill is worse than what passed the Senate. It is not. It moves much more toward the Democratic side of the aisle, and I urge their support.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. ROTH. Mr. President, I yield 2 minutes to the distinguished junior Senator from Kansas.

Mrs. KASSEBAUM. I thank the chairman of the Finance Committee.

Mr. President, the Personal Responsibility and Work Opportunity Act of 1995 represents a turning point in how this country will respond to the needs of poor children and their families. For far too long, welfare has failed—failed the families dependent upon Government assistance to give them a new start in life and failed the American taxpayers who have been asked to help those in need. Welfare reform does not need to be mean spirited, and the welfare reform provisions of this bill are not. Change is always difficult and this legislation will produce tremendous changes in how government helps those in need.

This legislation shifts primary responsibility for welfare to the States, a move I wholeheartedly endorse. The need for welfare assistance and the solutions to moving people off welfare and into work are closely tied to the economic conditions, opportunities, and resources in a community. That has been one of the biggest problems with the one-size-fits-all approach to welfare necessitated by a heavily mandated Federal program. I believe that States are in the best position to make decisions about how best to help families in poverty gain economic self sufficiency. We do not know what works—what types of programs are the most effective in moving people off of welfare. I believe over the next few years we will see many diverse solutions to the problems of welfare and poverty. Some of these solutions will work, some will not—but much will be gained through the experience. Since the current welfare system has failed so miserably, it is worth the risks involved.

The Personal Responsibility and Work Opportunity Act is a comprehensive bill which changes not only welfare cash assistance, but many other Federal programs as well. As is the case with any major bill, no member is completely satisfied with every single provision. Ultimately, a decision is based on one's judgment that the positives outweigh the negatives. Clearly, in my mind, the fundamental reform offered by this legislation makes it worthy of support.

It is my understanding that President Clinton has made a different calculation regarding the merits and demerits of this legislation and has indicated he will veto it. In that event, we will be back at the drawing board. Given a second opportunity to put together a bill, I would hope that several concerns could be addressed.



My first concern lies in the area of child protection. The legislation significantly reduces the funds available for recruiting and licensing foster homes, monitoring children in foster care and other alternative placements, completing the court processes needed to free children for adoption, training and recruiting child protection case-workers, and other activities necessary to maintain an adequate program for abused and neglected children. The cap on child protection funds will put further strain on our already overburdened child protection system and could seriously inhibit states' ability to respond when a child is abused or neglected.

I am also concerned about whether the funds available for child care assistance are adequate to meet the needs of families as they move off welfare and into work. The availability of safe, affordable child care is essential to successful welfare reform. At the same time, we need to ensure that low income working families have access to child care assistance.

My third concern is about the extent of the changes in the Supplemental Security Income [SSI] program. The legislation will eliminate SSI eligibility for an estimated 21 percent of the children currently receiving benefits and reduce benefits for about 75 percent of the remaining children. While the creation of a two-tiered benefit system distinguishes between the most disabled children who require a higher level of services and those who are moderately and mildly disabled, the legislation places an overwhelming emphasis on physical disabilities. I believe the criteria used to differentiate between those receiving full benefits and those receiving reduced benefits should be reexamined.

I am relieved that the effective date for the cash assistance provisions in the bill has been changed to the 1996 fiscal year. This should give States adequate time to make the legislative and administrative changes needed to adjust to the block grant. Successful welfare reform will require careful consideration and planning, and States must be provided the opportunity for a thoughtful, deliberative process regarding how they want to proceed.

I believe that these concerns can be effectively addressed. The Personal Responsibility and Work Opportunity Act is a bold move to change the way in which government responds to people in need of assistance—a move that needs to be taken.

#### LONGEST TERM RECORD

Mrs. KASSEBAUM. Mr. President, I would just like to acknowledge that today breaks the record for the longest term ever held by a Republican leader of the Senate. Senator DOLE, as the majority leader, has broken the record that is more than just showing up every day. Perhaps Senator DOLE is the Cal Ripken of the Senate. But I would

just like to express the appreciation of all of us for the dedicated leadership he has brought, the thoughtfulness and patience that it takes, and as a matter of fact his sheer grit.

I yield the floor.

Mr. MOYNIHAN. Mr. President, two records in 2 days. What do you say we give him a hand.

[Applause, Senators rising.]

#### PERSONAL RESPONSIBILITY AND WORK ACT OF 1995—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, I yield to my gallant friend from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. I thank the Chair.

Mr. President, this is a profound and important debate about welfare reform that tests our resolve to change a system that is in need of change, but it is a debate which also tests our commitment to community to the sick and the hurting—to the elderly and the thousands of people who are looking for a helping hand from a government that will help them help themselves.

Every Senator here today knows the importance of helping families get back to work—get on the job and off the dole; but they also know the devastation of poverty—the lack of hope and the despair and frustrations that all of us see in our States.

Unfortunately the bill which we passed to reform welfare has turned for the worse in conference and threatens to injure children and people with disabilities.

Mr. President, this conference bill will increase poverty—not decrease it. It will increase despair and destroy hope among some of the poorest, sickest, and weakest Americans.

I cannot in good conscience—and I will not—vote for such an ill advised retreat from real reform—no matter how well intended it may be—no matter how deeply some or the other side of the aisle might feel about it.

This bill eats away at the strength of America because the strength of America is not found in its willingness to separate the rich from the poor.

No, the strength of America, as Hubert Humphrey said:

Lies with its people. Not people on the dole but on the job. Not people in despair but people filled with hope. Not people without education but people with skill and knowledge. Not people turned away but people welcomed by their neighbors as full and equal partners in our American adventure.

This is our strength, but this bill we are asked to vote on today does not play to that strength.

Mr. President, we all want to move people from welfare to work. But the conference report reduces the ability to put people back to work.

This conference bill is wrong because it's too harsh and it will injure children and families in significant ways.

It reduces SSI benefits for a large majority of disabled children by 25 percent. These are kids, Mr. President, with cerebral palsy, kids with Down's syndrome, muscular dystrophy, cystic fibrosis and AIDS.

I'm told that by the year 2002, some 650,000 low income children would be affected by this cut. In real numbers that means that the benefits to seriously disabled children would be cut from 74 percent of the poverty line to 55 percent of the poverty line; and with all due respect to my colleagues on the other side of the aisle that cut was not in the Senate bill.

The current law ensures that AFDC families receive Medicare coverage. Under this bill that provision of the law would be repealed, leaving 1.5 million children at risk—and at least 4 million mothers would lose health coverage.

This conference bill undermines the school lunch program. It denies school lunches to certain categories of immigrant school children, including legal immigrants, and it would create an entire bureaucracy to determine the status of the children.

It would deny SSI and food stamps to immigrants who are legal permanent residents of the United States.

The bill includes \$32 billion in food stamp benefit cuts to the elderly and working poor—which means about a 20-percent cut to those families who are already working, who are struggling to make ends meet on a minimum wage job or with a Social Security check struggling to pay for basics to keep them from losing their apartments and ending up homeless and on the street.

When fully in effect the food stamp cuts will lower the average benefit level from 78 cents per person per meal to 62 cents—62 cents a meal.

Mr. President, what are we doing? Is this the kind of nation we have become?

The whole point of welfare reform was to identify the people who are on welfare but who are capable of working, and getting them off welfare and into jobs.

This conference bill does not accomplish that goal in the way we did in the Senate passed bill.

This bill hurts children, the sick and the elderly.

It hurts dependent children, more than half of whom live below the poverty line. It hurts disabled children, sick children, hungry children, children without a chance and often without a prayer for survival.

It hurts disabled elderly people, who deserve more in their old age, who seek only a little dignity and a little respect.

This bill raises the age at which impoverished elderly people could qualify for SSI, from 65 to 67 or even higher—and who does this affect? It is aimed

primarily at poor elderly women—widows with limited work experience outside the home. These poor women, already on the edge, would have the principal component of their small safety net ripped away. They could lose their Medicaid. And many of them will be forced into severe poverty and bouts of homelessness.

Does this sound like welfare reform? Is this what the American people had in mind when they think of welfare reform?

In other words, Mr. President, this bill goes for the easy targets. It hurts the people who can't fight back. In the end it hurts America.

There is not enough in this bill about helping people find work, but there are plenty of sweeping cuts to impress constituents with hollow, vicious attacks on people that anyone can attack.

This bill raises the suffering level and lowers the promise of hope and of jobs.

The bill simply does not provide adequate resources for work programs.

According to CBO estimates, funding will fall \$.5 billion short of what is needed to fund the work program in 2002 alone, and that's assuming that the States maintain their safety net for poor children.

Over a 7-year period, funding for the work program will fall about \$14 billion short of what is needed.

Is this a job program?

The original Contract With America recognized this problem and provided \$10 billion for work programs—but that money is not in this bill.

Mr. President, I am voting against this legislation because it steps back from important safeguards that were contained in the Senate bill—safeguards for children, for elderly, for work—that are the true heart of welfare reform.

Mr. President, I voted for the bill that left the Senate. I will not vote for this conference report today. And I will not vote for it because there are some dramatic differences between this conference report and what we voted for. Most importantly, this conference report takes away a fundamental guarantee in this country that children will have health care.

It takes away a fundamental guarantee about standards in this country with respect to health and safety for child care.

In addition to that, it reduces the most important lifeline that we guaranteed in the Senate bill, that those who are required to go to work who have children will be able to find the proper care for their children. And that has been reduced in this bill. In addition to that, it takes away the personal responsibility contract and it reduces the child nutrition program.

This bill will hurt children, and for that reason, Mr. President, as a conference bill I cannot vote for it. I hope we will return to the Senate with a more appropriate conference at some point in the future.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. MOYNIHAN. I thank my friend from Massachusetts. It is truly hard to conceive that we might be for such business 3 days before Christmas.

Mr. President, if the majority leader does not wish to speak at this moment, the Senator from Connecticut will do. I yield 1 minute to my able friend from Connecticut.

The PRESIDING OFFICER. The Chair advises the Senator he has 45 seconds remaining.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Senator from Connecticut may have 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. I thank my colleague from New York.

Mr. President, let me just address the Senate on the children's issues and the child care issues and try to put this in perspective. As most of my colleagues know, I have spent a lot of time, along with many others, on the issue of child care, and I just want to put it straight. When we passed out the Senate version of this bill on child care, we had provided \$8 billion for child care over 5 years. This conference report has \$7 billion for child care over 5 years. It is a \$1 billion reduction over that 5-year period. And so it is a cut in the child care funds.

But almost as egregious as the cut in the child care funds is the elimination of the health and safety standards, something that we fought very hard on over these years. Now, to eliminate health and safety standards where young children are being cared for, whatever other views you have, you do not do it. You do not take away the basic health and safety standards for child care in this country. So the money is one thing. That is a cut of \$1 billion. But to put these children all day long in a situation where they are not safe and they are not healthy, getting the proper kind of care is just wrong-headed and for that reason alone this bill ought to be rejected.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. Mr. President, I yield back the remainder of my time, which does not exist, with a plea that this legislation not be approved.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I think this is a good bill and pretty much like the bill that passed the Senate by a vote of 87 to 12 with 1 absentee.

We have heard many times that the President is going to end welfare as we know it. This is an opportunity the President has. Everybody ought to ask the question—and I know it has been addressed on the other side—does this conference report have the core principles and needed reforms that were in the Senate-passed welfare bill? The answer in my view is yes. We supported

that bill in September, the Work Opportunity Act, as I said, by a vote of 87 to 12. We stood behind it in a bipartisan way.

During this time before our vote, I also ask that we once again remember two overriding facts. First, our current welfare system has failed; and, second, it is our duty to fix it.

#### COMMON SENSE, CORE PRINCIPLES FOR DRAMATIC REFORM

The Senate bill and the conference report both take a commonsense approach. Both bills establish core principles: strong work requirements; strengthening families and requiring personal responsibility; providing protection for children; giving States the flexibility they need to design programs that best meet the needs of the people, and that can best reduce our alarming illegitimacy rate; and assuring States receive necessary Federal support.

Let me take a moment to review the similarities in the commonsense policies in the Senate bill and the conference report.

They both require able-bodied welfare recipients to work for their assistance as soon as the State determines they are "work ready" or within 2 years, whichever is earlier.

They both put a 5-year lifetime limit on welfare benefits, so that welfare does not become a way of life.

They both require single teenage parents who have children out of wedlock to stay in school and live under adult supervision in order to receive benefits.

They both provide \$75 million to States for abstinence education programs.

They both grant our States the ability to try and reduce America's alarming illegitimacy rate.

They both give States the option of exempting families with a child under age 1 from the work-participation rates.

They both prevent States from sanctioning a single custodial parent for failure to work if the parent shows a demonstrated need for child care.

They both include important provisions on locating and tracking absent parents, establishing paternity and enforcing support orders.

They both give our States the flexibility to devise programs that meet the specific needs of their citizens.

They both provide a \$1.7 billion supplemental loan fund. States may borrow from it up to 10 percent of their welfare block grant amount.

They both provide a \$1 billion contingency grant fund for States over 7 years.

They both put a cap on spending, because no program with an unlimited budget will ever be made to work effectively and efficiently.

#### CHILD CARE AND STATE MAINTENANCE OF EFFORT

During the Senate debate and establishment of these policies, two major issues emerged as central to the bipartisan support that emerged: first, access to child care and second, requiring

States to maintain some level of their spending effort.

The child care provisions in the conference report provide \$1.8 billion more than current law and \$1 billion more than the Senate-passed bill. Specifically, a child care block grant is established that includes \$11 billion in mandatory spending for welfare recipients and \$7 billion in discretionary spending for low income families. Spending on child care increases from \$1.3 billion in fiscal year 1997 to over \$2 billion in fiscal year 2002.

In the conference report, States are required to maintain their spending effort for the life of the new cash block grant at 75 percent of what they spent in fiscal year 1994 for the programs that are in this block grant. This seems to represent the objective of the majority of Members in the Senate.

CONFERENCE REPORT MODIFICATIONS

Now let me touch on some of the areas that have been modified since the Senate first passed welfare reform. No doubt about it, there has been much speculation over the savings that will come out of this reform. I can tell you this: The savings realized from the conference report are about the same as those realized from the Senate bill.

The conference report does require States to deny more cash to mothers who have more children while receiving welfare. However States have the flexibility to opt-out. As Senator SANTORUM said last night, this provision asks State legislatures to make a decision.

Let us make no mistake about it, the conference report does establish a child protection block grant that combines mandatory funding for existing child welfare programs while maintaining current law protections. However foster care and adoption maintenance payments remain open entitlement and the enactment of the block grant is delayed to fiscal year 1997. Funding for these programs are \$1 billion more than the Senate passed Balanced Budget Act.

NEW PROVISIONS

Let me list a few additions to the Senate-passed bill now in the conference report before us.

The effective date of the new cash welfare block grant is delayed to fiscal year 1997 yet allows States to opt-in during fiscal year 1996.

We have also included a 10-percent reduction in the social services block grant which was proposed by President Clinton. This will provide \$1.6 billion in savings over 7 years.

The eligibility for States to receive food stamp block grants is tightened up. States which have implemented electronic benefit transfer statewide will be eligible. States with an error rate of less than 6 percent are also eligible.

The controversy surrounding block grants for child nutrition programs is settled by allowing a pilot project for seven States to participate in an optional block grant program. Authority

expires in 2000. Block grants could then be revisited.

COP GOVERNORS BACK CONFERENCE AGREEMENT

Thirty Republican Governors sent a letter to President Clinton on December 20 urging him to support this conference agreement. They write:

While each State will have its own reform strategy, this legislation helps to accomplish those goals by setting forth these guidelines:

Families must work for benefits and States that get families working are rewarded.

No family can stay on welfare after 2 years without working.

The total time a family can collect cash benefits is limited to 5 years unless States, because of their own unique circumstances, opt out of this limit.

And States will have the option to pay cash benefits to teen parents, but they must live at home and stay in school to receive those benefits.

I urge my colleagues to support the conference report to H.R. 4. The core principles and policies necessary for dramatic reform contained in it are consistent with the Senate-passed bill and consistent with the needs of Americans.

So, Mr. President, it seems to me we have been able to retain nearly every provision that was in the Senate-passed bill. I know for some of my colleagues, because the President says he is going to veto it, maybe for that reason they feel compelled to support the President. But my view is we have a good bill. We ought to vote for it. We ought to send it to the President, and then try to persuade the President that this is a bill he should sign.

I yield back the balance of my time.

SECURITIES LITIGATION REFORM ACT—VETO

The Senate continued with the reconsideration of the bill.

The PRESIDING OFFICER. The question is, Shall the bill (H.R. 1058) pass, the objections of the President of the United States to the contrary notwithstanding? The yeas and nays are required under the Constitution. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 68, nays 30, as follows:

[Rollcall Vote No. 612 Leg.]

YEAS—68

Abraham	Dole	Inhofe
Ashcroft	Domenici	Jeffords
Baucus	Exon	Johnston
Bennett	Faircloth	Kassebaum
Bingaman	Feinstein	Kempthorne
Bradley	Ford	Kennedy
Brown	Frist	Kerry
Burns	Gorton	Kohl
Campbell	Gramm	Kyl
Chafee	Grams	Lieberman
Coats	Grassley	Lott
Cochran	Gregg	Lugar
Coverdell	Harkin	Mack
Craig	Hatch	McConnell
D'Amato	Hatfield	Mikulski
DeWine	Helms	Moseley-Braun
Dodd	Hutchison	Murkowski

Murray	Rockefeller	Stevens
Nickles	Roth	Thomas
Pell	Santorum	Thompson
Pressler	Simpson	Thurmond
Reid	Smith	Warner
Robb	Snowe	

NAYS—30

Akaka	Dorgan	Levin
Biden	Feingold	McCain
Boxer	Glenn	Moynihan
Breaux	Graham	Nunn
Bryan	Heflin	Pryor
Bumpers	Hollings	Sarbanes
Byrd	Inouye	Shelby
Cohen	Kerry	Simon
Conrad	Lautenberg	Specter
Daschle	Leahy	Wellstone

ANSWERED "PRESENT"—1

Bond

The PRESIDING OFFICER. On this vote, the yeas are 68, the nays are 30. One Senator responding present. Two-thirds of the Senators voting, a quorum being present, having voted in the affirmative, the bill on reconsideration is passed, the objections of the President of the United States to the contrary notwithstanding.

Mr. BYRD. Mr. President. I ask unanimous consent to address the Senate for 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONGRATULATIONS TO THE MAJORITY LEADER

ted in the affirmative, the bill on reconsideration is passed, the

Mr. BYRD. Mr. President, if I may have the attention of the Senators, Dizzy Dean said, "It is all right to brag if you have done it."

BOB DOLE has done it! He began his service as leader of the Republican Party in the Senate on January 3, 1985, and the record, up until today, for having held the position of leadership on the Republican side of the aisle was held by the late Charles McNary of Oregon, who was leader 10 years, 11 months, 18 days. Now, BOB DOLE has not been leader as long as Robinson Crusoe was marooned on that island. Crusoe was marooned 28 years, 2 months, and 19 days. But BOB DOLE has been the leader of the Republican Party, as of today, 10 years, 11 months, and 19 days!

Mr. President, I served with BOB DOLE when he was minority leader and I was majority leader. I served with him when he was majority leader and I was minority leader. I always found him to be a man of his word. We had some exchanges from time to time, as leaders will have, but I found him to be an honorable man. I shall always look back upon my service with him, when we were leaders together, with a great deal of pleasure.

I have a fondness for BOB DOLE, and I am glad today to salute him as a great leader of his party. I commend him on his service not only to his party but also to his country, and for his service to the Senate.

May God's richest blessings follow him and his loved ones always.

[Applause, Senators rising.]

Mr. THURMOND addressed the Chair. The PRESIDING OFFICER. The Senator from South Carolina [Mr. THURMOND] is recognized.

A SALUTE TO BOB DOLE

Mr. THURMOND. Mr. President, I rise to say that the Senate is well served with BOB DOLE as majority leader. He has broken the record now for the all-time service. He is a man of integrity, ability, and dedication, and we are fortunate to have had him serve here.

Back in his home State, he was a member of the legislature and a prosecuting attorney. He went into World War II, was seriously injured, almost killed, and one arm is still deficient.

I say to you, I hope he will serve continuously until he becomes the next President of the United States.

[Applause. Senators rising.]

PERSONAL RESPONSIBILITY AND WORK ACT OF 1995—CONFERENCE REPORT

The Senate continued with consideration of the conference report.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. DEWINE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 47, as follows:

[Rollcall Vote No. 613 Leg.]

YEAS—52

Abraham	Frist	McConnell
Ashcroft	Gorton	Murkowski
Baucus	Gramm	Nickles
Bennett	Grams	Pressler
Bond	Grassley	Roth
Brown	Gregg	Santorum
Burns	Hatch	Shelby
Chafee	Helms	Simpson
Coats	Hutchison	Smith
Cochran	Inhofe	Snowe
Cohen	Jeffords	Specter
Coverdell	Kassebaum	Stevens
Craig	Kempthorne	Thomas
D'Amato	Kyl	Thompson
DeWine	Lott	Thurmond
Dole	Lugar	Warner
Domenici	Mack	
Faircloth	McCain	

NAYS—47

Akaka	Feinstein	Levin
Biden	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Bradley	Harkin	Moynihan
Breaux	Hatfield	Murray
Bryan	Heflin	Nunn
Bumpers	Hollings	Pell
Byrd	Inouye	Pryor
Campbell	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Kohl	Simon
Exon	Lautenberg	Wellstone
Feingold	Leahy	

So the conference report was agreed to.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

BIPARTISAN WELFARE REFORM

Mr. MOYNIHAN. Mr. President, I simply want to make the announcement, now that we have had a near unanimous vote on the Democratic side against this measure which would affect 39 percent of the children in our country, we would like to turn to the President's proposal. In his statement yesterday he said he will veto this bill. But, he said, "I am determined to work with Congress to achieve real bipartisan welfare reform." I just this moment was speaking with my friend from New Mexico, who made very serious proposals in that regard. Let us do it.

But, sir, it has to be done here in the Congress—in cooperation with the Executive. An hour from now, the 11 Democratic Senators who voted against this measure in September—Mr. AKAKA, Mr. BRADLEY, Mr. KENNEDY, Mr. KERREY of Nebraska, Mr. LAUTENBERG, Mr. LEAHY, Ms. MOSELEY-BRAUN, Mr. SARBANES, Mr. SIMON, Mr. WELLSTONE, and I—will send a letter to the President encouraging the proposal for a bipartisan welfare reform, but saying it cannot be done in a 4-day or 3-day summit budget conference. This must not come back to us in a proposal put together in 3 days in a room with four people. This is a task for the Congress. We look forward to it. We welcome it. But we put the President respectfully on notice that we must be involved.

Mr. President, I thank the majority leader for allowing me to use this time in morning business, and I yield the floor.

MEASURE PLACED ON THE CALENDAR—HOUSE JOINT RESOLUTION 134

The PRESIDING OFFICER. The clerk will read a joint resolution for the second time.

The assistant legislative clerk read as follows:

A joint resolution, (H.J. Res. 134) making continuing appropriations for the fiscal year 1996, and for other purposes.

Mr. DOLE. I object to further proceedings on this matter at this time.

The PRESIDING OFFICER. Objection is heard. The measure will be placed on the calendar.

THANKING SENATORS

Mr. DOLE. Mr. President, first, I thank my colleague, Senator BYRD, for his kind comments and my colleague, Senator THURMOND, from South Carolina. It has been an honor to serve as the Republican leader and an honor to

serve with my colleagues on both sides of the aisle over the years.

I certainly enjoyed my service in the Senate, and I think most every day I have enjoyed being leader. Some days it is in doubt. But it is a great honor and a great responsibility that I am proud to try to carry.

I thank my colleagues on both sides for their continued cooperation.

MEASURE PLACED ON THE CALENDAR—S. 1500

The PRESIDING OFFICER (Mr. KYL). The clerk will read the bill for the second time.

The legislative clerk read as follows:

A bill (S. 1500) to establish the Cache La Poudre River National Water Heritage Area in the State of Colorado, and for other purposes.

Mr. DOLE. Mr. President, I object to further proceedings on this matter at this time.

The PRESIDING OFFICER. Objection is heard.

The bill will be placed on the calendar.

UNANIMOUS-CONSENT REQUEST—S. 1407

Mr. DOLE. Mr. President, on another matter, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 282, S. 1407, which would amend the Social Security Act to provide for increases in the amount of allowable earnings under the Social Security earnings limit for individuals who have reached retirement age.

I further ask unanimous consent that the bill be considered read a third time, passed, the motion to reconsider be laid upon the table, and that any statements relating to this matter appear in the RECORD at the appropriate place.

Mr. DASCHLE. Mr. President, there are a large number of colleagues on our side of the aisle who would like the opportunity to have a good debate about the issue and perhaps offer amendments. So, on their behalf, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MCCAIN. Mr. President, I, of course, understand the objection on the part of the distinguished Democratic leader.

I point out that we have been on this issue now for many years. It has been through the Finance Committee.

It is an outrage and an insult to the seniors of this country when we know—and they know—that their Medicare premiums, among other expenses, are going up, and we will not give them this simple relief.

I say to my friends on the other side of the aisle that I have not quit on this issue in 9 years. I am not quitting on it. From now on, every single bill that is before this body is going to have it as an amendment, unless we take it up as freestanding.

This is a terrible disservice to the seniors of this Nation not to lift this



## THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 9, 1996

TO THE HOUSE OF REPRESENTATIVES:

I am returning herewith without my approval H.R. 4, the "Personal Responsibility and Work Opportunity Act of 1995." In disapproving H.R. 4, I am nevertheless determined to keep working with the Congress to enact real, bipartisan welfare reform. The current welfare system is broken and must be replaced, for the sake of the taxpayers who pay for it and the people who are trapped by it. But H.R. 4 does too little to move people from welfare to work. It is burdened with deep budget cuts and structural changes that fall short of real reform. I urge the Congress to work with me in good faith to produce a bipartisan welfare reform agreement that is tough on work and responsibility, but not tough on children and on parents who are responsible and who want to work.

The Congress and the Administration are engaged in serious negotiations toward a balanced budget that is consistent with our priorities -- one of which is to "reform welfare," as November's agreement between Republicans and Democrats made clear. Welfare reform must be considered in the context of other critical and related issues such as Medicaid and the Earned Income Tax Credit. Americans know we have to reform the broken welfare system, but they also know that welfare reform is about moving people from welfare to work, not playing budget politics.

The Administration has and will continue to set forth in detail our goals for reform and our objections to this legislation. The Administration strongly supported the Senate Democratic and House Democratic welfare reform bills, which ensured that States would have the resources and incentives to move people from welfare to work and that children would be protected. I strongly support time limits, work requirements, the toughest possible child support enforcement, and requiring minor mothers to live at home as a condition of assistance, and I am pleased that these central elements of my approach have been addressed in H.R. 4.

We remain ready at any moment to sit down in good faith with Republicans and Democrats in the Congress to work out an acceptable welfare reform plan that is motivated by the urgency of reform rather than by a budget plan that is contrary to America's values. There is a bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy for this Congress to squander this historic opportunity to achieve it. It is essential for the Congress to address shortcomings in the legislation in the following areas:

- o Work and Child Care: Welfare reform is first and foremost about work. H.R. 4 weakens several important work

provisions that are vital to welfare reform's success. The final welfare reform legislation should provide sufficient child care to enable recipients to leave welfare for work; reward States for placing people in jobs; restore the guarantee of health coverage for poor families; require States to maintain their stake in moving people from welfare to work; and protect States and families in the event of economic downturn and population growth. In addition, the Congress should abandon efforts included in the budget reconciliation bill that would gut the Earned Income Tax Credit, a powerful work incentive that is enabling hundreds of thousands of families to choose work over welfare.

Deep Budget Cuts and Damaging Structural Changes: H.R. 4 was designed to meet an arbitrary budget target rather than to achieve serious reform. The legislation makes damaging structural changes and deep budget cuts that would fall hardest on children and undermine States' ability to move people from welfare to work. We should work together to balance the budget and reform welfare, but the Congress should not use the words "welfare reform" as a cover to violate the Nation's values. Making \$60 billion in budget cuts and massive structural changes in a variety of programs, including foster care and adoption assistance, help for disabled children, legal immigrants, food stamps, and school lunch is not welfare reform. The final welfare reform legislation should reduce the magnitude of these budget cuts and the sweep of structural changes that have little connection to the central goal of work-based reform. We must demand responsibility from young mothers and young fathers, not penalize children for their parents' mistakes.

I am deeply committed to working with the Congress to reach bipartisan agreement on an acceptable welfare reform bill that addresses these and other concerns. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or failing to act at all.

WILLIAM J. CLINTON

THE WHITE HOUSE,  
January 9, 1996.

# # #





## Union Calendar No. 148

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION**H. R. 2491**

[Report No. 104-280]

To provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996.

---

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 17, 1995

Mr. KASICH from the Committee on the Budget, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

**A BILL**

To provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3               **TITLE I—PROVISIONS OF**  
4               **GENERAL APPLICABILITY**

5       **SECTION 1001. SHORT TITLE.**

6               This Act may be cited as the “Seven-Year Balanced  
7       Budget Reconciliation Act of 1995”.

8       **SEC. 1002. TABLE OF TITLES.**

9               This Act is organized into titles as follows:

TITLE I—PROVISIONS OF GENERAL APPLICABILITY

TITLE II—COMMITTEE ON BANKING AND FINANCIAL SERVICES

TITLE III—COMMITTEE ON COMMERCE

TITLE IV—COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES

TITLE V—COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

TITLE VI—COMMITTEE ON INTERNATIONAL RELATIONS

TITLE VII—COMMITTEE ON THE JUDICIARY

TITLE VIII—COMMITTEE ON NATIONAL SECURITY

TITLE IX—COMMITTEE ON RESOURCES

TITLE X—COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

TITLE XI—COMMITTEE ON VETERANS' AFFAIRS

TITLE XII—COMMITTEE ON WAYS AND MEANS-TRADE

TITLE XIII—COMMITTEE ON WAYS AND MEANS-REVENUES

TITLE XIV—COMMITTEE ON WAYS AND MEANS-TAX SIMPLIFICATION

TITLE XV—MEDICARE

TITLE XVI—TRANSFORMATION OF THE MEDICAID PROGRAM

TITLE XVII—DEPARTMENT OF COMMERCE ABOLITION

TITLE XVIII—WELFARE REFORM

TITLE XIX—CONTRACT TAX PROVISIONS

TITLE XX—BUDGET PROCESS

1 **TITLE II—COMMITTEE ON BANK-**  
2 **ING AND FINANCIAL SERV-**  
3 **ICES**

4 **SEC. 2001. TABLE OF CONTENTS.**

5 The table of contents for this title is as follows:

Subtitle A—Housing Provisions

- Sec. 2101. Termination of RTC and FDIC affordable housing programs.
- Sec. 2102. Elimination of FHA assignment program and foreclosure relief.
- Sec. 2103. Reform of HUD-owned multifamily property disposition program.
- Sec. 2104. Recapture of rural housing loan subsidies by Rural Housing and Community Development Service.
- Sec. 2105. Reduction of section 8 annual adjustment factors for units without tenant turnover.

Union Calendar No. 148

104TH CONGRESS  
1ST SESSION

**H. R. 2491**

[Report No. 104-280]

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---

To provide for reconciliation pursuant to section  
105 of the concurrent resolution on the budget  
for fiscal year 1996.

---

---

OCTOBER 17, 1995

Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

1 section 17493. Each such report shall cover, but not be  
2 limited to, costs incurred by exporters as a result of—

3 (1) delays in the processing of export license  
4 applications;

5 (2) a reduction in outreach activities of the  
6 Government that educate exporters on complying  
7 with exporting requirements under United States  
8 law;

9 (3) delays in the processing of commodity clas-  
10 sification requests by exporters regarding the appli-  
11 cability of export controls to specific products and  
12 technical data; and

13 (4) delays in the processing of requests by ex-  
14 porters for advisory opinions by the Government re-  
15 garding whether specific transactions are likely to be  
16 approved or denied by the Government.

17 (b) TERMINATION OF PROVISIONS.—If, in any report  
18 submitted under subsection (a), the Comptroller General  
19 determines that costs described in such subsection were  
20 incurred by United States exporters, then sections  
21 17610(a) and 17493(a) shall cease to apply to the func-  
22 tions of the Bureau of Export Administration of the De-  
23 partment of Commerce transferred under this title.

## 24 **TITLE XVIII—WELFARE REFORM**

[Text to be supplied.]

1       **TITLE XIX—CONTRACT TAX**  
2                   **PROVISIONS**

[Text to be supplied.]

3       **TITLE XX—BUDGET PROCESS**

[Text to be supplied.]

○



104TH CONGRESS }  
*1st Session*

HOUSE OF REPRESENTATIVES }

REPORT  
104-280

SEVEN-YEAR BALANCED BUDGET  
RECONCILIATION ACT OF 1995

---

R E P O R T

OF THE

COMMITTEE ON THE BUDGET  
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H.R. 2491

A BILL TO PROVIDE FOR RECONCILIATION PURSUANT TO SECTION 105 OF THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1996

together with

MINORITY, ADDITIONAL, AND DISSENTING VIEWS



VOLUME I  
TITLES I-XII

OCTOBER 17, 1995.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1995



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104TH CONGRESS  
*1st Session*

HOUSE OF REPRESENTATIVES

REPORT  
104-280

SEVEN-YEAR BALANCED BUDGET  
RECONCILIATION ACT OF 1995

---

R E P O R T

OF THE

COMMITTEE ON THE BUDGET  
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H.R. 2491

A BILL TO PROVIDE FOR RECONCILIATION PURSUANT TO SECTION 105 OF THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1996

together with

MINORITY, ADDITIONAL, AND DISSENTING VIEWS



VOLUME II  
TITLES XIII-XX

OCTOBER 17, 1995.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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WASHINGTON : 1995

104TH CONGRESS } HOUSE OF REPRESENTATIVES { REPT. 104-280  
1st Session } { VOLUME II

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PROVIDING FOR RECONCILIATION PURSUANT TO SECTION 105 OF THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1996

---

OCTOBER 17, 1995.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. KASICH, from the Committee on the Budget,

submitted the following

R E P O R T

together with

MINORITY, ADDITIONAL, AND DISSENTING VIEWS

[To accompany H.R. 2491]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Budget, to whom reconciliation recommendations were submitted pursuant to section 105 of House Concurrent Resolution 67, the concurrent resolution on the budget for fiscal year 1996, having considered the same, report the bill without recommendation.

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**SEC. 17612. UNOBLIGATED BALANCES RETURNED TO TREASURY.**

Any unobligated balances appropriated to carry out any program referred to in this Act shall be transferred to the general fund of the Treasury.

**SEC. 17613. ANNUAL GAO REPORT.**

(a) **REPORT.**—Not later than 1 year after the effective date specified in section 17109(a), and not later than the end of each 1-year period thereafter, the Comptroller General of the United States shall submit to the Congress a report describing the costs, if any, during the 1-year period preceding the submission of the report, that were incurred by United States exporters as a result of the transfer of the functions of the Bureau of Export Administration of the Department of Commerce under this title, or as a result of the limitation on expenditures required by section 17493. Each such report shall cover, but not be limited to, costs incurred by exporters as a result of—

- (1) delays in the processing of export license applications;
- (2) a reduction in outreach activities of the Government that educate exporters on complying with exporting requirements under United States law;
- (3) delays in the processing of commodity classification requests by exporters regarding the applicability of export controls to specific products and technical data; and
- (4) delays in the processing of requests by exporters for advisory opinions by the Government regarding whether specific transactions are likely to be approved or denied by the Government.

(b) **TERMINATION OF PROVISIONS.**—If, in any report submitted under subsection (a), the Comptroller General determines that costs described in such subsection were incurred by United States exporters, then sections 17610(a) and 17493(a) shall cease to apply to the functions of the Bureau of Export Administration of the Department of Commerce transferred under this title.

## **TITLE XVIII—WELFARE REFORM**

[Text to be inserted]

## **TITLE XIX—CONTRACT TAX PROVISIONS**

[Text to be inserted]

## **TITLE XX—BUDGET PROCESS**

[Text to be inserted]

**TITLES XIII AND XIV—COMMITTEE ON WAYS AND MEANS REVENUE RECONCILIATION PROVISIONS**

COMMITTEE ON WAYS AND MEANS,  
HOUSE OF REPRESENTATIVES,  
*Washington, DC, September 22, 1995.*

Hon. JOHN R. KASICH,  
*Chairman, Committee on the Budget,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: On September 19, 1995, the Committee on Ways and Means, pursuant to House Concurrent Resolution 67, the Concurrent Resolution on the Budget for Fiscal 1996, ordered favorably reported, as amended, its budget reconciliation recommendations on revenue items, to the Committee on Budget by a recorded vote of 21 to 15. Accordingly, I am now transmitting these recommendations to you.

Enclosed are the legislative language, explanatory report language, estimates of the Congressional Budget Office and Joint Committee on Taxation and additional views. Under separate covers, I am transmitting the committee's recommendations on trade items, and trade adjustment assistance.

Please feel free to contact me or Phil Moseley if you have any questions. With best personal regards,

Sincerely,

BILL ARCHER, *Chairman.*

Enclosures.

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## TITLES XIII AND XIV—COMMITTEE ON WAYS AND MEANS REVENUE RECONCILIATION PROVISIONS

### I. INTRODUCTION

#### A. PURPOSE AND SUMMARY/BACKGROUND AND NEED FOR LEGISLATION

The revenue reconciliation recommendations transmitted to the House Committee on the Budget by the House Committee on Ways and Means are contained in two titles. Title XIII, the "Revenue Reconciliation Act," includes extensions of certain expiring tax provisions and various tax reform provisions and title XIV, the "Tax Simplification Act," includes various tax simplification provisions. These provisions are summarized briefly below and described in more detail in part II.



OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE  
ON GOVERNMENT REFORM AND OVERSIGHT

Clause 2(l)(3)(D) of rule XI requires each committee report to contain a summary of oversight findings and recommendations made by the Government Reform and Oversight Committee pursuant to clause 4(c)(2) of rule X, whenever such findings have been timely submitted. The Committee on Budget has received no such findings or recommendations from the Committee on Government Reform and Oversight.

STATEMENT ON FEDERAL MANDATES

Beginning January 1, 1996, congressional committees will be required to include in reports a statement regarding the Federal mandates contained in bills or resolutions.

Contained in this bill is a dramatic devolution of government programs from distant bureaucracies in Washington, DC, back to the State and local governments that are closer to and more accountable to the people these programs are intended to serve. The number of federally controlled programs has proliferated over the years, to the point where for a given need there are a multitude of different Federal programs, each with its own set of onerous rules and regulations. The devolution contained within this bill will provide State and local governments with greatly increased flexibility, by greatly decreasing burdensome Federal mandates.

COMMITTEE VOTES

Clause 2(l)(2)(B) of House rule XI requires each committee report to accompany any bill or resolution of a public character, ordered to include the total number of votes cast for and against on each rollcall vote on a motion to report and any amendment offered to the measure or matter, together with the names of those voting for and against. Below are the results of the rollcall votes taken in the Budget Committee on this resolution:

On October 12, 1995, the committee met in open session, a quorum being present, and ordered reported the bill, the Seven-Year Balanced Budget Reconciliation Act of 1995.

The following votes were taken by the committee:

1. Mr. Sabo moved that the Committee on the Budget postpone further consideration of the 1995 reconciliation bill until Wednesday, October 18, in order to provide additional time to receive submissions from those committees that have not yet responded to the reconciliation directives adopted by the House of Representatives in House Concurrent Resolution 67, the concurrent resolution on the budget for fiscal year 1996 through 2002. The motion failed by a rollcall vote of 15 ayes and 23 noes.

Member	Aye	No	Member	Aye	No
Mr. Kasich, Chairman .....	X		Mr. Sabo .....	X	
Mr. Hobson .....	X		Mr. Stenholm .....	X	
Mr. Walker .....			Mrs. Stlaughter .....	X	
Mr. Kolbe .....	X		Mr. Parker .....		X
Mr. Shays .....	X		Mr. Coyne .....	X	
Mr. Herger .....	X		Mr. Mollohan .....		
Mr. Bunning .....	X		Mr. Costello .....	X	

Member	Aye	No	Member	Aye	No
Mr. Smith of Texas .....		X	Mr. Johnston .....	X	
Mr. Allard .....		X	Mrs. Mink .....	X	
Mr. Miller .....		X	Mr. Orton .....	X	
Mr. Lazio .....		X	Mr. Pomeroy .....	X	
Mr. Franks .....		X	Mr. Browder .....	X	
Mr. Smith of Michigan .....		X	Ms. Woolsey .....	X	
Mr. Inglis .....		X	Mr. Oliver .....		
Mr. Hoke .....		X	Ms. Roybal-Allard .....	X	
Ms. Molinari .....		X	Mrs. Meek .....	X	
Mr. Nussle .....		X	Ms. Rivers .....	X	
Mr. Hoekstra .....		X	Mr. Doggett .....	X	
Mr. Largent .....		X			
Mrs. Myrick .....		X			
Mr. Brownback .....		X			
Mr. Shadegg .....					
Mr. Radanovich .....		X			
Mr. Bass .....		X			

2. Mr. Hobson moved that the committee order reported with a favorable recommendation the text of the Seven-Year Budget Reconciliation Act of 1995, and pursuant to rule XX, clause 1 of the Rules of the House, authorize the chairman to offer a motion to go to conference. The motion was agreed to by a rollcall vote of 24 ayes and 16 noes.

Member	Aye	No	Member	Aye	No
Mr. Kasich, Chairman .....	X		Mr. Sabo .....		X
Mr. Hobson .....	X		Mr. Stenholm .....		X
Mr. Walker .....			Mrs. Slaughter .....		X
Mr. Kolbe .....	X		Mr. Parker .....	X	
Mr. Shays .....	X		Mr. Coyne .....		X
Mr. Herger .....	X		Mr. Mollohan .....		
Mr. Bunning .....	X		Mr. Costello .....		X
Mr. Smith of Texas .....	X		Mr. Johnston .....		X
Mr. Allard .....	X		Mrs. Mink .....		X
Mr. Miller .....	X		Mr. Orton .....		X
Mr. Lazio .....	X		Mr. Pomeroy .....		X
Mr. Franks .....	X		Mr. Browder .....		X
Mr. Smith of Michigan .....	X		Ms. Woolsey .....		X
Mr. Inglis .....	X		Mr. Oliver .....		X
Mr. Hoke .....	X		Ms. Roybal-Allard .....		X
Ms. Molinari .....	X		Mrs. Meek .....		X
Mr. Nussle .....	X		Ms. Rivers .....		X
Mr. Hoekstra .....	X		Mr. Doggett .....		X
Mr. Largent .....	X				
Mrs. Myrick .....	X				
Mr. Brownback .....	X				
Mr. Shadegg .....	X				
Mr. Radanovich .....	X				
Mr. Bass .....	X				

3. Mr. Sabo moved that:

(1) The chairman be directed to convene a business meeting of the Committee on the Budget not later than Wednesday, October 18, to consider recommending committee amendments to the Omnibus Budget Reconciliation Act of 1995;

(2) During the meeting called pursuant to paragraph (1), the first order of business shall be consideration of any amendments to the reconciliation bill proposed by the chairman, provided that the text of any such amendments is circulated to

members of the committee and made available to the public not less than 48 hours before the meeting;

(3) In the event the Committee on the Budget agrees to recommend amendments to the reconciliation bill, the chairman shall notify the Committee on Rules of the recommended amendments and shall request, on behalf of the Committee on the Budget, that the recommended amendments be made in order, either as original text or as amendments to be offered on the House floor. The motion failed by a rollcall vote of 15 ayes and 22 noes.

Member	Aye	No	Member	Aye	No
Mr. Kasich, Chairman .....		X	Mr. Sabo .....	X	
Mr. Hobson .....		X	Mr. Stenholm .....	X	
Mr. Walker .....			Mrs. Slaughter .....	X	
Mr. Kolbe .....		X	Mr. Parker .....		X
Mr. Shays .....		X	Mr. Coyne .....	X	
Mr. Herger .....		X	Mr. Mollohan .....		
Mr. Bunning .....		X	Mr. Costello .....	X	
Mr. Smith of Texas .....			Mr. Johnston .....		
Mr. Allard .....		X	Mrs. Mink .....	X	
Mr. Miller .....		X	Mr. Orton .....	X	
Mr. Lazio .....		X	Mr. Pomeroy .....	X	
Mr. Franks .....		X	Mr. Browder .....	X	
Mr. Smith of Michigan .....		X	Ms. Woolsey .....	X	
Mr. Inglis .....		X	Mr. Oliver .....	X	
Mr. Hoke .....		X	Ms. Roybal-Allard .....	X	
Ms. Molinari .....		X	Mrs. Meek .....	X	
Mr. Hussie .....		X	Ms. Rivers .....	X	
Mr. Hoekstra .....		X	Mr. Doggett .....	X	
Mr. Largent .....		X			
Mrs. Myrick .....		X			
Mr. Brownback .....		X			
Mr. Shadegg .....					
Mr. Radanovich .....		X			
Mr. Bass .....		X			

4. Ms. Rivers moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Omnibus Budget Reconciliation Act of 1995 provide a full opportunity for Members of the House of Representatives to offer amendments to any title or section of the reconciliation bill, as made in order for consideration in the Committee of the Whole, that has not been considered and approved by the appropriate committee or committees of the House of Representatives. The motion failed by a rollcall vote of 15 ayes and 23 noes.

Member	Aye	No	Member	Aye	No
Mr. Kasich, Chairman .....		X	Mr. Sabo .....	X	
Mr. Hobson .....		X	Mr. Stenholm .....	X	
Mr. Walker .....			Mrs. Slaughter .....	X	
Mr. Kolbe .....		X	Mr. Parker .....		X
Mr. Shays .....		X	Mr. Coyne .....	X	
Mr. Herger .....		X	Mr. Mollohan .....		
Mr. Bunning .....		X	Mr. Costello .....	X	
Mr. Smith of Texas .....		X	Mr. Johnston .....		
Mr. Allard .....		X	Mrs. Mink .....	X	
Mr. Miller .....		X	Mr. Orton .....	X	
Mr. Lazio .....		X	Mr. Pomeroy .....	X	
Mr. Franks .....		X	Mr. Browder .....	X	
Mr. Smith of Michigan .....		X	Ms. Woolsey .....	X	
Mr. Inglis .....		X	Mr. Oliver .....	X	

Member	Aye	No	Member	Aye	No
Mr. Hoke .....			Ms. Roybal-Allard .....	X	
Ms. Molinari .....		X	Mrs. Meek .....	X	
Mr. Nussle .....		X	Ms. Rivers .....	X	
Mr. Hoekstra .....		X	Mr. Doggett .....	X	
Mr. Largent .....		X			
Mrs. Myrick .....		X			
Mr. Brownback .....		X			
Mr. Shadegg .....		X			
Mr. Radanovich .....		X			
Mr. Bass .....		X			

5. Mrs. Meek moved that the chairman be directed to seek a rule for consideration of the fiscal year 1996 reconciliation bill that makes in order an amendment that substitutes the formula passed by the Senate's Committee on Finance for the formula passed by the House of Representatives' Committee on Commerce for allocating the Medicaid block grants to the States. The motion failed by a rollcall vote of 8 ayes and 28 noes.

Member	Aye	No	Member	Aye	No
Mr. Kasich, Chairman .....		X	Mr. Sabo .....	X	
Mr. Hobson .....		X	Mr. Stenholm .....		X
Mr. Walker .....			Mrs. Slaughter .....	X	
Mr. Kolbe .....		X	Mr. Parker .....		X
Mr. Shays .....		X	Mr. Coyne .....	X	
Mr. Herger .....		X	Mr. Mollohan .....		
Mr. Bunning .....			Mr. Costello .....		
Mr. Smith of Texas .....		X	Mr. Johnston .....		
Mr. Allard .....		X	Mrs. Mink .....	X	
Mr. Miller .....		X	Mr. Orton .....	X	
Mr. Lazio .....		X	Mr. Pomeroy .....		X
Mr. Franks .....		X	Mr. Browder .....		X
Mr. Smith of Michigan .....		X	Ms. Woolsey .....	X	
Mr. Inglis .....		X	Mr. Olver .....		X
Mr. Hoke .....		X	Ms. Roybal-Allard .....	X	
Ms. Molinari .....		X	Mrs. Meek .....	X	
Mr. Nussle .....		X	Ms. Rivers .....		X
Mr. Hoekstra .....		X	Mr. Doggett .....		X
Mr. Largent .....		X			
Mrs. Myrick .....		X			
Mr. Brownback .....		X			
Mr. Shadegg .....		X			
Mr. Radanovich .....					
Mr. Bass .....		X			

6. Ms. Woolsey moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Omnibus Budget Reconciliation Act of 1995 make in order an amendment striking any cuts in student loans and striking any repeal or alteration of the corporate alternative minimum tax that may be included in the legislation brought before the House. The motion failed on a voice vote.

7. Mr. Stenholm moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Omnibus Budget Reconciliation Act of 1995 make in order an amendment to be offered by Mr. Browder, Mr. Orton, and Mr. Stenholm, or their designee, bringing the Federal budget into balance by the year 2002 while postponing tax cuts until a balanced budget has been achieved. The motion failed by a rollcall vote of 15 ayes and 23 noes.

Member	Aye	No	Member	Aye	No
Mr. Kasich, Chairman .....		X	Mr. Sabo .....	X	
Mr. Hobson .....		X	Mr. Stenholm .....	X	
Mr. Walker .....			Mrs. Slaughter .....		
Mr. Kolbe .....		X	Mr. Parker .....		X
Mr. Shays .....		X	Mr. Coyne .....	X	
Mr. Herger .....		X	Mr. Mollohan .....		
Mr. Bunning .....			Mr. Costello .....	X	
Mr. Smith of Texas .....		X	Mr. Johnston .....	X	
Mr. Allard .....		X	Mrs. Mink .....	X	
Mr. Miller .....		X	Mr. Orton .....	X	
Mr. Lazio .....		X	Mr. Pomeroy .....	X	
Mr. Franks .....		X	Mr. Browder .....	X	
Mr. Smith of Michigan .....		X	Ms. Woolsey .....	X	
Mr. Inglis .....		X	Mr. Olver .....	X	
Mr. Hoke .....		X	Ms. Roybal-Allard .....	X	
Ms. Molinari .....		X	Mrs. Meek .....	X	
Mr. Nussle .....		X	Ms. Rivers .....	X	
Mr. Hoekstra .....		X	Mr. Doggett .....	X	
Mr. Largent .....		X			
Mrs. Myrick .....		X			
Mr. Brownback .....		X			
Mr. Shadegg .....		X			
Mr. Radanovich .....		X			
Mr. Bass .....		X			

8. Mr. Pomeroy moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Omnibus Budget Reconciliation Act of 1995 provide for an amendment to restore current law protections which protect spouses of nursing home residents from utter impoverishment and welfare dependence. The motion was withdrawn.

9. Mr. Pomeroy moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Omnibus Budget Reconciliation Act of 1995 provide for an amendment to delete the provision reported by the Ways and Means Committee that suspends the penalty excise tax for corporations that withdraw employee pension funds for purposes other than to pay for retiree benefits. The motion was tabled by a rollcall vote of 21 ayes and 15 noes.

Member	Aye	No	Member	Aye	No
Mr. Kasich, Chairman .....	X		Mr. Sabo .....		X
Mr. Hobson .....	X		Mr. Stenholm .....		X
Mr. Walker .....	X		Mrs. Slaughter .....		X
Mr. Kolbe .....	X		Mr. Parker .....	X	
Mr. Shays .....	X		Mr. Coyne .....		X
Mr. Herger .....	X		Mr. Mollohan .....		
Mr. Bunning .....			Mr. Costello .....		X
Mr. Smith of Texas .....			Mr. Johnston .....		
Mr. Allard .....	X		Mrs. Mink .....		X
Mr. Miller .....	X		Mr. Orton .....		X
Mr. Lazio .....	X		Mr. Pomeroy .....		X
Mr. Franks .....	X		Mr. Browder .....		X
Mr. Smith of Michigan .....	X		Ms. Woolsey .....		X
Mr. Inglis .....	X		Mr. Olver .....		X
Mr. Hoke .....	X		Ms. Roybal-Allard .....		X
Ms. Molinari .....	X		Mrs. Meek .....		X
Mr. Nussle .....	X		Ms. Rivers .....		X
Mr. Hoekstra .....	X		Mr. Doggett .....		X
Mr. Largent .....	X				
Mrs. Myrick .....	X				
Mr. Brownback .....					

Member	Aye	No	Member	Aye	No
Mr. Shadegg .....					
Mr. Radanovich .....	X				
Mr. Bass .....	X				

#### VIEWS OF COMMITTEE MEMBERS

Clause (2)(1)(5) of rule XI requires each committee to afford a 3-day opportunity for members of the committee to file additional minority, or dissenting views and to include the view in its report. The views submitted are found at the end of this report.

## MINORITY, ADDITIONAL, AND DISSENTING VIEWS

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### MINORITY, ADDITIONAL, AND DISSENTING VIEWS TO TITLE II

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#### ADDITIONAL VIEWS OF HON. ROBERT W. NEY

As a member of the Committee on Banking and Financial Services, I would like to offer my views to be included in the final report in order to clarify my support of amendment No. 26, section 2226(c) and 2243(c) offered by Congressman Stockman. This amendment essentially overturns an amendment to the Riegel-Neal Interstate Banking and Branching Efficiency Act of 1994 (Public Law 103-328) which effectively overruled an appellate court decision upholding congressional intent and Federal regulatory determinations regarding availability of limited types of home equity lending. Although I was unable to be present for the vote, I would like to be added to the record as a member in strong support of this amendment.

Respectfully submitted,

ROBERT W. NEY.

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#### ADDITIONAL VIEWS OF HON. MAURICE D. HINCHEY

While I understand the need to modify programs under the committee's jurisdiction in order to meet the savings levels targeted in the budget resolution, I want to express my concern about the actions taken in regard to the Community Reinvestment Act [CRA]. The broad exemptions, self-certifications, and "safe harbor" provisions have no place in this type of legislation. This is clearly an attack on CRA that attempts to skirt the traditional legislative through using the procedural protections afforded by the reconciliation process.

The 7-year savings realized by these CRA provisions are estimated by the Congressional Budget Office to total \$21 million. However, the committee print altogether has scored almost \$450 million above the level required by the budget resolution. Even if the CRA provisions were eliminated, the committee would save almost \$430 million over the required amount. I think it is unfortunate that Congressman Kennedy's amendment to strike the CRA provisions from the bill was defeated by a slim margin.

Gutting CRA will hurt low- and middle-income people across the Nation, in rural and urban areas, by encouraging banks to filter deposits from their communities. Credit availability will be reduced greatly as a result. In New York State alone, which has received



an estimated \$2.3 billion in credit due to the CRA, I expect credit availability to suffer dramatically if this is enacted.

I would also like to explain my absence from several votes taken by the committee during consideration of this measure. Due to scheduling conflicts with the Resources Committee, which held its reconciliation markup concurrently, I was unable to be present for all of the votes in both committees. I made every effort to run back and forth from the two sessions, but unfortunately I was not able to be present for all of the votes.

MAURICE D. HINCHEY.

RON WYDEN.  
 JOHN BRYANT.  
 RICK BOUCHER.  
 THOMAS J. MANTON.  
 EDOLPHUS TOWNS.  
 GERRY E. STUDDS.  
 FRANK PALLONE, Jr.  
 SHERROD BROWN.  
 BLANCHE LAMBERT LINCOLN.  
 BART GORDON.  
 ELIZABETH FURSE.  
 PETER DEUTSCH.  
 BOBBY L. RUSH.  
 ANNA G. ESHOO.  
 RON KLINK.  
 BART STUPAK.

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HOUSE OF REPRESENTATIVES,  
 COMMITTEE ON COMMERCE,  
*Washington, DC, October 10, 1995.*

Hon. JOHN R. KASICH,  
*Chairman, Committee on the Budget,*  
*Washington, DC.*

DEAR MR. CHAIRMAN: On Monday, October 9, 1995, I transmitted to you the recommendations of the Committee on Commerce for changes in laws within its jurisdiction with respect to the Medicaid program, pursuant to the provisions of section 310 of the Congressional Budget Act of 1974 and section 105(a)(2)(B)(iii) of House Concurrent Resolution 67, the Concurrent Resolution on the Budget—fiscal years 1996–2002.

Regrettably, because of the Columbus Day holiday, when the committee transmitted its recommendations, the committee had not received the minority's dissenting views. The minority delivered their views to us this afternoon, and pursuant to our prior understanding, I am transmitting those views to you herewith for inclusion in the Commerce Committee's report language for title XVI of the Fiscal Year 1996 Omnibus Budget Reconciliation Act.

If I can be of any further assistance to you as you proceed with your committee's deliberations, please do not hesitate to contact me.

Sincerely,

THOMAS J. BLILEY, Jr.,  
*Chairman.*

Enclosure.

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MINORITY VIEWS ON THE PASSAGE OF THE MEDICAID  
 TRANSFORMATION ACT

Future generations might very well label the "Medicaid Transformation Act" as the "Medicaid Decimation Act." This Act essentially abrogates the Federal Government's responsibility to protect and improve the health care of millions of Americans. Instead, it provides States with a virtually no-strings-attached check in the

form of a block grant. Under the guise of "flexibility," the act fails to include even the most rudimentary enforceable requirements that the States use taxpayer funds to provide essential health care services to especially vulnerable and needy Americans.

It allows the States—with only minor Federal involvement—to determine who will receive services and what, if any, benefits they will receive. Further, it allows the States to determine how—if at all—they will regulate, oversee, and control participating providers. In short, the Medicaid Transformation Act slices the cord on a three-decade old safety net that has helped millions. Presently, the program serves about 18 million children, 4 million aged; 6 million disabled, and 8 million nondisabled adults.

The process by which this legislation evolved was particularly troubling. Aside from being veiled in secrecy with almost no opportunity for public input or congressional debate on the particulars of the proposal, the process culminated with committee members receiving legislative language only 36 hours before markup began: 36 hours to assess the impact of this 160-page health care bill for 36 million Americans; 36 hours to understand how 50 States could absorb a staggering \$182 billion in cuts without depriving poor women, children, and elderly people of essential health care services; 36 hours to calculate how each State could effectively run a Medicaid program with growth caps as low as 2 percent of current spending; 36 hours to evaluate the potential impact of a State refusing to cover people whose only current access to care is through Medicaid; 36 hours to determine what happens if a State is unable to pay for health care when there is a recession, and thus a sudden increase in the number of people who need care; and finally, 36 hours to examine the effect on senior citizens of a State's failure to provide effective oversight over nursing homes.

Over the course of 2½ days, Democratic members endeavored to correct some of the many flaws of the Republican plan. But, hiding behind a red herring dubbed "State flexibility," Republicans in lockstep opposed virtually every amendment offered. Most of these amendments were designed simply to maintain existing protections critical to any viable health care program.

For example, one amendment would have ensured that States maintain basic nursing home standards enacted in the Omnibus Budget Reconciliation Act of 1987. These requirements were put in law after it became evident—through a succession of nursing home horror stories—that States either couldn't or wouldn't regulate the nursing home industry. They include prohibitions on the use of physical restraints or mind-altering drugs and other similar protections against poor and abusive care. Despite widespread belief that Federal regulation of nursing homes is working, the amendment was defeated. Republicans argued—not surprisingly—that States needed flexibility. But flexibility to do what? Leave the elderly vulnerable to such atrocities? Let the States pick and choose what protections the nursing home lobby of their State would allow them to implement? Or, at best, simply reinvent the wheel and repeat what already has been achieved and implemented efficiently by the Federal Government?

Over the next several days, dozens of amendments designed to protect the working middle class and the poor, and moderate the dismantling of Medicaid, were presented but quickly shot down.

Amendments were offered to maintain current provisions of law to protect against impoverishing spouses and adult children or imposing liens on family homes and farms to pay nursing home care for Medicaid-eligible individuals. They were defeated. Amendments to guarantee continued health care coverage for poor children, pregnant women, and infants and children with special needs were defeated. An amendment to provide coverage for mothers attempting to leave welfare and move to the work force was defeated. Even an amendment to ensure coverage for screening and treating of women with breast and cervical cancer was defeated.

The attack on health care for the most vulnerable in America did not end there. An amendment to reward States that had made progress in reducing health care costs through creative Medicaid demonstration programs was killed; an amendment to establish a public process for determining appropriate provider payment rates was killed; an amendment to guarantee access to good-quality care for rural residents through adequate payments to rural clinics was killed; an amendment to modify the formula was killed.

The form in which this act finally prevailed is startling. Now, regardless of decades of painful lessons demonstrating that *laissez faire* with the taxpayers' money doesn't work, States will determine—with no guidance or requirements—what, if any, money they will spend to provide health care to the needy. If a State suddenly finds itself faced with a dramatic increase in eligible individuals—such as during a recession, for example—it will be forced to cut services, expel beneficiaries, or both. And there is no contingency plan to deal with what happens if a State runs out of money—the revolution apparently moves too fast to worry about small details such as this. States, local governments, and—more importantly—helpless beneficiaries must now assume all the risks.

Republicans have proclaimed their plan an "improvement" that "saves" Medicaid. In reality, the Medicaid Transformation Act transforms this health care program into a shapeless, faceless shadow. The act provides that States will receive an annual check with which they can play Russian roulette with who gets health care and who doesn't. This is literally passing the buck. The Republican blueprint merely transforms a program—with some flaws—about which we know a great deal, into 50 programs about which we know nothing. As the Republicans have provided no details on how the States intend to do any of this, Medicaid is now flying blind without a compass in sight.

Of course, there is the shop-worn view that managed care will somehow be a magic bullet for each State. But managed care can offset only a fraction of the \$182 billion in cuts over 7 years, and will barely dent the sparse 2 percent growth caps imposed on many States. Further, the act provides for distribution of Federal funds to States based on a formula that is almost certain to fail, and that reduces some States' spending to levels that cannot possibly provide sufficient funds or flexibility to serve their citizens. And even if States could implement managed care systems perfectly, it is foolish to assume that health care for millions isn't still in jeop-

ardy. As a prominent leader in one of the Nation's most successful State managed care programs reminds us, "you can't do it on the cheap, and you can't do it on the quick." The Republican plan rejects that wisdom and depends on both.

September 22, 1995—the day this act passed—will not be remembered as a day when legislative compromise triumphed or sound public policy prevailed. Instead, it will be remembered as a day when a huge social experiment was unleashed by Congress with almost no details or public discussion. And because this plan essentially risks the health care of millions, this date might also be remembered as a day in which some of the most socially irresponsible legislation ever was passed by the Committee on Commerce.

JOHN D. DINGELL.  
HENRY A. WAXMAN.  
ED MARKEY.  
RON WYDEN.  
JOHN BRYANT.  
RICK BOUCHER.  
THOMAS J. MANTON.  
EDOLPHUS TOWNS.  
GERRY E. STUDDS.  
FRANK PALLONE.  
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ELIZABETH FURSE.  
PETER DEUTSCH.  
BOBBY L. RUSH.  
ANNA G. ESHOO.  
RON KLINK.  
BART STUPAK.

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SEPARATE VIEWS OF MR. DINGELL ON THE MEDICAID  
TRANSFORMATION ACT

The Commerce Committee majority transmitted its report on the Medicaid title of the reconciliation bill to the Budget Committee at about 6 p.m. on Monday, October 9—a national holiday—apparently at the insistence of the Budget Committee's staff. Until that moment, the majority and minority on the Commerce Committee had operated under a longstanding, well-established, and mutually beneficial process for the filing of committee reports and any accompanying minority, dissenting, separate, and other views.

Under that process, followed prior to January 1995 when the Democrats were in the majority and since January 1995 when the Republicans have controlled the House, near-final drafts of committee reports would be shared with the minority, who would be given a reasonable—and sometimes more than reasonable—period of time to review their contents and suggest changes, edits, or other modifications. Of course, the minority does not have a veto over the contents of the report, and the majority is certainly entitled to include in a report both its policy judgments and whatever conclusions it may draw from the facts in the record. But the minority

has always been permitted to question the accuracy of factual assertions in the report or to ask that potential misimpressions of fact be clarified. On more than a few occasions, conclusory statements based on such factual errors or misimpressions have had to be adjusted accordingly. And of course, suggestions as to grammar and syntax have generally been welcomed.

This process resulted in a better, more professional committee product. Although it took some modest additional time and occasionally provoked some professional disagreements, the process produced documents that could be relied upon confidently in future years by both sides and by any outside party as reliable sources of legislative history and especially the committee's intentions. It also saved the majority from potential embarrassment on the House floor, where the manager of the bill can be called upon by opponents to explain errors and omissions in the report.

The majority and minority on this committee generally worked well with one another during this process, probably because it was based on mutual courtesy and respect rather than on any written rule or right. In return for the courtesy of being given a reasonable time to review and comment upon the draft report prior to its filing, the minority committed to not using its views to criticize or even comment directly upon the contents of the report.

Until now, I am not aware of a single instance in which that process produced an unsatisfactory result or in which either side breached its understandings with the other. Regrettably, although hopefully not irreparably, that unblemished record has been stained by the filing of this Medicaid report.

This half-inch thick, single-spaced document was shared with the minority for the first time at 11 a.m. on Monday morning, October 9—2 hours after the Republican majority delivered to us for the first time its 400-plus page amendment in the nature of a substitute for the Medicare bill that was to be marked up the following day. Although that day was a national holiday, the minority staff was working to prepare for the Medicare markup. At around 4 p.m., we were informed for the first time that the majority planned to file the Medicaid report that afternoon. The only reason given was that the staff of the Budget Committee was demanding it. It obviously would have been impossible for the staff to review and offer intelligent comments on a document of that size and scope in just a few hours even if there were no other business pending that day or the next. Being placed in that position with a Medicare markup looming the next day went well beyond the point of reasonableness.

I am deeply perturbed that neither the chairman of the committee nor the committee staff had sufficient respect for their professional relationship with the minority or for the traditions of the committee to tell Mr. Kasich that he would simply have to wait, even if only overnight. But apparently such respect is lacking, for the report was indeed transmitted at around 6 p.m. that evening, with no minority review, input, or views—although we were told that the Budget Committee staff promised to include our views later in the printed report on the reconciliation bill. In light of this unprecedented breach of comity, I take this opportunity to do precisely what the minority, both Republican and Democratic, have al-

ways refrained from doing in minority, dissenting, or separate views—that is, commenting directly upon the contents of the report. There is indeed much to comment upon, because the extreme ideological agenda underlying the bill has resulted in the inclusion of a number of questionable factual assertions and the omission of a number of inconvenient facts to convey false impressions in the report. The speed with which it was obviously prepared to meet an artificial deadline has also resulted in a certain sloppiness in the use of language which does the committee little credit. I will highlight just a few examples:

*South Carolina's Neonatal Cocaine Treatment and Prevention Program.* The report contains a discussion of a program at the Medical University of South Carolina [MUSC] designed to reduce the number of crack babies. The report describes the program as an "unprecedented success" and decries the Federal Department of Health and Human Services' threats to terminate Federal funding as an example of unwarranted Federal interference with State innovation. The report fails entirely to note that HHS became involved only because serious concerns were raised about the inadequacy of MUSC's institutional systems for protecting human research subjects; the program was found to be violating the Civil Rights Act; and research experts declared the project to be "the worst kind of research, conducted by individuals who are not \* \* \* qualified or competent." Incidentally, the attorney general of South Carolina, who testified at the subcommittee about the State's experience with HHS, was at the time of the hearing a named defendant in a lawsuit aimed at ending these abuses.

*The Governors' Testimony.* In discussing the Health Subcommittee's June 8, 1995, hearing on Medicaid, the report dutifully notes the appearance of several Governors, including Florida's Governor Chiles, and discusses some—but only some—of the testimony presented. To read the report, one would think that only Governors Edgar of Illinois and Engler of Michigan had anything useful to say. The report totally ignores Governor Chiles' testimony, which emphasized the great danger to senior citizens, poor people, and the States of limiting the growth of Federal spending on Medicaid, especially for growth States like Florida which are experiencing tremendous increases in their elderly populations.

*Statements of Committee Intent.* The report generously expresses "the committee's intention"—an intention not reflected anywhere, to my knowledge, in the record of the markup—"that states protect against the impoverishment of the community spouses and adult children of institutionalized family members" and that "the policy under current law \* \* \* shall apply to children of institutionalized parents." Of course, there is absolutely no provision in the bill itself that ensures this result. In fact, the actual legislative record of the committee would convey to the objective observer precisely the opposite impression. The Republican members of the committee voted unanimously against Democratic amendments to preserve in statutory language precisely the protections now in current law. Thus, the intention expressed in the report is not only worthless as legislative history, it is contradicted directly by the plain record of the markup. Other expressions of the committee's intention sprinkled

throughout the report should similarly be viewed with some skepticism.

There are many more examples of incorrect, misleading, or simply sloppy draftsmanship in the report in question. I have resisted the temptation to deal with the multitude of grammatical, syntax, and proofreading errors we might have been able to point out to the majority if given the chance—some of which, incidentally, dramatically alter the meaning of the sentences in which they appear.

For the moment, at least, it should suffice to observe that for no particularly good reason, the minority has been denied an important and traditional courtesy always accorded to the Republican members on this committee when they were in the minority. Regrettably, one of the few areas in the 104th Congress in which a modicum of decency and comity still prevailed has gone the way of so many other traditions of decency and comity in the House—swallowed up in the Republicans' urgent zeal to remake America because, like democracy itself, it is occasionally inconvenient. It is not too late to retrieve this mistake; for now, however, the question of whether it is worth retrieving—and worth preserving for the future—lies in the hands of the chairman and his Republican colleagues.

JOHN D. DINGELL.



MINORITY, ADDITIONAL, AND DISSENTING VIEWS  
TO TITLES XIII AND XIVDISSENTING VIEWS OF THE DEMOCRATIC MEMBERS OF THE  
COMMITTEE ON WAYS AND MEANS

The Republicans have finally laid their cards on the table. After waiting many long months to learn how they intend to accomplish their contradictory goals—paying for their \$245 billion tax cut and balancing the federal budget in the next seven years—we have finally sat down at the table. They have dealt the cards. They have dealt the American people a losing hand. And, they have dealt a few aces under the table, as well.

We regret this result. We had hoped for a better result, a result that lived up to the Republicans' rhetoric (and rhetoric was all we had during the many months of waiting for substantive policy proposals). We were prepared to collaborate with our Republican colleagues on the Committee to craft a package that would reduce the deficit and be good for the future of our country. We had hoped for a bipartisan result with our Committee colleagues that would have overcome the harshness of the partisanship one hears from some Republican circles these days.

However, that is apparently not to be allowed. The Master Dealer has a different game in mind. A game of high-stakes poker with the wages and work incentives of low- and moderate-income Americans. A game of Russian roulette with the hard-earned and well-deserved pensions of current and future American workers. A game of craps with the fundamental needs of the poor. A game of back-room deals with select Republican special interests. And, a game of charades with the voters and the American public.

Perhaps this is not surprising, but it is regrettable. It is a game that Democrats are unwilling to play with the American public. We, as Democrats, cannot support this bill. We find it objectionable and dangerous. We have no choice but to push our chairs away from this table.

## SOME—TOO FEW—BIPARTISAN ACCOMPLISHMENTS

We are proud of the few elements of this bill that resulted from bipartisan collaboration.

The Pickle-Johnson Taxpayer Bill of Rights is a major achievement that reflects more than a decade of bipartisan effort. It reflects legislation approved by the Committee and the Subcommittee on Oversight in recent years, as well as new proposals considered this year. The more-than-thirty provisions will provide needed protections for taxpayers in their dealings with the Internal Revenue Service [IRS], improvements that are long overdue. This legislation will help to make the IRS a more taxpayer-friendly organization, and resolve longstanding problem areas that cause taxpayers unnecessary hassle and frustration. It establishes a position of Taxpayer Advocate with expanded authority; grants the IRS greater authority to abate interest or reverse liens and levies when the IRS is at fault or in error; provides taxpayers with relief in the collection process and in court; and requires the IRS to change its ad-

ministrative and statutory procedures in significant other ways to make IRS actions less burdensome. These provisions will ensure that taxpayers get a fair shake when dealing with the IRS.

We are proud that these proposals, at the suggestion of Congressman Robert Matsui, Ranking Democrat of the Subcommittee on Oversight, with the agreement of Subcommittee Chairwoman Nancy Johnson, will be named in honor of Congressman J.J. Pickle (D-TX), our retired colleague and former Subcommittee Chairman. This acknowledges his hard work for the better part of a decade, and represents bipartisanship at its best. We wish there were more examples in this bill of such gracious partnership.

Further tax provisions included in this bill with which we, as Democrats, agree and have worked to achieve are: (1) President Clinton's proposals to fight fraud and abuse in the earned income tax credit [EITC] program; (2) the requirement that gain on the redemption of certain corporate stock be recognized immediately if the redemption is treated as a dividend, as in the Seagrams-DuPont transaction; (3) the creation of IRS sanctions to prevent the use of tax-exempt organizations' funds by insiders for private benefit (inurement) and the expansion of public reporting by tax-exempt organizations; and (4) the extension of current authority for the IRS to share taxpayer information with the Department of Veterans Affairs for use in determining eligibility and benefit amounts for its programs.

Although we believe that certain provisions were inappropriately included in the part of the bill relating to tax simplification, we believe that this part as a whole is an improvement in our tax laws and we support it. However, we were distressed that the Department of the Treasury was not accorded its traditional role in the simplification process.

With respect to trade, the bill contains a number of provisions that were developed on a bipartisan basis, mostly in the Subcommittee on Trade. In this regard, the bill reauthorizes the Generalized System of Preferences program through December 31, 1997, and makes modest reforms and technical changes proposed mostly by the Administration that are intended to simplify and improve administration of the program. The bill also makes a number of technical corrections to various U.S. trade laws and includes other miscellaneous trade provisions. In addition, the bill would extend Super 301 through the year 2000. Super 301 requires the U.S. Trade Representative to identify annually trade liberalization priorities and to initiate section 301 investigations on all foreign priority practices so identified. Finally, the bill reauthorizes the trade adjustment assistance programs for workers and firms until September 30, 2000, at which time the programs will terminate, and makes modest reforms to the worker trade adjustment assistance program.

#### REPUBLICAN CLAIMS OF CORPORATE "REFORM" ARE NOT THE REALITY

The Republicans claims that they are closing corporate loopholes and cracking down on corporate welfare. The truth is they are paying for the reconciliation bill on the backs of moderate-income workers, the poor, and current and future retirees.

The revenue-raising portions of this bill, the so-called Corporate and Other Reforms and the EITC program cuts raise a total of \$51.8 billion. Of that total, \$35.6 billion—almost 70 percent—is raised in three areas: EITC program cuts; allowing corporations to take assets out of overfunded pension plans; and eventual repeal of the low-income housing credit. Although these last two items are disingenuously billed by Republicans as corporate reforms, they are a direct hit on two vulnerable populations: (1) workers and retirees and (2) the poor.

First, the bill raises taxes by \$22 billion on 14 million working families by making several program cuts in the earned income tax credit [EITC]. The Republicans try to argue that they are making minimal refinements to target the program more narrowly. That is grossly misleading. Almost three-quarters of all current recipients will be the targets of Chairman Archer's three proposed cutbacks.

These proposals will make daily life more difficult for families with children, Social Security recipients, surviving widows with children, the disabled, and childless workers who earn less than \$10,000 a year. For many of them, this will be a double hardship because they will also be victims of additional cutbacks in welfare.

For two decades, the EITC has enjoyed strong bipartisan support. It has been the most effective work-promoting program of the federal government. Although the Republicans praise the virtues of self-reliance, their actions in this bill will severely reduce work incentives for the segment of the work force that must struggle to maintain a stable work life. Marginal tax rates on wages will go up by at least 2 percentage points. Childless workers, who are among those with the lowest wages, will be cut out entirely. Examples abound, and have been presented in Committee hearings, of workers trying hard to climb into the middle class. They use their EITC to pay their mortgages, their utility bills in winter, and their transportation and child care costs. They are doing everything the Republicans supposedly want them to do. Why are they being targeted? Why this sudden reversal in Republican support for this program?

There is only one reason. The Republicans need cash to pay for their enormous contract With America Tax cuts passed by the House of Representatives earlier this year and included in this reconciliation bill. In order to lavish tax reductions on wealthy investors and corporations, they have cut back significantly on a program that provides a lifeline to low- and moderate-income American wage-earners.

Second, the bill gives corporate executives license to raid retirement funds, that are supposed to be used for the exclusive benefit of their employees, by allowing corporations to remove as much as \$40 billion from pension funds. The bill puts no restrictions on the use of these funds—indeed, corporate executives could give themselves bonuses if they wished or build a corporate retreat! This is no hardship for the corporations. This is no loophole closer. It is exactly the opposite—it allows corporate cashflow to be enhanced by using funds that have been set aside during employees' working years to pay their pension checks in the future. It frees up as much as \$40 billion that has been dedicated to the benefit of employees

and allows it to be used for virtually anything corporate executives decide. What kind of reform is that?

Republicans rejected amendments offered by Democrats to require that employees and retirees be notified in advance when their employing companies plan to remove assets from their pension funds and to require conservative rules for determining whether pensions are actually overfunded. The Republicans' refusal to incorporate these reasonable protections for employees and retirees is evidence of their blatant disregard for ordinary hard-working Americans. It is also proof that one of their highest priorities is pandering to Corporate America.

Permitting employers to withdraw assets from employee pension plans is nothing more than an irresponsible budgetary gimmick that places the pensions of working Americans at risk. It is ironic that at a time when the Republicans pretend to be concerned about the solvency of the Medicare Trust Fund they are endangering the pensions of working Americans for short-term budgetary gains. It is ironic that at a time when the Republicans pretend to be committed to balancing the budget, they are substantially increasing the potential liabilities of the Pension Benefit Guaranty Corporation which must step in and bail out employers when the employers do not have sufficient assets to pay employee pensions.

Our opposition to this proposal can be summarized by paraphrasing Republican Majority Leader Dick Armey's statement to the press on September 12 of this year: We will not stand by and let the Republican majority raid workers' hard-earned pensions. Our message is simple: Keep your paws off the pensions of hard-working ordinary Americans.

Third, the bill would repeal the low-income housing tax credit as of the close of 1997. The low-income housing tax credit has helped more than 800,000 poor families afford a decent place to live. It encourages investment in residential housing. It has helped to revitalize urban and rural neighborhoods and boosted local economic activity. The National Governors' Association has urged Congress to retain the credit as a permanent incentive for the reliable and efficient construction of low-income housing units. The Republicans have not adequately explained why they think this credit is corporate welfare that should be cut, but those hundreds of thousands of families know otherwise. The credit has merely provided a helping hand to those who need it. How can this be characterized as a benefit to Corporate America? Repealing an incentive for investment in housing for the poorest among us is nothing more than a hit-them-when-they're-down attack on America's needy.

The Republicans decry politics as usual. They are guilty of it in this bill. They talk about cutting corporate welfare, but instead they jeopardize the general welfare. They scold about personal responsibility and the work ethic, but they reduce the financial advantages of working for those to whom it means the most. They talk about getting the government out of people's lives, but they raise taxes on 14 million families and interfere in the competitive balance of several industries. They remind us of the importance of family, but they accommodate corporate raiding of the only nest

egg many breadwinners are able to accumulate for their families' future security, their pensions.

#### REPUBLICANS RAISE TAXES ON 14 MILLION WORKING FAMILIES

The reductions in the earned income tax credit EITC will result in tax increases on 14 million families who earn less than \$28,500 a year. Four million of them earn less than \$10,000 a year. We strenuously oppose this tax increase.

The bill would repeal the EITC for childless workers, require that Social Security benefits be included for purposes of calculating the phaseout of the credit, and increase the rate at which the credit for families with children phases out. All this raises taxes on people who are working—the very thing Republicans have said they want those people to do. It makes no sense to us.

We tried several times to amend the bill in order to lessen the blow on working people. The Republicans rejected each attempt. Our amendments garnered not one single Republican vote in favor of the working class.

Congresswoman Barbara Kennelly offered an amendment to strike all the proposed EITC tax increases, retaining only President Clinton's anti-fraud provisions mentioned above. This would have saved 14 million families from greater hardship than they already suffer. It would have been a vote of confidence, loud and clear, in the American Dream. It would have said to these workers: "We believe in you. We believe that you'll make it. Don't lose your resolve, despite the difficulties. We are willing to help. We are on your side." Not a single Republican was willing to stand up for those 14 million American workers.

Congressman Ben Cardin offered an amendment to restore the current rates at which the EITC phases out. This would have saved families with children from significant tax increases. It would have protected the 60 percent of EITC recipients who have incomes in the phaseout range (\$11,630–\$28,550) from an aggregate tax increase of \$8.7 billion. Congressman Cardin's amendment would have also protected the federal budget. The revenue lost by retaining the current EITC phaseout rates would have been made up by restricting the Contract With America's family tax credit to families with incomes below about \$105,000. The Contract tax cuts would provide very large benefits to very wealthy families and individuals: average tax cuts of \$11,260 for those fortunate few who have incomes of \$200,000 or more. Does it make any sense at all to have families who make less than \$28,550—perhaps as little as \$11,630—footing the bill so that wealthy families can receive tax breaks that are almost as large as the annual salaries of some of those targeted families? Which group of families needs our help more? Republicans made their choice—they all voted to defeat the amendment.

Congressman Sander Levin offered an amendment to strike the provision of the bill that would require Social Security benefits and other retirement income to be included in the calculation of the phaseout of the EITC. To offset the cost, the amendment would also have prevented the enactment of the neutral cost recovery system, a complex and unpopular new depreciation scheme included in the Contract With America tax cuts. The Republicans may wish

to tax the Social Security benefits of two million elderly couples, surviving widows with children, grandparents raising their grandchildren, and the disabled, but Democrats do not. If this tax increase on working Social Security recipients is necessary to pay for a silly depreciation provision in the Contract that benefits Corporate America, then the depreciation scheme is simply not necessary. It is especially offensive to us that the Republicans would combine this tax increase on moderate-income Social Security recipients with a cut in taxes on well-off Social Security beneficiaries. The Republicans apparently saw no injustice or imbalance in their priorities—they all voted down Congressman Levin's amendment.

Congressman Charles Rangel offered an amendment to restore the EITC for childless workers. This amendment also would have been deficit-responsible. It would have replaced the revenue required to restore the credit—about \$4 billion—by denying the Contract's family tax credit to upper-income families. After the markup was finished, the Joint Committee on Taxation finally responded to our request for an estimate of what that income level would be. The threshold of the Contract family tax credit could have remained as high as \$150,000 and still Congressman Rangel's amendment to restore \$175, on average, to childless workers could have been funded. But, Republicans chose to give \$500 per child to families with incomes larger than \$150,000 rather than give \$175 to poor workers. The Republicans have made it clear that workers struggling to remain in the work force can expect no help from them.

The Republicans try to downplay their tax increases as if they were a minimal shaving off the top. Not so. The proposal to increase the phaseout rates, by itself, will affect every taxpayer with income in the phaseout range. That means 9.4 million families with incomes as low as \$11,630, 60 percent of all taxpayers who receive the EITC, will be subject to a tax increase. They will have to work that much harder or that much longer to make up the difference in their net pay. Every one of those families has children. Every one of them has a working parent or guardian. Every one of them is worried about its future. Now the Republicans have given them greater reason for worry.

The proposal to include Social Security benefits in the calculation of the phaseout of the EITC will hurt 1.9 million taxpayers. On average, they will lose \$642 a year. Four hundred thousand of them will no longer qualify for the maximum benefit. The 1.4 million taxpayers who have children will lose \$850 a year. These are not wealthy people. Their annual adjusted gross income averages \$9,580 a year. They receive Social Security benefits, so we know they have already been identified as needy or suffering hardship. They are elderly couples, surviving widows with children, grandparents raising their grandchildren, and the disabled. What in the world have these people done to merit the heavy hand of the Republicans falling on them, shrinking their paychecks, taxing their Social Security benefits at a rate of at least 18 percent?

The Republican Members of the Committee and their staffs were unable to provide a policy rationale for taking \$4.2 billion away from 4 million childless workers. They simply suggested that money was tight, there is not enough of it to go around. But appar-

ently there is enough to give \$63 billion to investors in the form of a capital gains tax cut, as the Republican Contract tax cut does. Apparently there is enough to give \$7 billion in family tax credits to those with incomes of more than \$100,000 a year. Apparently there is enough to spend \$16 billion on a new, complicated depreciation scheme that no one in the business community wants.

This is heartless. This is unfeeling. Raising taxes on working people who have nothing to spare in order to heap excess on those who want for nothing is unworthy. It is not what government should be about. It means taking care of special interests, rather than the public interest.

#### CORPORATE WELFARE BY ANY OTHER NAME

The Republicans would have the American public believe that they are the party of reform. Their rhetoric is overloaded with promises to purge existing laws and regulations of provisions that are too narrowly targeted and to avoid any preferential treatment for special interests. They characterize a major section of this bill as an attack on corporate welfare in an undisguised attempt to win favor with the American public.

The truth is the Republicans are using this bill to protect Republican special interests, to punish the competitors of Republican special interests, and to deliver directly new special favors for Republican special interests. They have tried to disguise this fact, to characterize it as leveling the playing field, and to claim credit for being tough on corporate welfare. They are misleading the American people and, amazingly, they are doing it with a straight face. The Republicans should be ashamed of themselves for such bald-faced deception.

*Protection of the Oil and Gas Industry.*—Although there are numerous examples of such Republican favoritism, the most egregious one of all is the unmistakable attempt to protect—indeed, enhance—the competitive position of the oil and gas industry. Most other sectors of the energy industry take a hit in this bill, but the oil and gas industry remains untouched.

The Joint Committee on Taxation's pamphlet on tax expenditures lists five tax preferences specifically designed to encourage the production of fuel from renewable sources or energy conservation. The bill permits one of these provisions to terminate and substantially restricts or phases out three others. The bill does not threaten even one of the six provisions listed that are specifically designed to benefit the oil and gas industry. Indeed, the Republicans seem to go out of their way to eliminate benefits enjoyed by competitors of the oil and gas industry. It increases taxes on those who produce energy from alternative sources: wind, biomass, shale, geopressured brine, and synthetic fuels. It even eliminates provisions designed to provide incentives for energy conservation expenditures by businesses in other sectors of the economy. Any proposal that purports to eliminate unjustified tax benefits should treat competitors equally. This is simply not true of the Republican bill.

There is more than one way to skin a cat—the Republicans may have avoided the direct appearance of dishing out new special tax breaks to the oil and gas industry, but they certainly have en-

hanced the industry's competitive position by increasing the tax burden on its competitors.

*Protection of the Organized Gambling Industry.*—Another industry that will enjoy Republican protection as a result of tax increases on its competitors is the commercial gambling industry. Established casinos and other gambling enterprises have had their monopoly status threatened in recent years by the entry into this market by Indian tribes. Tribal-run gambling establishments have siphoned some profits from the more traditional gambling organizations. The bill would subject these tribal earnings to federal income tax, even though Indian tribes have always been considered sovereign nations that are not subject to federal laws of the United States. The constitutional validity of the bill's provision has been questioned. But its economic effect is not in question. It will unambiguously inflict a burden on the competitors of established gambling operations, providing protection to those established operations.

*License to Corporations to Raid Employee Pension Funds.*—The Internal Revenue Code provides substantial tax incentives to employers to encourage pre-funding of the pensions that they promise to their employees. Contributions by employers to pension trusts are deductible when made and the earnings of those trusts are exempt from tax until distributed. These tax benefits are specifically contingent on the fact that these monies are to be dedicated for the sole benefit of the employees. In general, amounts in these trust funds can be withdrawn by employers only if the plan is terminated and all of the plan liabilities are satisfied through the purchase of annuity contracts.

During the 1980s, it became apparent that the requirement that the funds be used for the exclusive benefit of the employees was not sufficient to prevent employers from withdrawing those funds for their own use. In response to reports that pension fund assets were being used for corporate takeovers and other transactions, the Congress enacted an excise tax on reversions of plan assets to employers. This excise tax was increased in 1990 to strengthen the guarantee that these funds be used to benefit employees.

This Republican bill would permit employers to withdraw assets from employee pension funds for their use. Any assets in excess of 125 percent of the plan's current liability could be withdrawn by the employer and used for any purpose. If the withdrawal is before July 1, 1996, the excise tax enacted in the 1980s would be waived completely. This tax holiday is designed to maximize the nominal revenue gain from this proposal by creating an incentive for employers to withdraw assets promptly. For withdrawals after July 1, 1996, and before December 31, 2000, the bill would reduce the excise tax from a maximum of 50 percent to a mere 6.5 percent. This is less than even the 10-percent additional tax that an individual must pay for premature withdrawals from an Individual Retirement Account.

The PBGC estimates that as much as \$100 billion of pension plan assets could be withdrawn if employers take full advantage of the Republican proposal. In making its revenue estimate of this provision, the Joint Committee on Taxation assumed that between \$30 and \$40 billion of pension fund assets would be withdrawn



under this proposal, thus their estimated revenue gain for the government of approximately \$10 billion. If their estimates are accurate, the net benefit to corporations under this proposal will be between \$20 and \$30 billion, money those corporations can pocket. This is purely a voluntary tax paid by corporations for the privilege of withdrawing pension assets: hardly cracking down on corporate loopholes. It should be noted that employers will be willing to pay this voluntary tax only if they dismiss Chairman Archer's prediction that he will succeed in tearing the income tax out by its roots.

During Committee consideration of this proposal, some Republican Members argued that they were freeing up money for useful investment. This argument is fallacious since these monies are already productively invested through stock, bond, or other investments. The only question is who will receive the income earned by these investments, not whether these funds will be productively invested.

Embarrassed by their failure to advance any policy rationale for this proposal during the Committee debate, the Republicans and their staff have now invented one. They contend that permitting employers to withdraw \$30 to \$40 billion from employee pension funds will actually enhance the security of employee pensions by encouraging greater employer contributions in the future.

We have two responses to this rather astonishing argument. First, if the Republicans really believe that this proposal would have that beneficial effect, why is the proposal temporary? It is temporary because that is the only way it can raise revenue. The only way to disguise this \$30 billion gift to corporations as a revenue increase is to make it temporary. Second, the staff in its desperate haste to produce a rationale for this proposal has failed to analyze its own bill. The amount that can be withdrawn under the Committee proposal cannot exceed the overfunding which existed on January 1, 1995. Therefore, this limitation removes any incentive for making larger contributions in the future under the proposal.

Rather than justify their proposal, the Republicans merely argued that it was similar to provisions enacted in the past. This argument also is incorrect. In 1990, a provision was enacted permitting the use of excess pension plan assets for retiree health benefits. This provision was extended in last year's implementing legislation for the Uruguay Round trade agreements. The retiree health provisions are substantially different from the proposal adopted by the Committee for the following reasons:

First, the present-law provision permitting use of excess pension plan assets for retiree health benefits directly benefits the retirees under the plan who also receive retiree health benefits. Technically, it is not even a withdrawal from the plan but is an allocation of plan assets to a retiree health account which is part of the plan.

Second, the present-law provision contains substantial restrictions to ensure continuation of retiree health benefits. The provision adopted by the Committee contains no such restrictions. By permitting withdrawals for any purpose, it removes the incentives

for employers to continue to provide retiree health or any other employee benefits.

Third, the amount of money anticipated to be withdrawn under this Republican proposal dwarfs the amount anticipated to be allocated to retiree health accounts. The Joint Committee estimates that between \$30 and \$40 billion will be removed from pension plans under this Republican proposal. This is probably 20 times the amount that will be allocated to retiree health accounts.

It may be possible to carefully craft a proposal that would permit withdrawal of truly excess assets from pension plans without endangering employee pensions or increasing contingent liabilities of the PBGC. It is clear that the Committee proposal was not so crafted and was simply designed to maximize its revenue gain. Chairman Archer's original Mark would have permitted withdrawals of pension fund assets without regard to the funded status of the plan when the withdrawal would be made. It defined excess pension plan assets by reference to the fund's status on January 1, 1995, without regard to later events. This would have permitted withdrawals from plans overfunded on January 1, 1995, even if those plans were underfunded on the dates of the withdrawals. In response to concerns raised by Congressman Kleczka, Chairman Archer offered an amendment identical to the one that Congressman Kleczka considered proposing. This amendment was adopted even though it cost \$1 billion in reduced revenue.

Congressman Ben Cardin offered an amendment in Committee that would have required the use of conservative actuarial assumptions in determining whether there were excess pension assets that could be withdrawn under the provision. Last year, in the implementing legislation for the Uruguay Round trade agreements, Congress required the use of conservative actuarial assumptions by underfunded pension plans. Congress was concerned that then-current actuarial assumptions permitted employers to underfund plans by understating their liabilities. Congressman Cardin's amendment would have required that these conservative assumptions be used for purposes of determining how much may be withdrawn under the Republican bill. The Republican majority brushed off concerns of the Administration that unless conservative actuarial assumptions were used the proposal could substantially increase the potential liabilities of the PBGC. The only argument raised against the amendment was that it would cost revenue. This clearly revealed that the Committee proposal was designed to maximize revenue gain rather than ensure adequate assets for employee pensions.

Congressman Gerald Kleczka offered an amendment in Committee that would have required employers to provide their employees with advance notice before making withdrawals under the Committee bill. Even notification to the employees was rejected by the Republican majority, who argued that it might create ill feeling between employees and employers if the employees were informed that their pension assets were to be used by their employer at the employer's discretion.

The Republicans have constantly argued that assets in excess of 125 percent of a plan's current liability are not necessary to ensure

payment of employee pensions. No foundation exists for this assertion. We do not agree with it for the following reasons:

The stock market is at historically high levels. Excess pension funds could disappear in a single day in the case of a market correction. We have all seen stories of substantial losses from derivative transactions. These losses could also rapidly erode excess pension fund assets.

A reduction in interest rates of as little as 1 percentage point together with an asset reduction of 10 percent (through investment performance) reduces the funding ratio from 125 percent funding to 96 percent funding in the typical plan guaranteed by the PBGC.

Use of current liability to measure excess pension fund assets substantially understates the risk to the PBGC. Even a pension plan funded at 125 percent of current liability could, if terminated, result in liability to the PBGC.

The Republicans would have us believe that they have begun a revolution to divorce government from special interests. Their television commercials, their campaign slogans, their sound bites all try to persuade the American public that the Republicans are cleaning up politics. Nothing could be further from the truth. This bill is proof that, public relations jargon aside, at the end of the day when it really counts, the Republicans are even more cozy than ever with their special interests.

#### REPUBLICANS DENY BASIC HOUSING TO THE NATION'S POOR

The bill would eliminate the low-income housing tax credit (LIHTC) after December 31, 1997. This would jeopardize the future of affordable housing and the revitalization of urban and rural communities. At a time when the need for affordable housing can be seen clearly from the streets of the Nation's capital to the rural areas of this country, the Republicans have targeted the LIHTC for extinction.

This provision was included in the bill by the Republicans under the guise of closing corporate and other loopholes, yet no evidence has ever been presented to substantiate that claim. The credit, which is allowed in annual installments over 10 years for qualifying new construction or substantially rehabilitate low-income housing, is the only federal tax program available for private investment in affordable housing.

The success of the LIHTC program has been praised by many, including Republican Governors. One Governor, in urging that the credit be retained on a permanent basis, stated that the "credit has been an important part of the statewide strategy to help low-income families afford decent housing, thereby reducing their dependence on other costly forms of public assistance." We agree. We believe there is a direct correlation between providing affordable housing to a low-income family and reducing that family's dependency on government handouts. Unfortunately, the Republicans on this Committee have chosen to ignore this nexus in their quest to take from the weakest in our society and give to the most privileged.

The Republicans have justified the elimination of the credit by arguing that this would facilitate a review by the Committee of whether the credit should be modified and/or retained after receiv-

ing a report from the General Accounting Office [GAO]. However, the Republicans were hard-pressed to explain why such drastic action was being taken before any report has been received and reviewed by the Committee. This is clearly another example of the Republicans' use of any means to justify their ends.

Since its creation in 1986, the LIHTC has financed more than 800,000 affordable housing units for low-income families. These units would not otherwise have been built; and hundreds of thousands of low-income families would not have received decent, affordable housing. The more than 800,000 units account for all the new housing units for low-income renters since 1986. Yet Committee Republicans voted unanimously to kill the program.

We are convinced that the Republican are aware of the importance of permanence to the continuing success of this program. The National Governors' Association, in urging that the program be retained on a permanent basis, stated that the program was one of the best examples of a public-private partnership and a federal-state partnership. The LIHTC was made permanent in 1993 in response to these very concerns, concerns we know the Republicans are aware of, but have chosen to override.

The revenue raised by this provision, \$3.5 billion over seven years, is not critical for the Republicans to meet their budget target. Why then their committed effort to abolish the LIHTC? Except for the fact that this action is consistent with the Republicans' effort to take from the weakest in our society and give to the most privileged, we may never know the true driving force behind their inclusion of this provision.

#### REPUBLICANS CONCEAL THEIR PLANS FROM THE PUBLIC

Lastly, we feel compelled to note that the process by which this bill was developed was a disappointment at best and an intentional obfuscation at worst. Chairman Archer changed his Mark three times within the first few hours of the markup. It was difficult to be certain which version was current at any given time.

The Joint Committee on Taxation failed to make revenue tables available until the markup began. Even then, the tables did not correspond to the version of the mark that was before the Committee.

Discussion of the effects of the bill's provisions on taxpayers and the economy was not allowed. Questions intended to illuminate the consequences of this legislation were silenced. Are Members of Congress no longer allowed to gain a thorough understanding of what we are voting on? Is the American public to be kept in the dark about what the Republicans are doing? What was Chairman Archer afraid of? What does he wish to hide? The American people deserve better.

SAM GIBBONS.  
BARBARA B. KENNELLY.  
HAROLD FORD.  
ROBERT T. MATSUI.  
L.F. PAYNE.  
PETE STARK.  
GERALD D. KLECZKA.

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JIM McDERMOTT.  
C.B. RANGEL.  
SANDER M. LEVIN.  
JOHN LEWIS.  
BENJAMIN L. CARDIN.  
RICHARD E. NEAL.  
WILLIAM J. COYNE.

## DISSENTING VIEWS OF RICHARD E. NEAL—SIMPLIFICATION

In the section relating to tax simplification proposals of Budget Reconciliation Recommendations, I am concerned about the selection process. During the walk through and mark-up process it was not clear what the rationale was for including some provisions and not others. I was under the general belief there would be no retroactive provisions included in the reconciliation tax provisions.

This section included a provision which would modify the FICA tip credit. The proposal clarifies the credit with respect to employee FICA taxes paid on tips by providing that the credit is available whether or not the employee reported the tips on which the employee FICA taxes were paid pursuant to section 6053(a). This provision is retroactive because it includes taxes paid after December 31, 1993.

I have been working on a proposal which would clarify the employment tax status of certain fishermen. Congress has passed this proposal in the past. This proposal is similar to the FICA tip provision and they are both retroactive. The proposal clarifies the definition of employment for fishermen of certain small fishing vessels.

The revenue loss associated with this proposal is small and I have an offset to pay for the proposal. The offset addresses tax compliance for the sale of fish. This offset is noncontroversial.

I urge the Committee on Ways and Means to address the clarification of employment tax status of certain fishermen in a timely manner. All employment tax issues should have been addressed at the same time. One proposal should not have been treated differently than others.

RICHARD E. NEAL, *Member of Congress.*

## ADDITIONAL DISSENTING VIEWS

We want to express our opposition to the provision of this bill that would deny the deductibility of interest on loans taken against corporate owned life insurance policies.

This proposal constitutes a retroactive tax increase on all holders of all policies with loans purchased after 1986. Countless companies across the country have made the business decision to purchase these policies. One factor in that decision was the deductibility of interest on policy loans. Now, in this legislation, we have retroactively changed the rules. Without notice and without any opportunity for public hearing, we have told the companies who purchased these policies that they may no longer deduct interest on those loans taken on the cash value of these policies.

One of the basic principles of our corporate tax law is that businesses can borrow against corporate assets and deduct interest on the loan payments. Corporations may borrow against real estate, or equity holdings, or any other assets, and the interest on the loans is deductible. This proposal would, on a comprehensive basis, treat corporate life insurance differently from every other class of corporate assets for this purpose.

We want to emphasize the fact that this provision does not differentiate on the basis of the purpose for which the corporate owned life insurance policy was purchased. None of the proponents of this provision have challenged the legitimacy of key employee policies. No criticism has been made of the policies that many companies use to help offset the rising costs of employee benefit plans. Yet this provision would undermine these important and legitimate purposes.

The proponents of this provision have suggested that they seek to end abusive practices involving corporate owned life insurance. To the extent that there are abusive practices involving corporate owned life insurance, it is the responsibility of this committee to conduct public hearings, look into those abuses, and design legislative remedies. The provision in this bill, however, represents a classic case of throwing the baby out with the bathwater.

BENJAMIN CARDIN.  
L.F. PAYNE.  
BARBARA KENNELLY.  
GERALD D. KLECZKA.  
RICHARD E. NEAL.  
WILLIAM J. COYNE.  
ROBERT T. MATSUI.

## VI. ADDITIONAL VIEWS

## ADDITIONAL VIEWS OF MR. CARDIN AND MR. PORTMAN

Congress has made constant changes in the laws governing private pension plans over the past decade. Unfortunately, the consistent direction of those changes has been to add layers of complexity and expense to the administration of pension plans.

The result of those changes has been to make it more difficult for businesses, and especially small businesses, to maintain an existing pension plan or to create a new one. That is why, over the past 15 years, the percent of small businesses which sponsor pension plans has declined. Twenty-five million Americans work for firms that employ fewer than 25 workers, and less than one out of five of those businesses sponsors a pension plan. This compares with the nearly three out of four employees of companies with more than 1,000 employees who have pension coverage.

This legislation marks a dramatic and long-overdue reversal of the trend toward increasing complexity in federal pension law. Many of these proposals have been before the Congress for several years. In 1992, Congress included many of these provisions in H.R. 11, which passed the House and Senate and was sent to President Bush, only to be vetoed for reasons completely unrelated to the pension reforms.

We greatly appreciate Chairman Archer's leadership in including in his mark many of the most important provisions of H.R. 2037, the Pension Simplification Act of 1995, which we jointly introduced earlier this year. Many of the simplification proposals included in the bill reported by the committee will remove obstacles that prevent businesses from sponsoring pension plans. This will ultimately add to our nation's savings rate and boost the retirement security of our nation's workers.

One of the most significant changes is the design-based safe harbor for 401(k) plans, which will relieve plan sponsors of the expensive and cumbersome nondiscrimination testing while offering workers a strong pension plan. The safe harbor includes an employer match that is modeled after the Federal Thrift Savings plan.

Several of the changes will remove unworkable and unfair provisions from the law. By repealing the family aggregation rules, we will remove a provision that unfairly penalizes workers in the same firm who happen to be family members. We are also very pleased that the bill includes the repeal of section 415(e), which imposes limits on combined plans sponsored by the same employers. The extraordinary complexity of the record-keeping and calculations required by section 415(e) makes it virtually impossible for any plan sponsor to comply with the law.

The bill also includes a number of provisions that were included in H.R. 2037 to address important problems which are still under discussion in the pension community. The new definitions of highly compensated employees will reduce from seven to two the number of criteria that must be considered, and the definition of leased employees would replace the historically performed test with a significant control standard. Both provisions will greatly improve current law, and we are pleased that they are included in the committee bill.



As we have continued to work with the interested groups on these issues, however, additional considerations have come to our attention that suggest the need for further refinements to these two provisions. We hope to work with Chairman Archer as this bill moves through the process to address these concerns.

In addition, further examination should be given to the provision that would require firms to use prior year data rather than current year data in nondiscrimination testing. It has come to our attention that for some firms in cyclical industries, use of prior year data could impose unreasonable limits on plan contributions. This problem could be solved by offering firms an election on the issue of using prior or current year data.

BENJAMIN CARDIN.  
ROB PORTMAN.

MINORITY, ADDITIONAL, AND DISSENTING VIEWS—  
COMMITTEE ON THE BUDGETMINORITY VIEWS—REPUBLICAN RECONCILIATION—AN EXAMPLE OF  
MISMANAGEMENT AND EXTREMISM

The Republican reconciliation package contained in this bill is only half-finished but it is 100 percent cruel. In fact, the mismanagement of this process is exceeded only by the mean-spirited nature of the recommendations that did make it through Republican-controlled committees to come before us.

## THE PROCESS

The reconciliation legislation considered by the Budget Committee included only one-third of the cuts required by the budget resolution. Mandated cuts in Medicare, welfare, food stamps, child nutrition, commodity programs, and civilian pensions were not in the package. Five of the 12 committees reconciled to make cuts failed to meet their targets and—in fact—two committees did not report any legislation whatsoever. Further, one of those committees, the Agriculture Committee, actually voted down its reconciliation package and rather than go back and try again, it just gave up. Another committee, the Government Reform and Oversight Committee, didn't even try to mark up any product. Rather, their chairman just sent a letter to the Budget Committee as if he had the right to speak for his committee without any committee process.

Although the Ways and Means Committee has jurisdiction over the all-important tax cut which is driving up cuts in all other areas of the budget, it only reported miscellaneous items of tax policy. It chose to abdicate all responsibility for deciding the final structure for the \$245 billion tax cut contained in the reconciliation directive. Apparently, it was too painful for that committee to cut back the \$354 billion Contract with America tax cut it had passed earlier, so it just walked away from that responsibility.

Since the inception of the reconciliation process, committees have with few exceptions reported legislation to the Budget Committee that met their reconciliation instructions. In 1993, for instance, the Budget Committee considered a reconciliation package that met the budget resolution's instructions and included recommendations from all 13 reconciled committees—and it did this in May. The wholesale breakdown of the process this year is unprecedented.

We are told that none of this is important because the Chairman of the Budget Committee will just introduce a new bill that will make up for all these shortcomings. In other words, he will introduce a bill that will fix: welfare reform, taxes, agriculture, government benefit plans, and Medicare by reference. We are told that the Chairman will be doing this as an agent of the committee. Really?!

Normally, we would not dwell this much on process, but in this case process has become substance. This massive bill will most likely be considered by the House under rules permitting very few Floor amendments. Therefore, it is especially important that all of its provisions be subject to scrutiny, debate, and amendment at the

committee level. And provisions that cannot or do not withstand committee scrutiny should not simply be crammed into the reconciliation bill by fiat of the Speaker.

This process is such a total violation of any commitment to openness, fairness, or representative democracy, we must call attention to it. This bill represents a total failure of the new majority in the House of Representatives to meet its obligations under the Budget Act. And, any new bill introduced by the leadership under the name of the Chairman, represents a violation of democratic processes at all levels. And—this is coming from the new leadership that promised openness and honesty in governing.

#### THE SUBSTANCE

As awful as the process for this package has been its failures are nothing compared to the flaws in the substance. The two largest items contained in this bill involve devastating cuts in health care for the most vulnerable people in our society and tax increases on working people. And, more outrages are likely to be added in areas such as Medicare, welfare, and farm programs when the Republican leadership inserts its additional provisions into the bill. Here, however, we deal only with the provisions that were actually before the Budget Committee.

#### *Medicaid*

The Republican Medicaid proposal cuts \$182 billion out of the program that is designed to help low-income people receive health care. It represents one of the most backward proposals we have seen in this century. Not only does it take a major step backward in ensuring adequate health care for the poor, the uninsured, and the old in our society; it also takes serious risks with the public health of our nation.

The Republican plan ends the entitlement to Medicaid services for low-income children, elderly, and disabled persons. Under this bill, states would be allowed to establish their own eligibility standards and benefit packages with no requirements that they guarantee coverage to people now protected under the law. At the same time, the resources shared with the states for this purpose are seriously constrained, making it extremely difficult for many states to continue to provide services in the manner required today.

In one of its most cruel features, the bill abolishes the national standard that protects older couples from spousal impoverishment. Under today's rules, no person can be required to use all of his or her income and assets in order to receive Medicaid coverage for a husband or wife in need of nursing home care. Years ago before we had this standard, it was not uncommon for older couples to feel they had to get divorced in order for one partner to receive the help needed to cover the costs of nursing home care. Moving back to that era is hardly an example of pro-family public policy.

Further, the bill abolishes standards that require Medicaid coverage for prenatal care for low-income women, intensive care for newborns, screening and preventive services for school-aged children, and special services for disabled children.

Clearly, this plan places the health care of the 36 million Americans who now receive Medicaid in serious jeopardy. In an era of in-

creasing risks to the public health in general—through higher incidence of infectious diseases such as tuberculosis, AIDS, and pneumonia—it hardly seems good public policy to reduce health care for those most at risk.

#### *Tax increases*

In its second most serious substantive piece, the Republican reconciliation plan imposes \$36 billion in tax increases on low- and middle-income workers. It does so directly through cuts in the Earned Income Tax Credit for workers; it does so indirectly through sanctioning corporate raids on workers pension funds. And, it eliminates one of the few tax tools that helps communities increase the supply of affordable housing for low-income families.

The Republican plan cuts \$23.2 billion out of the Earned Income Tax Credit. This is a real tax increase on low-income workers. It will hurt four million childless workers who have incomes of less than \$9,520 in 1996. It will hurt ten million families with children who have incomes between \$11,620 and \$25,119. Because the credit goes only to low-income people with earnings, it is a reward for working rather than relying on welfare. Cutting the credit is a peculiar policy when moving people off welfare is—and should be—one of our highest priorities. Once again, the new majority has it backwards.

The plan also indulges itself in a very destructive and deceptive change in the tax treatment of corporate pension plans. The bill temporarily removes the excise tax on pension reversions that was enacted in the 1980's to discourage corporate takeovers. This results in a revenue gain as corporations withdraw money from their workers' pension funds and pay corporate income taxes on the withdrawal. While this provision may look like a tax increase on corporations, the increase is only temporary and corporations would not choose to pay the tax unless it were of more benefit to them to get at the pension funds. It has the effect of leaving little margin of safety in many pension funds. Ultimately, this hurts not only workers, but also taxpayers who will have to back up the Pension Benefit Guaranty Corporation which must make good on pension promises if a company pension fund falls short.

The low-income housing credit has helped 800,000 families afford decent housing. This housing assistance is being taken away at the same time other funds appropriated for low-income housing assistance are being cut severely. Clearly, this provision along with the two mentioned above is hardly an example of clamping down on corporate welfare.

#### CONCLUSION

The reconciliation package contained in this bill falls far short of what needs to be done either to balance the budget or to meet the requirements of the budget act. It falls short in money. It falls short in process. And, most importantly, it falls short of the simple, basic humaneness needed to govern in a pluralistic and complex society.

## ADDITIONAL VIEWS—MEDICAID, HON. EARL POMEROY

I remain deeply concerned over the deep and debilitating cuts this budget makes in the Medicaid program. While I strongly believe that Medicaid must be reformed, regulations streamlined and spending restrained, the \$182 billion cut proposed in this budget is reckless and irresponsible. If these cuts are enacted, it has been estimated that 1.7 million seniors will be denied long-term care benefits and an additional 7 million children will be without health insurance.

In addition to the enormous cut in funding, the Medicaid plan reported by the Commerce Committee repeals many vital federal protections, including nursing home standards, guarantees of coverage for poor pregnant women, their children, and the disabled, as well as guarantees of adequate payments for rural hospitals and health clinics. Among the most disturbing provisions of the Commerce Committee plan is the repeal of the federal protection against the impoverishment of seniors whose spouse requires nursing home care and relies on Medicaid.

During Committee markup, I offered a motion to direct the Chairman to request, on behalf of the Committee, that the rule for consideration of the Omnibus Budget Reconciliation Act (OBRA) of 1995 provide for an amendment to restore current spousal impoverishment protections.

At that time, Rep. Shays requested that I withdraw my motion in exchange for his personal assurance to work with me on a bipartisan basis to reinstate the federal spousal impoverishment protection. Rep. Shays stated that he would actively lobby his Republican colleagues to restore the spousal impoverishment protections in the Chairman's mark of OBRA 1995. If this effort proved unsuccessful, Rep. Shays further promised to go with me to the Rules Committee to request that my amendment be made in order. Based on this commitment, I agreed to withdraw my motion.

I look forward to working with Rep. Shays to restore this important federal protection.

EARL POMEROY.

## DISSENTING VIEWS OF REPRESENTATIVE JERRY F. COSTELLO

The process of this reconciliation bill is such that I have not witnessed during my tenure on the Budget Committee. It is disgraceful the committee did not meet their reconciliation instructions as directed under the budget resolution. How can we have meaningful debate on the consolidation of the budget blueprint if more than half of the required spending and revenue changes from the committees have not been developed and submitted to the Budget Committee? This process is an outrage! The markup of the budget reconciliation bill should have been postponed until all spending measures were completed and received by this committee.

While I was thoroughly disappointed with the process of reporting the budget reconciliation legislation, I also disagree with several parts of the package. This month, the Census Bureau released data for 1994 showing the income-gap between the affluent and all other Americans is large and still growing. I am distressed that the Leadership's agenda is to reinforce this growing disparity in economic equality. The \$245 billion tax cut will benefit primarily wealthy Americans. More than fifty percent of the benefit of the tax cut will go to the less than three percent of households with incomes over \$200,000. We must get our fiscal house in order before we dismantle critical programs to pay for a tax cut. I fully support a tax cut for American taxpayers; however, such relief should come after we reach a balanced budget. A tax cut that is financed on the backs of the elderly, poor and vulnerable in our society will not benefit our nation. It is not good economic practice and it is clearly harmful public policy.

Additionally, I am concerned about a provision adopted by the Ways and Means Committee during consideration of their spending legislation regarding retiree health benefits. The Coal Industry Retiree Health Benefit Act of 1992, enacted with bipartisan support and signed into law by President Bush, guarantees lifetime medical coverage for over 100,000 retired coal miners and their survivors and dependents—workers who were promised health coverage in a series of collective bargaining agreements dating back to 1950. The Coal Act of 1992 has helped stabilize the industry while securing earned benefits for individuals whose labor fueled the economic growth of this nation.

Unfortunately, the Ways and Means Committee's action to reverse this progress threatens both the future health care of retirees and the competitive balance in the coal industry. The Committee's legislation shifts the responsibility for all premium payments back to the small number of companies that paid prior to the passage of the Coal Act. In most cases, this shift means an increase in premium payments for such companies by as much as 60 percent. I believe this action is unfair to the thousands of retirees and their families as well as inequitable to the coal industry.

JERRY F. COSTELLO.

## DISSENTING VIEWS OF REPRESENTATIVE LOUISE SLAUGHTER

The Budget Reconciliation Act as reported out this Committee is seriously flawed and a major assault on working families, children, and the disabled and senior citizens.

I am deeply concerned about the radical changes being made to Medicaid. Ending the entitlement status of this program seriously jeopardizes health care for 36 million Americans, including 18 million children, 8 million women, 6 million disabled and 4 million senior citizens. If the States simply runs out of money, will senior citizens be thrown out of nursing homes? Will pregnant women no longer receive coverage for the remaining months of their pregnancy? Or will States be forced to raise taxes? All of these events are possible under the Medicaid changes called for in the Budget Reconciliation Act. By fiscal year 2002, states will receive 30 percent less than the amount that they would now receive under current law. Any effort to expand coverage for the growing number of low-income children living in poverty or the rapidly increasing elderly population will be impossible.

The simple reductions alone are frightening, however, the proposed changes go much further. The plan contained in this Budget Reconciliation Act will eliminate eligibility standards, basic benefit packages and there is no requirement that the States guarantee coverage to the disabled or pregnant women. Uniform eligibility and benefit requirements guarantees that health care does not become an accident of birth.

The provisions calling for the dismantling of the Department of Commerce are also flawed and misguided. Not only Committees acted on the comprehensive dismantling proposal? Despite the fact that the legislation was referred to 6 different Committees, only two reported their reconciliation recommendations back to the Budget Committee. The remaining provisions will simply be added, at a later date. The dismantling will save nothing and has little budgetary impact as CBO's analysis was based on authorized levels, not outlays and did not reflect reforms and reductions already undertaken at Commerce. The bill eliminates one agency and creates at least 8 separate agencies. What this dismantling legislation will do is jeopardize our ability to effectively compete in a global economy. American business has been dealt a significant blow in the Budget Reconciliation Act.

LOUISE SLAUGHTER.

## DISSENTING VIEWS OF CARRIE P. MEEK

We all know that cutting the Federal budget deficit is painful, but we also all know that most of the cuts in the bill reported by the Committee on the Budget fall on low income Americans. The Committee approved \$221 billion in cuts in entitlements, and \$192 billion of these—87 percent—are in two Federal programs that help poor and low income Americans: Medicaid and student loans.

The Committee also approved \$53 billion in increased taxes, and \$27 billion—51 percent—are reductions in the earned income tax credit for working Americans and low-income housing credits.

Why are poor Americans being asked to shoulder most of the pain in balancing the Federal budget? The answer is that they are a convenient target. Poor people can't afford to hire lobbyists to protect their interests.

Why are such huge cuts needed in programs to help the poor? Not to balance the budget. The answer is because the Republican majority wants to give a \$245 billion tax break to wealthy Americans.

## MEDICAID

The Committee on the Budget approved the Committee on Commerce's decision to establish Federal block grants to the States to replace the current Medicaid program. I oppose these block grants for many reasons. For example, what will happen to health care for the poor if a State miscalculates and runs out of Medicaid money before the end of the year? Will we stop vaccinating children in November and December?

But opponents and supporters of these block grants both agree on the need for a fair formula to allocate Medicaid money among the States.

The House Commerce Committee's formula does some strange things as it distributes the \$182 billion in cuts among the 50 States. For example, under the Commerce Committee's formula New Hampshire and Missouri actually get more money than they would under current law. Yet each of the other 48 States gets considerably less money than they would under current law. My own state of Florida, for example, faces a cut of 26 percent over seven years under the Commerce Committee's formula.

The Republicans tell us that they are merely slowing the rate of growth of Medicaid. But under the Commerce Committee's formula Florida will get the same amount of Medicaid money in 1996 that it is getting this year despite the growing numbers of Floridians who need Medicaid services. That's not fair.

Florida already has one of the lowest per patient Medicaid costs of any State in the country. We have already squeezed down our Medicaid costs, unlike many other States. But the need for Medicaid continues to grow—not from illegal immigration from the South, but from legal immigration from the northern states. The House Commerce Committee's formula would make Florida suffer because of its Medicaid efficiency, and because it is the destination of choice for many Americans.

The formula approved by the Commerce Committee is not a fair one. Let me quote from the recent op ed piece in the Miami Herald



supporting Medicaid block grants. The author is Jeb Bush, the son of President George Bush. Jeb Bush was the Republican candidate for governor of Florida. He says that "States—such as Florida—that have the fastest growing welfare and Medicaid population will receive disproportionately less in the out years, creating a serious budget crises in those States." Jeb Bush goes on to say that "a bipartisan effort needs to be made to change the allocation formula."

Despite this plea, every Republican on the Budget Committee opposed my motion to replace the Commerce Committee's allocation formula with the one approved by the Senate Committee on Finance.

Both the House Commerce Committee's formula and the Senate Finance Committee's formula cut \$182 billion in Medicaid from the amount the States would receive under current law. The Senate formula, however, distributes the remaining \$772 billion in Medicaid funds more fairly.

A major reason for the unfair results in the House Commerce Committee's formula is that it arbitrarily uses 1994 as its base year. The Senate Finance Committee acted after the House Commerce Committee and corrected the inequities in its formula. The Senate Finance Committee's formula permits a State to use either 1994 or 1995 as its base year. The accompanying table show how much money each State would get under the two formulas.

**MEDICAID PAYMENTS TO STATES, 1996-2002**

in \$ billion

	CURRENT	HOUSE PLAN	HOUSE CUT	SENATE PLAN	SENATE CUT
STATE	(1)	(2)	(3)	(4)	(5)
ALABAMA	13.8	12.7	1.1	11.2	2.6
ALASKA	2.0	1.4	0.6	1.8	0.4
ARIZONA	12.9	11.6	1.3	10.4	2.5
ARKANSAS	11.1	8.1	3.0	8.2	2.9
CALIFORNIA	95.7	77.0	18.7	81.9	13.8
COLORADO	8.2	8.2	2.0	6.9	1.3
CONNECTICUT	13.0	10.8	2.2	9.4	3.6
DELEWARE	1.7	1.3	0.4	1.8	0.1
D.C.	4.5	3.5	1.0	3.8	0.7
FLORIDA	40.7	30.2	10.5	31.8	8.9
GEORGIA	26.1	20.3	5.8	20.1	6.0
HAWAII	2.7	2.3	0.4	2.5	0.2
IDAHO	2.9	2.4	0.5	2.4	0.5
ILLINOIS	33.2	27.1	6.1	30.3	2.9
INDIANA	23.1	15.8	7.3	14.5	8.6
IOWA	7.8	6.9	0.9	6.7	1.1
KANSAS	6.0	5.8	0.2	5.3	0.7
KENTUCKY	18.4	13.4	5.0	13.4	5.0
LOUISIANA	34.0	28.7	5.3	18.6	15.4
MAINE	8.0	5.1	0.9	5.1	0.9
MARYLAND	13.5	11.0	2.5	11.9	1.6
MASSACHUSETTS	25.5	21.3	4.2	19.9	5.6

	CURRENT	HOUSE PLAN	HOUSE CUT	SENATE PLAN	SENATE CUT
MICHIGAN	32.2	27.9	4.3	27.5	4.7
MINNESOTA	14.7	12.6	2.1	13.6	1.1
MISSISSIPPI	12.6	10.7	1.9	11.4	1.2
MISSOURI	14.9	15.2	+(0.3)	12.8	2.1
MONTANA	3.4	2.5	0.9	2.5	0.9
NEBRASKA	4.4	3.5	0.9	3.8	0.6
NEVADA	2.9	2.2	0.7	2.1	0.8
NEW HAMPSHIRE	3.7	4.2	+(0.5)	2.6	1.1
NEW JERSEY	28.0	21.0	7.0	20.9	7.1
NEW MEXICO	8.1	5.2	0.9	5.5	0.6
NEW YORK	119.5	94.9	24.6	98.1	21.4
NORTH CAROLINA	28.0	20.4	8.8	20.7	8.3
NORTH DAKOTA	2.5	2.0	0.5	2.0	0.5
OHIO	40.6	32.6	8.0	33.9	6.7
OKLAHOMA	11.1	7.8	3.3	7.7	3.4
OREGON	8.9	7.3	1.6	8.8	0.1
PENNSYLVANIA	38.4	35.3	3.1	36.0	2.4
RHODE ISLAND	5.5	3.8	1.7	4.3	1.2
SDUTH CAROLINA	15.3	13.7	1.8	12.3	3.0
SOUTH DAKOTA	2.4	2.0	0.4	2.1	0.3
TENNESSEE	24.6	18.2	6.4	20.4	4.2
TEXAS	61.2	54.2	7.0	49.0	12.2
UTAH	5.1	4.0	1.1	4.1	1.0
VERMONT	2.0	1.6	0.4	1.8	0.2
VIRGINIA	13.0	9.7	3.3	9.9	3.1
WASHINGTON	18.2	12.8	5.4	12.6	5.6
WEST VIRGINIA	13.7	9.3	4.4	9.1	4.6
WISCONSIN	16.5	13.5	3.0	13.8	2.7
WYOMING	1.3	1.0	0.3	1.0	0.3
TOTAL	954	772	182	768	186

Sources: Department of Health and Human Services, GAO, and Senate Finance Committee

I note that in May this Committee's own report on the budget resolution used 1995—not 1994—as the base year in its illustration of how a Medicaid block grant program might work.

#### EARNED INCOME TAX CREDIT

I strongly oppose the Republican plan to increase income taxes on America's working poor to help pay for a cut in income taxes for the wealthy.

The Committee approved the proposal by the Committee on Ways and Means to change the Earned Income Tax Credit (EITC) so as to raise income taxes on some workers by \$23 billion over the next seven years. Few of us can truly comprehend what an income tax increase of \$23 billion means.

The Chairman of the Committee on Ways and Means justified the changes in the EITC by arguing—Simply put, the EITC is going to people with incomes that are too high. Let's look at his argument from the point of view of an individual tax payer.

Consider a single person with no children now earning \$8,200 a year, or about \$4 an hour. That person now pays a Federal income tax of \$139. Under the Republican plan his annual income tax will increase by \$101, to \$240 a year. That's because the EITC of \$101 he now receives will be eliminated under the Republican plan.

Consider also a single woman with one child who now earns \$20,000 a year. She now pays a Federal income tax of \$533. Under the Republican plan her annual Federal income tax will increase by \$169, as her earned income tax credit will fall by \$169.

Has the Republican majority already forgotten the promise it made on January 4, 1995 when it changed the Rules of the House? House Rule XXI(5)(c) says that no bill carrying a Federal income tax rate increase shall be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting.

Will the Republican leadership hide behind a legal subterfuge when this bill comes to the floor and decide that only a majority vote—not a three-fifth's vote—is needed to pass this bill? The people of this country were told in January by the Republicans that it is too easy and too tempting to raise income taxes. Make it hard to raise taxes, the Republicans said. Now—when the Republicans want to raise income taxes on poor people—it is clear that Republicans are more interested in ramming through their radical program than they are in keeping faith with low-income, working Americans. Does the Republican's three-fifths voting rule apply only to income tax increases for the wealthy?

#### CONCLUSION

I hope that at some point we can work in a bipartisan fashion to solve our Federal fiscal problems. But the bill reported by the Committee reflects sharply different agendas between those who want to bring Americans together and those who are asking the poor to pay for tax cuts for the wealthy.

1049

I dissent.

CARRIE P. MEEK.

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## **H. Res. 245**

### ***In the House of Representatives, U.S.,***

*October 26, 1995.*

*Resolved,* That at any time after the adoption of this resolution it shall be in order to consider in the House the concurrent resolution (H. Con. Res. 109) expressing the sense of the Congress regarding the need for reform of the social security earnings limit, if called up by the majority leader or his designee. The concurrent resolution shall be debatable for twenty minutes equally divided and controlled by the majority leader and the minority leader or their designees. The previous question shall be considered as ordered on the concurrent resolution to final adoption without intervening motion.

SEC. 2. At any time after the adoption of this resolution, the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for further consideration of the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996. All time for general debate under the terms of the order of the House of October 24, 1995, shall be con-

sidered as expired. Further general debate shall be confined to the bill and amendments specified in this resolution and shall not exceed three hours equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget. After general debate the bill shall be considered for amendment under the five-minute rule. An amendment in the nature of a substitute consisting of the text of H.R. 2517, modified by the amendments printed in the report of the Committee on Rules accompanying this resolution, shall be considered as adopted in the House and in the Committee of the Whole. The bill, as amended, shall be considered as the original bill for the purpose of further amendment under the five-minute rule. The bill, as amended, shall be considered as read. All points of order against provisions in the bill, as amended, are waived. No further amendment shall be in order except the further amendment in the nature of a substitute consisting of the text of H.R. 2530, which may be offered only by the minority leader or his designee, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against the further amendment in the nature of a substitute are waived. After a motion that the Committee rise has been rejected on a day, the Chair may entertain another such motion on that day only if offered by the chairman of the Com-



mittee on the Budget or the majority leader or a designee of either. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill, as amended, to the House with such further amendment as may have been adopted. The previous question shall be considered as ordered on the bill, as amended, and any amendment thereto to final passage without intervening motion except one motion to recommit with or without instructions. The motion to recommit may include instructions only if offered by the minority leader or his designee. The yeas and nays shall be considered as ordered on the question of passage of the bill and on any conference report thereon. Clause 5(c) of rule XXI shall not apply to the bill, amendments thereto, or conference reports thereon.

Attest:

*Clerk.*



PROVIDING FOR THE CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 109, SENSE OF CONGRESS ON SOCIAL SECURITY EARNINGS TEST REFORM, AND H.R. 2491, THE SEVEN-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995

OCTOBER 26 (legislative day, OCTOBER 25), 1995.—Referred to the House Calendar and ordered to be printed

Mr. SOLOMON, from the Committee on Rules,  
submitted the following

REPORT

[To accompany H. Res. 245]

The Committee on Rules, having had under consideration House Resolution 245, by a record vote of 9 to 4, report the same to the House with the recommendation that the resolution be adopted.

BRIEF SUMMARY OF PROVISIONS OF RESOLUTION

The resolution first provides for consideration in the House of a concurrent resolution relating to the Social Security earnings test, subject to 20 minutes of debate divided between the Majority and Minority Leaders or their designees. The rule next provides for the further consideration of H.R. 2491, the "Seven Year Balanced Budget Reconciliation Act of 1995," providing for an additional three hours of general debate, divided equally between the chairman and ranking minority member of the Committee on the Budget. The rule provides that an amendment in the nature of a substitute consisting of the text of H.R. 2517 as modified by the amendments printed in the Rules Committee's report on the rule shall be considered as adopted in the House and the Committee of the Whole and the bill as amended shall be considered as an original bill for the purpose of further amendment. All points of order are waived against provisions of the bill as amended.

No amendment is in order to the bill as amended except an amendment in the nature of a substitute consisting of the text of H.R. 2530, which may only be offered by the Minority Leader or his designee. The amendment in the nature of a substitute shall be considered as read, shall not be subject to amendment, and shall be debatable for one hour equally divided and controlled by the proponent and an opponent. All points of order against the amend-

ment in the nature of a substitute are waived. After a motion to rise has been rejected on any day, another such motion may only be offered by the Majority Leader or Budget Committee chairman. The rule provides one motion to recommit which, if containing instructions, may only be offered by the minority leader or a designee. Finally, the rule provides that the yeas and nays are ordered on the passage of the bill and that the provisions of clause 5(c) of Rule XXI (requiring a three-fifths vote on any bill, amendment or conference report containing a Federal income tax rate increase) shall not apply to the votes on the bill, amendments thereto, or conference reports thereon.

#### EXPLANATION AND DISCUSSION OF CLAUSE 5(C), RULE XXI WAIVER

As indicated in the preceding paragraph, the Committee has provided in this rule that the provisions of clause 5(c) of House Rule XXI, which require a three-fifths vote on any bill, joint resolution, amendment or conference report, "carrying a Federal income tax rate increase," shall not apply to the votes on passage of H.R. 2491, or to the votes any amendment thereto or conference report thereon.

The suspension of clause 5(c) of rule XXI is not being done because there are any Federal income tax rate increases contained in the reconciliation substitute being made in order as base text by this rule. As the Committee on Ways and Means has pointed out in its portion of the report on the reconciliation bill—

The Committee has carefully reviewed the provisions of Titles XIII and XIV of the revenue reconciliation provisions approved by the Committee to determine whether any of these provisions constitute a Federal income tax increase within the meaning of the House Rules. It is the opinion of the Committee that there is no provision of Titles XIII and XIV of the revenue reconciliation provisions that constitutes a Federal income tax rate increase within the meaning of House Rule XXI, 5(c) or (d).

Nevertheless, the Committee on Rules has suspended the application of clause 5(c) as a precautionary measure to avoid unnecessary points of order that might otherwise arise over confusion or misinterpretations of what is meant by an income tax rate increase.

Such a point of order was raised and overruled on the final passage vote of H.R. 1215, the omnibus tax bill, on April 15, 1995. The ranking minority member of the Rules Committee subsequently wrote to the chairman of this Committee requesting a clarification of the rule. An exchange of correspondence with the Parliamentarian and the Counsel of the Joint Tax Committee was subsequently released by the chairman of this Committee on June 13, 1995, regarding the ruling and the provisions of the bill which gave rise to the point of order.

The Committee would simply conclude this discussion by citing from the section-by-section analysis of H. Res. 6, adopting House Rules for the 104th Congress, placed in the Congressional Record at the time the rules were adopted on January 4, 1995. With respect to clauses 5(c) and (d) which require a three-fifths vote on

any income tax rate increase and prohibit consideration of any retroactive income tax increase, respectively:

For purposes of these rules, the term "Federal income tax rate increase" is, for example, an increase in the individual income tax rates established in section 1, and the corporate income tax rates established in section 11, respectively, of the Internal Revenue Code of 1986. (Congressional Record, Jan. 4, 1995, p. H-34)

The rates established by those sections are the commonly understood "marginal" tax rates or income "bracket" tax rates applicable to various minimum and maximum income dollar amounts for individuals and corporations. It is the intent of this committee that the term "Federal income tax rate increase" should be narrowly construed and confined to the rates specified in those two sections. As indicated in the Ways and Means Committee's report, those rates have not been increased by any provisions contained in H.R. 2491 as made in order as base text by this resolution.

SUMMARY OF AMENDMENTS MODIFYING THE TEXT OF H.R. 2517 TO  
FORM THE NEW BASE TEXT FOR AMENDMENT PURPOSES

Upton (MI): Amend Food, Drug and Cosmetic Act to authorize the export of new drugs if approved in recipient country. (p. 275, after line 11, insert new Subtitle F—FDA Export Reform and Enhancement Act")

Horn (CA)/Davis (VA) (modified): Add new tools for Federal agencies to collect debts owed to the United States to enhance debt collection and improve financial management (Inserts new Subtitle B to title V, "Debt Collection Improvement Act of 1995," at page 333, line 15)

Barr (GA): Strike section 7002, "Civil Monetary Penalty Surcharge and Telecommunications Carrier Compliance Payments." (p. 416, line 3 through p. 419, line 6)

Davis (VA): Strike section 10404, "Collection of Parking Fees," requiring each Executive agency to collect parking fees at all Federal parking facilities. (p. 700, line 23 through page 701, line 19)

Davis (VA) (modified): Amend sec. 17201(c), National Technical Information Service, to provide that if an appropriate arrangement for the privatization of the functions of the NTI Service has not been made before the end of the 18-month period, the Service shall be transferred to the National Institute for Science and Technology. (p. 1588, lines 3 through 7)

Bliley (VA): Change the Medicaid allocation and lower the statutory caps for discretionary spending accordingly.

COMMITTEE VOTES

Pursuant to clause 2(l)(2)(B) of House rule XI the results of each rollcall vote on an amendment or motion to report, together with the names of those voting for and against, are printed below. A summary of each motion appears at the end of the votes.

*Rules Committee Rollcall No. 206*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motion No. 1 (see summary following votes).

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 207*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motion No. 2.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 208*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Frost.

Summary of Motion: Motion No. 3.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 209*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Frost.

Summary of Motion: Motions No. 4, No. 5, No. 6.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 210*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491; The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Hall.

Summary of Motion: Motion No. 7.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 211*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491; The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motion No. 8.

Results: Rejected, 5 to 8.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Yea; Linder—Nay; Pryce—Nay; Diaz-Balart—Yea; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Nay; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 212*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motion No. 9.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 213*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motion No. 10.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 214*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motion No. 11.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 215*

Date: October 25, 1995.

Measure: H. Con. Res 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motions No. 12, No. 13, and No. 35.

Results: Rejected, 5 to 8.

Vote by Members Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Yea; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 216*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motions No. 14, No. 15, and No. 16.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 217*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motion No. 17.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 218*

Date: October 25, 1995.



Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Frost.

Summary of Motion: Motion No. 18.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 219*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Hall.

Summary of Motion: Motion No. 19.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 220*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Hall.

Summary of Motion: Motion No. 20.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 221*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Hall.

Summary of Motion: Motion No. 21.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 222*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motion No. 22.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 223*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Frost.

Summary of Motion: Motions No. 24, No. 25, No. 26, No. 28, and No. 29.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 224*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Frost.

Summary of Motion: Motion No. 27.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay;

*Rules Committee Rollcall No. 225*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motion No. 31.

Results: Rejected 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 226*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motion No. 32.

Results: Rejected, 5 to 8.

Vote by Members: Quillen—Nay; Drier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Yea; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 227*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motion No. 34.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Drier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 228*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Hall.

Summary of Motion: Motions No. 37 & No. 38.

Results: Rejected 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Nay; Solomon—Nay.

*Rules Committee Rollcall No. 229*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Frost.

Summary of Motion: Motion No. 39.

Results: Rejected 4 to 8.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Nay; Solomon—Nay.

*Rules Committee Rollcall No. 230*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motion No. 40.

Result: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 231*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motions No. 41 and No. 42.

Result: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 232*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motion No. 43.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 233*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Moakley.

Summary of Motion: Motion No. 44.

Results: Rejected, 4 to 9.

Vote by Members: Quillen—Nay; Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Moakley—Yea; Beilenson—Yea; Frost—Yea; Hall—Yea; Solomon—Nay.

*Rules Committee Rollcall No. 234*

Date: October 25, 1995.

Measure: H. Con. Res. 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Quillen.

Summary of Motion: To report the rule.

Results: Adopted, 9 to 4.

Vote by Members: Quillen—Yea; Dreier—Yea; Goss—Yea; Linder—Yea; Pryce—Yea; Diaz-Balart—Yea; McInnis—Yea; Waldholtz—Yea; Moakley—Nay; Beilenson—Nay; Frost—Nay; Hall—Nay; Solomon—Yea.

#### AMENDMENTS OFFERED ON THE RECONCILIATION BILL

1. Moakley: Amendment to strike any Medicare provisions and any tax provisions from the bill.

2. Moakley: Amendment to restore the current guarantee for payment of Medicare premiums for elderly and disabled beneficiaries with incomes below 100% of poverty.

3. Frost: Amendment to restore current law prohibiting States from imposing liens on the homes or family farms of nursing home residents.

4. Frost: Amendment restoring current one-year transitional health care coverage for low income workers who have moved off welfare rolls.

5. Frost: Amendment to restore current law requiring payment of "reasonable and adequate" rates to rural hospitals for inpatient services to Medicaid patients, and prohibiting States from offering fewer benefits or stricter eligibility requirements on residents of rural areas.

6. Hall: Amendment to provide coverage of medically necessary services provided by children's hospitals to children with special needs, continue coverage for poor pregnant women and children under the age of one with incomes up to 133% of the poverty line, and children between the ages of 1 and 19 at 100% of the poverty line, and assure screening, diagnosis and treatment for breast and cervical cancer for poor women.

7. Hall: Amendment to restore current federal minimum standards to assure that residents in nursing homes receiving Federal funds are not subject to abuse or neglect and receive quality care, and to insure that coverage is continued for patients who have Alzheimer disease.

8. Moakley: Senate Medicaid Formula-Amendment modifying the Medicaid formula to provide States more fairness by permitting a choice between 1994 and 1995 as a base line rather than forcing States into the 1994 base line under the bill's formula.

9. Beilenson: Amendment to strike any provision in the bill cutting the Earned Income Tax Credit (EITC). The EITC is an effective program which help low income working families stay off welfare.

10. Beilenson: Amendment to strike the ANWR leasing provisions in the bill.

11. Beilenson: Miller (CA): Amendment to void Arctic National Wildlife Refuge leasing authority if the state of Alaska sues to enforce 90/10 revenue split.

12. Beilenson-Miller (CA): Amendment to place an 8% royalty on hardrock minerals mined from federal lands and increase the mining claim holding fee. This would save taxpayers \$540 million over the next 7 years.

13. Beilenson: Amendment to strike all mining provisions from the bill. This amendment would reflect the will of the House which has voted against these provisions 3 times this Congress.

14. Beilenson-Miller (CA): Amendment to eliminate national forest timber sales that cost the government more than revenue generated. This provision would have saved \$1 billion over the last 3 years had it been in effect.

15. Beilenson-Miller (CA): Amendment to apply the grazing fee level contained in the bill to small ranchers. Small ranchers are those permits who graze 500 or less Animal Unit Month's (AMU) per grazing year. All other permittees would pay market rate fees.

16. Beilenson-Miller (CA): Amendment to require corporate farms which grow surplus crops to pay the full cost of reclamation project irrigation water. This amendment would save taxpayers \$330 million over the next 5 years.

17. Moakley: Amendment to delete provisions in the bill which terminate federal milk marketing orders.

18. Frost: Amendment to substitute the Agriculture title with the Emerson/Combest substitute. This amendment leaves in place current farm commodity programs and achieves most of its savings by increasing the percentage of unpaid acreage from 15% to 30%. It also eliminates the government price support program for butter and powdered milk but retains the support price for cheese. The amendment also extends the national system of milk marketing orders.

19. Hall: Amendment to strike provisions which incorporate Division A of the American Overseas Interest Act consolidating three agencies—AID, USIA and ACDA—and folding them into the State Department.

20. Hall: Strikes the provision in the substitute that reduces the child tax credit to \$365 and replaces it with an amendment to insure that all middle income families receive the full Contract With America \$500 per child tax credit. This is done by capping the income level at which families are eligible to receive that benefit.

21. Hall: Amendment to strike provision in the bill which eliminates the increased amount of wages social security recipients can earn without decreasing their social security checks. This provision was included in the Republican Contract with America.

22. Moakley: Amendment to strike the provision that makes the repeal of the corporate alternative minimum tax (AMT) a refundable tax credit.

24. Frost: Amendment to preserve EDA as a federal program. This amendment strikes section 17201 of the Committee substitute and inserts a new section that rewrites the Public Works and Economic Development Act of 1965 by eliminating the EDA and creating an Office of Economic Development which would continue funding for all activities that are currently eligible for EDA assistance.

25. Frost: Amendment to preserve the Manufacturers Extension program (MEP) as a federal program. The amendment would strike the provision in the bill eliminating this program which American

manufacturers remain competitive in the global economy. This provision was approved by the Science Committee when it reported out the Commerce Department Dismantlement Act.

26. Frost: Amendment to restore the Committee for the Implementation of Textile Agreements (CITA) as a separate entity to give textile and apparel industries time to adjust to the new competitive conditions imposed by the new World Trade Organization Agreement.

27. Frost: Amendment to strike section 17207(g) of the substitute. This section will help protect Americans from severe weather by eliminating the draconian funding reductions in the National Weather Service currently in the bill.

28. Frost: Amendment to restore 25% cut in funding for critical trade and export programs that create and protect American jobs.

29. Frost: Amendment to strike the 75% ceiling on FY 1995 expenditures for Department of Commerce transfers.

31. Beilenson: Amendment to strike the park concessions provisions in the bill. This would eliminate unfair provisions in the bill which give an advantage to current concessionaires and provide little competition for concession contract renewals.

32. Beilenson: Amendment to delete the ski area sales provisions from the bill. This will insure that public ski areas will not become private, members only, ski areas.

34. Beilenson: Amendment to strike the Ward Valley California land transfer provision in the bill. Many safety concerns the construction of a low level radioactive waste site at Ward Valley have not been resolved.

35. Beilenson: Amendment to strike the Federal Oil and Gas Royalties provisions in the bill. CBO has estimated that these provisions in the bill will cost the taxpayers \$60 million over 7 years.

37. Hall: Amendment to strike the 6 month grace period interest subsidy change on student loans from the substitute. The language in the substitute will increase students' college costs by nearly \$4 billion nationwide and will likely result in loan defaults.

38. Hall: Amendment to strike any changes in the substitute which affect the PLUS Loan program. This program allows parents to take out government backed loans to help defray the high costs of a college education for their children. The increase contained in the substitute will increase college costs for struggling families nationwide by 1/2 billion dollars.

39. Frost: Amendment to strike any provision in the bill permitting corporations to use pension assets for any purpose. This amendment will delete the provision in the substitute which allows corporations to loot pensions funds for such things as corporate take-overs.

40. Moakley: Amendment to strike the repeal of the Service Contract Act contained in the substitute. This law protects workers in low wage occupations, most of whom are minorities and female. The repeal in the substitute will destroy this safety net for these employees who on average earn less than poverty wages.

41. Moakley: Amendment to strike any provision previously defeated by the House or in any committee which is included in the bill. These provisions include the farm title which was defeated by

a vote of 22-27 and the mining claim patent provisions which have been defeated by the House 3 times this year.

42. Moakley: Amendment to allow for a separate vote on any provision included in the substitute after it was reported by the Budget Committee. These provisions include welfare provisions, Freedom to Farm Act, Commerce Department abolishment changes, and changes made to the Civil Service benefits, the Contract With America Tax Cut and Medicare.

43. Moakley: Amendment to increase the time for general debate on the substitute from 1 hour to 2.

44. Moakley: Amendment to strike the waiver of clause 5C of rule XXI which requires that any bill which contains a federal income tax rate increase be passed by not less than 3/5 of those members voting.

The amendments modifying the text of H.R. 2517 to form the amendment in the nature of a substitute adopted by the rule as original text for amendment purposes:

Page 275, after line 11, insert the following:

## **Subtitle F—FDA Export Reform and Enhancement Act**

### **SECTION 3081. SHORT TITLE.**

This Act may be cited as the "FDA Export Reform and Enhancement Act of 1995".

### **SEC. 3082. EXPORT OF NEW DRUGS.**

Section 801(e) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381(e) is amended—

(1) in paragraph (1), by inserting after "under this Act" the following: "or in violation of section 505 or section 351 of the Public Health Service Act",

(2) in paragraph (1), by striking the last sentence, and

(3) by amending paragraph (2) to read as follows:

"(2) Paragraph (1) does not apply to the export of—

"(A) any device—

"(i) which does not comply with an applicable requirement under section 514 or 515,

"(ii) which under section 520(g) is exempt from either such section, or

"(iii) which is a banned device under section 516, or

"(B) any drug (including a biological product) which does not comply with an applicable requirement under section 505 or 512 or section 351 of the Public Health Service Act,

unless the device or drug is in compliance with the requirements of paragraph (1) and if the device or drug is to be exported to a country which is not a member of the World Trade Organization, the person exporting it has notified the Secretary of the export at least 30 days before the export and has included in such notice the name of the product, the country to which the product is being exported, and a brief description of the medical need for such device or drug in such country. In the case of a device or drug for which an export notice is required under this paragraph, the Secretary may prohibit the export of such device or drug if the Secretary determines that the possibility of the reimportation of the device or



drug into the United States presents an imminent hazard to the public health and safety of the United States and the only means of limiting the hazard is to prohibit the export of the device or drug.”.

**SEC. 3083. EXPORT OF CERTAIN UNAPPROVED PRODUCTS.**

Section 802 (21 U.S.C. 382) is repealed.

**SEC. 3084. PARTIALLY PROCESSED BIOLOGICAL PRODUCTS.**

Subsection (h) of section 351 of the Public Health Service Act (42 U.S.C. 262) is amended to read as follows:

“(h) A partially-processed biological product which—

“(1) is not in a form applicable to the prevention, treatment, or cure of diseases or injuries of man,

“(2) is not intended for sale in the United States, and

“(3) is intended for further manufacture into final dosage form outside the United States,

shall be subject to no restriction on its export under this Act or the Federal, Food, Drug, and Cosmetic Act (21 U.S.C. 321 et seq.)”.

Page 308, after line 5, insert the following:

**Subtitle A—Federal Employee and Congressional Benefits; Availability of Surplus Property for Homeless Assistance**

Page 333, after line 15, insert the following new subtitle:

**Subtitle B—Debt Collection Improvement Act of 1995**

**SEC 5201. SHORT TITLE.**

This subtitle may be cited as the “Debt Collection Improvement Act of 1995”.

**SEC. 5202. TABLE OF CONTENTS.**

The table of contents for this subtitle is as follows:

Sec. 5201. Short title.

Sec. 5202. Table of contents.

Sec. 5203. Effective date.

Sec. 5204. Purposes.

**PART I—GENERAL DEBT COLLECTION INITIATIVES**

**SUBPART A—GENERAL OFFSET AUTHORITY**

Sec. 5211. Expansion of administrative offset authority.

Sec. 5212. Enhancement of administrative offset authority.

Sec. 5213. Exemption from computer matching requirements under the Privacy Act of 1974.

Sec. 5214. Use of administrative offset authority for debts to States.

Sec. 5215. Technical and conforming amendments.

**SUBPART B—SALARY OFFSET AUTHORITY**

Sec. 5221. Enhancement of salary offset authority.

## SUBPART C—TAXPAYER IDENTIFYING NUMBERS

- Sec. 5231. Access to debtor information.  
 Sec. 5232. Barring delinquent Federal debtors from obtaining Federal loans or loan guarantees.

## SUBPART D—EXPANSION AND ENHANCEMENT OF COLLECTION AUTHORITIES

- Sec. 5241. Disclosure to consumer reporting agencies and commercial reporting agencies.  
 Sec. 5242. Contracts for collection services.  
 Sec. 5243. Cross-servicing partnerships and centralization of debt collection activities in the Department of the Treasury.  
 Sec. 5244. Compromise of claims.  
 Sec. 5245. Wage garnishment requirement.  
 Sec. 5246. Debt sales by agencies.  
 Sec. 5247. Adjustments of administrative debt.  
 Sec. 5248. Dissemination of information regarding identity of delinquent debtors.

## SUBPART E—FEDERAL CIVIL MONETARY PENALTIES

- Sec. 5251. Adjusting Federal civil monetary penalties for inflation.

## SUBPART F—GAIN SHARING

- Sec. 5261. Debt collection improvement account.

## SUBPART G—TAX REFUND OFFSET AUTHORITY

- Sec. 5271. Expanding tax refund offset authority.  
 Sec. 5272. Expanding authority to collect past-due support.

## SUBPART H—DISBURSEMENTS

- Sec. 5281. Electronic funds transfer.  
 Sec. 5282. Requirement to include taxpayer identifying number with payment voucher.

## SUBPART I—MISCELLANEOUS

- Sec. 5291. Miscellaneous amendments to definitions.  
 Sec. 5292. Monitoring and reporting.  
 Sec. 5293. Review of standards and policies for compromise or write-down of delinquent debts.

## PART II—JUSTICE DEBT MANAGEMENT

- Sec. 5301. Expanded use of private attorneys.  
 Sec. 5302. Nonjudicial foreclosure of mortgages.

**SEC. 5203. EFFECTIVE DATE.**

Except as otherwise provided in this subtitle, the provisions of this subtitle and the amendments made by this subtitle shall become effective October 1, 1995.

**SEC. 5204. PURPOSES.**

The purposes of this subtitle are the following:

(1) To maximize collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools.

(2) To minimize the costs of debt collection by consolidating related functions and activities and utilizing interagency teams.

(3) To reduce losses arising from debt management activities by requiring proper screening of potential borrowers, aggressive monitoring of all accounts, and sharing of information within and among Federal agencies.

(4) To ensure that the public is fully informed of the Federal Government's debt collection policies and that debtors are cog-

nizant of their financial obligations to repay amounts owed to the Federal Government.

(5) To ensure that debtors have all appropriate due process rights, including the ability to verify, challenge, and compromise claims, and access to administrative appeals procedures which are both reasonable and protect the interests of the United States.

(6) To encourage agencies, when appropriate, to sell delinquent debt, particularly debts with underlying collateral.

(7) To rely on the experience and expertise of private sector professionals to provide debt collection services to Federal agencies.

## **PART I—GENERAL DEBT COLLECTION INITIATIVES**

### **Subpart A—General Offset Authority**

#### **SEC. 5211. EXPANSION OF ADMINISTRATIVE OFFSET AUTHORITY.**

Chapter 37 of title 31, United States Code, is amended—

(1) in each of sections 3711, 3716, 3717, and 3718, by striking “the head of an executive or legislative agency” each place it appears and inserting “the head of an executive, judicial, or legislative agency”; and

(2) by amending section 3701(a)(4) to read as follows:

“(4) ‘executive, judicial, or legislative agency’ means a department, agency, court, court administrative office, or instrumentality in the executive, judicial, or legislative branch of government, including government corporations.”.

#### **SEC. 5212. ENHANCEMENT OF ADMINISTRATIVE OFFSET AUTHORITY.**

(a) **PERSONS SUBJECT TO ADMINISTRATIVE OFFSET.**—Section 3701(c) of title 31, United States Code, is amended to read as follows:

“(c) In sections 3716 and 3717 of this title, the term ‘person’ does not include an agency of the United States Government.”.

(b) **REQUIREMENTS AND PROCEDURES.**—Section 3716 of title 31, United States Code, is amended—

(1) by amending subsection (b) to read as follows:

“(b) Before collecting a claim by administrative offset, the head of an executive, judicial, or legislative agency must either—

“(1) adopt, without change, regulations on collecting by administrative offset promulgated by the Department of Justice, the General Accounting Office, or the Department of the Treasury; or

“(2) prescribe regulations on collecting by administrative offset consistent with the regulations referred to in paragraph (1).”;

(2) by amending subsection (c)(2) to read as follows:

“(2) when a statute explicitly prohibits using administrative offset or setoff to collect the claim or type of claim involved.”;

(3) by redesignating subsection (c) as subsection (e); and

(4) by inserting after subsection (b) the following new subsections:

"(c)(1)(A) Except as otherwise provided in this subsection, a disbursing official of the Department of the Treasury, the Department of Defense, the United States Postal Service, or any other government corporation, or any disbursing official of the United States designated by the Secretary of the Treasury, shall offset at least annually the amount of a payment which a payment certifying agency has certified to the disbursing official for disbursement, by an amount equal to the amount of a claim which a creditor agency has certified to the Secretary of the Treasury pursuant to this subsection.

"(B) An agency that designates disbursing officials pursuant to section 3321(c) of this title is not required to certify claims arising out of its operations to the Secretary of the Treasury before such agency's disbursing officials offset such claims.

"(C) Payments certified by the Department of Education under a program administered by the Secretary of Education under title IV of the Higher Education Act of 1965 shall not be subject to administrative offset under this subsection.

"(2) Neither the disbursing official nor the payment certifying agency shall be liable—

"(A) for the amount of the administrative offset on the basis that the underlying obligation, represented by the payment before the administrative offset was taken, was not satisfied; or

"(B) for failure to provide timely notice under paragraph (8).

"(3) The Secretary of the Treasury shall exempt from administrative offset under this subsection payments under means-tested programs when requested by the head of the respective agency. The Secretary may exempt other payments from administrative offset under this subsection upon the written request of the head of a payment certifying agency. A written request for exemption of other payments must provide justification for the exemption under standards prescribed by the Secretary. Such standards shall give due consideration to whether administrative offset would tend to interfere substantially with or defeat the purposes of the payment certifying agency's program. The Secretary shall report to the Congress annually on exemptions granted under this section.

"(4) The Secretary of the Treasury may charge a fee sufficient to cover the full cost of implementing this subsection. The fee may be collected either by the retention of a portion of amounts collected pursuant to this subsection, or by billing the agency referring or transferring a claim for those amounts. Fees charged to the agencies shall be based on actual administrative offsets completed. Amounts received by the United States as fees under this subsection shall be deposited into the account of the Department of the Treasury under section 3711(g)(4) of this title, and shall be collected and accounted for in accordance with the provisions of that section.

"(5) The Secretary of the Treasury may disclose to a creditor agency the current address of any payee and any data related to certifying and authorizing payments to a payee in accordance with section 552a of title 5, United States Code, even if the payment has been exempt from administrative offset. If a payment is made electronically, the Secretary may obtain the current address of the payee from the institution receiving the payment. Upon request by

the Secretary, the institution receiving the payment shall report the current address of the payee to the Secretary.

"(6) The Secretary of the Treasury may prescribe such rules, regulations, and procedures as the Secretary of the Treasury considers necessary to carry out this subsection. The Secretary shall consult with the heads of affected agencies in the development of such rules, regulations, and procedures.

"(7) Any Federal agency that is owed by a person a past due, legally enforceable nontax debt that is over 180 days delinquent, including nontax debt administered by a third party acting as an agent for the Federal Government, shall notify the Secretary of the Treasury of all such nontax debts for purposes of administrative offset under this subsection.

"(8)(A) The disbursing official conducting an administrative offset with respect to a payment to a payee shall notify the payee in writing of—

"(i) the occurrence of the administrative offset to satisfy a past due legally enforceable debt, including a description of the type and amount of the payment otherwise payable to the payee against which the offset was executed;

"(ii) the identity of the creditor agency requesting the offset;

and

"(iii) a contact point within the creditor agency that will handle concerns regarding the offset.

"(B) If the payment to be offset is a periodic benefit payment, the disbursing official shall take reasonable steps, as determined by the Secretary of the Treasury, to provide the notice to the payee not later than the date on which the payee is otherwise scheduled to receive the payment, or as soon as practical thereafter, but not later than the date of the administrative offset. Notwithstanding the preceding sentence, the failure of the debtor to receive such notice shall not impair the legality of such administrative offset.

"(9) A levy pursuant to the Internal Revenue Code of 1986 shall take precedence over requests for administrative offset pursuant to other laws.

"(d) Nothing in this section is intended to prohibit the use of any other administrative offset authority existing under statute or common law."

(c) NONTAX DEBT OR CLAIM DEFINED.—Section 3701 of title 31, United States Code, is amended—

(1) in subsection (b) by inserting "and subsection (a)(8) of this section" after "of this chapter"; and

(2) in subsection (a) by adding at the end the following new paragraph:

"(8) 'nontax' means, with respect to any debt or claim, any debt or claim other than a debt or claim under the Internal Revenue Code of 1986."

**SEC. 5213. EXEMPTION FROM COMPUTER MATCHING REQUIREMENTS UNDER THE PRIVACY ACT OF 1974.**

Section 3716 of title 31, United States Code, as amended by section 5212(b) of this subtitle, is further amended by adding at the end the following new subsections:

"(f) The Secretary may waive the requirements of sections 552a(o) and (p) of title 5 for administrative offset or claims collec-

tion upon written certification by the head of the executive, judicial, or legislative agency seeking to collect the claim that the requirements of subsection (a) of this section have been met.

“(g) The Data Integrity Board of the Department of the Treasury established under 552a(u) of title 5 shall review and include in reports under paragraph (3)(D) of that section a description of any matching activities conducted under this section. If the Secretary has granted a waiver under subsection (f) of this section, no other Data Integrity Board is required to take any action under section 552a(u) of title 5.”.

**SEC. 5214. USE OF ADMINISTRATIVE OFFSET AUTHORITY FOR DEBTS TO STATES.**

Section 3716 of title 31, United States Code, as amended by sections 5212 and 5213 of this subtitle, is further amended by adding at the end the following new subsection:

“(h)(1) The Secretary may, in the discretion of the Secretary, apply subsection (a) with respect to any past-due, legally-enforceable debt owed to a State if—

“(A) the appropriate State disbursing official requests that an offset be performed; and

“(B) a reciprocal agreement with the State is in effect which contains, at a minimum—

“(i) requirements substantially equivalent to subsection (b) of this section; and

“(ii) any other requirements which the Secretary considers appropriate to facilitate the offset and prevent duplicative efforts.

“(2) This subsection does not apply to—

“(A) the collection of a debt or claim on which the administrative costs associated with the collection of the debt or claim exceed the amount of the debt or claim;

“(B) any collection of any other type, class, or amount of claim, as the Secretary considers necessary to protect the interest of the United States; or

“(C) the disbursement of any class or type of payment exempted by the Secretary of the Treasury at the request of a Federal agency.”.

**SEC. 5215. TECHNICAL AND CONFORMING AMENDMENTS.**

(a) TITLE 31.—Title 31, United States Code, is amended—

(1) in section 3322(a), by inserting “section 3716 and section 3720A of this title and” after “Except as provided in”;

(2) in section 3325(a)(3), by inserting “or pursuant to payment intercepts or offsets pursuant to section 3716 or 3720A of this title,” after “voucher”; and

(3) in each of sections 3711(e)(2) and 3717(h) by inserting “, the Secretary of the Treasury,” after “Attorney General”.

(b) INTERNAL REVENUE CODE OF 1986.—Subsection 6103(l)(10)(A) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(l)(10)(A)) is amended—

(1) in subparagraph (A), by inserting “and to officers and employees of the Department of the Treasury in connection with such reduction” after “6402”; and

(2) in subparagraph (B), by inserting "and officers and employees of the Department of the Treasury" after "agency" the first place it appears.

### **Subpart B—Salary Offset Authority**

#### **SEC. 5221. ENHANCEMENT OF SALARY OFFSET AUTHORITY.**

Section 5514 of title 5, United States Code, is amended—

(1) in subsection (a)—

(A) by adding at the end of paragraph (1) the following: "All Federal agencies to which debts are owed and which have outstanding delinquent debts shall participate in a computer match at least annually of their delinquent debt records with records of Federal employees to identify those employees who are delinquent in repayment of those debts. The preceding sentence shall not apply to any debt under the Internal Revenue Code of 1986. Matched Federal employee records shall include, but shall not be limited to, records of active Civil Service employees government-wide, military active duty personnel, military reservists, United States Postal Service employees, employees of other government corporations, and seasonal and temporary employees. The Secretary of the Treasury shall establish and maintain an interagency consortium to implement centralized salary offset computer matching, and promulgate regulations for this program. Agencies that perform centralized salary offset computer matching services under this subsection are authorized to charge a fee sufficient to cover the full cost for such services.";

(B) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively;

(C) by inserting after paragraph (2) the following new paragraph:

"(3) Paragraph (2) shall not apply to routine intra-agency adjustments of pay that are attributable to clerical or administrative errors or delays in processing pay documents that have occurred within the four pay periods preceding the adjustment and to any adjustment that amounts to \$50 or less, if at the time of such adjustment, or as soon thereafter as practical, the individual is provided written notice of the nature and the amount of the adjustment and a point of contact for contesting such adjustment.";

(D) by amending paragraph (5)(B) (as redesignated by subparagraph (B) of this paragraph) to read as follows:

"(B) 'agency' includes executive departments and agencies, the United States Postal Service, the Postal Rate Commission, the Senate, the House of Representatives, and any court, court administrative office, or instrumentality in the judicial or legislative branches of the Government, and government corporations.";

(2) by adding after subsection (c) the following new subsection:

"(d) A levy pursuant to the Internal Revenue Code of 1986 shall take precedence over deductions under this section."

## Subpart C—Taxpayer Identifying Numbers

### SEC. 5231. ACCESS TO DEBTOR INFORMATION.

Section 4 of the Debt Collection Act of 1982 (Public Law 97-365, 96 Stat. 1749, 26 U.S.C. 6103 note) is amended—

- (1) in subsection (b), by striking "For purposes of this section" and inserting "For purposes of subsection (a)"; and
- (2) by adding at the end the following new subsections:

“(c) FEDERAL AGENCIES.—

“(1) IN GENERAL.—Each Federal agency shall require each person doing business with that agency to furnish to that agency such person’s taxpayer identifying number.

“(2) DOING BUSINESS.—For purposes of this subsection, a person shall be considered to be doing business with a Federal agency if the person is—

“(A) a lender or servicer in a Federal guaranteed or insured loan program administered by the agency;

“(B) an applicant for, or recipient of—

“(i) a Federal guaranteed, insured, or direct loan administered by the agency; or

“(ii) a Federal license, permit, right-of-way, grant, or benefit payment administered by the agency or insurance administered by the agency;

“(C) a contractor of the agency;

“(D) assessed a fine, fee, royalty or penalty by the agency; and

“(E) in a relationship with the agency that may give rise to a receivable due to that agency, such as a partner of a borrower in or a guarantor of a Federal direct or insured loan administered by the agency.

“(3) DISCLOSURE.—Each agency shall disclose to a person required to furnish a taxpayer identifying number under this subsection its intent to use such number for purposes of collecting and reporting on any delinquent amounts arising out of such person’s relationship with the Government.

“(4) DEFINITIONS.—For purposes of this subsection—

“(A) the term ‘taxpayer identifying number’ has the meaning given such term in section 6109 of the Internal Revenue Code of 1986 (26 U.S.C. 6109); and

“(B) the term ‘person’—

“(i) subject to clause (ii), means an individual, sole proprietorship, partnership, corporation, or nonprofit organization, or any other form of business association; and

“(ii) does not include debtors under third party claims of the United States, other than debtors owing claims resulting from petroleum pricing violations.

“(d) ACCESS TO DEBTOR INFORMATION.—Notwithstanding section 552a(b) of title 5, United States Code, creditor agencies to which a delinquent claim is owed, and their agents, may match their debtor records with Department of Health and Human Services and Department of Labor records to obtain names (including names of employees), name controls, names of employers, social security account numbers, addresses (including addresses of employers),



and dates of birth. The Department of Health and Human Services and the Department of Labor shall release that information to creditor agencies and may charge reasonable fees sufficient to pay the costs associated with that release.

“(e) ELECTRONIC PAYMENTS.—If a payment is made electronically by any executive, judicial, or legislative agency, the Secretary of the Treasury may obtain from the institution receiving the payment the taxpayer identification number of any joint holder of the account to which the payment is made. Upon request of the Secretary, the institution receiving the payment shall report the taxpayer identification number of the joint holder to the Secretary.”.

**SEC. 5232. BARRING DELINQUENT FEDERAL DEBTORS FROM OBTAINING FEDERAL LOANS OR LOAN GUARANTEES.**

(a) IN GENERAL.—Title 31, United States Code, is amended by inserting after section 3720A the following new section:

**“§ 3720B. Barring delinquent Federal debtors from obtaining Federal loans or loan guarantees**

“(a) Unless this subsection is waived by the head of a Federal agency, a person may not obtain any Federal financial assistance in the form of a loan (other than a disaster loan) or loan guarantee administered by the agency if the person has an outstanding debt (other than a debt under the Internal Revenue Code of 1986) with any Federal agency which is in a delinquent status, as determined under standards prescribed by the Secretary of the Treasury. Such a person may obtain additional loans or loan guarantees only after such delinquency is resolved in accordance with those standards. The Secretary of the Treasury may exempt, at the request of an agency, any class of claims.

“(b) The head of a Federal agency may delegate the waiver authority under subsection (a) to the Chief Financial Officer of the agency. The waiver authority may be redelegated only to the Deputy Chief Financial Officer of the agency.

“(c) For purposes of this section, the term ‘person’ means—

“(1) an individual; or

“(2) any sole proprietorship, partnership, corporation, non-profit organization, or other form of business association.”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 37 of title 31, United States Code, is amended by inserting after the item relating to section 3720A the following new item:

“3720B. Barring delinquent Federal debtors from obtaining Federal loans or loan guarantees.”.

**Subpart D—Expansion and Enhancement of Collection Authorities**

**SEC. 5241. DISCLOSURE TO CONSUMER REPORTING AGENCIES AND COMMERCIAL REPORTING AGENCIES.**

Section 3711(f) of title 31, United States Code, is amended—

(1) by striking “may” the first place it appears and inserting “shall”;

(2) by striking "an individual" each place it appears and inserting "a covered person";

(3) by striking "the individual" each place it appears and inserting "the covered person"; and

(4) by adding at the end the following new paragraphs:

"(4) The head of each executive agency shall require, as a condition for guaranteeing any loan, financing, or other extension of credit under any law to a covered person, that the lender provide information relating to the extension of credit to consumer reporting agencies or commercial reporting agencies, as appropriate.

"(5) The head of each executive agency may provide to a consumer reporting agency or commercial reporting agency information from a system of records that a covered person is responsible for a claim which is current, if notice required by section 552a(e)(4) of title 5 indicates that information in the system may be disclosed to a consumer reporting agency or commercial reporting agency, respectively.

"(6) In this subsection, the term 'covered person' means an individual, a sole proprietorship, a corporation (including a nonprofit corporation), or any other form of business association."

**SEC. 5242. CONTRACTS FOR COLLECTION SERVICES.**

Section 3718 of title 31, United States Code, is amended—

(1) in subsection (a), by striking the first sentence and inserting the following: "Under conditions the head of an executive, judicial, or legislative agency considers appropriate, the head of the agency may enter into a contract with a person for collection service to recover indebtedness owed, or to locate or recover assets of, the United States Government. The head of an agency may not enter into a contract under the preceding sentence to locate or recover assets of the United States held by a State government or financial institution unless that agency has established procedures approved by the Secretary of the Treasury to identify and recover such assets."; and

(2) in subsection (d), by inserting ", or to locate or recover assets of," after "owed".

**SEC. 5243. CROSS-SERVICING PARTNERSHIPS AND CENTRALIZATION OF DEBT COLLECTION ACTIVITIES IN THE DEPARTMENT OF THE TREASURY.**

Section 3711 of title 31, United States Code, is amended by adding at the end the following new subsections:

"(g)(1) If a nontax debt or claim owed to the United States has been delinquent for a period of 180 days—

"(A) the head of the executive, judicial, or legislative agency that administers the program that gave rise to the debt or claim shall transfer the debt or claim to the Secretary of the Treasury; and

"(B) upon such transfer the Secretary of the Treasury shall take appropriate action to collect or terminate collection actions on the debt or claim.

"(2) Paragraph (1) shall not apply—

"(A) to any debt or claim that—

"(i) is in litigation or foreclosure;

"(ii) will be disposed of under an asset sales program within 1 year after the date the debt or claim is first delin-

quent, or a greater period of time if a delay would be in the best interests of the United States, as determined by the Secretary of the Treasury;

“(iii) has been referred to a private collection contractor for collection for a period of time determined by the Secretary of the Treasury;

“(iv) has been referred by, or with the consent of, the Secretary of the Treasury to a debt collection center for a period of time determined by the Secretary of the Treasury; or

“(v) will be collected under internal offset, if such offset is sufficient to collect the claim within 3 years after the date the debt or claim is first delinquent; and

“(B) to any other specific class of debt or claim, as determined by the Secretary of the Treasury at the request of the head of an executive, judicial, or legislative agency or otherwise.

“(3) For purposes of this section, the Secretary of the Treasury may designate, and withdraw such designation of debt collection centers operated by other Federal agencies. The Secretary of the Treasury shall designate such centers on the basis of their performance in collecting delinquent claims owed to the Government.

“(4) At the discretion of the Secretary of the Treasury, referral of a nontax claim may be made to—

“(A) any executive department or agency operating a debt collection center for servicing, collection, compromise, or suspension or termination of collection action;

“(B) a contractor operating under a contract for servicing or collection action; or

“(C) the Department of Justice for litigation.

“(5) nontax claims referred or transferred under this section shall be serviced, collected, or compromised, or collection action thereon suspended or terminated, in accordance with otherwise applicable statutory requirements and authorities. Executive departments and agencies operating debt collection centers may enter into agreements with the Secretary of the Treasury to carry out the purposes of this subsection. The Secretary of the Treasury shall—

“(A) maintain competition in carrying out this subsection;

“(B) maximize collections of delinquent debts by placing delinquent debts quickly;

“(C) maintain a schedule of contractors and debt collection centers eligible for referral of claims; and

“(D) refer delinquent debts to the person most appropriate to collect the type or amount of claim involved.

“(6) Any agency operating a debt collection center to which nontax claims are referred or transferred under this subsection may charge a fee sufficient to cover the full cost of implementing this subsection. The agency transferring or referring the nontax claim shall be charged the fee, and the agency charging the fee shall collect such fee by retaining the amount of the fee from amounts collected pursuant to this subsection. Agencies may agree to pay through a different method, or to fund an activity from another account or from revenue received from the procedure described under section 3720C of this title. Amounts charged under

this subsection concerning delinquent claims may be considered as costs pursuant to section 3717(e) of this title.

“(7) Notwithstanding any other law concerning the depositing and collection of Federal payments, including section 3302(b) of this title, agencies collecting fees may retain the fees from amounts collected. Any fee charged pursuant to this subsection shall be deposited into an account to be determined by the executive department or agency operating the debt collection center charging the fee (in this subsection referred to in this section as the ‘Account’). Amounts deposited in the Account shall be available until expended to cover costs associated with the implementation and operation of Governmentwide debt collection activities. Costs properly chargeable to the Account include—

“(A) the costs of computer hardware and software, word processing and telecommunications equipment, and other equipment, supplies, and furniture;

“(B) personnel training and travel costs;

“(C) other personnel and administrative costs;

“(D) the costs of any contract for identification, billing, or collection services; and

“(E) reasonable costs incurred by the Secretary of the Treasury, including services and utilities provided by the Secretary, and administration of the Account.

“(8) Not later than January 1 of each year, there shall be deposited into the Treasury as miscellaneous receipts an amount equal to the amount of unobligated balances remaining in the Account at the close of business on September 30 of the preceding year, minus any part of such balance that the executive department or agency operating the debt collection center determines is necessary to cover or defray the costs under this subsection for the fiscal year in which the deposit is made.

“(9) To carry out the purposes of this subsection, the Secretary of the Treasury may prescribe such rules, regulations, and procedures as the Secretary considers necessary.

“(h)(1) The head of an executive, judicial, or legislative agency acting under subsection (a)(1), (2), or (3) of this section to collect a claim, compromise a claim, or terminate collection action on a claim may obtain a consumer report (as that term is defined in section 603 of the Fair Credit Reporting Act (15 U.S.C. 1681a)) or comparable credit information on any person who is liable for the claim.

“(2) The obtaining of a consumer report under this subsection is deemed to be a circumstance or purpose authorized or listed under section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b).”.

#### **SEC. 5244. COMPROMISE OF CLAIMS.**

Section 11 of the Administrative Dispute Resolution Act (Public Law 101-552, 104 Stat. 2736, 5 U.S.C. 571 note) is amended by adding at the end the following sentence: “This section shall not apply to section 8(b) of this Act.”.

#### **SEC. 5245. WAGE GARNISHMENT REQUIREMENT.**

(a) **IN GENERAL.**—Chapter 37 of title 31, United States Code, is amended in subchapter II by adding after section 3720C, as added by section 5261 of this subtitle, the following new section:

**“§ 3720D. Garnishment**

“(a) Notwithstanding any provision of State law, the head of an executive, judicial, or legislative agency that administers a program that gives rise to a delinquent nontax debt owed to the United States by an individual may in accordance with this section garnish the disposable pay of the individual to collect the amount owed, if the individual is not currently making required repayment in accordance with any agreement between the agency head and the individual.

“(b) In carrying out any garnishment of disposable pay of an individual under subsection (a), the head of an executive, judicial, or legislative agency shall comply with the following requirements:

“(1) The amount deducted under this section for any pay period may not exceed 15 percent of disposable pay, except that a greater percentage may be deducted with the written consent of the individual.

“(2) The individual shall be provided written notice, sent by mail to the individual’s last known address, a minimum of 30 days prior to the initiation of proceedings, from the head of the executive, judicial, or legislative agency, informing the individual of—

“(A) the nature and amount of the debt to be collected;

“(B) the intention of the agency to initiate proceedings to collect the debt through deductions from pay; and

“(C) an explanation of the rights of the individual under this section.

“(3) The individual shall be provided an opportunity to inspect and copy records relating to the debt.

“(4) The individual shall be provided an opportunity to enter into a written agreement with the executive, judicial, or legislative agency, under terms agreeable to the head of the agency, to establish a schedule for repayment of the debt.

“(5) The individual shall be provided an opportunity for a hearing in accordance with subsection (c) on the determination of the head of the executive, judicial, or legislative agency concerning—

“(A) the existence or the amount of the debt, and

“(B) in the case of an individual whose repayment schedule is established other than by a written agreement pursuant to paragraph (4), the terms of the repayment schedule.

“(6) If the individual has been reemployed within 12 months after having been involuntarily separated from employment, no amount may be deducted from the disposable pay of the individual until the individual has been reemployed continuously for at least 12 months.

“(c)(1) A hearing under subsection (b)(5) shall be provided prior to issuance of a garnishment order if the individual, on or before the 15th day following the mailing of the notice described in subsection (b)(2), and in accordance with such procedures as the head of the executive, judicial, or legislative agency may prescribe, files a petition requesting such a hearing.

“(2) If the individual does not file a petition requesting a hearing prior to such date, the head of the agency shall provide the individ-

ual a hearing under subsection (a)(5) upon request, but such hearing need not be provided prior to issuance of a garnishment order.

"(3) The hearing official shall issue a final decision at the earliest practicable date, but not later than 60 days after the filing of the petition requesting the hearing.

"(d) The notice to the employer of the withholding order shall contain only such information as may be necessary for the employer to comply with the withholding order.

"(e)(1) An employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual subject to wage withholding in accordance with this section by reason of the fact that the individual's wages have been subject to garnishment under this section, and such individual may sue in a State or Federal court of competent jurisdiction any employer who takes such action.

"(2) The court shall award attorneys' fees to a prevailing employee and, in its discretion, may order reinstatement of the individual, award punitive damages and back pay to the employee, or order such other remedy as may be reasonably necessary.

"(f)(1) The employer of an individual—

"(A) shall pay to the head of an executive, judicial, or legislative agency as directed in a withholding order issued in an action under this section with respect to the individual, and

"(B) shall be liable for any amount that the employer fails to withhold from wages due an employee following receipt by such employer of notice of the withholding order, plus attorneys' fees, costs, and, in the court's discretion, punitive damages.

"(2)(A) The head of an executive, judicial, or legislative agency may sue an employer in a State or Federal court of competent jurisdiction to recover amounts for which the employer is liable under paragraph (1)(B).

"(B) A suit under this paragraph may not be filed before the termination of the collection action, unless earlier filing is necessary to avoid expiration of any applicable statute of limitations period.

"(3) Notwithstanding paragraphs (1) and (2), an employer shall not be required to vary its normal pay and disbursement cycles in order to comply with this subsection.

"(g) For the purpose of this section, the term 'disposable pay' means that part of the compensation of any individual from an employer remaining after the deduction of any amounts required by any other law to be withheld.

"(h) The Secretary of the Treasury shall issue regulations to implement this section."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 37 of title 31, United States Code, is amended by inserting after the item relating to section 3720C (as added by section 5261 of this subtitle) the following new item:

"3720D. Garnishment."

**SEC. 5246. DEBT SALES BY AGENCIES.**

Section 3711 of title 31, United States Code, is further amended by adding at the end the following new subsection:

"(h)(1) The head of an executive, judicial, or legislative agency may sell, subject to section 504(b) of the Federal Credit Reform Act of 1990 and using competitive procedures, any nontax debt owed to the United States that is delinquent for more than 90 days. Appropriate fees charged by a contractor to assist in the conduct of a sale under this subsection may be payable from the proceeds of the sale.

"(2) After terminating collection action, the head of an executive, judicial, or legislative agency shall sell, using competitive procedures, any nontax debt or class of nontax debts owed to the United States, if the Secretary of the Treasury determines the sale is in the best interest of the United States.

"(3) Sales of nontax debt under this subsection—

"(A) shall be for—

"(i) cash, or

"(ii) cash and a residuary equity or profit participation, if the head of the agency reasonably determines that the proceeds will be greater than sale solely for cash,

"(B) shall be without recourse, but may include the use of guarantees if otherwise authorized, and

"(C) shall transfer to the purchaser all rights of the Government to demand payment of the nontax debt, other than with respect to a residuary equity or profit participation under subparagraph (A)(ii).

"(4)(A) Within one year after the date of enactment of the Debt Collection Improvement Act of 1995, and every year thereafter, each executive agency with current and delinquent collateralized nontax debts shall report to the Congress on the valuation of its existing portfolio of loans, notes and guarantees, and other collateralized debts based on standards developed by the Director of the Office of Management and Budget, in consultation with the Secretary of the Treasury.

"(B) The Director of the Office of Management and Budget shall determine what information is required to be reported to comply with subparagraph (A). At a minimum, for each financing account and for each liquidating account (as those terms are defined in sections 502(7) and 502(8), respectively, of the Federal Credit Reform Act of 1990) the following information shall be reported:

"(i) The cumulative balance of current debts outstanding, the estimated net present value of such debts, the annual administrative expenses of those debts (including the portion of salaries and expenses that are directly related thereto), and the estimated net proceeds that would be received by the Government if such debts were sold.

"(ii) The cumulative balance of delinquent debts, debts outstanding, the estimated net present value of such debts, the annual administrative expenses of those debts (including the portion of salaries and expenses that are directly related thereto), and the estimated net proceeds that would be received by the Government if such debts were sold.

"(iii) The cumulative balance of guaranteed loans outstanding, the estimated net present value of such guarantees, the annual administrative expenses of such guarantees (including the portion of salaries and expenses that are directly related to such guaranteed loans), and the estimated net proceeds that

would be received by the Government if such loan guarantees were sold.

"(iv) The cumulative balance of defaulted loans that were previously guaranteed and have resulted in loans receivables, the estimated net present value of such loan assets, the annual administrative expenses of such loan assets (including the portion of salaries and expenses that are directly related to such loan assets), and the estimated net proceeds that would be received by the Government if such loan assets were sold.

"(v) The marketability of all debts.

"(5) This subsection is not intended to limit existing statutory authority of agencies to sell loans, debts, or other assets."

**SEC. 5247. ADJUSTMENTS OF ADMINISTRATIVE DEBT.**

Section 3717 of title 31, United States Code, is amended by adding at the end of subsection (h) the following new subsection:

"(i)(1) The head of an executive, judicial, or legislative agency may increase an administrative claim by the cost of living adjustment in lieu of charging interest and penalties under this section. Adjustments under this subsection will be computed annually.

"(2) For the purpose of this subsection—

"(A) the term 'cost of living adjustment' means the percentage by which the Consumer Price Index for the month of June of the calendar year preceding the adjustment exceeds the Consumer Price Index for the month of June of the calendar year in which the claim was determined or last adjusted; and

"(B) the term 'administrative claim' includes all debt that is not based on an extension of Government credit through direct loans, loan guarantees, or insurance, including fines, penalties, and overpayments."

**SEC. 5248. DISSEMINATION OF INFORMATION REGARDING IDENTITY OF DELINQUENT DEBTORS.**

(a) **IN GENERAL.**—Chapter 37 of title 31, United States Code, is amended in subchapter II by adding after section 3720D, as added by section 5245 of this subtitle, the following new section:

**"§ 3720E. Dissemination of information regarding identity of delinquent debtors**

"(a) The head of any agency may, with the review of the Secretary of the Treasury, for the purpose of collecting any delinquent nontax debt owed by any person, publish or otherwise publicly disseminate information regarding the identity of the person and the existence of the nontax debt.

"(b)(1) The Secretary of the Treasury, in consultation with the Director of the Office of Management and Budget and the heads of other appropriate Federal agencies, shall issue regulations establishing procedures and requirements the Secretary considers appropriate to carry out this section.

"(2) Regulations under this subsection shall include—

"(A) standards for disseminating information that maximize collections of delinquent nontax debts, by directing actions under this section toward delinquent debtors that have assets or income sufficient to pay their delinquent nontax debt;



"(B) procedures and requirements that prevent dissemination of information under this section regarding persons who have not had an opportunity to verify, contest, and compromise their nontax debt in accordance with this subchapter; and

"(C) procedures to ensure that persons are not incorrectly identified pursuant to this section."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 37 of title 31, United States Code, is amended by adding after the item relating to section 3720D (as added by section 5245 of this subtitle) the following new item:

"3720E. Dissemination of information regarding identity of delinquent debtors."

### **Subpart E—Federal Civil Monetary Penalties**

#### **SEC. 5251. ADJUSTING FEDERAL CIVIL MONETARY PENALTIES FOR INFLATION.**

(a) IN GENERAL.—The Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, 104 Stat. 890; 28 U.S.C. 2461 note) is amended—

(1) by amending section 4 to read as follows:

"SEC. 4. The head of each agency shall, not later than 180 days after the date of enactment of the Debt Collection Improvement Act of 1995, and at least once every 4 years thereafter—

"(1) by regulation adjust each civil monetary penalty provided by law within the jurisdiction of the Federal agency, except for any penalty (including any addition to tax and additional amount) under the Internal Revenue Code of 1986, the Tarriff Act of 1930, or the Social Security Act, by the inflation adjustment described under section 5 of this Act; and

"(2) publish each such regulation in the Federal Register.;"

(2) in section 5(a), by striking "The adjustment described under paragraphs (4) and (5)(A) of section 4" and inserting "The inflation adjustment under section 4"; and

(3) by adding at the end the following new section:

"SEC. 7. Any increase under this Act in a civil monetary penalty shall apply only to violations which occur after the date the increase takes effect."

(b) LIMITATION ON INITIAL ADJUSTMENT.—The first adjustment of a civil monetary penalty made pursuant to the amendment made by to subsection (a) may not exceed 10 percent of such penalty.

### **Subpart F—Gain Sharing**

#### **SEC. 5261. DEBT COLLECTION IMPROVEMENT ACCOUNT.**

(a) IN GENERAL.—Title 31, United States Code, is amended by inserting after section 3720B (as added by section 5232 of this subtitle) the following new section:

##### **"§ 3720C. Debt Collection Improvement Account**

"(a)(1) There is hereby established in the Treasury a special fund to be known as the 'Debt Collection Improvement Account' (hereinafter in this section referred to as the 'Account'). .

"(2) The Account shall be maintained and managed by the Secretary of the Treasury, who shall ensure that agency programs are credited with amounts transferred under subsection (b)(1).

"(b)(1) Not later than 30 days after the end of a fiscal year, an agency may transfer to the Account the amount described in paragraph (3), as adjusted under paragraph (4).

"(2) Agency transfers to the Account may include collections from—

"(A) salary, administrative, and tax refund offsets;

"(B) automated levy authority;

"(C) the Department of Justice;

"(D) private collection agencies;

"(E) sales of delinquent loans; and

"(F) contracts to locate or recover assets.

"(3) The amount referred to in paragraph (1) shall be 5 percent of the amount of delinquent debt collected by an agency in a fiscal year, minus the greater of—

"(A) 5 percent of the amount of delinquent nontax debt collected by the agency in the previous fiscal year, or

"(B) 5 percent of the amount of delinquent nontax debt collected by the agency in the previous 4 fiscal years.

"(4) In consultation with the Secretary of the Treasury, the Office of Management and Budget may adjust the amount described in paragraph (3) for an agency to reflect the level of effort in credit management programs by the agency. As an indicator of the level of effort in credit management, the Office of Management and Budget shall consider the following:

"(A) The number of days between the date a claim or debt became delinquent and the date which an agency referred the debt or claim to the Secretary of the Treasury or obtained an exemption from this referral under section 3711(g)(2) of this title.

"(B) The ratio of delinquent debts or claims to total receivables for a given program, and the change in this ratio over a period of time.

"(c)(1) The Secretary of the Treasury may make payments from the Account solely to reimburse agencies for qualified expenses. For agencies with franchise funds, such payments may be credited to subaccounts designated for debt collection.

"(2) For purposes of this section, the term 'qualified expenses' means expenditures for the improvement of credit management, debt collection, and debt recovery activities, including—

"(A) account servicing (including cross-servicing under section 3711(g) of this title),

"(B) automatic data processing equipment acquisitions,

"(C) delinquent debt collection,

"(D) measures to minimize delinquent debt,

"(E) sales of delinquent debt,

"(F) asset disposition, and

"(G) training of personnel involved in credit and debt management.

"(3)(A) Amounts in the Account shall be available to the Secretary of the Treasury for purposes of this section to the extent and in amounts provided in advance in appropriation Acts.

“(B) As soon as practicable after the end of the third fiscal year after which appropriations are made pursuant to this section, and every 3 years thereafter, any unappropriated balance in the Account shall be transferred to the general fund of the Treasury as miscellaneous receipts.

“(d) For direct loans and loan guarantee programs subject to title V of the Congressional Budget Act of 1974, amounts credited in accordance with subsection (c) shall be considered administrative costs.

“(e) The Secretary of the Treasury shall prescribe such rules, regulations, and procedures as the Secretary considers necessary or appropriate to carry out the purposes of this section.”

(b) CLERICAL AMENDMENT.—The table of sections for chapter 37 of title 31, United States Code, is amended by inserting after the item relating to section 3720B (as added by section 5232 of this subtitle) the following new item:

“3720C. Debt Collection Improvement Account.”

## Subpart G—Tax Refund Offset Authority

### SEC. 5271. EXPANDING TAX REFUND OFFSET AUTHORITY.

(a) DISCRETIONARY AUTHORITY.—Section 3720A of title 31, United States Code, is amended by adding after subsection (h) the following new subsection:

“(i) An agency subject to section 9 of the Act of May 18, 1933 (16 U.S.C. 831h), may implement this section at its discretion.”

(b) FEDERAL AGENCY DEFINED.—Section 6402(f) of the Internal Revenue Code of 1986 (26 U.S.C. 6402(f)), is amended to read as follows:

“(f) FEDERAL AGENCY.—For purposes of this section, the term ‘Federal agency’ means a department, agency, or instrumentality of the United States, and includes a Government corporation (as such term is defined in section 103 of title 5, United States Code).”

### SEC. 5272. EXPANDING AUTHORITY TO COLLECT PAST-DUE SUPPORT.

(a) NOTIFICATION OF SECRETARY OF THE TREASURY.—Section 3720A(a) of title 31, United States Code, is amended to read as follows:

“(a) Any Federal agency that is owed by a person a past-due, legally enforceable debt (including debt administered by a third party acting as an agent for the Federal Government) shall, and any agency subject to section 9 of the Act of May 18, 1933 (16 U.S.C. 831h), owed such a debt may, in accordance with regulations issued pursuant to subsections (b) and (d), notify the Secretary of the Treasury at least once each year of the amount of such debt.”

(b) IMPLEMENTATION OF SUPPORT COLLECTION BY SECRETARY OF THE TREASURY.—Section 464(a) of the Act of August 14, 1935 (42 U.S.C. 664(a)) is amended—

(1) in paragraph (1), by adding at the end the following: “This subsection may be executed by the disbursing official of the Department of the Treasury.”; and

(2) in paragraph (2)(A), by adding at the end the following: “This subsection may be executed by the disbursing official of the Department of the Treasury.”

## Subpart H—Disbursements

### SEC. 5281. ELECTRONIC FUNDS TRANSFER.

Section 3332 of title 31, United States Code, popularly known as the Federal Financial Management Act of 1994, is amended—

(1) by redesignating subsection (e) as subsection (h), and inserting after subsection (d) the following new subsections:

“(e)(1) Notwithstanding subsections (a) through (d) of this section, sections 5120(a) and (d) of title 38, and any other provision of law, all Federal payments to a recipient who becomes eligible for that type of payments after 90 days after the date of the enactment of the Debt Collection Improvement Act of 1995 shall be made by electronic funds transfer.

“(2) The head of a Federal agency shall, with respect to Federal payments made or authorized by the agency, waive the application of paragraph (1) to a recipient of those payments upon receipt of written certification from the recipient that the recipient does not have an account with a financial institution or an authorized payment agent.

“(f)(1) Notwithstanding any other provision of law (including subsections (a) through (e) of this section and sections 5120(a) and (d) of title 38), except as provided in paragraph (2) all Federal payments made after January 1, 1999, shall be made by electronic funds transfer.

“(2)(A) The Secretary of the Treasury may waive application of this subsection to payments—

“(i) for individuals or classes of individuals for whom compliance imposes a hardship;

“(ii) for classifications or types of checks; or

“(iii) in other circumstances as may be necessary.

“(B) The Secretary of the Treasury shall make determinations under subparagraph (A) based on standards developed by the Secretary.

“(g) Each recipient of Federal payments required to be made by electronic funds transfer shall—

“(1) designate 1 or more financial institutions or other authorized agents to which such payments shall be made; and

“(2) provide to the Federal agency that makes or authorizes the payments information necessary for the recipient to receive electronic funds transfer payments through each institution or agent designated under paragraph (1).”; and

(2) by adding after subsection (h) (as so redesignated) the following new subsections:

“(i)(1) The Secretary of the Treasury may prescribe regulations that the Secretary considers necessary to carry out this section.

“(2) Regulations under this subsection shall ensure that individuals required under subsection (g) to have an account at a financial institution because of the application of subsection (f)(1)—

“(A) will have access to such an account at a reasonable cost; and

“(B) are given the same consumer protections with respect to the account as other account holders at the same financial institution.

“(j) For purposes of this section—

“(1) The term ‘electronic funds transfer’ means any transfer of funds, other than a transaction originated by cash, check, or similar paper instrument, that is initiated through an electronic terminal, telephone, computer, or magnetic tape, for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. The term includes Automated Clearing House transfers, Fed Wire transfers, transfers made at automatic teller machines, and point-of-sale terminals.

“(2) The term ‘Federal agency’ means—

“(A) an agency (as defined in section 101 of this title);

and

“(B) a Government corporation (as defined in section 103 of title 5).

“(3) The term ‘Federal payments’ includes—

“(A) Federal wage, salary, and retirement payments;

“(B) vendor and expense reimbursement payments; and

“(C) benefit payments.

Such term shall not include any payment under the Internal Revenue Code of 1986.”

**SEC. 5282. REQUIREMENT TO INCLUDE TAXPAYER IDENTIFYING NUMBER WITH PAYMENT VOUCHER.**

Section 3325 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(d) The head of an executive agency or an officer or employee of an executive agency referred to in subsection (a)(1)(B), as applicable, shall include with each certified voucher submitted to a disbursing official pursuant to this section the taxpayer identifying number of each person to whom payment may be made under the voucher.”

## Subpart I—Miscellaneous

**SEC. 5291. MISCELLANEOUS AMENDMENTS TO DEFINITIONS.**

Section 3701 of title 31, United States Code, is amended—

(1) by amending subsection (a)(1) to read as follows:

“(1) ‘administrative offset’ means withholding funds payable by the United States (including funds payable by the United States on behalf of a State government) to, or held by the United States for, a person to satisfy a claim.”;

(2) by amending subsection (b) to read as follows:

“(b)(1) In subchapter II of this chapter, the term ‘claim’ or ‘debt’ means any amount of funds or property that has been determined by an appropriate official of the Federal Government to be owed to the United States by a person, organization, or entity other than another Federal agency. A claim includes, without limitation—

“(A) funds owed on account of loans made, insured, or guaranteed by the Government, including any deficiency or any difference between the price obtained by the Government in the sale of a property and the amount owed to the Government on a mortgage on the property,

“(B) expenditures of nonappropriated funds,

“(C) over-payments, including payments disallowed by audits performed by the Inspector General of the agency administering the program,

“(D) any amount the United States is authorized by statute to collect for the benefit of any person,

“(E) the unpaid share of any non-Federal partner in a program involving a Federal payment and a matching, or cost-sharing, payment by the non-Federal partner,

“(F) any fines or penalties assessed by an agency; and

“(G) other amounts of money or property owed to the Government.

“(2) For purposes of sections 3716 of this title, each of the terms ‘claim’ and ‘debt’ includes an amount of funds or property owed by a person to a State (including any past-due support being enforced by the State), the District of Columbia, American Samoa, Guam, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or the Commonwealth of Puerto Rico.”; and

(3) by adding after subsection (f) (as added by section 5241 of this subtitle) the following new subsection:

“(g) In section 3716 of this title—

“(1) ‘creditor agency’ means any agency owed a claim that seeks to collect that claim through administrative offset; and

“(2) ‘payment certifying agency’ means any agency that has transmitted a voucher to a disbursing official for disbursement.”.

#### SEC. 5292. MONITORING AND REPORTING.

(a) GUIDELINES.—The Secretary of the Treasury, in consultation with concerned Federal agencies, may establish guidelines, including information on outstanding debt, to assist agencies in the performance and monitoring of debt collection activities.

(b) REPORT.—Not later than 3 years after the date of enactment of this subtitle, the Secretary of the Treasury shall report to the Congress on collection services provided by Federal agencies or entities collecting debt on behalf of other Federal agencies under the authorities contained in section 3711(g) of title 31, United States Code, as added by section 5243 of this subtitle.

(c) AGENCY REPORTS.—Section 3719 of title 31, United States Code, is amended—

(1) in subsection (a)—

(A) by amending the first sentence to read as follows: “In consultation with the Comptroller General of the United States, the Secretary of the Treasury shall prescribe regulations requiring the head of each agency with outstanding nontax claims to prepare and submit to the Secretary at least once each year a report summarizing the status of loans and accounts receivable that are managed by the head of the agency.”; and

(B) in paragraph (3), by striking “Director” and inserting “Secretary”; and

(2) in subsection (b), by striking “Director” and inserting “Secretary”.

(d) CONSOLIDATION OF REPORTS.—Notwithstanding any other provision of law, the Secretary of the Treasury may consolidate reports concerning debt collection otherwise required to be submitted by the Secretary into one annual report.

**SEC. 5293. REVIEW OF STANDARDS AND POLICIES FOR COMPROMISE OR WRITE-DOWN OF DELINQUENT DEBTS.**

The Director of the Office of Management and Budget shall—

- (1) review the standards and policies of each Federal agency for compromising, writing-down, forgiving, or discharging indebtedness arising from programs of the agency;
- (2) determine whether those standards and policies are consistent and protect the interests of the United States;
- (3) in the case of any Federal agency standard or policy that the Secretary determines is not consistent or does not protect the interests of the United States, direct the head of the agency to make appropriate modifications to the standard or policy; and
- (4) report annually to the Congress on—
  - (A) deficiencies in the standards and policies of Federal agencies for compromising, writing-down, forgiving, or discharging indebtedness; and
  - (B) progress made in improving those standards and policies.

**PART II—JUSTICE DEBT MANAGEMENT**

**SEC. 5301. EXPANDED USE OF PRIVATE ATTORNEYS.**

(a) **ELIMINATION OF LIMITATION ON FEES.**—Section 3718(b)(1)(A) of title 31, United States Code, is amended by striking the fourth sentence.

(b) **REPEAL.**—Sections 3 and 5 of the Act of October 28, 1986 (popularly known as the Federal Debt Recovery Act; Public Law 99–578, 100 Stat. 3305) are hereby repealed.

**SEC. 5302. NONJUDICIAL FORECLOSURE OF MORTGAGES.**

Chapter 176 of title 28, United States Code, is amended—

- (1) in the table of subchapters at the beginning of the chapter by adding at the end the following new item:

“E. Nonjudicial foreclosure ..... 3401”; and

- (2) by adding at the end of the chapter the following new subchapter:

“SUBCHAPTER E—NONJUDICIAL FORECLOSURE

- “Sec.
- “3401. Definitions.
- “3402. Rules of construction.
- “3403. Election of procedure.
- “3404. Designation of foreclosure trustee.
- “3405. Notice of foreclosure sale; statute of limitations.
- “3406. Service of notice of foreclosure sale.
- “3407. Cancellation of foreclosure sale.
- “3408. Stay.
- “3409. Conduct of sale; postponement.
- “3410. Transfer of title and possession.
- “3411. Record of foreclosure and sale.
- “3412. Effect of sale.
- “3413. Disposition of sale proceeds.
- “3414. Deficiency judgment.

**“§ 3401. Definitions**

“As used in this subchapter—

“(1) ‘agency’ means—

“(A) an Executive department, as set forth in section 101 of title 5, United States Code;

“(B) an independent establishment, as defined in section 104 of title 5, United States Code (except that it shall not include the General Accounting Office);

“(C) a military department, as set forth in section 102 of title 5, United States Code; and

“(D) a wholly owned government corporation, as defined in section 9101(3) of title 31, United States Code;

“(2) ‘agency head’ means the head and any assistant head of an agency, and may upon the designation by the head of an agency include the chief official of any principal division of an agency or any other employee of an agency;

“(3) ‘bona fide purchaser’ means a purchaser for value in good faith and without notice of any adverse claim who acquires the seller’s interest free of any adverse claim;

“(4) ‘debt instrument’ means a note, mortgage bond, guaranty, or other instrument creating a debt or other obligation, including any instrument incorporated by reference therein and any instrument or agreement amending or modifying a debt instrument;

“(5) ‘file’ or ‘filing’ means docketing, indexing, recording, or registering, or any other requirement for perfecting a mortgage or a judgment;

“(6) ‘foreclosure trustee’ means an individual, partnership, association, or corporation, or any employee thereof, including a successor, appointed by the agency head to conduct a foreclosure sale pursuant to this subchapter;

“(7) ‘mortgage’ means a deed of trust, deed to secure debt, security agreement, or any other form of instrument under which any interest in real property, including leaseholds, life estates, reversionary interests, and any other estates under applicable law is conveyed in trust, mortgaged, encumbered, pledged, or otherwise rendered subject to a lien, for the purpose of securing the payment of money or the performance of any other obligation;

“(8) ‘of record’ means an interest recorded pursuant to Federal or State statutes that provide for official recording of deeds, mortgages, and judgments, and that establish the effect of such records as notice to creditors, purchasers, and other interested persons;

“(9) ‘owner’ means any person who has an ownership interest in property and includes heirs, devisees, executors, administrators, and other personal representatives, and trustees of testamentary trusts if the owner of record is deceased;

“(10) ‘sale’ means a sale conducted pursuant to this subchapter, unless the context requires otherwise; and

“(11) ‘security property’ means real property, or any interest in real property including leaseholds, life estates, reversionary interests, and any other estates under applicable State law that secure a mortgage.



**“§ 3402. Rules of construction**

“(a) IN GENERAL.—If an agency head elects to proceed under this subchapter, this subchapter shall apply and the provisions of this subchapter shall govern in the event of a conflict with any other provision of Federal law or State law.

“(b) LIMITATION.—This subchapter shall not be construed to supersede or modify the operation of—

“(1) the lease-back/buy-back provisions under section 335 of the Consolidated Farm and Rural Development Act, or regulations promulgated thereunder; or

“(2) The Multifamily Mortgage Foreclosure Act of 1981.

“(c) EFFECT ON OTHER LAWS.—This subchapter shall not be construed to curtail or limit the rights of the United States or any of its agencies—

“(1) to foreclose a mortgage under any other provision of Federal law or State law; or

“(2) to enforce any right under Federal law or State law in lieu of or in addition to foreclosure, including any right to obtain a monetary judgment.

“(d) APPLICATION TO MORTGAGES.—The provisions of this subchapter may be used to foreclose any mortgage, whether executed prior or subsequent to the effective date of this subchapter.

**“§ 3403. Election of procedure**

“(a) SECURITY PROPERTY SUBJECT TO FORECLOSURE.—An agency head may foreclose a mortgage upon the breach of a covenant or condition in a debt instrument or mortgage for which acceleration or foreclosure is authorized. An agency head may not institute foreclosure proceedings on the mortgage under any other provision of law, or refer such mortgage for litigation, during the pendency of foreclosure proceedings pursuant to this subchapter.

“(b) EFFECT OF CANCELLATION OF SALE.—If a foreclosure sale is canceled pursuant to section 3407, the agency head may thereafter foreclose on the security property in any manner authorized by law.

**“§ 3404. Designation of foreclosure trustee**

“(a) IN GENERAL.—An agency head shall designate a foreclosure trustee who shall supersede any trustee designated in the mortgage. A foreclosure trustee designated under this section shall have a nonjudicial power of sale pursuant to this subchapter.

“(b) DESIGNATION OF FORECLOSURE TRUSTEE.—

“(1) An agency head may designate as foreclosure trustee—

“(A) an officer or employee of the agency;

“(B) an individual who is a resident of the State in which the security property is located; or

“(C) a partnership, association, or corporation, if such entity is authorized to transact business under the laws of the State in which the security property is located.

“(2) The agency head is authorized to enter into personal services and other contracts not inconsistent with this subchapter.

“(c) METHOD OF DESIGNATION.—An agency head shall designate the foreclosure trustee in writing. The foreclosure trustee may be

designated by name, title, or position. An agency head may designate one or more foreclosure trustees for the purpose of proceedings with multiple foreclosures or a class of foreclosures.

"(d) AVAILABILITY OF DESIGNATION.—An agency head may designate such foreclosure trustees as the agency head deems necessary to carry out the purposes of this subchapter.

"(e) MULTIPLE FORECLOSURE TRUSTEES AUTHORIZED.—An agency head may designate multiple foreclosure trustees for different tracts of a secured property.

"(f) REMOVAL OF FORECLOSURE TRUSTEES; SUCCESSOR FORECLOSURE TRUSTEES.—An agency head may, with or without cause or notice, remove a foreclosure trustee and designate a successor trustee as provided in this section. The foreclosure sale shall continue without prejudice notwithstanding the removal of the foreclosure trustee and designation of a successor foreclosure trustee. Nothing in this section shall be construed to prohibit a successor foreclosure trustee from postponing the foreclosure sale in accordance with this subchapter.

**"§ 3405. Notice of foreclosure sale; statute of limitations**

"(a) IN GENERAL.—

"(1) Not earlier than 21 days nor later than ten years after acceleration of a debt instrument or demand on a guaranty, the foreclosure trustee shall serve a notice of foreclosure sale in accordance with this subchapter.

"(2) For purposes of computing the time period under paragraph (1), there shall be excluded all periods during which there is in effect—

"(A) a judicially imposed stay of foreclosure; or

"(B) a stay imposed by section 362 of title 11, United States Code.

"(3) In the event of partial payment or written acknowledgement of the debt after acceleration of the debt instrument, the right to foreclose shall be deemed to accrue again at the time of each such payment or acknowledgement.

"(b) NOTICE OF FORECLOSURE SALE.—The notice of foreclosure sale shall include—

"(1) the name, title, and business address of the foreclosure trustee as of the date of the notice;

"(2) the names of the original parties to the debt instrument and the mortgage, and any assignees of the mortgagor of record;

"(3) the street address or location of the security property, and a generally accepted designation used to describe the security property, or so much thereof as is to be offered for sale, sufficient to identify the property to be sold;

"(4) the date of the mortgage, the office in which the mortgage is filed, and the location of the filing of the mortgage;

"(5) the default or defaults upon which foreclosure is based, and the date of the acceleration of the debt instrument;

"(6) the date, time, and place of the foreclosure sale;

"(7) a statement that the foreclosure is being conducted in accordance with this subchapter;

“(8) the types of costs, if any, to be paid by the purchaser upon transfer of title; and

“(9) the terms and conditions of sale, including the method and time of payment of the foreclosure purchase price.

**“§ 3406. Service of notice of foreclosure sale**

“(a) RECORD NOTICE.—At least 21 days prior to the date of the foreclosure sale, the notice of foreclosure sale required by section 3405 shall be filed in the manner authorized for filing a notice of an action concerning real property according to the law of the State where the security property is located or, if none, in the manner authorized by section 3201 of this chapter.

“(b) NOTICE BY MAIL.—

“(1) At least 21 days prior to the date of the foreclosure sale, the notice set forth in section 3405 shall be sent by registered or certified mail, return receipt requested—

“(A) to the current owner of record of the security property as the record appears on the date that the notice of foreclosure sale is recorded pursuant to subsection (a);

“(B) to all debtors, including the mortgagor, assignees of the mortgage and guarantors of the debt instrument;

“(C) to all persons having liens, interests or encumbrances of record upon the security property, as the record appears on the date that the notice of foreclosure sale is recorded pursuant to subsection (a); and

“(D) to any occupants of the security property.

If the names of the occupants of the security property are not known to the agency, or the security property has more than one dwelling unit, the notice shall be posted at the security property.

“(2) The notice shall be sent to the debtor at the address, if any, set forth in the debt instrument or mortgage as the place to which notice is to be sent, and if different, to the debtor's last known address as shown in the mortgage record of the agency. The notice shall be sent to any person other than the debtor to that person's address of record or, if there is no address of record, to any address at which the agency in good faith believes the notice is likely to come to that person's attention.

“(3) Notice by mail pursuant to this subsection shall be effective upon mailing.

“(c) NOTICE BY PUBLICATION.—The notice of the foreclosure sale shall be published at least once a week for each of three successive weeks prior to the sale in at least one newspaper of general circulation in any county or counties in which the security property is located. If there is no newspaper published at least weekly that has a general circulation in at least one county in which the security property is located, copies of the notice of foreclosure sale shall instead be posted at least 21 days prior to the sale at the courthouse of any county or counties in which the property is located and the place where the sale is to be held.

**"§ 3407. Cancellation of foreclosure sale**

"(a) IN GENERAL.—At any time prior to the foreclosure sale, the foreclosure trustee shall cancel the sale—

"(1) if the debtor or the holder of any subordinate interest in the security property tenders the performance due under the debt instrument and mortgage, including any amounts due because of the exercise of the right to accelerate, and the expenses of proceeding to foreclosure incurred to the time of tender; or

"(2) if the security property is a dwelling of four units or fewer, and the debtor—

"(A) pays or tenders all sums which would have been due at the time of tender in the absence of any acceleration;

"(B) performs any other obligation which would have been required in the absence of any acceleration; and

"(C) pays or tenders all costs of foreclosure incurred for which payment from the proceeds of the sale would be allowed; or

"(3) for any reason approved by the agency head.

"(b) LIMITATION.—The debtor may not, without the approval of the agency head, cure the default under subsection (a)(2) if, within the preceding 12 months, the debtor has cured a default after being served with a notice of foreclosure sale pursuant to this subchapter.

"(c) NOTICE OF CANCELLATION.—The foreclosure trustee shall file a notice of the cancellation in the same place and manner provided for the filing of the notice of foreclosure sale under section 3406(a).

**"§ 3408. Stay**

"If, prior to the time of sale, foreclosure proceedings under this subchapter are stayed in any manner, including the filing of bankruptcy, no person may thereafter cure the default under the provisions of section 3407(a)(2). If the default is not cured at the time a stay is terminated, the foreclosure trustee shall proceed to sell the security property as provided in this subchapter.

**"§ 3409. Conduct of sale; postponement**

"(a) SALE PROCEDURES.—Foreclosure sale pursuant to this subchapter shall be at public auction and shall be scheduled to begin at a time between the hours of 9:00 a.m. and 4:00 p.m. local time. The foreclosure sale shall be held at the location specified in the notice of foreclosure sale, which shall be a location where real estate foreclosure auctions are customarily held in the county or one of the counties in which the property to be sold is located or at a courthouse therein, or upon the property to be sold. Sale of security property situated in two or more counties may be held in any one of the counties in which any part of the security property is situated. The foreclosure trustee may designate the order in which multiple tracts of security property are sold.

"(b) BIDDING REQUIREMENTS.—Written one-price sealed bids shall be accepted by the foreclosure trustee, if submitted by the agency head or other persons for entry by announcement by the foreclosure trustee at the sale. The sealed bids shall be submitted in accordance with the terms set forth in the notice of foreclosure sale.

The agency head or any other person may bid at the foreclosure sale, even if the agency head or other person previously submitted a written one-price bid. The agency head may bid a credit against the debt due without the tender or payment of cash. The foreclosure trustee may serve as auctioneer, or may employ an auctioneer who may be paid from the sale proceeds. If an auctioneer is employed, the foreclosure trustee is not required to attend the sale. The foreclosure trustee or an auctioneer may bid as directed by the agency head.

“(c) **POSTPONEMENT OF SALE.**—The foreclosure trustee shall have discretion, prior to or at the time of sale, to postpone the foreclosure sale. The foreclosure trustee may postpone a sale to a later hour the same day by announcing or posting the new time and place of the foreclosure sale at the time and place originally scheduled for the foreclosure sale. The foreclosure trustee may instead postpone the foreclosure sale for not fewer than 9 nor more than 31 days, by serving notice that the foreclosure sale has been postponed to a specified date, and the notice may include any revisions the foreclosure trustee deems appropriate. The notice shall be served by publication, mailing, and posting in accordance with section 3406(b) and (c), except that publication may be made on any of three separate days prior to the new date of the foreclosure sale, and mailing may be made at any time at least 7 days prior to the new date of the foreclosure sale.

“(d) **LIABILITY OF SUCCESSFUL BIDDER WHO FAILS TO COMPLY.**—The foreclosure trustee may require a bidder to make a cash deposit before the bid is accepted. The amount or percentage of the cash deposit shall be stated by the foreclosure trustee in the notice of foreclosure sale. A successful bidder at the foreclosure sale who fails to comply with the terms of the sale shall forfeit the cash deposit or, at the election of the foreclosure trustee, shall be liable to the agency on a subsequent sale of the property for all net losses incurred by the agency as a result of such failure.

“(e) **EFFECT OF SALE.**—Any foreclosure sale held in accordance with this subchapter shall be conclusively presumed to have been conducted in a legal, fair, and commercially reasonable manner. The sale price shall be conclusively presumed to constitute the reasonably equivalent value of the security property.

#### “§ 3410. Transfer of title and possession

“(a) **DEED.**—After receipt of the purchase price in accordance with the terms of the sale as provided in the notice of foreclosure sale, the foreclosure trustee shall execute and deliver to the purchaser a deed conveying the security property to the purchaser that grants and conveys title to the security property without warranty or covenants to the purchaser. The execution of the foreclosure trustee’s deed shall have the effect of conveying all of the right, title, and interest in the security property covered by the mortgage. Notwithstanding any other law to the contrary, the foreclosure trustee’s deed shall be a conveyance of the security property and not a quitclaim. No judicial proceeding shall be required ancillary or supplementary to the procedures provided in this subchapter to establish the validity of the conveyance.

“(b) DEATH OF PURCHASER PRIOR TO CONSUMMATION OF SALE.—If a purchaser dies before execution and delivery of the deed conveying the security property to the purchaser, the foreclosure trustee shall execute and deliver the deed to the representative of the purchaser’s estate upon payment of the purchase price in accordance with the terms of sale. Such delivery to the representative of the purchaser’s estate shall have the same effect as if accomplished during the lifetime of the purchaser.

“(c) PURCHASER CONSIDERED BONA FIDE PURCHASER WITHOUT NOTICE.—The purchaser of property under this subchapter shall be presumed to be a bona fide purchaser without notice of defects, if any, in the title conveyed to the purchaser.

“(d) POSSESSION BY PURCHASER; CONTINUING INTERESTS.—A purchaser at a foreclosure sale conducted pursuant to this subchapter shall be entitled to possession upon passage of title to the security property, subject to any interest or interests senior to that of the mortgage. The right to possession of any person without an interest senior to the mortgage who is in possession of the property shall terminate immediately upon the passage of title to the security property, and the person shall vacate the security property immediately. The purchaser shall be entitled to take any steps available under Federal law or State law to obtain possession.

#### “§ 3411. Record of foreclosure and sale

“(a) RECITAL REQUIREMENTS.—The foreclosure trustee shall recite in the deed to the purchaser, or in an addendum to the foreclosure trustee’s deed, or shall prepare an affidavit stating—

- “(1) the date, time, and place of sale;
- “(2) the date of the mortgage, the office in which the mortgage is filed, and the location of the filing of the mortgage;
- “(3) the persons served with the notice of foreclosure sale;
- “(4) the date and place of filing of the notice of foreclosure sale under section 3406(a);
- “(5) that the foreclosure was conducted in accordance with the provisions of this subchapter; and
- “(6) the sale amount.

“(b) EFFECT OF RECITALS.—The recitals set forth in subsection (a) shall be prima facie evidence of the truth of such recitals. Compliance with the requirements of subsection (a) shall create a conclusive presumption of the validity of the sale in favor of bona fide purchasers and encumbrancers for value without notice.

“(c) DEED TO BE ACCEPTED FOR FILING.—The register of deeds or other appropriate official of the county or counties where real estate deeds are regularly filed shall accept for filing and shall file the foreclosure trustee’s deed and affidavit, if any, and any other instruments submitted for filing in relation to the foreclosure of the security property under this subchapter.

#### “§ 3412. Effect of sale

“A sale conducted under this subchapter to a bona fide purchaser shall bar all claims upon the security property by—

- “(1) any person to whom the notice of foreclosure sale was mailed as provided in this subchapter who claims an interest in the property subordinate to that of the mortgage, and the

heir, devisee, executor, administrator, successor, or assignee claiming under any such person;

"(2) any person claiming any interest in the property subordinate to that of the mortgage, if such person had actual knowledge of the sale;

"(3) any person so claiming, whose assignment, mortgage, or other conveyance was not filed in the proper place for filing, or whose judgment or decree was not filed in the proper place for filing, prior to the date of filing of the notice of foreclosure sale as required by section 3406(a), and the heir, devisee, executor, administrator, successor, or assignee of such a person; or

"(4) any other person claiming under a statutory lien or encumbrance not required to be filed and attaching to the title or interest of any person designated in any of the foregoing subsections of this section.

**"§ 3413. Disposition of sale proceeds**

"(a) DISTRIBUTION OF SALE PROCEEDS.—The foreclosure trustee shall distribute the proceeds of the foreclosure sale in the following order:

"(1)(A) First, to pay the commission of the foreclosure trustee, other than an agency employee, the greater of—

"(i) the sum of—

"(I) 3 percent of the first \$1,000 collected, plus

"(II) 1.5 percent on the excess of any sum collected over \$1,000; or

"(ii) \$250.

"(B) The amounts described in subparagraph (A)(i) shall be computed on the gross proceeds of all security property sold at a single sale.

"(2) Thereafter, to pay the expense of any auctioneer employed by the foreclosure trustee, if any, except that the commission payable to the foreclosure trustee pursuant to paragraph (1) shall be reduced by the amount paid to an auctioneer, unless the agency head determines that such reduction would adversely affect the ability of the agency head to retain qualified foreclosure trustees or auctioneers.

"(3) Thereafter, to pay for the costs of foreclosure, including—

"(A) reasonable and necessary advertising costs and postage incurred in giving notice pursuant to section 3406;

"(B) mileage for posting notices and for the foreclosure trustee's or auctioneer's attendance at the sale at the rate provided in section 1921 of title 28, United States Code, for mileage by the most reasonable road distance;

"(C) reasonable and necessary costs actually incurred in connection with any search of title and lien records; and

"(D) necessary costs incurred by the foreclosure trustee to file documents.

"(4) Thereafter, to pay valid real property tax liens or assessments, if required by the notice of foreclosure sale.

"(5) Thereafter, to pay any liens senior to the mortgage, if required by the notice of foreclosure sale.

"(6) Thereafter, to pay service charges and advancements for taxes, assessments, and property insurance premiums.

"(7) Thereafter, to pay late charges and other administrative costs and the principal and interest balances secured by the mortgage, including expenditures for the necessary protection, preservation, and repair of the security property as authorized under the debt instrument or mortgage and interest thereon if provided for in the debt instrument or mortgage, pursuant to the agency's procedure.

"(b) INSUFFICIENT PROCEEDS.—In the event there are no proceeds of sale or the proceeds are insufficient to pay the costs and expenses set forth in subsection (a), the agency head shall pay such costs and expenses as authorized by applicable law.

"(c) SURPLUS MONIES.—

"(1) After making the payments required by subsection (a), the foreclosure trustee shall—

"(A) distribute any surplus to pay liens in the order of priority under Federal law or the law of the State where the security property is located; and

"(B) pay to the person who was the owner of record on the date the notice of foreclosure sale was filed the balance, if any, after any payments made pursuant to paragraph (1).

"(2) If the person to whom such surplus is to be paid cannot be located, or if the surplus available is insufficient to pay all claimants and the claimants cannot agree on the distribution of the surplus, that portion of the sale proceeds may be deposited by the foreclosure trustee with an appropriate official authorized under law to receive funds under such circumstances. If such a procedure for the deposit of disputed funds is not available, and the foreclosure trustee files a bill of interpleader or is sued as a stakeholder to determine entitlement to such funds, the foreclosure trustee's necessary costs in taking or defending such action shall be deducted first from the disputed funds.

#### "§ 3414. Deficiency judgment

"(a) IN GENERAL.—If after deducting the disbursements described in section 3413, the price at which the security property is sold at a foreclosure sale is insufficient to pay the unpaid balance of the debt secured by the security property, counsel for the United States may commence an action or actions against any or all debtors to recover the deficiency, unless specifically prohibited by the mortgage. The United States is also entitled to recover any amount authorized by section 3011 and costs of the action.

"(b) LIMITATION.—Any action commenced to recover the deficiency shall be brought within 6 years of the last sale of security property.

"(c) CREDITS.—The amount payable by a private mortgage guaranty insurer shall be credited to the account of the debtor prior to the commencement of an action for any deficiency owed by the debtor. Nothing in this subsection shall curtail or limit the subrogation rights of a private mortgage guaranty insurer."



Strike section 7002 (relating to civil monetary penalty surcharge and telecommunications carrier compliance payments).

Strike section 10404 (page 700, line 23, through page 701, line 19).

Page 1588, lines 3 through 7, amend subsection (c) to read as follows:

(c) NATIONAL TECHNICAL INFORMATION SERVICE.—

(1) PRIVATIZATION.—All functions of the National Technical Information Service are transferred to the Director of the Office of Management and Budget for privatization in accordance with section 17109 before the end of the 18-month period beginning on the date of the enactment of this Act.

(2) TRANSFER TO NATIONAL INSTITUTE FOR SCIENCE AND TECHNOLOGY.—If an appropriate arrangement for the privatization of functions of the National Technical Information Service under paragraph (1) has not been made before the end of the period described in that paragraph, the National Technical Information Service shall be transferred as of the end of such period to the National Institute for Science and Technology established by section 17207.

(3) GOVERNMENT CORPORATION.—If an appropriate arrangement for the privatization of functions of the National Technical Information Service under paragraph (1) has not been made before the end of the period described in that paragraph, the Director of the Office of Management and Budget shall, within 6 months after the end of such period, submit to Congress a proposal for legislation to establish the National Technical Information Service as a wholly owned Government corporation. The proposal should provide for the corporation to perform substantially the same functions that, as of the date of enactment of this Act, are performed by the National Technical Information Service.

(4) FUNDING.—No funds are authorized to be appropriated for the National Technical Information Service or any successor corporation established pursuant to a proposal under paragraph (3).

Subparagraphs (A) through (H) of section 2121(b)(1) of the Social Security Act (as added by section 16001 of the bill) are amended to read as follows:

“(A) fiscal year 1996 is \$95,662,990,500;

“(B) fiscal year 1997 is \$102,748,012,797;

“(C) fiscal year 1998 is \$107,268,354,400;

“(D) fiscal year 1999 is \$111,826,877,512;

“(E) fiscal year 2000 is \$116,472,575,350;

“(F) fiscal year 2001 is \$121,311,325,403;

“(G) fiscal year 2002 is \$126,351,055,338; and

“(H) each subsequent fiscal year is the pool amount under this paragraph for the previous fiscal year increased by the lesser of 4.1546 percent or the annual percentage increase in the consumer price index for all urban consumers (U.S. city average) for the 12-month period ending in June before the beginning of that subsequent fiscal year.

Paragraph (3) of section 2121(c) of the Social Security Act (as added by section 16001 of the bill) is amended to read as follows:

“(3) FLOORS AND CEILINGS.—

“(A) FLOORS.—In no case shall the amount of the State outlay allotment under paragraph (2) for a fiscal year be less than the following:

“(i) FLOOR BASED ON PREVIOUS YEAR’S OUTLAY ALLOTMENT.—Subject to clause (ii)—

“(I) FISCAL YEAR 1997.—For fiscal year 1997, 103.5 percent of the amount of the State outlay allotment under this subsection for fiscal year 1996.

“(II) FISCAL YEAR 1998.—For fiscal year 1998, 103 percent of the amount of the State outlay allotment under this subsection for fiscal year 1997.

“(III) FISCAL YEAR 1999.—For fiscal year 1999, 102.5 percent of the amount of the State outlay allotment under this subsection for fiscal year 1998.

“(IV) SUBSEQUENT FISCAL YEARS.—For a fiscal year after 1999, 102 percent of the amount of the State outlay allotment under this subsection for the previous fiscal year.

“(ii) FLOOR BASED ON OUTLAY ALLOTMENT GROWTH RATE IN FIRST YEAR.—Beginning with fiscal year 1998, in the case of a State for which the outlay allotment under this subsection for fiscal year 1997 exceeded its outlay allotment under this subsection for the previous fiscal year by—

“(I) more than 120 percent of the national MediGrant growth percentage for fiscal year 1997, 104 percent of the amount of the State outlay allotment under this subsection for the previous fiscal year; or

“(II) less than 120 percent (but more than 75 percent) of the national MediGrant growth percentage for fiscal year 1997, 103 percent of the amount of the State outlay allotment under this subsection for the previous fiscal year.

“(B) CEILINGS.—

“(i) IN GENERAL.—In no case shall the amount of the State outlay allotment under paragraph (2) for a fiscal year be greater than the product of—

“(I) the State outlay allotment under this subsection for the State for the preceding fiscal year, and

“(II) the factor specified in clause (ii) (or, if applicable, in clause (iii)) for the fiscal year.

“(ii) FACTOR DESCRIBED.—The factor described in this clause for—

“(I) fiscal year 1997 is 1.09, and

“(II) each subsequent fiscal year is 1.0533.

“(iii) SPECIAL RULE.—For a fiscal year after fiscal year 1997, in the case of a State (among the 50 States and the District of Columbia) that is one of the 10 States with the lowest Federal MediGrant spending per resident-in-poverty rates (as determined under

clause (iv)) for the fiscal year, the factor that shall be applied under clause (i)(II) shall be the following:

“(I) For each of fiscal years 1998 and 1999, 1.06.

“(II) For fiscal year 2000, 1.060657.

“(III) For fiscal year 2001, 1.061488.

“(IV) For any subsequent fiscal year, 1.062319.

“(iv) DETERMINATION OF FEDERAL MEDIGRANT SPENDING PER RESIDENT-IN-POVERTY RATE.—For purposes of clause (iii), the ‘Federal MediGrant spending per resident-in-poverty rate’ for a State for a fiscal year is equal to—

“(I) the State’s outlay allotment under this subsection for the previous fiscal year (determined without regard to paragraph (4)), divided by

“(II) the average annual number of residents of the State in poverty (as defined in subsection (d)(2)) with respect to the fiscal year.

Section 2121 of the Social Security Act (as added by section 16001 of the bill) is amended by adding at the end the following:

“(f) SUPPLEMENTAL ALLOTMENT FOR EMERGENCY HEALTH CARE SERVICES TO CERTAIN ALIENS.—

“(1) IN GENERAL.—Notwithstanding the previous provisions of this section, the amount of the State outlay allotment for a fiscal year for each supplemental allotment eligible State shall be increased by the amount of the supplemental outlay allotment provided under paragraph (2) for the State for that year. The amount of such increased allotment may only be used for the purpose of providing medical assistance for care and services for aliens described in paragraph (1) of section 2123(e) and for which the exception described in paragraph (2) of such section applies. Section 2122(f)(3) shall apply to such assistance in the same manner as it applies to medical assistance described in such section.

“(2) SUPPLEMENTAL OUTLAY ALLOTMENT.—

“(A) IN GENERAL.—For purposes of paragraph (1), the amount of the supplemental outlay allotment for a supplemental allotment eligible State for a fiscal year is equal to the supplemental allotment ratio (as defined in subparagraph (C)) multiplied by the supplemental pool amount (specified in subparagraph (D)) for the fiscal year.

“(B) SUPPLEMENTAL ALLOTMENT ELIGIBLE STATE.—In this subsection, the term ‘supplemental allotment eligible State’ means one of the 12 States with the highest number of undocumented aliens of all the States.

“(C) SUPPLEMENTAL ALLOTMENT RATIO.—In this paragraph, the ‘supplemental allotment ratio’ for a State is the ratio of—

“(i) the number of undocumented aliens for the State, to

“(ii) the sum of such numbers for all supplemental allotment eligible States.

“(D) SUPPLEMENTAL POOL AMOUNT.—In this paragraph, the ‘supplemental pool amount’—

“(i) for each of fiscal years 1996 through 2002, is an amount so that, if the amount were increased for each such fiscal year beginning with fiscal year 1996 by the national MediGrant growth percentage for the year involved, the total of such amounts for all such fiscal years would be \$3 billion; and

“(ii) for a subsequent year is the supplemental pool amount for the previous fiscal year increased by the national MediGrant growth percentage for such subsequent year.

“(E) DETERMINATION OF NUMBER.—The number of undocumented aliens in a State under this paragraph shall be determined based on estimates of the resident illegal alien population residing in each State prepared by the Statistics Division of the Immigration and Naturalization Service as of October 1992 (or as of such later date if such date is at least 1 year before the beginning of the fiscal year involved).

“(3) TREATMENT FOR OBLIGATION PURPOSES.—For purposes of computing obligation allotments under subsection (a)—

“(A) the amount of the supplemental pool amount for a fiscal year shall be added to the pool amount under subsection (b) for that fiscal year, and

“(B) the amount supplemental allotment to a State provided under paragraph (1) shall be added to the outlay allotment of the State for that fiscal year.

“(4) SEQUENCE OF OBLIGATIONS.—For purposes of carrying out this title, payments to a supplemental allotment eligible State under section 2122 that are attributable to expenditures for medical assistance described in the second sentence of paragraph (1) shall first be counted toward the supplemental outlay allotment provided under this subsection, rather than toward the outlay allotment otherwise provided under this section.

“(g) SPECIAL ADJUSTMENTS FOR FISCAL YEAR 1996.—Notwithstanding the previous provisions of this section—

“(1) the State outlay allotment for Oregon for fiscal year 1996 is increased by \$155,682,700, and

“(2) the State outlay allotment for Tennessee for fiscal year 1996 is increased by \$195,468,000.

The increases provided under this subsection shall not apply to or affect the computation of State outlay allotments of any other States and shall not apply for any fiscal year other than fiscal year 1996.

In section 2174 of the Social Security Act (as added by section 16001), insert after paragraph (4) the following new paragraph (and redesignate the succeeding paragraph accordingly):

“(5) Section 1128B(d) (relating to criminal penalties for certain additional charges).

Page 1740, strike line 5 and all that follows thereafter through page 1741, line 8, and insert the following:

“(B) with respect to fiscal year 1996, for the discretionary category: \$485,074,000,000 in new budget authority and \$531,768,000,000 in outlays;

“(C) with respect to fiscal year 1997, for the discretionary category: \$481,423,000,000 in new budget authority and \$519,288,000,000 in outlays;

“(D) with respect to fiscal year 1998, for the discretionary category: \$489,233,000,000 in new budget authority and \$511,173,000,000 in outlays;

“(E) with respect to fiscal year 1999, for the discretionary category: \$480,420,000,000 in new budget authority and \$508,695,000,000 in outlays;

“(F) with respect to fiscal year 2000, for the discretionary category: \$487,347,000,000 in new budget authority and \$512,202,000,000 in outlays;

“(G) with respect to fiscal year 2001, for the discretionary category: \$494,307,000,000 in new budget authority and \$514,109,000,000 in outlays; and

“(H) with respect to fiscal year 2002, for the discretionary category: \$496,188,000,000 in new budget authority and \$512,426,000,000 in outlays;”.





104TH CONGRESS  
1ST SESSION

# H. R. 2517

To provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 20, 1995

Mr. KASICH introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Agriculture, Banking and Financial Services, Commerce, Economic and Educational Opportunities, Government Reform and Oversight, International Relations, the Judiciary, National Security, Resources, Rules, Science, Transportation and Infrastructure, Veterans' Affairs, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Seven-Year Balanced  
5 Budget Reconciliation Act of 1995".

6 **SEC. 2. TABLE OF TITLES.**

7 This Act is organized into titles as follows:





1 **SEC. 17509. DEFINITIONS.**

2 For purposes of this title—

3 (1) the term “function” includes any duty, obli-  
4 gation, power, authority, responsibility, right, privi-  
5 lege, activity, or program; and6 (2) the term ‘office’ includes any office, admin-  
7 istration, agency, bureau, institute, council, unit, or  
8 ganizational entity, or component thereof.9 **TITLE XVIII—WELFARE REFORM**10 **SEC. 18001. ENACTMENT OF THE PERSONAL RESPONSIBIL-**  
11 **ITY ACT OF 1995.**12 H.R. 4, as passed by the House of Representatives  
13 on March 24, 1995, is hereby enacted with the following  
14 amendments:

15 (1) In section 101, insert

16 “(a) IN GENERAL.—” before “Title IV of the Social  
17 Security Act”.18 (2) At the end of section 101, add the follow-  
19 ing:20 (b) SUBMISSION OF STATE PLAN FOR FISCAL YEAR  
21 1996 DEEMED ACCEPTANCE OF GRANT LIMITATIONS  
22 AND FORMULA.—The submission of a plan by a State  
23 under section 402(a) of the Social Security Act (as in ef-  
24 fect pursuant to the amendment made by subsection (a)  
25 of this section) for fiscal year 1996 is deemed to constitute  
26 the State’s acceptance of the grant limitations under sec-

1 tion 403(a)(1)(A)(i) of such Act (as so in effect) for fiscal  
2 year 1996 (including the formula for computing the  
3 amount of the grant).

4 (3) Strike section 403(a)(1)(A) of the Social  
5 Security Act, as proposed to be added by section  
6 101, and insert the following:

7 “(A) IN GENERAL.—Each eligible State  
8 shall be entitled to receive from the Secretary—

9 “(i) for fiscal year 1996, a grant in  
10 an amount equal to—

11 “(I) the State family assistance  
12 grant for fiscal year 1996; minus

13 “(II) the total amount of obliga-  
14 tions to the State under part A of this  
15 title (as in effect before the effective  
16 date of this part) for fiscal year 1996,  
17 other than with respect to amounts  
18 expended for child care pursuant to  
19 subsection (g) or (i) of section 402 of  
20 this title (as so in effect); and

21 “(ii) for each of fiscal years 1997,  
22 1998, 1999, and 2000, a grant in an  
23 amount equal to the State family assist-  
24 ance grant for the fiscal year.

25 (4) In section 201, insert

1       “(a) IN GENERAL.—” before “Part B of title IV of  
2       the Social Security Act”.

3           (5) At the end of section 201, add the follow-  
4       ing:

5       (b) SUBMISSION OF STATE PLAN FOR FISCAL YEAR  
6       1996 DEEMED ACCEPTANCE OF GRANT LIMITATIONS  
7       AND FORMULA.—The submission of a plan by a State  
8       under section 422(a) of the Social Security Act (as in ef-  
9       fect pursuant to the amendment made by subsection (a)  
10      of this section) for fiscal year 1996 is deemed to constitute  
11      the State’s acceptance of the grant limitations under sec-  
12      tion 423(a)(1)(A) of such Act (as so in effect) for fiscal  
13      year 1996 (including the formula for computing the  
14      amount of the grant).

15           (6) Strike section 423(a)(1) of the Social Secu-  
16      rity Act, as proposed to be added by section 201,  
17      and insert the following:

18           “(1) IN GENERAL.—Each eligible State shall be  
19      entitled to receive from the Secretary—

20           “(A) for fiscal year 1996, a grant in an  
21      amount equal to—

22           “(i) the State share of the child pro-  
23      tection amount for fiscal year 1996; minus

24           “(ii) the total amount of obligations to  
25      the State under parts B and E of this title

1 (as in effect before the effective date of  
2 this part) for fiscal year 1996; and

3 “(B) for each subsequent fiscal year speci-  
4 fied in subsection (b)(1), a grant in an amount  
5 equal to the State share of the child protection  
6 amount for the fiscal year.

7 (7) Strike section 301(b) and insert the follow-  
8 ing:

9 (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
10 658B of the Child Care and Development Block Grant Act  
11 of 1990 (42 U.S.C. 9858B) is amended to read as follows:

12 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

13 “There are authorized to be appropriated to carry out  
14 this subchapter \$1,804,000,000 for fiscal year 1996 and  
15 \$2,093,000,000 for each of the fiscal years 1997, 1998,  
16 1999, 2000, 2001, and 2002.”.

17 (8) In the matter preceding paragraph (1) of  
18 section 3 of the Child Nutrition Act of 1966, as pro-  
19 posed to be amended by section 321, strike “The  
20 Secretary” and insert “(a) IN GENERAL.—The Sec-  
21 retary”.

22 (9) At the end of section 3 of the Child Nutri-  
23 tion Act of 1966, as proposed to be amended by sec-  
24 tion 321, add the following:

25 “(b) ADDITIONAL REQUIREMENTS.—

1           “(1) RESTRICTION ON ALLOTMENTS.—

2                   “(A) COMPUTATION.—The Secretary shall  
3           provide for the computation of State obligation  
4           allotments in accordance with this section for  
5           each of the fiscal years 1996 through 2000.

6                   “(B) LIMITATION ON OBLIGATIONS.—The  
7           Secretary shall not enter into obligations with  
8           any State under this Act for a fiscal year in ex-  
9           cess of the obligation allotment for that State  
10          for the fiscal year, as determined under sub-  
11          section (a). The sum of such obligation allot-  
12          ments for all States in any fiscal year shall not  
13          exceed the amount appropriated to carry out  
14          this Act for that fiscal year.

15                  “(2) AGREEMENT.—The submission of an ap-  
16          plication by a State under section 4 is deemed to  
17          constitute the State’s acceptance of the obligation al-  
18          lotment limitations under this section (including the  
19          formula for computing the amount of such obligation  
20          allotment).

21                  (10) In the matter preceding paragraph (1) of  
22          section 3 of the National School Lunch Act, as pro-  
23          posed to be amended by section 341, strike “The  
24          Secretary” and insert “(a) IN GENERAL.—The Sec-  
25          retary”.

1           (11) At the end of section 3 of the National  
2 School Lunch Act, as proposed to be amended by  
3 section 341, add the following:

4           “(b) ADDITIONAL REQUIREMENTS.—

5                 “(1) RESTRICTION ON ALLOTMENTS.—

6                     “(A) COMPUTATION.—The Secretary shall  
7 provide for the computation of State obligation  
8 allotments in accordance with this section for  
9 each of the fiscal years 1996 through 2000.

10                 “(B) LIMITATION ON OBLIGATIONS.—

11                     “(i) IN GENERAL.—Subject to clause  
12 (ii), the Secretary shall not enter into obli-  
13 gations with any State under this Act for  
14 a fiscal year in excess of the obligation al-  
15 lotment for that State for the fiscal year,  
16 as determined under subsection (a). The  
17 sum of such obligation allotments for all  
18 States in any fiscal year shall not exceed  
19 the school-based nutrition amount for that  
20 fiscal year.

21                     “(ii) REDUCTION FOR POST-ENACT-  
22 MENT NEW OBLIGATIONS IN FISCAL YEAR  
23 1996.—

24                     “(I) IN GENERAL.—The amount  
25 of the obligation allotment otherwise

1 provided under this section for fiscal  
2 year 1996 for a State under this Act  
3 (as in effect on and after the date of  
4 the enactment of the Personal Re-  
5 sponsibility Act of 1995) shall be re-  
6 duced by the amount of the obliga-  
7 tions described in subclause (II) that  
8 are entered into under this Act or  
9 under the Child Nutrition Act of 1966  
10 on or after October 1, 1995, but prior  
11 to the date of the enactment of the  
12 Personal Responsibility Act of 1995.

13 “(II) AMOUNT OF OBLIGATIONS  
14 DESCRIBED.—(aa) Except as provided  
15 in division (bb), the amount of the ob-  
16 ligations described in this subclause  
17 are 100 percent of the amount of the  
18 obligations entered into under this Act  
19 and under the Child Nutrition Act of  
20 1966 (except obligations entered into  
21 under section 17 of such Act).

22 “(bb) For purposes of obligations  
23 entered into under the summer food  
24 service program for children under  
25 section 13 of this Act, the child and

1 adult care food program under section  
2 17 of this Act, and the special milk  
3 program under section 3 of the Child  
4 Nutrition Act of 1966, the amount of  
5 the obligations described in this  
6 subclause are 12.5 percent of the  
7 amount the obligations entered into  
8 under each such program.

9 “(2) AGREEMENT.—The submission of an ap-  
10 plication by a State under section 4 is deemed to  
11 constitute the State’s acceptance of the obligation al-  
12 lotment limitations under this section (including the  
13 formula for computing the amount of such obligation  
14 allotment).

15 “(3) TERMINATION OF PROGRAMS; LIMITATION  
16 ON NEW OBLIGATION AUTHORITY.—

17 “(A) ELIMINATION OF INDIVIDUAL ENTI-  
18 TLEMENT.—Effective on the date of the enact-  
19 ment of the Personal Responsibility Act of  
20 1995—

21 “(i) except as provided in subpara-  
22 graph (B), the Federal Government has no  
23 obligation to provide payment with respect  
24 to items and services provided under this  
25 Act (as in effect on and after the date of



1 the enactment of the Personal Responsibility  
2 Act of 1995); and

3 “(ii) this Act (as in effect on and  
4 after the date of the enactment of the Per-  
5 sonal Responsibility Act of 1995) shall not  
6 be construed as providing for an entitle-  
7 ment, under Federal law in relation to the  
8 Federal Government, in an individual or  
9 person at the time of provision or receipt  
10 of services.

11 “(B) LIMITATION ON OBLIGATION AU-  
12 THORITY.—Notwithstanding any other provision  
13 of this Act, the Secretary is authorized to enter  
14 into obligations with any State under this Act  
15 for expenses incurred after the date of the en-  
16 actment of the Personal Responsibility Act and  
17 during fiscal year 1996, but not in excess of the  
18 obligation allotment for that State for fiscal  
19 year 1996, as determined under subsection (a).

20 **TITLE XIX—CONTRACT WITH**  
21 **AMERICA-TAX RELIEF**

22 **SEC. 19001. ENACTMENT OF CONTRACT WITH AMERICA TAX**  
23 **RELIEF ACT OF 1995.**

24 (a) IN GENERAL.—Title VI of H.R. 1215 of the  
25 104th Congress, as passed by the House of Representa-

1 tives, is hereby enacted with the following modifications  
2 to such title:

3 (1) Strike subtitle E (relating to social security  
4 earnings test) and redesignate subtitles F and G as  
5 subtitles E and F, respectively.

6 (2) Strike subsections (c)(2) and (d)(2) of sec-  
7 tion 6201.

8 (3) Strike the amendment contained in para-  
9 graph (2) of section 6301(d) and insert the follow-  
10 ing: "Subsection (h) of section 1 is amended by add-  
11 ing at the end the following new sentence: 'For pur-  
12 poses of this subsection, taxable income shall be  
13 computed without regard to the deduction allowed  
14 by section 1202.'"

15 (4) Strike section 6321 (relating to depreciation  
16 adjustment for certain property placed in service  
17 after December 31, 1994).

18 (5) Strike part III of subtitle C (relating to al-  
19 ternative minimum tax relief).

20 (6) Strike subtitle F (as redesignated by para-  
21 graph (1)) and insert the following:



1 (and the reconciliation Act for that resolution) or the most  
2 recently agreed to concurrent resolution on the budget  
3 that would achieve a balanced budget by fiscal year 2002  
4 (and the reconciliation Act for that resolution). After con-  
5 sultation with the Director of the Congressional Budget  
6 Office, each such committee shall submit a report of its  
7 findings to its House and the President on or before De-  
8 cember 15, 1995, and annually thereafter. Each such re-  
9 port shall contain the following:

10           “(1) Estimates of the deficit levels (based on  
11           legislation enacted through the date of the report)  
12           for each fiscal year through fiscal year 2002.

13           “(2) An analysis of the variance (if any) be-  
14           tween those estimated deficit levels and the levels set  
15           forth in the concurrent resolution on the budget for  
16           fiscal year 1996 or the most recently agreed to con-  
17           current resolution on the budget that would achieve  
18           a balanced budget by fiscal year 2002.

19           “(3) Policy options to achieve the additional  
20           levels of deficit reduction necessary to balance the  
21           budget of the United States by fiscal year 2002.

22 **“SEC. 6703. CONGRESSIONAL ACTION.**

23           “Each House of Congress shall incorporate the policy  
24 options included in the report of its Committee on the  
25 Budget under section 6702(a)(3) (or other policy options)

1 in developing a concurrent resolution on the budget for  
2 any fiscal year that achieves the additional levels of deficit  
3 reduction necessary to balance the budget of the United  
4 States by fiscal year 2002.

5 **“SEC. 6704. PRESIDENTIAL ACTION.**

6 “If the President submits a budget under section  
7 1105(a) of title 31, United States Code, that does not pro-  
8 vide for a balanced budget for the United States by fiscal  
9 year 2002, then the President shall include with that sub-  
10 mission a complete budget that balances the budget by  
11 that fiscal year.”

12 (7) Conform the table of contents accordingly.

13 (b) TECHNICAL CORRECTION.—Effective with re-  
14 spect to taxable years ending after December 31, 1994,  
15 paragraph (1) of section 1201(b) of the Internal Revenue  
16 Code of 1986, as added by such title VI, is amended to  
17 read as follows:

18 “(1) IN GENERAL.—In the case of any taxable  
19 year ending after December 31, 1994, and beginning  
20 before January 1, 1996, in applying subsection (a),  
21 net capital gain for such taxable year shall not ex-  
22 ceed such net capital gain determined by taking into  
23 account only gain or loss properly taken into account  
24 for the portion of the taxable year after December  
25 31, 1994.”

1 **SEC. 19002. COMPLIANCE WITH CONCURRENT RESOLUTION**  
2 **ON THE BUDGET.**

3 (a) **IN GENERAL.**—For purposes of the Internal Rev-  
4 enue Code of 1986, the taxpayer's net modified chapter  
5 1 liability for any taxable year shall be such liability deter-  
6 mined without regard to this section—

7 (1) increased by 27 percent of the excess (if  
8 any) of—

9 (A) the amount which would be the tax-  
10 payer's net modified chapter 1 liability for such  
11 year if such liability were determined without  
12 regard to the amendments made by subtitles A,  
13 B, C, and D of title VI of H.R. 1215 of the  
14 104th Congress, as passed by the House of  
15 Representatives, over

16 (B) the taxpayer's net modified chapter 1  
17 liability for such year determined without re-  
18 gard to this section, or

19 (2) reduced by 27 percent of the excess (if any)  
20 of the amount described in paragraph (1)(B) over  
21 the liability described in paragraph (1)(A).

22 (b) **NET MODIFIED CHAPTER 1 LIABILITY.**—For  
23 purposes of subsection (a), the term “net modified chapter  
24 1 liability” means the liability for tax under chapter 1 of  
25 the Internal Revenue Code of 1986 determined—

1 (1) without regard to sections 1201 and 1202  
2 of such Code, as amended by such title VI,

3 (2) without regard to the amendments made by  
4 sections 6103 and 6104 of such title VI,

5 (3) after the application of any credit against  
6 such tax other than the credits under sections 31,  
7 33, and 34 of such Code, and

8 (4) before crediting any payment of estimated  
9 tax for the taxable year.

10 (c) CAPITAL GAINS.—

11 (1) CAPITAL GAINS DEDUCTION FOR TAX-  
12 PAYERS OTHER THAN CORPORATIONS.—For pur-  
13 poses of applying section 1202 of the Internal Reve-  
14 nue Code of 1986, as added by such title VI—

15 (A) in the case of taxable years ending be-  
16 fore January 1, 1996, “42.5 percent” shall be  
17 substituted for “50 percent” in subsection (a)  
18 thereof, and

19 (B) in the case of taxable years ending  
20 after December 31, 1995, “34.5 percent” shall  
21 be substituted for “50 percent” in subsection  
22 (a) thereof.

23 (2) ALTERNATIVE CAPITAL GAINS TAX FOR  
24 CORPORATIONS.—

1 (A) For purposes of applying section 1201  
2 of such Code, as amended by such title VI—

3 (i) in the case of taxable years ending  
4 before January 1, 1996, “26.5 percent”  
5 shall be substituted for “25 percent” in  
6 subsection (a)(2) thereof, and

7 (ii) in the case of taxable years ending  
8 after December 31, 1995, “31.9 percent”  
9 shall be substituted for “25 percent” in  
10 subsection (a)(2) thereof.

11 (B) For purposes of applying section  
12 852(b)(3)(D)(iii) of such Code, as amended by  
13 such title VI—

14 (i) in the case of taxable years ending  
15 before January 1, 1996, “73.5 percent”  
16 shall be substituted for “75 percent” in  
17 subsection (a)(2) thereof, and

18 (ii) in the case of taxable years ending  
19 after December 31, 1995, “68.1 percent”  
20 shall be substituted for “75 percent” in  
21 subsection (a)(2) thereof.

22 (3) INDEXING.—For purposes of applying sec-  
23 tion 1022 of such Code, as added by such title VI,  
24 only 69 percent of the applicable inflation adjust-



1       ment under subsection (c)(2) of such section 1022  
2       shall be taken into account.

3           (4) CONFORMING CHANGES.—Proper adjust-  
4       ments shall be made to the percentages and frac-  
5       tions in the following provisions to reflect the per-  
6       centages in paragraphs (1) and (2):

7           (A) Sections 170(c), 1445(e), and  
8       7518(g)(6)(A) of such Code.

9           (B) Section 607(h)(6)(A) of the Merchant  
10       Marine Act, 1936..

11       (d) AMERICAN DREAM SAVINGS ACCOUNTS.—For  
12       purposes of applying section 408A of such Code, as added  
13       by such title VI—

14           (1) only 69 percent of the income on the assets  
15       held in an American Dream Savings Account (which  
16       would otherwise be includible in gross income) shall  
17       be excludible from gross income,

18           (2) only 69 percent of any distribution attrib-  
19       utable to amounts not previously included in gross  
20       income shall be entitled to the treatment described  
21       in subsection (d)(1) of such section 408A, and

22           (3) only 69 percent of any payment or distribu-  
23       tion referred to in subsection (d)(3)(B) of such sec-  
24       tion 408A shall be entitled to the treatment de-  
25       scribed in such subsection.

1 (e) SPOUSAL INDIVIDUAL RETIREMENT AC-  
2 COUNTS.—For purposes of applying sections 219 and 408  
3 of such Code—

4 (1) only 69 percent of the contributions to an  
5 individual retirement plan which are allowable as a  
6 deduction solely by reason of the amendments made  
7 by section 6104 of such title VI shall be allowed as  
8 a deduction, and

9 (2) only 69 percent of the income on the assets  
10 held in an individual retirement plan which are at-  
11 tributable to contributions permitted solely by reason  
12 of the amendments made by section 6104 of such  
13 title VI (which would otherwise be includible in gross  
14 income) shall be excludible from gross income.

15 (f) ALTERNATIVE MINIMUM TAX.—

16 (1) IN GENERAL.—In the case of taxable years  
17 beginning after December 31, 1994—

18 (A) in the case of a taxpayer other than a  
19 corporation, the tax imposed by section 55 of  
20 such Code shall be determined without regard  
21 to paragraph (1) of section 56(a) of such Code,  
22 and

23 (B) in the case of a corporation, the ten-  
24 tative minimum tax under section 55 of such  
25 Code shall be zero.

1           (2) DELAY IN BENEFIT OF REPEAL FOR TAX-  
2       ABLE YEARS 1995 AND 1996.—

3           (A) IN GENERAL.—Paragraph (1) shall not  
4       apply to any taxable year beginning before Jan-  
5       uary 1, 1997, but there shall be allowed as a  
6       credit against the tax imposed by subtitle A of  
7       such Code for each taxable year referred to in  
8       subparagraph (C) an amount equal to the credit  
9       determined under subparagraph (B).

10          (B) AMOUNT OF CREDIT.—The credit de-  
11       termined under this subparagraph for any tax-  
12       able year to which this paragraph applies is an  
13       amount equal to  $\frac{1}{3}$  of the excess (if any) of—

14           (i) the aggregate tax paid under sec-  
15       tion 55 of such Code for taxable years be-  
16       ginning after December 31, 1994, and be-  
17       fore January 1, 1997, over

18           (ii) the amount of tax which would  
19       have been imposed by such section 55 for  
20       such taxable years had paragraph (1) ap-  
21       plied to such taxable years.

22          (C) YEARS CREDIT ALLOWED.—The tax-  
23       able years referred to in this subparagraph are  
24       the first 3 taxable years of the taxpayer begin-  
25       ning after December 31, 1996.

1 (D) COORDINATION WITH OTHER PROVI-  
2 SIONS.—For purposes of the Internal Revenue  
3 Code of 1986, the credit allowed under para-  
4 graph (1) shall be treated as a credit allowed  
5 under subpart C of part IV of subchapter A of  
6 chapter 1 of such Code and as referred to in  
7 paragraph (2) of 1324(b) of title 31, United  
8 States Code, immediately before the period at  
9 the end thereof.

10 (g) COMPARABLE TREATMENT FOR ESTATE AND  
11 GIFT TAX CHANGES.—A rule similar to the rule of sub-  
12 section (a) shall apply to any reduction in liability for tax  
13 under subtitle B of such Code by reason of the amend-  
14 ments made by section 6351 of such title VI.

15 **TITLE XX—BUDGET**  
16 **ENFORCEMENT**

17 **SEC. 20001. SHORT TITLE; PURPOSE.**

18 (a) SHORT TITLE.—This title may be cited as the  
19 “Seven-Year Balanced Budget Enforcement Act of 1995”.

20 (b) PURPOSE.—This title extends and reduces the  
21 discretionary spending limits and extends the pay-as-you-  
22 go requirements.

23 **SEC. 20002. DISCRETIONARY SPENDING LIMITS.**

24 (a) LIMITS.—Section 601(a)(2) of the Congressional  
25 Budget Act of 1974 is amended by striking subparagraphs

1 (A), (B), (C), (D), and (F), by redesignating subpara-  
2 graph (E) as subparagraph (A) and by striking “and” at  
3 the end of that subparagraph, and by inserting after sub-  
4 paragraph (A) the following new subparagraphs:

5           “(B) with respect to fiscal year 1996, for  
6           the discretionary category: \$485,074,000,000 in  
7           new budget authority and \$531,768,000,000 in  
8           outlays;

9           “(C) with respect to fiscal year 1997, for  
10          the discretionary category: \$482,430,000,000 in  
11          new budget authority and \$520,295,000,000 in  
12          outlays;

13          “(D) with respect to fiscal year 1998, for  
14          the discretionary category: \$490,692,000,000 in  
15          new budget authority and \$512,632,000,000 in  
16          outlays;

17          “(E) with respect to fiscal year 1999, for  
18          the discretionary category: \$482,207,000,000 in  
19          new budget authority and \$510,482,000,000 in  
20          outlays;

21          “(F) with respect to fiscal year 2000, for  
22          the discretionary category: \$489,379,000,000 in  
23          new budget authority and \$514,234,000,000 in  
24          outlays;

1           “(G) with respect to fiscal year 2001, for  
2           the discretionary category: \$496,601,000,000 in  
3           new budget authority and \$516,403,000,000 in  
4           outlays; and

5           “(H) with respect to fiscal year 2002, for  
6           the discretionary category: \$498,837,000,000 in  
7           new budget authority and \$515,075,000,000 in  
8           outlays;”.

9           (b) COMMITTEE ALLOCATIONS AND ENFORCE-  
10          MENT.—Section 602 of the Congressional Budget Act of  
11          1974 is amended—

12           (1) in subsection (c), by striking “1995” and  
13           inserting “2002” and by striking the last sentence;  
14           and

15           (2) in subsection (d), by striking “1992 TO  
16           1995” in the side heading and inserting “1996 TO  
17           2002” and by striking “1992 through 1995” and in-  
18           serting “1996 through 2002”.

19           (c) TERM OF BUDGET RESOLUTIONS.—Section 606  
20          of the Congressional Budget Act of 1974 is amended—

21           (1) in its section heading by striking “**5-year**”  
22           and inserting “**term of**”;

23           (2) in the sideheading of subsection (a), by  
24           striking “5-YEAR” and inserting “TERM OF”;

1           (3) in subsection (a), by striking “1992, 1993,  
2           1994, or 1995” and inserting “1996 or any fiscal  
3           year thereafter through 2002” and by inserting “at  
4           least” before “each”; and

5           (4) in subsection (d)(1), by striking “1992,  
6           1993, 1994, and 1995” and inserting “1996 or any  
7           fiscal year thereafter through 2002”, and by striking  
8           “(i) and (ii)”.

9           (d) EFFECTIVE DATE.—Section 607 of the Congres-  
10          sional Budget Act of 1974 is amended by striking “1991  
11          to 1998” and inserting “1996 to 2002”.

12          (e) SEQUESTRATION REGARDING VIOLENT CRIME  
13          REDUCTION TRUST FUND.—(1) Section 251A(b)(1) of  
14          the Balanced Budget and Emergency Deficit Control Act  
15          of 1985 is amended by striking subparagraphs (B), (C),  
16          and (D) and its last sentence and inserting the following:

17                   “(B) For fiscal year 1996,  
18                   \$2,227,000,000.

19                   “(C) For fiscal year 1997, \$3,846,000,000.

20                   “(D) For fiscal year 1998,  
21                   \$4,901,000,000.

22                   “(E) For fiscal year 1999,  
23                   \$5,639,000,000.

24                   “(F) For fiscal year 2000,  
25                   \$6,225,000,000.”.

1           (2) Section 310002 of the Violent Crime Control and  
2 Law Enforcement Act of 1994 (42 U.S.C. 14212) is re-  
3 pealed.

4           (f) CONFORMING AMENDMENT.—The item relating  
5 to section 606 in the table of contents set forth in section  
6 1(b) of the Congressional Budget and Impoundment Con-  
7 trol Act of 1974 is amended by striking “5-year” and in-  
8 serting “Term of”.

9 **SEC. 20003. GENERAL STATEMENT AND DEFINITIONS.**

10           (a) GENERAL STATEMENT.—Section 250(b) of the  
11 Balanced Budget and Emergency Deficit Control Act of  
12 1985 is amended by striking the first two sentences and  
13 inserting the following: “This part provides for the en-  
14 forcement of deficit reduction by reducing and extending  
15 the discretionary spending limits though fiscal year 2002  
16 and permanently extending pay-as-you-go requirements.”.

17           (b) DEFINITIONS.—Section 250(c) of the Balanced  
18 Budget and Emergency Deficit Control Act of 1985 is  
19 amended—

20                   (1) by striking paragraph (4) and inserting the  
21 following:

22                           “(4) The term ‘category’ means:

23                                   “(A) For fiscal years 1996 through 2000,  
24                                   all discretionary appropriations except those  
25                                   subject to section 251A; and



1           “(B) For fiscal year 2001 and any subse-  
2           quent fiscal year, all discretionary appropria-  
3           tions.”;

4           (2) by striking paragraph (6) and inserting the  
5           following:

6           “(6) The term ‘budgetary resources’ means new  
7           budget authority, unobligated balances, direct spend-  
8           ing authority, and obligation limitations.”;

9           (3) in paragraph (9), by striking “1992” and  
10          inserting “1996”; and

11          (4) in paragraph (14), by striking “through fis-  
12          cal year 1995”.

13 **SEC. 20004. ENFORCING DISCRETIONARY SPENDING LIM-**  
14 **ITS.**

15          Section 251 of the Balanced Budget and Emergency  
16          Deficit Control Act of 1985 is amended—

17          (1) in the side heading of subsection (a), by  
18          striking “1991–1998” and inserting “1996–2002”;

19          (2) in the first sentence of subsection (b)(1), by  
20          striking “1992, 1993, 1994, 1995, 1996, 1997 or  
21          1998” and inserting “1997 or any fiscal year there-  
22          after through 2002” and by striking “through  
23          1998” and inserting “through 2002”;

24          (3) in subsection (b)(1), by striking “the follow-  
25          ing:” and all that follows through “The adjust-

1       ments” and inserting “the following: the adjust-  
2       ments” and by striking subparagraphs (B) and (C);

3           (4) in subsection (b)(2), by striking “1991,  
4       1992, 1993, 1994, 1995, 1996, 1997, or 1998” and  
5       inserting “1996 or any fiscal year thereafter through  
6       2002” and by striking “through 1998” and insert-  
7       ing “through 2002”;

8           (5) in subsection (b)(2)(E), by striking clauses  
9       (i), (ii), and (iii) and by striking “(iv) if, for fiscal  
10      years 1994, 1995, 1996, 1997, and 1998” and in-  
11      serting “If, for fiscal years 1996 through 2002”;  
12      and

13          (6) in subsection (b)(2)(F), by striking every-  
14      thing after “the adjustment in outlays” and insert-  
15      ing “for a category for a fiscal year is the amount  
16      of the excess but not to exceed 0.5 percent of the  
17      adjusted discretionary spending limit on outlays for  
18      that fiscal year in fiscal year 1996 or any fiscal year  
19      thereafter through 2002.”.

20   **SEC. 20005. ENFORCING PAY-AS-YOU-GO.**

21       (a) **EXTENSION.**—(1) Section 252 of the Balanced  
22   Budget and Emergency Deficit Control Act of 1985 is  
23   amended—

24          (A) in the side heading of subsection (a), by  
25      striking “FISCAL YEARS 1992–1998”; and

1 (B) in subsection (e), by striking “, for any fis-  
2 cal year from 1991 through 1998,” and by striking  
3 “through 1995”.

4 (b) ROLLING PAY-AS-YOU-GO SCORECARD.—Section  
5 252(d) of the Balanced Budget and Emergency Deficit  
6 Control Act of 1985 is amended by striking “each fiscal  
7 year through fiscal year 1998” each place it appears and  
8 inserting “the current year (if applicable), the budget  
9 year, and each of the first 4 outyears”.

10 **SEC. 20006. REPORTS AND ORDERS.**

11 Section 254 of the Balanced Budget and Emergency  
12 Deficit Control Act of 1985 is amended—

13 (1) in subsection (d)(2), by striking  
14 “1998” and inserting “2002”; and

15 (2)(A) in subsection (g)(2)(A), by striking  
16 “1998” and inserting “2002”; and

17 (B) in subsection (g)(3), by striking “in each  
18 outyear through 1998” and inserting “in each of the  
19 4 ensuing outyears”.

20 **SEC. 20007. TECHNICAL CORRECTION.**

21 Section 258 of the Balanced Budget and Emergency  
22 Deficit Control Act of 1985, entitled “Modification of  
23 Presidential Order”, is repealed.

1 **SEC. 20008. SPECIAL RULE ON INTERRELATIONSHIP BE-**  
2 **TWEEN CHANGES IN DISCRETIONARY SPEND-**  
3 **ING LIMITS AND PAY-AS-YOU-GO REQUIRE-**  
4 **MENTS.**

5 (a)(1) Section 252 of the Balanced Budget and  
6 Emergency Deficit Control Act of 1985 is amended by  
7 adding at the end the following new subsection:

8 “(f) SPECIAL RULE ON INTERRELATIONSHIP BE-  
9 TWEEN SECTIONS 251, 251A, and 252.—Whenever legis-  
10 lation is enacted during the 104th Congress that decreases  
11 the discretionary spending limits for budget authority and  
12 outlays for a fiscal year under section 601(a)(2) of the  
13 Congressional Budget Act of 1974 or in section 251A(b)  
14 of the Balanced Budget and Emergency Deficit Control  
15 Act of 1985, or both, then, for purposes of subsection (b),  
16 an amount equal to that decrease in the discretionary  
17 spending limit for outlays shall be treated as direct spend-  
18 ing legislation decreasing the deficit for that fiscal year.”.

19 (2) Section 310(a) of the Congressional Budget Act  
20 of 1974 is amended by striking “or” at the end of para-  
21 graph (3), by redesignating paragraph (4) as paragraph  
22 (5) and by striking “and (3)” in such redesignated para-  
23 graph (5) and inserting “(3), and (4)”, and by inserting  
24 after paragraph (3) the following new paragraph:

1           “(4) carry out section 252(f) of the Balanced  
2 Budget and Emergency Deficit Control Act of 1985;  
3 or”.

4           (b) For purposes of section 252(f) of the Balanced  
5 Budget and Emergency Deficit Control Act of 1985 (as  
6 amended by subsection (a)(1))—

7           (1) reductions in the discretionary spending  
8 limit for outlays under section 601(a)(2) of the Con-  
9 gressional Budget Act of 1974 for each of fiscal  
10 years 1999 through 2002 under section 20002 shall  
11 be measured as reductions from the discretionary  
12 spending limit for outlays for fiscal year 1998 as in  
13 effect immediately before the enactment of this Act;  
14 and

15           (2) reductions in the discretionary spending  
16 limit for outlays under section 251A(b) of the Bal-  
17 anced Budget and Emergency Deficit Control Act of  
18 1985 for each of fiscal years 1996 through 2000  
19 under section 20002 shall be measured as reductions  
20 in outlays for that fiscal year under section 251A(b)  
21 as in effect immediately before the enactment of this  
22 Act.

1 **SEC. 20009. MEDICARE SAVINGS CANNOT BE USED TO PAY**  
2 **FOR TAX CUTS.**

3 Any net savings in direct spending and receipts in  
4 the Medicare program for any fiscal year resulting from  
5 the enactment of this Act or H.R. 2425 (as applicable)  
6 shall not be counted for purposes of section 252 of the  
7 Balanced Budget and Emergency Deficit Control Act of  
8 1985.

9 **SEC. 20010. EFFECTIVE DATE.**

10 (a) EXPIRATION.—Section 275(b) of the Balanced  
11 Budget and Emergency Deficit Control Act of 1985 is  
12 amended—

13 (1) by striking “Part C of this title, section”  
14 and inserting “Sections 251, 253, 258B, and”; and

15 (2) by striking “1995” and inserting “2002”.

16 (b) EXPIRATION.—Section 14002(c)(3) of the Omni-  
17 bus Budget Reconciliation Act of 1993 (2 U.S.C. 900  
18 note) is repealed.

19 **SEC. 20011. APPLICATION OF SECTION 251 ADJUSTMENTS.**

20 Section 251(b)(2) of the Balanced Budget and Emer-  
21 gency Deficit Control Act of 1985 is amended by adding  
22 at the end the following new subparagraph:

23 “(H) SPECIAL ALLOWANCE FOR WELFARE RE-  
24 FORM.—If, for any fiscal year, appropriations are  
25 enacted for accounts specified in clauses (i) and (ii),  
26 the adjustment shall be the sum of:

1           “(i) the excess of the appropriation for the  
2           fiscal year for the Child Care and Development  
3           Block Grant over \$1,082,000,000, but not to  
4           exceed \$722,000,000 in fiscal year 1996 or  
5           \$1,011,000,000 in fiscal year 1997 through  
6           2002; and

7           “(ii) the excess of the appropriation for the  
8           fiscal year for the Family Nutrition Block  
9           Grant Program over \$3,470,000,000, but not to  
10          exceed \$692,000,000 in fiscal year 1996,  
11          \$1,307,000,000 in fiscal year 1997,  
12          \$1,466,000,000 in fiscal year 1998,  
13          \$1,650,000,000 in fiscal year 1999,  
14          \$1,838,000,000 in fiscal year 2000,  
15          \$2,075,000,000 in fiscal year 2001, or  
16          \$2,324,000,000 in fiscal year 2002;

17          and the outlays flowing in all years from such excess  
18          appropriations (as reduced pursuant to the limita-  
19          tions in clauses (i) and (ii)).”.

20 **SEC. 20012. SPECIAL RULES APPLICABLE TO DEPARTMENT**  
21 **OF DEFENSE SEQUESTRATION.**

22          Section 255 of the Balanced Budget and Emergency  
23          Deficit Control Act of 1985 is amended by striking sub-  
24          section (h) (relating to optional exemption of military per-

1 sonnel) and adding at the end the following new sub-  
2 section:

3 “(j) OPTIONAL EXEMPTION FOR MILITARY PERSON-  
4 NEL.—

5 “(1) AUTHORITY FOR EXEMPTION.—The Presi-  
6 dent may, with respect to any military personnel ac-  
7 count, exempt that account from sequestration or  
8 provide for a lower uniform percentage reduction  
9 than would otherwise apply.

10 “(B) The President may not use the au-  
11 thority provided by subparagraph (A) unless he  
12 notifies the Congress of the manner in which  
13 such authority will be exercised on or before the  
14 initial snapshot date for the budget year.

15 “(2) AUTHORITY FOR MILITARY TECHNICIANS  
16 AND MEDICAL PERSONNEL.—

17 “(A) Whenever the President exempts a  
18 military personnel account from sequestration  
19 under paragraph (1) and after all other seques-  
20 trations to Department of Defense account have  
21 been made, the Secretary of Defense may trans-  
22 fer amounts to any appropriation for operation  
23 and maintenance for the current fiscal year  
24 from amounts available under any other appro-  
25 priation to the Department of Defense, but—



1           “(i) amounts so transferred shall be  
2           available only for the pay of military tech-  
3           nicians, the pay of medical personnel, and  
4           other expenses of medical programs (in-  
5           cluding CHAMPUS); and

6           “(ii) the total amount transferred to  
7           any operations and maintenance appropria-  
8           tion shall not exceed the amount seques-  
9           tered from such appropriation.

10          “(C) The authority to make transfers pur-  
11          suant to subparagraph (A) is in addition to any  
12          authority of the Secretary of Defense to make  
13          transfers of appropriated funds under any other  
14          provision of law.

15          “(D) The Secretary of Defense may carry  
16          out a transfer of funds under subparagraph (A)  
17          only after notifying the Committees on Appro-  
18          priations of the Senate and House of Rep-  
19          resentatives of the proposed transfer and a pe-  
20          riod of 20 calendar days in session has elapsed  
21          after such notice is received.”.

22   **SEC. 20013. TREATMENT OF DIRECT STUDENT LOANS.**

23          Section 504 of the Federal Credit Reform Act of  
24   1990 is amended by adding at the end the following new  
25   subsection:

1       “(h) TREATMENT OF DIRECT STUDENT LOANS.—

2       The cost of a direct loan under the Federal direct student  
3       loan program shall be the net present value, at the time  
4       when the direct loan is disbursed, of the following cash  
5       flows for the estimated life of the loan:

6               “(1) Loan disbursements.

7               “(2) Repayments of principal.

8               “(3) Payments of interest and other payments  
9       by or to the Government over the life of the loan  
10       after adjusting for estimated defaults, prepayments,  
11       fees, penalties, and other recoveries.

12              “(4) Direct expenses, including—

13                      “(A) activities related to credit extension,  
14                      loan origination, loan servicing, management of  
15                      contractors, and payments to contractors, other  
16                      government entities, and program participants;

17                      “(B) collection of delinquent loans; and

18                      “(C) writeoff and closeout of loans.”.

19       **SEC. 20014. DEFINITION OF PROGRAMS, PROJECTS, AND**  
20                               **ACTIVITIES FOR DEPARTMENT OF DEFENSE**  
21                               **APPROPRIATIONS.**

22       For purposes of the Balanced Budget and Emergency  
23       Deficit Control Act of 1985, the term program, project,  
24       and activity for appropriations contained in any Depart-  
25       ment of Defense appropriation Act shall be defined as the

1 most specific level of budget items identified in the most  
2 recent Department of Defense appropriation Act, the ac-  
3 companying House and Senate Committee reports, the  
4 conference report and accompanying joint explanatory  
5 statement of the managers of the committee of conference,  
6 the related classified annexes and reports, and the P-1  
7 and R-1 budget justification documents as subsequently  
8 modified by congressional action: *Provided*, That the fol-  
9 lowing exception to the above definition shall apply:

10       For the Military Personnel and the Operation and  
11 Maintenance accounts, the term “program, project, and  
12 activity” is defined as the appropriation accounts con-  
13 tained in the most recent Department of Defense appro-  
14 priation Act: *Provided further*, That at the time the Presi-  
15 dent submits his budget for any fiscal year, the Depart-  
16 ment of Defense shall transmit to the Committees on Ap-  
17 propriations and the Committees on Armed Services of the  
18 Senate and the House of Representatives a budget jus-  
19 tification document to be known as the “O-1” which shall  
20 identify, at the budget activity, activity group, and sub-  
21 activity group level, the amounts requested by the Presi-  
22 dent to be appropriated to the Department of Defense for  
23 operation and maintenance in any budget request, or  
24 amended budget request, for that fiscal year.



104TH CONGRESS  
1ST SESSION

# H. R. 2530

To provide for deficit reduction and achieve a balanced budget by fiscal year 2002.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 25, 1995

Mr. ORTON (for himself, Mr. STENHOLM, Mr. PETERSON of Minnesota, Mr. CONDIT, Mr. PAYNE of Virginia, Mr. BROWDER, Mrs. LINCOLN, Mr. BREWSTER, Mr. TANNER, Mr. BAESLER, Mr. MINGE, Mr. HALL of Texas, Mr. HAYES, Mr. PETE GEREN of Texas, Mr. CRAMER, Mr. ROSE, Mr. SISISKY, Mr. SABO, Mr. POSHARD, and Mr. ROEMER) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Agriculture, Banking and Financial Services, Commerce, Economic and Educational Opportunities, Government Reform and Oversight, House Oversight, the Judiciary, National Security, Resources, Rules, Transportation and Infrastructure, Veterans' Affairs, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for deficit reduction and achieve a balanced budget by fiscal year 2002.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Common Sense Balanced Budget Act of 1995”.

## 1 (b) TABLE OF CONTENTS.—

## TITLE I—ENERGY, NATURAL RESOURCES AND ENVIRONMENT

## Subtitle A—Energy

- Sec. 1101. Privatization of uranium enrichment.
- Sec. 1102. Making permanent Nuclear Regulatory Commission annual charges.
- Sec. 1103. Cogeneration.
- Sec. 1104. FEMA radiological emergency preparedness fees.

## Subtitle B—Central Utah

- Sec. 1121. Prepayment of certain repayment contracts between the United States and the Central Utah Water Conservancy District.

## Subtitle C—Army Corps of Engineers

- Sec. 1131. Regulatory Program Fund.

## Subtitle D—Helium Reserve

- Sec. 1141. Sale of helium processing and storage facility.

## Subtitle E—Territories

- Sec. 1151. Termination of annual direct assistance to Northern Mariana Islands.

## TITLE II—AGRICULTURAL PROGRAMS

- Sec. 2001. Short title.

## Subtitle A—Extension and Modification of Various Commodity Programs

- Sec. 2101. Extension of loans, payments, and acreage reduction programs for wheat through 2002.
- Sec. 2102. Extension of loans, payments, and acreage reduction programs for feed grains through 2002.
- Sec. 2103. Extension of loans, payments, and acreage reduction programs for cotton through 2002.
- Sec. 2104. Extension of loans, payments, and acreage reduction programs for rice through 2002.
- Sec. 2105. Extension of loans and payments for oilseeds through 2002.
- Sec. 2106. Increase in flex acres.
- Sec. 2107. Reduction in 50/85 and 0/85 programs.

## Subtitle B—Sugar

- Sec. 2201. Extension and modification of sugar program.

## Subtitle C—Peanuts

- Sec. 2301. Extension of price support program for peanuts and related programs.
- Sec. 2302. National poundage quotas and acreage allotments.
- Sec. 2303. Sale, lease, or transfer of farm poundage quota.
- Sec. 2304. Penalty for reentry of exported peanut products.
- Sec. 2305. Price support program for peanuts.

- Sec. 2306. Referendum regarding poundage quotas.
- Sec. 2307. Regulations.

#### Subtitle D—Tobacco

- Sec. 2401. Elimination of Federal budgetary outlays for tobacco programs.
- Sec. 2402. Establishment of farm yield for Flue-cured tobacco based on individual farm production history.
- Sec. 2403. Removal of farm reconstitution exception for Burley tobacco.
- Sec. 2404. Reduction in percentage threshold for transfer of Flue-cured tobacco quota in cases of disaster.
- Sec. 2405. Expansion of types of tobacco subject to no net cost assessment.
- Sec. 2406. Repeal of reporting requirements relating to export of tobacco.
- Sec. 2407. Repeal of limitation on reducing national marketing quota for Flue-cured and Burley tobacco.
- Sec. 2408. Application of civil penalties under Tobacco Inspection Act.
- Sec. 2409. Transfers of quota or allotment across county lines in a State.
- Sec. 2410. Calculation of national marketing quota.
- Sec. 2411. Clarification of authority to assess civil money penalties.
- Sec. 2412. Lease and transfer of farm marketing quotas for Burley tobacco.
- Sec. 2413. Limitation on transfer of acreage allotments of other tobacco.
- Sec. 2414. Good faith reliance on actions or advice of Department representatives.
- Sec. 2415. Uniform forfeiture dates for Flue-cured and Burley tobacco.
- Sec. 2416. Sale of Burley and Flue-cured tobacco marketing quotas for a farm by recent purchasers.

#### Subtitle E—Planting Flexibility

- Sec. 2501. Definitions.
- Sec. 2502. Crop and total acreage bases.
- Sec. 2503. Planting flexibility.
- Sec. 2504. Farm program payment yields.
- Sec. 2505. Application of provisions.

#### Subtitle F—Miscellaneous Provisions

- Sec. 2601. Limitations on amount of deficiency payments and land diversion payments.
- Sec. 2602. Sense of Congress regarding certain Canadian trade practices.

### TITLE III—COMMERCE

- Sec. 3101. Spectrum auctions.
- Sec. 3102. Federal Communications Commission fee collections.
- Sec. 3103. Auction of recaptured analog licenses.
- Sec. 3104. Patent and trademark fees.
- Sec. 3105. Repeal of authorization of transitional appropriations for the United States Postal Service.

### TITLE IV—TRANSPORTATION

- Sec. 4101. Extension of railroad safety fees.
- Sec. 4102. Permanent extension of vessel tonnage duties.
- Sec. 4103. Sale of Governors Island, New York.
- Sec. 4104. Sale of air rights.

### TITLE V—HOUSING PROVISIONS

- Sec. 5101. Reduction of section 8 annual adjustment factors for units without tenant turnover.
- Sec. 5102. Maximum mortgage amount floor for single family mortgage insurance.
- Sec. 5103. Foreclosure avoidance and borrower assistance.

#### TITLE VI—INDEXATION AND MISCELLANEOUS ENTITLEMENT-RELATED PROVISIONS

- Sec. 6101. Consumer Price Index.
- Sec. 6102. Reduction in title XX block grants to States for social services.
- Sec. 6103. Matching rate requirement for title XX block grants to States for social services.
- Sec. 6104. Denial of unemployment insurance to certain high-income individuals.
- Sec. 6105. Denial of unemployment insurance to individuals who voluntarily leave military service.

#### TITLE VII—MEDICAID REFORM

##### Subtitle A—Per Capita Spending Limit

- Sec. 7001. Limitation on expenditures recognized for purposes of Federal financial participation.

##### Subtitle B—Medicaid Managed Care

- Sec. 7101. Permitting greater flexibility for States to enroll beneficiaries in managed care arrangements.
- Sec. 7102. Removal of barriers to provision of medicaid services through managed care.
- Sec. 7103. Additional requirements for medicaid managed care plans.
- Sec. 7104. Preventing fraud in medicaid managed care.
- Sec. 7105. Assuring adequacy of payments to medicaid managed care plans and providers.
- Sec. 7106. Sanctions for noncompliance by eligible managed care providers.
- Sec. 7107. Report on public health services.
- Sec. 7108. Report on payments to hospitals.
- Sec. 7109. Conforming amendments.
- Sec. 7110. Effective date; status of waivers.

##### Subtitle C—Additional Reforms of Medicaid Acute Care Program

- Sec. 7201. Permitting increased flexibility in medicaid cost-sharing.
- Sec. 7202. Limits on required coverage of additional treatment services under EPSDT.
- Sec. 7203. Delay in application of new requirements.
- Sec. 7204. Deadline on action on waivers.

##### Subtitle D—National Commission on Medicaid Restructuring

- Sec. 7301. Establishment of commission.
- Sec. 7302. Duties of commission.
- Sec. 7303. Administration.
- Sec. 7304. Authorization of appropriations.
- Sec. 7305. Termination.

##### Subtitle E—Restrictions on Disproportionate Share Payments



Sec. 7401. Reforming disproportionate share payments under State medicaid programs.

Subtitle F—Fraud Reduction

Sec. 7501. Monitoring payments for dual eligibles.  
 Sec. 7502. Improved identification systems.

TITLE VIII—MEDICARE

Sec. 8000. Short title; references in title.

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#### PART 2—MEDICARE SUBVENTION

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#### Subtitle G—Other Provisions

- Sec. 8601. Extension and expansion of existing secondary payer requirements.
- Sec. 8602. Repeal of medicare and medicaid coverage data bank.
- Sec. 8603. Clarification of medicare coverage of items and services associated with certain medical devices approved for investigational use.
- Sec. 8604. Additional exclusion from coverage.
- Sec. 8605. Extending medicare coverage of, and application of hospital insurance tax to, all State and local government employees.

#### Subtitle H—Monitoring Achievement of Medicare Reform Goals

- Sec. 8701. Establishment of budgetary and program goals.
- Sec. 8702. Medicare Reform Commission.

#### Subtitle I—Lock-Box Provisions for Medicare Part B Savings from Growth Reductions

- Sec. 8801. Establishment of Medicare Growth Reduction Trust Fund for part B savings.

#### Subtitle J—Clinical Laboratories

- Sec. 8901. Exemption of physician office laboratories.

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- Sec. 9000. Amendment of the Social Security Act.

#### Subtitle A—Temporary Employment Assistance

- Sec. 9101. State plan.

#### Subtitle B—Make Work Pay

- Sec. 9201. Transitional medicaid benefits.
- Sec. 9202. Notice of availability required to be provided to applicants and former recipients of temporary family assistance, food stamps, and medicaid.
- Sec. 9203. Notice of availability of earned income tax credit and dependent care tax credit to be included on W-4 form.
- Sec. 9204. Advance payment of earned income tax credit through State demonstration programs.
- Sec. 9205. Funding of child care services.
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#### Subtitle C—Work First

- Sec. 9301. Work first program.
- Sec. 9302. Regulations.
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- Sec. 9402. Distribution of payments.
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- Sec. 9421. Central State and case registry.
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- Sec. 9462. Internal Revenue Service collection of arrears.
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- Sec. 9465. Motor vehicle liens.
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- Sec. 9481. Technical correction to ERISA definition of medical child support order.

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- Sec. 9491. Cooperation with child support agencies.
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- Sec. 9498. Effective dates.
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- Sec. 9501. State option to deny temporary employment assistance for additional children.
- Sec. 9502. Supervised living arrangements for minors.
- Sec. 9503. National clearinghouse on adolescent pregnancy.
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- Sec. 9601. Definition and eligibility rules.
- Sec. 9602. Eligibility redeterminations and continuing disability reviews.
- Sec. 9603. Additional accountability requirements.
- Sec. 9604. Denial of SSI benefits by reason of disability to drug addicts and alcoholics.

- Sec. 9605. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
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### Subtitle G—Food Assistance

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- Sec. 9701. Application of amendments.
- Sec. 9702. Amendments to the Food Stamp Act of 1977.
- Sec. 9703. Authority to establish authorization periods.
- Sec. 9704. Specific period for prohibiting participation of stores based on lack of business integrity.
- Sec. 9705. Information for verifying eligibility for authorization.
- Sec. 9706. Waiting period for stores that initially fail to meet authorization criteria.
- Sec. 9707. Bases for suspensions and disqualifications.
- Sec. 9708. Authority to suspend stores violating program requirements pending administrative and judicial review.
- Sec. 9709. Disqualification of retailers who are disqualified from the WIC program.
- Sec. 9710. Permanent debarment of retailers who intentionally submit falsified applications.
- Sec. 9711. Expanded civil and criminal forfeiture for violations of the food Stamp Act.
- Sec. 9712. Expanded authority for sharing information provided by retailers.
- Sec. 9713. Expanded definition of "coupon".
- Sec. 9714. Doubled penalties for violating food stamp program requirements.
- Sec. 9715. Mandatory claims collection methods.
- Sec. 9716. Promoting expansion of electronic benefits transfer.
- Sec. 9717. Reduction of basic benefit level.
- Sec. 9718. 2-year freeze of standard deduction.
- Sec. 9719. Pro-rating benefits after interruptions in participation.
- Sec. 9720. Disqualification for participating in 2 or more States.
- Sec. 9721. Disqualification relating to child support arrears.
- Sec. 9722. State authorization to assist law enforcement officers in locating fugitive felons.
- Sec. 9723. Work requirement for able-bodied recipients.
- Sec. 9724. Coordination of employment and training programs.
- Sec. 9725. Extending current claims retention rates.
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#### CHAPTER 2—COMMODITY DISTRIBUTION

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- Sec. 9752. Availability of commodities.
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- Sec. 9755. Allocation of commodities to States.
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- Sec. 9757. Initial processing costs.
- Sec. 9758. Assurances; anticipated use.
- Sec. 9759. Authorization of appropriations.
- Sec. 9760. Commodity supplemental food program.
- Sec. 9761. Commodities not income.
- Sec. 9762. Prohibition against certain State charges.
- Sec. 9763. Definitions.
- Sec. 9764. Regulations.
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- Sec. 9781. Child and adult care food program.
- Sec. 9782. Resumption of discretionary funding for nutrition education and training program.

#### Subtitle H—Treatment of Aliens

- Sec. 9801. Extension of deeming of income and resources under TEA, SSI, and food stamp programs.
- Sec. 9802. Requirements for sponsor's affidavits of support.
- Sec. 9803. Extending requirement for affidavits of support to family-related and diversity immigrants.

#### Subtitle I—Earned Income Tax Credit

- Sec. 9901. Earned income tax credit denied to individuals not authorized to be employed in the United States.

### TITLE X—REDUCTIONS IN CORPORATE TAX SUBSIDIES AND OTHER REFORMS

- Sec. 10001. Short title.

#### Subtitle A—Tax Treatment of Expatriation

- Sec. 10101. Revision of tax rules on expatriation.
- Sec. 10102. Basis of assets of nonresident alien individuals becoming citizens or residents.

#### Subtitle B—Modification to Earned Income Credit

- Sec. 10201. Earned income tax credit denied to individuals with substantial capital gain net income.

#### Subtitle C—Alternative Minimum Tax on Corporations Importing Products into the United States at Artificially Inflated Prices

- Sec. 10301. Alternative minimum tax on corporations importing products into the United States at artificially inflated prices.

#### Subtitle D—Tax Treatment of Certain Extraordinary Dividends

- Sec. 10401. Tax treatment of certain extraordinary dividends.

#### Subtitle E—Foreign Trust Tax Compliance

- Sec. 10501. Improved information reporting on foreign trusts.
- Sec. 10502. Modifications of rules relating to foreign trusts having one or more United States beneficiaries.



- Sec. 10503. Foreign persons not to be treated as owners under grantor trust rules.
- Sec. 10504. Information reporting regarding foreign gifts.
- Sec. 10505. Modification of rules relating to foreign trusts which are not grantor trusts.
- Sec. 10506. Residence of estates and trusts, etc.

Subtitle F—Limitation on Section 936 Credit

- Sec. 10601. Limitation on section 936 credit.

TITLE XI—VETERANS' AFFAIRS

- Sec. 11001. Short title.

Subtitle A—Permanent Extension of Temporary Authorities

- Sec. 11011. Authority to require that certain veterans agree to make copayments in exchange for receiving health-care benefits.
- Sec. 11012. Medical care cost recovery authority.
- Sec. 11013. Income verification authority.
- Sec. 11014. Limitation on pension for certain recipients of medicaid-covered nursing home care.
- Sec. 11015. Home loan fees.
- Sec. 11016. Procedures applicable to liquidation sales on defaulted home loans guaranteed by the Department of Veterans Affairs.

Subtitle B—Other Matters

- Sec. 11021. Revised standard for liability for injuries resulting from Department of Veterans Affairs treatment.
- Sec. 11022. Enhanced loan asset sale authority.
- Sec. 11023. Withholding of payments and benefits.

Subtitle C—Health Care Eligibility Reform

- Sec. 11031. Hospital care and medical services.
- Sec. 11032. Extension of authority to priority health care for Persian Gulf veterans.
- Sec. 11033. Prosthetics.
- Sec. 11034. Management of health care.
- Sec. 11035. Improved efficiency in health care resource management.
- Sec. 11036. Sharing agreements for specialized medical resources.
- Sec. 11037. Personnel furnishing shared resources.

TITLE XII—LEGISLATIVE BRANCH

- Sec. 12101. Requirement that excess funds provided for official allowances of Members of the House of Representatives be dedicated to deficit reduction.

TITLE XIII—MISCELLANEOUS PROVISIONS

- Sec. 13101. Elimination of disparity between effective dates for military and civilian retiree cost-of-living adjustments for fiscal years 1996, 1997, and 1998.
- Sec. 13102. Disposal of certain materials in National Defense Stockpile for deficit reduction.

- Sec. 13103. Requirement that certain agencies prefund Government health benefits contributions for their annuitants.
- Sec. 13104. Application of OMB Circular a-129.
- Sec. 13105. 7-year extension of Hazardous Substance Superfund excise taxes.

## TITLE XIV—BUDGET PROCESS PROVISIONS

### CHAPTER 1—SHORT TITLE; PURPOSE

- Sec. 14001. Short title.
- Sec. 14002. Purpose.

### CHAPTER 2—BUDGET ESTIMATES

- Sec. 14051. Board of Estimates.

#### Subtitle B—Discretionary Spending Limits

- Sec. 14101. Discretionary spending limits.
- Sec. 14102. Technical and conforming changes.
- Sec. 14103. Elimination of certain adjustments to discretionary spending limits.

#### Subtitle C—Pay-As-You-Go Procedures

- Sec. 14201. Permanent extension of pay-as-you-go procedures; ten-year scorekeeping.
- Sec. 14202. Elimination of emergency exception.

#### Subtitle D—Miscellaneous

- Sec. 14301. Technical correction.
- Sec. 14302. Repeal of expiration date.

#### Subtitle E—Deficit Control

- Sec. 14401. Deficit control.
- Sec. 14402. Sequestration process.

#### Subtitle F—Line Item Veto

- Sec. 14501. Line item veto authority.
- Sec. 14502. Line item veto effective unless disapproved.
- Sec. 14503. Definitions.
- Sec. 14504. Congressional consideration of line item vetoes.
- Sec. 14505. Report of the General Accounting Office.
- Sec. 14506. Judicial review.

#### Subtitle G—Enforcing Points of Order

- Sec. 14601. Points of order in the Senate.
- Sec. 14602. Points of order in the House of Representatives.

#### Subtitle H—Deficit Reduction Lock-box

- Sec. 14701. Deficit reduction lock-box provisions of appropriation measures.
- Sec. 14702. Downward adjustments.
- Sec. 14703. CBO tracking.

Subtitle I—Emergency Spending; Baseline Reform; Continuing Resolutions Reform

CHAPTER 1—EMERGENCY SPENDING

- Sec. 14801. Establishment of budget reserve account.
- Sec. 14802. Congressional budget process changes.
- Sec. 14803. Reporting.

CHAPTER 2—BASELINE REFORM

- Sec. 14851. The baseline.
- Sec. 14852. The President's budget.
- Sec. 14853. The congressional budget.
- Sec. 14854. Congressional Budget Office reports to committees.

CHAPTER 3—RESTRICTED USES OF CONTINUING RESOLUTIONS

- Sec. 14871. Restrictions respecting continuing resolutions.

Subtitle J—Technical and Conforming Amendments

- Sec. 14901. Amendments to the Congressional Budget and Impoundment Control Act of 1974.
- Sec. 14902. Technical and conforming amendments to the Rules of the House of representatives.
- Sec. 14903. President's budget.

Subtitle K—Truth in Legislating

- Sec. 14951. Identity, sponsor, and cost of certain provisions required to be reported.

1       **TITLE I—ENERGY, NATURAL**  
2       **RESOURCES AND ENVIRONMENT**  
3               **Subtitle A—Energy**

4       **SEC. 1101. PRIVATIZATION OF URANIUM ENRICHMENT.**

5           (a) REFERENCE.—Except as otherwise expressly pro-  
6       vided, whenever in this section an amendment or repeal  
7       is expressed in terms of an amendment to, or repeal of,  
8       a section or other provision, the reference shall be consid-  
9       ered to be made to a section or other provision of the  
10      Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.).

1 of this Act, for assignment pursuant to section 230(b) of  
2 the National Housing Act shall continue to be governed  
3 by the provisions of such section, as in effect immediately  
4 before such date of enactment.

5 (d) APPLICABILITY OF OTHER LAWS.—No provision  
6 of the National Housing Act or any other law shall be  
7 construed to require the Secretary of Housing and Urban  
8 Development to provide an alternative to foreclosure for  
9 mortgagees with mortgages on 1- to 4-family residences  
10 insured by the Secretary under the National Housing Act,  
11 or to accept assignments of such mortgages.

12 **TITLE VI—INDEXATION AND MIS-**  
13 **CELLANEOUS ENTITLEMENT-**  
14 **RELATED PROVISIONS**

15 **SEC. 6101. CONSUMER PRICE INDEX.**

16 (a) ADJUSTMENTS APPLICABLE TO INTERNAL REVE-  
17 NUE CODE PROVISIONS.—

18 (1) IN GENERAL.—Paragraph (3) of section  
19 1(f) of the Internal Revenue Code of 1986 (defining  
20 cost-of-living adjustment) is amended by striking the  
21 period at the end and inserting a comma and by in-  
22 serting at the end the following flush material:

23 “reduced by the number of percentage points  
24 determined under paragraph (8) for the cal-

1           endar year for which such adjustment is being  
2           determined.”

3           (2) LIMITATION ON INCREASES.—Subsection (f)  
4           of section 1 of such Code is amended by adding at  
5           the end the following new paragraph:

6           “(8) LIMITATION ON INCREASES IN CPI.—

7           “(A) IN GENERAL.—The number of per-  
8           centage points determined under this paragraph  
9           for any calendar year is—

10           “(i) in the case of calendar years  
11           1996, 1997, and 1998, 0.5 percentage  
12           point, and

13           “(ii) in the case of calendar years  
14           1999, 2000, 2001, and 2002, 0.3 percent-  
15           age point.

16           “(B) COMPUTATION OF BASE TO REFLECT  
17           LIMITATION.—The Secretary shall adjust the  
18           number taken into account under paragraph  
19           (3)(B) so that any increase which is not taken  
20           into account by reason of subparagraph (A)  
21           shall not be taken into account at any time so  
22           as to allow such increase for any period.”

23           (b) ADJUSTMENTS APPLICABLE TO CERTAIN ENTI-  
24           TLEMENT PROGRAMS.—

1           (1) IN GENERAL.—For purposes of determining  
2           the amount of any cost-of-living adjustment which  
3           takes effect for benefits payable after December 31,  
4           1995, with respect to any benefit described in para-  
5           graph (5)—

6                   (A) any increase in the relevant index (de-  
7                   termined without regard to this subsection)  
8                   shall be reduced by the number of percentage  
9                   points determined under paragraph (2), and

10                   (B) the amount of the increase in such  
11                   benefit shall be equal to the product of—

12                           (i) the increase in the relevant index  
13                           (as reduced under subparagraph (A)), and

14                           (ii) the average such benefit for the  
15                           preceding calendar year under the program  
16                           described in paragraph (5) which provides  
17                           such benefit.

18           (2) LIMITATION ON INCREASES.—

19                   (A) IN GENERAL.—The number of percent-  
20                   age points determined under this paragraph for  
21                   any calendar year is—

22                           (i) in the case of calendar years 1996,  
23                           1997, and 1998, 0.5 percentage point, and

1                   (ii) in the case of calendar years  
2                   1999, 2000, 2001, and 2002, 0.3 percent-  
3                   age point.

4                   (B) COMPUTATION OF BASE TO REFLECT  
5                   LIMITATION.—Any increase which is not taken  
6                   into account by reason of subparagraph (A)  
7                   shall not be taken into account at any time so  
8                   as to allow such increase for any period.

9                   (3) PARAGRAPH (1) TO APPLY ONLY TO COM-  
10                  PUTATION OF BENEFIT AMOUNTS.—Paragraph (1)  
11                  shall apply only for purposes of determining the  
12                  amount of benefits and not for purposes of deter-  
13                  mining—

14                         (A) whether a threshold increase in the rel-  
15                         evant index has been met, or

16                         (B) increases in amounts under other pro-  
17                         visions of law not described in paragraph (5)  
18                         which operate by reference to increases in such  
19                         benefits.

20                   (4) DEFINITIONS.—For purposes of this sub-  
21                  section—

22                         (A) COST-OF-LIVING ADJUSTMENT.—The  
23                         term “cost-of-living adjustment” means any ad-  
24                         justment in the amount of benefits described in

1 paragraph (5) which is determined by reference  
2 to changes in an index.

3 (B) INDEX.—

4 (i) INDEX.—The term “index” means  
5 the Consumer Price Index and any other  
6 index of price or wages.

7 (ii) RELEVANT INDEX.—The term  
8 “relevant index” means the index on the  
9 basis of which the amount of the cost-of-  
10 living adjustment is determined.

11 (5) BENEFITS TO WHICH SUBSECTION AP-  
12 PLIES.—For purposes of this subsection, the benefits  
13 described in this paragraph are—

14 (A) old age, survivors, and disability insur-  
15 ance benefits subject to adjustment under sec-  
16 tion 215(i) of the Social Security Act (but the  
17 limitation under paragraph (1) shall not apply  
18 to supplemental security income benefits under  
19 title XVI of such Act);

20 (B) retired and retainer pay subject to ad-  
21 justment under section 1401a of title 10, Unit-  
22 ed States Code;

23 (C) civil service retirement benefits under  
24 section 8340 of title 5, United States Code, for-  
25 eign service retirement benefits under section



1                   “(II) an individual makes one or  
2                   more outpatient visits to the hos-  
3                   pital.”.

4                   (2) EFFECTIVE DATE.—The amendments made  
5                   by paragraph (1) shall apply to fiscal years begin-  
6                   ning with fiscal year 1997.

7                   (d) EFFECTIVE DATE.—Except as provided in sub-  
8                   section (c)(2), the amendments made by this section shall  
9                   apply to payments to States under section 1903(a) of the  
10                  Social Security Act for payments to hospitals made under  
11                  State plans after—

12                  (1) July 1, 1996, or

13                  (2) in the case of a State with a State legisla-  
14                  ture that is not scheduled to have a regular legisla-  
15                  tive session in 1996, July 1, 1997.

16                  **Subtitle F—Fraud Reduction**

17                  **SEC. 7501. MONITORING PAYMENTS FOR DUAL ELIGIBLES.**

18                  The Administrator of the Health Care Financing Ad-  
19                  ministration shall develop mechanisms to better monitor  
20                  and prevent inappropriate payments under the medicaid  
21                  program in the case of individuals who are dually eligible  
22                  for benefits under such program and under the medicare  
23                  program.

1 **SEC. 7502. IMPROVED IDENTIFICATION SYSTEMS.**

2 The Administrator of the Health Care Financing Ad-  
3 ministration shall develop improved mechanisms, such as  
4 picture identification documents and smart documents, to  
5 provide methods of improved identification and tracking  
6 of beneficiaries and providers that perpetrate fraud  
7 against the medicaid program.

8 **TITLE VIII—MEDICARE**

9 **SEC. 8000. SHORT TITLE; REFERENCES IN TITLE.**

10 (a) **SHORT TITLE OF TITLE.**—This title may be cited  
11 as the “Medicare Preservation Act of 1995”.

12 (b) **AMENDMENTS TO SOCIAL SECURITY ACT.**—Ex-  
13 cept as otherwise specifically provided, whenever in this  
14 title an amendment is expressed in terms of an amend-  
15 ment to or repeal of a section or other provision, the ref-  
16 erence shall be considered to be made to that section or  
17 other provision of the Social Security Act.

18 (c) **REFERENCES TO OBRA.**—In this title, the terms  
19 “OBRA-1986”, “OBRA-1987”, “OBRA-1989”,  
20 “OBRA-1990”, and “OBRA-1993” refer to the Omnibus  
21 Budget Reconciliation Act of 1986 (Public Law 99-509),  
22 the Omnibus Budget Reconciliation Act of 1987 (Public  
23 Law 100-203), the Omnibus Budget Reconciliation Act  
24 of 1989 (Public Law 101-239), the Omnibus Budget Rec-  
25 onciliation Act of 1990 (Public Law 101-508), and the

1     **TITLE IX—WELFARE REFORM**

2     **SEC. 9000. AMENDMENT OF THE SOCIAL SECURITY ACT.**

3         Except as otherwise expressly provided, wherever in  
4 this title an amendment or repeal is expressed in terms  
5 of an amendment to, or repeal of, a section or other provi-  
6 sion, the reference shall be considered to be made to a  
7 section or other provision of the Social Security Act.

8                     **Subtitle A—Temporary**  
9                     **Employment Assistance**

10    **SEC. 9101. STATE PLAN.**

11         (a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.)  
12 is amended by striking part A and inserting the following:

13                     **“PART A—TEMPORARY EMPLOYMENT**  
14                     **ASSISTANCE**

15    **“SEC. 400. APPROPRIATION.**

16         “For the purpose of providing assistance to families  
17 with needy children and assisting parents of children in  
18 such families to obtain and retain private sector work to  
19 the extent possible, and public sector or volunteer work  
20 if necessary, through the Work First Employment Block  
21 Grant program (hereafter in this title referred to as the  
22 ‘Work First program’), there is hereby authorized to be  
23 appropriated, and is hereby appropriated, for each fiscal  
24 year a sum sufficient to carry out the purposes of this  
25 part. The sums made available under this section shall be

1 used for making payments to States which have approved  
2 State plans for temporary employment assistance.

3 **“Subpart 1—State Plans for Temporary Employment**  
4 **Assistance**

5 **“SEC. 401. ELEMENTS OF STATE PLANS.**

6 “A State plan for temporary employment assistance  
7 shall provide a description of the State program which car-  
8 ries out the purpose described in section 400 and shall  
9 meet the requirements of the following sections of this  
10 subpart.

11 **“SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOY-**  
12 **MENT ASSISTANCE.**

13 “(a) IN GENERAL.—The State plan shall provide that  
14 any family—

15 “(1) with 1 or more children (or any expectant  
16 family, at the option of the State), defined as needy  
17 by the State; and

18 “(2) which fulfills the conditions set forth in  
19 subsection (b),

20 shall be eligible for cash assistance under the plan, except  
21 as otherwise provided under this part.

22 “(b) INDIVIDUAL RESPONSIBILITY PLAN.—The  
23 State plan shall provide that not later than 30 days after  
24 the approval of the application for temporary employment  
25 assistance, a parent qualifying for assistance shall execute

1 an individual responsibility plan as described in section  
2 403. If a child otherwise eligible for assistance under this  
3 part is residing with a relative other than a parent, the  
4 State plan may require the relative to execute such a plan  
5 as a condition of the family receiving such assistance.

6 “(c) LIMITATIONS ON ELIGIBILITY.—

7 “(1) LENGTH OF TIME.—

8 “(A) IN GENERAL.—Except as provided in  
9 subparagraphs (B), (C), (D), and (E), the  
10 State plan shall provide that the family of an  
11 individual who, after attaining age 18 years (or  
12 age 19 years, at the option of the State), has  
13 received assistance under the plan for 60  
14 months, shall no longer be eligible for cash as-  
15 sistance under the plan.

16 “(B) HARDSHIP EXCEPTION.—With re-  
17 spect to any family, the State plan shall not in-  
18 clude in the determination of the 60-month pe-  
19 riod under subparagraph (A) any month in  
20 which—

21 “(i) at the option of the State, the  
22 family includes an individual working 20  
23 hours per week (or more, at the option of  
24 the State);

1           “(ii) the family resides in an area  
2           with an unemployment rate exceeding 8  
3           percent; or

4           “(iii) the family is experiencing other  
5           special hardship circumstances which make  
6           it appropriate for the State to provide an  
7           exemption for such month, except that the  
8           total number of exemptions under this  
9           clause for any month shall not exceed 15  
10          percent of the number of families to which  
11          the State is providing assistance under the  
12          plan.

13          “(C) EXCEPTION FOR TEEN PARENTS.—  
14          With respect to any family, the State plan shall  
15          not include in the determination of the 60-  
16          month period under subparagraph (A) any  
17          month in which the parent—

18                 “(i) is under age 18 (or age 19, at the  
19                 option of the State); and

20                 “(ii) is making satisfactory progress  
21                 while attending high school or an alter-  
22                 native technical preparation school.

23          “(D) EXCEPTION FOR INDIVIDUALS EX-  
24          EMPT FROM WORK REQUIREMENTS.—With re-  
25          spect to any family, the State plan shall not in-

1           clude in the determination of the 60-month pe-  
2           riod under subparagraph (A) any month in  
3           which 1 or each of the parents—

4                   “(i) is seriously ill, incapacitated, or  
5                   of advanced age;

6                   “(ii) (I) except for a child described in  
7                   subclause (II), is responsible for a child  
8                   under age 1 year (or age 6 months, at the  
9                   option of the State), or

10                   “(II) in the case of a 2nd or subse-  
11                   quent child born during such period, is re-  
12                   sponsible for a child under age 3 months;

13                   “(iii) is pregnant in the 3rd trimester;  
14                   or

15                   “(iv) is caring for a family member  
16                   who is ill or incapacitated.

17                   “(E) EXCEPTION FOR CHILD-ONLY  
18                   CASES.—With respect to any child who has not  
19                   attained age 18 (or age 19, at the option of the  
20                   State) and who is eligible for assistance under  
21                   this part, but not as a member of a family oth-  
22                   erwise eligible for assistance under this part  
23                   (determined without regard to this paragraph),  
24                   the State plan shall not include in the deter-  
25                   mination of the 60-month period under sub-

1 paragraph (A) any month in which such child  
2 has not attained such age.

3 “(F) OTHER PROGRAM ELIGIBILITY.—The  
4 State plan shall provide that if a family is no  
5 longer eligible for cash assistance under the  
6 plan due to the imposition of the 60-month pe-  
7 riod under subparagraph (A) or due to the im-  
8 position of a penalty under subparagraph  
9 (A) (ii) or (B) (ii) of section 403(e) (1)—

10 “(i) for purposes of determining eligi-  
11 bility for any other Federal or federally as-  
12 sisted program based on need, such family  
13 shall continue to be considered eligible for  
14 such cash assistance;

15 “(ii) for purposes of determining the  
16 amount of assistance under any other Fed-  
17 eral or federally assisted program based on  
18 need, such family shall continue to be con-  
19 sidered receiving such cash assistance; and

20 “(iii) the State may, at the option of  
21 the State, after having assessed the needs  
22 of the child or children of the family, pro-  
23 vide for such needs with a voucher for such  
24 family—



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1           “(I) determined on the same  
2           basis as the State would provide as-  
3           sistance under the State plan to such  
4           a family with 1 less individual,

5           “(II) designed appropriately to  
6           pay third parties for shelter, goods,  
7           and services received by the child or  
8           children, and

9           “(III) payable directly to such  
10          third parties.

11          “(2) TREATMENT OF INTERSTATE MIGRANTS.—  
12          The State plan may apply to a category of families  
13          the rules for such category under a plan of another  
14          State approved under this part, if a family in such  
15          category has moved to the State from the other  
16          State and has resided in the State for less than 12  
17          months.

18          “(3) INDIVIDUALS ON OLD-AGE ASSISTANCE OR  
19          SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT AS-  
20          SISTANCE.—The State plan shall provide that no as-  
21          sistance shall be furnished any individual under the  
22          plan with respect to any period with respect to which  
23          such individual is receiving old-age assistance under  
24          the State plan approved under section 102 of title  
25          I or supplemental security income under title XVI.

1           “(4) CHILDREN FOR WHOM FEDERAL, STATE,  
2           OR LOCAL FOSTER CARE MAINTENANCE OR ADOPT-  
3           TION ASSISTANCE PAYMENTS ARE MADE.—A child  
4           with respect to whom foster care maintenance pay-  
5           ments or adoption assistance payments are made  
6           under part E or under State or local law shall not,  
7           for the period for which such payments are made, be  
8           regarded as a needy child under this part, and such  
9           child’s income and resources shall be disregarded in  
10          determining the eligibility of the family of such child  
11          for temporary employment assistance.

12          “(5) DENIAL OF ASSISTANCE FOR 10 YEARS TO  
13          A PERSON FOUND TO HAVE FRAUDULENTLY MIS-  
14          REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-  
15          SISTANCE IN 2 OR MORE STATES.—The State plan  
16          shall provide that no assistance will be furnished any  
17          individual under the plan during the 10-year period  
18          that begins on the date the individual is convicted in  
19          Federal or State court of having made, a fraudulent  
20          statement or representation with respect to the place  
21          of residence of the individual in order to receive ben-  
22          efits or services simultaneously from 2 or more  
23          States under programs that are funded under this  
24          part, title XIX, or the Food Stamp Act of 1977, or

1 benefits in 2 or more States under the supplemental  
2 security income program under title XVI.

3 “(6) DENIAL OF ASSISTANCE FOR FUGITIVE  
4 FELONS AND PROBATION AND PAROLE VIOLA-  
5 TORS.—

6 “(A) IN GENERAL.—The State plan shall  
7 provide that no assistance will be furnished any  
8 individual under the plan for any period if dur-  
9 ing such period the State agency has knowledge  
10 that such individual is—

11 “(i) fleeing to avoid prosecution, or  
12 custody or confinement after conviction,  
13 under the laws of the place from which the  
14 individual flees, for a crime, or an attempt  
15 to commit a crime, which is a felony under  
16 the laws of the place from which the indi-  
17 vidual flees, or which, in the case of the  
18 State of New Jersey, is a high mis-  
19 demeanor under the laws of such State; or

20 “(ii) violating a condition of probation  
21 or parole imposed under Federal or State  
22 law.

23 “(B) EXCHANGE OF INFORMATION WITH  
24 LAW ENFORCEMENT AGENCIES.—Notwithstand-  
25 ing any other provision of law, the State plan

1 shall provide that the State shall furnish any  
2 Federal, State, or local law enforcement officer,  
3 upon the request of the officer, with the current  
4 address of any recipient of assistance under the  
5 plan, if the officer furnishes the agency with the  
6 name of the recipient and notifies the agency  
7 that—

- 8 “(i) such recipient—  
9 “(I) is described in clause (i) or  
10 (ii) of subparagraph (A); or  
11 “(II) has information that is nec-  
12 essary for the officer to conduct the  
13 officer’s official duties; and  
14 “(ii) the location or apprehension of  
15 the recipient is within such officer’s official  
16 duties.

17 “(d) DETERMINATION OF ELIGIBILITY.—  
18 “(1) DETERMINATION OF NEED.—The State  
19 plan shall provide that the State agency take into  
20 consideration any income and resources of any indi-  
21 vidual the State determines should be considered in  
22 determining the need of the child or relative claim-  
23 ing temporary employment assistance, subject to sec-  
24 tion 407.

1           “(2) RESOURCE AND INCOME DETERMINA-  
2           TION.—In determining the total resources and in-  
3           come of the family of any needy child, the State plan  
4           shall provide the following:

5                   “(A) RESOURCES.—The State’s resource  
6                   limit, including a description of the policy deter-  
7                   mined by the State regarding any exclusion al-  
8                   lowed for vehicles owned by family members, re-  
9                   sources set aside for future needs of a child, in-  
10                  dividual development accounts, or other policies  
11                  established by the State to encourage savings.

12                  “(B) FAMILY INCOME.—The extent to  
13                  which earned or unearned income is disregarded  
14                  in determining eligibility for, and amount of,  
15                  assistance.

16                  “(C) CHILD SUPPORT.—The State’s policy,  
17                  if any, for determining the extent to which child  
18                  support received in excess of \$50 per month on  
19                  behalf of a member of the family is disregarded  
20                  in determining eligibility for, and the amount  
21                  of, assistance.

22                  “(D) CHILD’S EARNINGS.—The treatment  
23                  of earnings of a child living in the home.

24                  “(E) EARNED INCOME TAX CREDIT.—The  
25                  State agency shall disregard any refund of Fed-

1 eral income taxes made to a family receiving  
2 temporary employment assistance by reason of  
3 section 32 of the Internal Revenue Code of  
4 1986 (relating to earned income tax credit) and  
5 any payment made to such a family by an em-  
6 ployer under section 3507 of such Code (relat-  
7 ing to advance payment of earned income cred-  
8 it).

9 “(3) VERIFICATION SYSTEM.—The State plan  
10 shall provide that information is requested and ex-  
11 changed for purposes of income and eligibility ver-  
12 ification in accordance with a State system which  
13 meets the requirements of section 1137.

14 **“SEC. 403. INDIVIDUAL RESPONSIBILITY PLAN.**

15 “(a) ASSESSMENT.—The State agency responsible  
16 for administering the State plan shall make an initial as-  
17 sessment of the skills, prior work experience, and employ-  
18 ability of each applicant for, or recipient of, assistance  
19 under the State plan who—

20 “(1) has attained 18 years of age; or

21 “(2) has not completed high school or obtained  
22 a certificate of high school equivalency, and is not  
23 attending secondary school.

24 “(b) INDIVIDUAL RESPONSIBILITY PLANS.—

1           “(1) IN GENERAL.—On the basis of the assess-  
2           ment made under subsection (a) with respect to an  
3           individual, the State agency, in consultation with the  
4           individual, shall develop an individual responsibility  
5           plan for the individual, which—

6                   “(A) shall provide that participation by the  
7                   individual in job search activities shall be a con-  
8                   dition of eligibility for assistance under the  
9                   State plan approved under part A, except dur-  
10                  ing any period for which the individual is em-  
11                  ployed full-time in an unsubsidized job in the  
12                  private sector;

13                  “(B) sets forth an employment goal for the  
14                  individual and a plan for moving the individual  
15                  immediately into private sector employment;

16                  “(C) sets forth the obligations of the indi-  
17                  vidual, which may include a requirement that  
18                  the individual attend school, maintain certain  
19                  grades and attendance, keep school age children  
20                  of the individual in school, immunize children,  
21                  attend parenting and money management class-  
22                  es, or do other things that will help the individ-  
23                  ual become and remain employed in the private  
24                  sector;

1           “(D) may require that the individual enter  
2           the State program established under part F, if  
3           the caseworker determines that the individual  
4           will need education, training, job placement as-  
5           sistance, wage enhancement, or other services  
6           to become employed in the private sector;

7           “(E) shall provide that the individual  
8           must—

9                   “(i) assign to the State any rights to  
10                  support from any other person the individ-  
11                  ual may have in such individual’s own be-  
12                  half or in behalf of any other family mem-  
13                  ber for whom the individual is applying for  
14                  or receiving assistance; and

15                  “(ii) cooperate with the State—

16                          “(I) in establishing the paternity  
17                          of a child born out of wedlock with re-  
18                          spect to whom assistance is claimed,  
19                          and

20                          “(II) in obtaining support pay-  
21                          ments for the individual and for a  
22                          child with respect to whom such as-  
23                          sistance is claimed, or in obtaining  
24                          any other payments or property due  
25                          the individual or the child,



1 unless (in either case) the individual is found to  
2 have good cause for refusing to cooperate as de-  
3 termined by the State agency in accordance  
4 with standards prescribed by the Secretary,  
5 which standards shall take into consideration  
6 the best interests of the child on whose behalf  
7 assistance is claimed.

8 “(F) to the greatest extent possible shall  
9 be designed to move the individual into what-  
10 ever private sector employment the individual is  
11 capable of handling as quickly as possible, and  
12 to increase the responsibility and amount of  
13 work the individual is to handle over time;

14 “(G) shall describe what services the State  
15 will provide the individual so that the individual  
16 will be able to obtain and keep employment in  
17 the private sector, and describe the job counsel-  
18 ing and other services that will be provided by  
19 the State; and

20 “(H) at the option of the State, may re-  
21 quire the individual to undergo appropriate sub-  
22 stance abuse treatment.

23 “(2) TIMING.—The State agency shall comply  
24 with paragraph (1) with respect to an individual—

1           “(A) within 90 days (or, at the option of  
2           the State, 180 days) after the effective date of  
3           this part, in the case of an individual who, as  
4           of such effective date, is a recipient of assist-  
5           ance under the State plan approved under this  
6           part; or

7           “(B) within 30 days (or, at the option of  
8           the State, 90 days) after the individual is deter-  
9           mined to be eligible for such assistance, in the  
10          case of any other individual.

11          “(c) PROVISION OF PROGRAM AND EMPLOYMENT IN-  
12          FORMATION.—The State shall inform all applicants for  
13          and recipients of assistance under the State plan approved  
14          under this part of all available services under the State  
15          plan for which they are eligible.

16          “(d) REQUIREMENT THAT RECIPIENTS ENTER THE  
17          WORK FIRST PROGRAM.—

18                 “(1) IN GENERAL.—Beginning with fiscal year  
19                 2004, the State shall place recipients of assistance  
20                 under the State plan approved under this part, who  
21                 have not become employed in the private sector with-  
22                 in 1 year after signing an individual responsibility  
23                 plan, in the first available slot in the State program  
24                 established under part F, except as provided in  
25                 paragraph (2).

1           “(2) EXCEPTIONS.—A state may not be re-  
2           quired to place a recipient of such assistance in the  
3           State program established under part F if the recipi-  
4           ent—

5                   “(A) is ill, incapacitated, or of advanced  
6           age;

7                   “(B) has not attained 18 years of age;

8                   “(C) is caring for a child or parent who is  
9           ill or incapacitated; or

10                   “(D) is enrolled in school or in educational  
11           or training programs that will lead to private  
12           sector employment.

13           “(e) PENALTIES.—

14                   “(1) STATE NOT OPERATING A WORK FIRST OR  
15           WORKFARE PROGRAM.—In the case of a State that  
16           is not operating a program under part F or G:

17                   “(A) FAILURE TO COMPLY WITH INDIVID-  
18           UAL RESPONSIBILITY PLAN OR AGREEMENT OF  
19           MUTUAL RESPONSIBILITY.—

20                   “(i) PROGRESSIVE REDUCTIONS IN  
21           ASSISTANCE FOR 1ST AND 2ND FAIL-  
22           URES.—The amount of assistance other-  
23           wise to be provided under the State plan  
24           approved under this part to a family that  
25           includes an individual who fails without

1 good cause to comply with an individual  
2 responsibility plan (or, if the State has es-  
3 tablished a program under subpart 1 of  
4 part F and the individual is required to  
5 participate in the program, an agreement  
6 of mutual responsibility) signed by the in-  
7 dividual (other than by reason of conduct  
8 described in paragraph (2)) shall be re-  
9 duced by—

10 “(I) 33 percent for the 1st such  
11 act of noncompliance; or

12 “(II) 66 percent for the 2nd such  
13 act of noncompliance.

14 “(ii) DENIAL OF ASSISTANCE FOR 3RD  
15 FAILURE.—In the case of the 3rd such act  
16 of noncompliance, the family of which the  
17 individual is a member shall not thereafter  
18 be eligible for assistance under the State  
19 plan approved under this part.

20 “(iii) ACTS OF NONCOMPLIANCE.—  
21 For purposes of this paragraph, a 1st act  
22 of noncompliance by an individual contin-  
23 ues for more than 1 calendar month shall  
24 be considered a 2nd act of noncompliance,  
25 and a 2nd act of noncompliance that con-

1 continues for more than 3 calendar months  
2 shall be considered a 3rd act of noncompli-  
3 ance.

4 “(B) DENIAL OF ASSISTANCE TO ADULTS  
5 REFUSING TO WORK, LOOK FOR WORK, OR AC-  
6 CEPT A BONA FIDE OFFER OF EMPLOYMENT.—

7 “(i) REFUSAL TO WORK OR LOOK FOR  
8 WORK.—If an unemployed individual who  
9 has attained 18 years of age refuses to  
10 work or look for work—

11 “(I) in the case of the 1st such  
12 refusal, assistance under the State  
13 plan approved under this part shall  
14 not be payable with respect to the in-  
15 dividual until the later of—

16 “(aa) a period of not less  
17 than 6 months after the date of  
18 the first such refusal; or

19 “(bb) the first date the indi-  
20 vidual agrees to work or look for  
21 work; or

22 “(II) in the case of the 2nd such  
23 refusal, the family of which the indi-  
24 vidual is a member shall not there-  
25 after be eligible for assistance under

1 the State plan approved under this  
2 part.

3 “(ii) REFUSAL TO ACCEPT A BONA  
4 FIDE OFFER OF EMPLOYMENT.—If an un-  
5 employed individual who has attained 18  
6 years of age refuses to accept a bona fide  
7 offer of employment, the family of which  
8 the individual is a member shall not there-  
9 after be eligible for assistance under the  
10 State plan approved under this part.

11 “(2) OTHER STATES.—In the case of any other  
12 State, the State shall reduce, by such amount as the  
13 State considers appropriate, the amount of assist-  
14 ance otherwise payable under the State plan ap-  
15 proved under this part to a family that includes an  
16 individual who fails without good cause to comply  
17 with an individual responsibility plan signed by the  
18 individual.

19 **“SEC. 404. PAYMENT OF ASSISTANCE.**

20 “(a) STANDARDS OF ASSISTANCE.—The State plan  
21 shall specify standards of assistance, including—

22 “(1) the composition of the unit for which as-  
23 sistance will be provided;

1           “(2) a standard, expressed in money amounts,  
2           to be used in determining the need of applicants and  
3           recipients;

4           “(3) a standard, expressed in money amounts,  
5           to be used in determining the amount of the assist-  
6           ance payment; and

7           “(4) the methodology to be used in determining  
8           the payment amount received by assistance units.

9           “(b) LEVEL OF ASSISTANCE.—Except as otherwise  
10          provided in this title, the State plan shall provide that—

11           “(1) the determination of need and the amount  
12           of assistance for all applicants and recipients shall  
13           be made on an objective and equitable basis; and

14           “(2) families of similar composition with similar  
15           needs and circumstances shall be treated similarly.

16           “(c) CORRECTION OF PAYMENTS.—The State plan  
17          shall provide that the State agency will promptly take all  
18          necessary steps to correct any overpayment or  
19          underpayment of assistance under such plan, including the  
20          request for Federal tax refund intercepts as provided  
21          under section 416.

22           “(d) OPTIONAL VOLUNTARY DIVERSION PRO-  
23          GRAM.—The State plan shall, at the option of the State,  
24          and in such part or parts of the State as the State may  
25          select, provide that—

1           “(1) upon the recommendation of the case-  
2 worker who is handling the case of a family eligible  
3 for assistance under the State plan, the State shall,  
4 in lieu of any other assistance under the State plan  
5 to the family during a time period of not more than  
6 3 months, make a lump-sum payment to the family  
7 for the time period in an amount not to exceed—

8           “(A) the value of the monthly benefits that  
9 would otherwise be provided to the family under  
10 the State plan; multiplied by

11           “(B) the number of months in the time pe-  
12 riod;

13           “(2) a lump-sum payment pursuant to subpara-  
14 graph (A) shall not be made more than once to any  
15 family; and

16           “(3) if, during a time period for which the  
17 State has made a lump-sum payment to a family  
18 pursuant to subparagraph (A), the family applies for  
19 and (but for the lump-sum payment) would be eligi-  
20 ble under the State plan for a monthly benefit that  
21 is greater than the value of the monthly benefit  
22 which would have been provided to the family under  
23 the State plan at the time of the calculation of the  
24 lump sum payment, then, notwithstanding subpara-  
25 graph (A), the State shall, for that part of the time



1 period that remains after the family becomes eligible  
2 for the greater monthly benefit, provide monthly  
3 benefits to the family in an amount not to exceed—

4 “(A) the amount by which the value of the  
5 greater monthly benefit exceeds the value of the  
6 former monthly benefit, multiplied by the num-  
7 ber of months in the time period; divided by

8 “(B) the whole number of months remain-  
9 ing in the time period.”.

10 **“SEC. 405. OTHER PROGRAMS.**

11 “(a) WORK FIRST PROGRAM; WORKFARE OR JOB  
12 PLACEMENT VOUCHER PROGRAM.—The State plan shall  
13 provide that the State has in effect and operation—

14 “(1) a work first program that meets the re-  
15 quirements of part F; and

16 “(2) a workfare program that meets the re-  
17 quirements of part G, or a job placement voucher  
18 program that meets the requirements of part H, but  
19 not both.

20 “(b) PROVISION OF POSITIONS AND VOUCHERS.—  
21 The State plan shall provide that the State shall provide  
22 a position in the workfare program established by the  
23 State under part G, or a job placement voucher under the  
24 job placement voucher program established by the State  
25 under part H to any individual who, by reason of section

1 487(b), is prohibited from participating in the work first  
2 program operated by the State, and shall not provide such  
3 a position or such a voucher to any other individual.

4 “(c) PROVISION OF CASE MANAGEMENT SERV-  
5 ICES.—The State plan shall provide that the State shall  
6 provide to participants in such programs such case man-  
7 agement services as are necessary to ensure the integrated  
8 provision of benefits and services under such programs.

9 “(d) STATE CHILD SUPPORT AGENCY.—The State  
10 plan shall—

11 “(1) provide that the State has in effect a plan  
12 approved under part D and operates a child support  
13 program in substantial compliance with such plan;

14 “(2) provide that the State agency administer-  
15 ing the plan approved under this part shall be re-  
16 sponsible for assuring that—

17 “(A) the benefits and services provided  
18 under plans approved under this part and part  
19 D are furnished in an integrated manner, in-  
20 cluding coordination of intake procedures with  
21 the agency administering the plan approved  
22 under part D;

23 “(B) all applicants for, and recipients of,  
24 temporary employment assistance are encour-  
25 aged, assisted, and required (as provided under

1 section 403(b)(1)(E)(ii) to cooperate in the es-  
2 tablishment and enforcement of paternity and  
3 child support obligations and are notified about  
4 the services available under the State plan ap-  
5 proved under part D; and

6 “(C) procedures require referral of pater-  
7 nity and child support enforcement cases to the  
8 agency administering the plan approved under  
9 part D not later than 10 days after the applica-  
10 tion for temporary employment assistance; and

11 “(3) provide for prompt notice (including the  
12 transmittal of all relevant information) to the State  
13 child support collection agency established pursuant  
14 to part D of the furnishing of temporary employ-  
15 ment assistance with respect to a child who has been  
16 deserted or abandoned by a parent (including a child  
17 born out-of-wedlock without regard to whether the  
18 paternity of such child has been established).

19 “(e) CHILD WELFARE SERVICES AND FOSTER CARE  
20 AND ADOPTION ASSISTANCE.—The State plan shall pro-  
21 vide that the State has in effect—

22 “(1) a State plan for child welfare services ap-  
23 proved under part B; and

24 “(2) a State plan for foster care and adoption  
25 assistance approved under part E,

1 and operates such plans in substantial compliance with the  
2 requirements of such parts.

3 “(f) REPORT OF CHILD ABUSE, ETC.—The State  
4 plan shall provide that the State agency will—

5 “(1) report to an appropriate agency or official,  
6 known or suspected instances of physical or mental  
7 injury, sexual abuse or exploitation, or negligent  
8 treatment or maltreatment of a child receiving as-  
9 sistance under the State plan under circumstances  
10 which indicate that the child’s health or welfare is  
11 threatened thereby; and

12 “(2) provide such information with respect to a  
13 situation described in paragraph (1) as the State  
14 agency may have.

15 “(g) AVAILABILITY OF ASSISTANCE IN RURAL AREAS  
16 OF STATE.—The State plan shall consider and address the  
17 needs of rural areas in the State to ensure that families  
18 in such areas receive assistance to become self-sufficient.

19 “(h) FAMILY PRESERVATION.—

20 “(1) IN GENERAL.—The State plan shall de-  
21 scribe the efforts by the State to promote family  
22 preservation and stability, including efforts—

23 “(A) to encourage fathers to stay home  
24 and be a part of the family;

1           “(B) to keep families together to the ex-  
2           tent possible; and

3           “(C) except to the extent provided in para-  
4           graph (2), to treat 2-parent families and 1-par-  
5           ent families equally with respect to eligibility  
6           for assistance.

7           “(2) MAINTENANCE OF TREATMENT.—The  
8           State may impose eligibility limitations relating spe-  
9           cifically to 2-parent families to the extent such limi-  
10          tations are no more restrictive than such limitations  
11          in effect in the State plan in fiscal year 1995.

12 **“SEC. 406. ADMINISTRATIVE REQUIREMENTS FOR STATE**  
13 **PLAN.**

14          “(a) STATEWIDE PLAN.—The State plan shall be in  
15          effect in all political subdivisions of the State, and, if ad-  
16          ministered by the subdivisions, be mandatory upon such  
17          subdivisions. If such plan is not administered uniformly  
18          throughout the State, the plan shall describe the adminis-  
19          trative variations.

20          “(b) SINGLE ADMINISTRATING AGENCY.—The State  
21          plan shall provide for the establishment or designation of  
22          a single State agency to administer the plan or supervise  
23          the administration of the plan.

24          “(c) FINANCIAL PARTICIPATION.—The State plan  
25          shall provide for financial participation by the State in the

1 same manner and amount as such State participates  
2 under title XIX, except that with respect to the sums ex-  
3 pended for the administration of the State plan, the per-  
4 centage shall be 50 percent.

5 “(d) REASONABLE PROMPTNESS.—The State plan  
6 shall provide that all individuals wishing to make applica-  
7 tion for temporary employment assistance shall have op-  
8 portunity to do so, and that such assistance be furnished  
9 with reasonable promptness to all eligible individuals.

10 “(e) AUTOMATED DATA PROCESSING SYSTEM.—The  
11 State plan shall, at the option of the State, provide for  
12 the establishment and operation of an automated state-  
13 wide management information system designed effectively  
14 and efficiently, to assist management in the administra-  
15 tion of the State plan approved under this part, so as—

16 “(1) to control and account for—

17 “(A) all the factors in the total eligibility  
18 determination process under such plan for as-  
19 sistance, and

20 “(B) the costs, quality, and delivery of  
21 payments and services furnished to applicants  
22 for and recipients of assistance; and

23 “(2) to notify the appropriate officials for child  
24 support, food stamp, and social service programs,  
25 and the medical assistance program approved under

1 title XIX, whenever a recipient becomes ineligible for  
2 such assistance or the amount of assistance provided  
3 to a recipient under the State plan is changed.

4 “(f) DISCLOSURE OF INFORMATION.—The State plan  
5 shall provide for safeguards which restrict the use or dis-  
6 closure of information concerning applicants or recipients.

7 “(g) DETECTION OF FRAUD.—The State plan shall  
8 provide, in accordance with regulations issued by the Sec-  
9 retary, for appropriate measures to detect fraudulent ap-  
10 plications for temporary employment assistance before the  
11 establishment of eligibility for such assistance.

## 12 “Subpart 2—Administrative Provisions

### 13 “SEC. 411. APPROVAL OF PLAN.

14 “(a) IN GENERAL.—The Secretary shall approve a  
15 State plan which fulfills the requirements under subpart  
16 1 within 120 days of the submission of the plan by the  
17 State to the Secretary.

18 “(b) DEEMED APPROVAL.—If a State plan has not  
19 been rejected by the Secretary during the period specified  
20 in subsection (a), the plan shall be deemed to have been  
21 approved.

### 22 “SEC. 412. COMPLIANCE.

23 In the case of any State plan for temporary employ-  
24 ment assistance which has been approved under section  
25 411, if the Secretary, after reasonable notice and oppor-

1 tunity for hearing to the State agency administering or  
2 supervising the administration of such plan, finds that in  
3 the administration of the plan there is a failure to comply  
4 substantially with any provision required by subpart 1 to  
5 be included in the plan, the Secretary shall notify such  
6 State agency that further payments will not be made to  
7 the State (or in the Secretary's discretion, that payments  
8 will be limited to categories under or parts of the State  
9 plan not affected by such failure) until the Secretary is  
10 satisfied that such prohibited requirement is no longer so  
11 imposed, and that there is no longer any such failure to  
12 comply. Until the Secretary is so satisfied the Secretary  
13 shall make no further payments to such State (or shall  
14 limit payments to categories under or parts of the State  
15 plan not affected by such failure).

16 **"SEC. 413. PAYMENTS TO STATES.**

17       “(a) COMPUTATION OF AMOUNT.—Subject to section  
18 412, from the sums appropriated therefor, the Secretary  
19 of the Treasury shall pay to each State which has an ap-  
20 proved plan for temporary employment assistance, for  
21 each quarter, beginning with the quarter commencing Oc-  
22 tober 1, 1996, an amount equal to the Federal medical  
23 assistance percentage (as defined in section 1905(b)) of  
24 the expenditures by the State under such plan.



1       “(b) METHOD OF COMPUTATION AND PAYMENT.—

2 The method of computing and paying such amounts shall  
3 be as follows:

4           “(1) The Secretary shall, prior to the beginning  
5 of each quarter, estimate the amount to be paid to  
6 the State for such quarter under the provisions of  
7 subsection (a), such estimate to be based on—

8           “(A) a report filed by the State containing  
9 its estimate of the total sum to be expended in  
10 such quarter in accordance with the provisions  
11 of such subsection and stating the amount ap-  
12 propriated or made available by the State and  
13 its political subdivisions for such expenditures  
14 in such quarter, and if such amount is less than  
15 the State’s proportionate share of the total sum  
16 of such estimated expenditures, the source or  
17 sources from which the difference is expected to  
18 be derived;

19           “(B) records showing the number of needy  
20 children in the State; and

21           “(C) such other information as the Sec-  
22 retary may find necessary.

23           “(2) The Secretary of Health and Human Serv-  
24 ices shall then certify to the Secretary of the Treas-

1       ury the amount so estimated by the Secretary of  
2       Health and Human Services—

3               “(A) reduced or increased, as the case may  
4       be, by any sum by which the Secretary of  
5       Health and Human Services finds that the esti-  
6       mate for any prior quarter was greater or less  
7       than the amount which should have been paid  
8       to the State for such quarter;

9               “(B) reduced by a sum equivalent to the  
10       pro rata share to which the Federal Govern-  
11       ment is equitably entitled, as determined by the  
12       Secretary of Health and Human Services, of  
13       the net amount recovered during any prior  
14       quarter by the State or any political subdivision  
15       thereof with respect to temporary employment  
16       assistance furnished under the State plan; and

17               “(C) reduced by such amount as is nec-  
18       essary to provide the appropriate reimburse-  
19       ment to the Federal Government that the State  
20       is required to make under section 457 out of  
21       that portion of child support collections retained  
22       by the State pursuant to such section,

23       except that such increases or reductions shall not be  
24       made to the extent that such sums have been ap-  
25       plied to make the amount certified for any prior

1 quarter greater or less than the amount estimated  
2 by the Secretary of Health and Human Services for  
3 such prior quarter.

4 “(c) METHOD OF PAYMENT.—The Secretary of the  
5 Treasury shall thereupon, through the Fiscal Service of  
6 the Department of the Treasury and prior to audit or set-  
7 tlement by the General Accounting Office, pay to the  
8 State, at the time or times fixed by the Secretary of  
9 Health and Human Services, the amount so certified.

10 **“SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND**  
11 **REPORTING SYSTEM.**

12 “(a) QUALITY ASSURANCE.—

13 “(1) IN GENERAL.—Under the State plan, a  
14 quality assurance system shall be developed based  
15 upon a collaborative effort involving the Secretary,  
16 the State, the political subdivisions of the State, and  
17 assistance recipients, and shall include quantifiable  
18 program outcomes related to self sufficiency in the  
19 categories of welfare-to-work, payment accuracy, and  
20 child support.

21 “(2) MODIFICATIONS TO SYSTEM.—As deemed  
22 necessary, but not more often than every 2 years,  
23 the Secretary, in consultation with the State, the po-  
24 litical subdivisions of the State, and assistance re-  
25 cipients, shall make appropriate changes in the de-

1 sign and administration of the quality assurance sys-  
2 tem, including changes in benchmarks, measures,  
3 and data collection or sampling procedures.

4 “(b) DATA COLLECTION AND REPORTING.—

5 “(1) IN GENERAL.—The State plan shall pro-  
6 vide for a quarterly report to the Secretary regard-  
7 ing the data described in paragraphs (2) and (3)  
8 and such additional data needed for the quality as-  
9 surance system. The data collection and reporting  
10 system under this subsection shall promote account-  
11 ability, continuous improvement, and integrity in the  
12 State plans for temporary employment assistance  
13 and Work First.

14 “(2) DISAGGREGATED DATA.—The State shall  
15 collect the following data items on a monthly basis  
16 from disaggregated case records of applicants for  
17 and recipients of temporary employment assistance  
18 from the previous month:

19 “(A) The age of adults and children (in-  
20 cluding pregnant women).

21 “(B) Marital or familial status of cases:  
22 married (2-parent family), widowed, divorced,  
23 separated, or never married; or child living with  
24 other adult relative.

1           “(C) The gender, race, educational attain-  
2           ment, work experience, disability status (wheth-  
3           er the individual is seriously ill, incapacitated,  
4           or caring for a disabled or incapacitated child)  
5           of adults.

6           “(D) The amount of cash assistance and  
7           the amount and reason for any reduction in  
8           such assistance. Any other data necessary to  
9           determine the timeliness and accuracy of bene-  
10          fits and welfare diversions.

11          “(E) Whether any member of the family  
12          receives benefits under any of the following:

13                 “(i) Any housing program.

14                 “(ii) The food stamp program under  
15                 the Food Stamp Act of 1977.

16                 “(iii) The Head Start programs car-  
17                 ried out under the Head Start Act.

18                 “(iv) Any job training program.

19          “(F) The number of months since the most  
20          recent application for assistance under the plan.

21          “(G) The total number of months for  
22          which assistance has been provided to the fami-  
23          lies under the plan.

24          “(H) The employment status, hours  
25          worked, and earnings of individuals while re-

1           ceiving assistance, whether the case was closed  
2           due to employment, and other data needed to  
3           meet the work performance rate.

4           “(I) Status in Work First and workfare,  
5           including the number of hours an individual  
6           participated and the component in which the in-  
7           dividual participated.

8           “(J) The number of persons in the assist-  
9           ance unit and their relationship to the youngest  
10          child. Nonrecipients in the household and their  
11          relationship to the youngest child.

12          “(K) Citizenship status.

13          “(L) Shelter arrangement.

14          “(M) Unearned income (not including tem-  
15          porary employment assistance), such as child  
16          support, and assets.

17          “(N) The number of children who have a  
18          parent who is deceased, incapacitated, or unem-  
19          ployed.

20          “(O) Geographic location.

21          “(3) AGGREGATED DATA.—The State shall col-  
22          lect the following data items on a monthly basis  
23          from aggregated case records of applicants for and  
24          recipients of temporary employment assistance from  
25          the previous month:

1           “(A) The number of adults receiving as-  
2           sistance.

3           “(B) The number of children receiving as-  
4           sistance.

5           “(C) The number of families receiving as-  
6           sistance.

7           “(D) The number of assistance units who  
8           had their grants reduced or terminated and the  
9           reason for the reduction or termination, includ-  
10          ing sanction, employment, and meeting the time  
11          limit for assistance).

12          “(E) The number of applications for as-  
13          sistance; the number approved and the number  
14          denied and the reason for denial.

15          “(4) LONGITUDINAL STUDIES.—The State shall  
16          submit selected data items for a cohort of individ-  
17          uals who are tracked over time. This longitudinal  
18          sample shall be used for selected data items de-  
19          scribed in paragraphs (2) and (3), as determined ap-  
20          propriate by the Secretary.

21          “(c) ADDITIONAL DATA.—The report required by  
22          subsection (b) for a fiscal year quarter shall also include  
23          the following:

1           “(1) REPORT ON USE OF FEDERAL FUNDS TO  
2 COVER ADMINISTRATIVE COSTS AND OVERHEAD.—A  
3 statement of—

4           “(A) the percentage of the Federal funds  
5 paid to the State under this part for the fiscal  
6 year quarter that are used to cover administra-  
7 tive costs or overhead; and

8           “(B) the total amount of State funds that  
9 are used to cover such costs or overhead.

10          “(2) REPORT ON STATE EXPENDITURES ON  
11 PROGRAMS FOR NEEDY FAMILIES.—A statement of  
12 the total amount expended by the State during the  
13 fiscal year quarter on programs for needy families,  
14 with the amount spent on the program under this  
15 part, and the purposes for which such amount was  
16 spent, separately stated.

17          “(3) REPORT ON NONCUSTODIAL PARENTS PAR-  
18 TICIPATING IN WORK ACTIVITIES.—The number of  
19 noncustodial parents in the State who participated  
20 in work activities during the fiscal year quarter.

21          “(4) REPORT ON CHILD SUPPORT COL-  
22 LECTED.—The total amount of child support col-  
23 lected by the State agency administering the State  
24 plan under part D on behalf of a family receiving as-  
25 sistance under this part.



1           “(5) REPORT ON CHILD CARE.—The total  
2 amount expended by the State for child care under  
3 this part, along with a description of the types of  
4 child care provided, such as child care provided in  
5 the case of a family that has ceased to receive assist-  
6 ance under this part because of increased hours of,  
7 or increased income from, employment, or in the  
8 case of a family that is not receiving assistance  
9 under this part but would be at risk of becoming eli-  
10 gible for such assistance if child care was not pro-  
11 vided.

12           “(6) REPORT ON TRANSITIONAL SERVICES.—  
13 The total amount expended by the State for provid-  
14 ing transitional services to a family that has ceased  
15 to receive assistance under this part because of in-  
16 creased hours of, or increased income from, employ-  
17 ment, along with a description of such services.

18           “(d) COLLECTION PROCEDURES.—The Secretary  
19 shall provide case sampling plans and data collection pro-  
20 cedures as deemed necessary to make statistically valid es-  
21 timates of plan performance.

22           “(e) VERIFICATION.—The Secretary shall develop  
23 and implement procedures for verifying the quality of the  
24 data submitted by the State, and shall provide technical  
25 assistance, funded by the compliance penalties imposed

1 under section 412, if such data quality falls below accept-  
2 able standards.

3 **“SEC. 415. COMPILATION AND REPORTING OF DATA.**

4       “(a) **CURRENT PROGRAMS.**—The Secretary shall, on  
5 the basis of the Secretary’s review of the reports received  
6 from the States under section 414, compile such data as  
7 the Secretary believes necessary, and from time to time,  
8 publish the findings as to the effectiveness of the programs  
9 developed and administered by the States under this part.  
10 The Secretary shall annually report to the Congress on  
11 the programs developed and administered by each State  
12 under this part.

13       “(b) **RESEARCH, DEMONSTRATION AND EVALUA-**  
14 **TION.**—Of the amount specified under section 413(a), an  
15 amount equal to 0.25 percent is authorized to be expended  
16 by the Secretary to support the following types of re-  
17 search, demonstrations, and evaluations:

18               “(1) **STATE-INITIATED RESEARCH.**—States may  
19 apply for grants to cover 90 percent of the costs of  
20 self-evaluations of programs under State plans ap-  
21 proved under this part.

22               “(2) **DEMONSTRATIONS.**—

23                       “(A) **IN GENERAL.**—The Secretary may  
24 implement and evaluate demonstrations of inno-  
25 vative and promising strategies to—

1           “(i) improve child well-being through  
2           reductions in illegitimacy, teen pregnancy,  
3           welfare dependency, homelessness, and  
4           poverty;

5           “(ii) test promising strategies by non-  
6           profit and for-profit institutions to increase  
7           employment, earning, child support pay-  
8           ments, and self-sufficiency with respect to  
9           temporary employment assistance clients  
10          under State plans; and

11          “(iii) foster the development of child  
12          care.

13          “(B) ADDITIONAL PARAMETERS.—Dem-  
14          onstrations implemented under this para-  
15          graph—

16               “(i) may provide one-time capital  
17               funds to establish, expand, or replicate  
18               programs;

19               “(ii) may test performance-based  
20               grant to loan financing in which programs  
21               meeting performance targets receive grants  
22               while programs not meeting such targets  
23               repay funding on a pro-rated basis; and

24               “(iii) should test strategies in multiple  
25               States and types of communities.

1           “(3) FEDERAL EVALUATIONS.—

2                   “(A) IN GENERAL.—The Secretary shall  
3           conduct research on the effects, benefits, and  
4           costs of different approaches to operating wel-  
5           fare programs, including an implementation  
6           study based on a representative sample of  
7           States and localities, documenting what policies  
8           were adopted, how such policies were imple-  
9           mented, the types and mix of services provided,  
10          and other such factors as the Secretary deems  
11          appropriate.

12                   “(B) RESEARCH ON RELATED ISSUES.—  
13          The Secretary shall also conduct research on is-  
14          sues related to the purposes of this part, such  
15          as strategies for moving welfare recipients into  
16          the workforce quickly, reducing teen preg-  
17          nancies and out-of-wedlock births, and provid-  
18          ing adequate child care.

19                   “(C) STATE REIMBURSEMENT.—The Sec-  
20          retary may reimburse a State for any research-  
21          related costs incurred pursuant to research con-  
22          ducted under this paragraph.

23                   “(D) USE OF RANDOM ASSIGNMENT.—  
24          Evaluations authorized under this paragraph

1           should use random assignment to the maximum  
2           extent feasible and appropriate.

3           “(4) REGIONAL INFORMATION CENTERS.—

4                   “(A) IN GENERAL.—The Secretary shall  
5           establish not less than 5, nor more than 7 re-  
6           gional information centers located at major re-  
7           search universities or consortiums of univer-  
8           sities to ensure the effective implementation of  
9           welfare reform and the efficient dissemination  
10          of information about innovations, evaluation  
11          outcomes, and training initiatives.

12                   “(B) CENTER RESPONSIBILITIES.—The  
13          Centers shall have the following functions:

14                           “(i) Disseminate information about ef-  
15           fective income support and related pro-  
16           grams, along with suggestions for the rep-  
17           lication of such programs.

18                           “(ii) Research the factors that cause  
19           and sustain welfare dependency and pov-  
20           erty in the regions served by the respective  
21           centers.

22                           “(iii) Assist the States in the region  
23           formulate and implement innovative pro-  
24           grams and improvements in existing pro-

1           grams that help clients move off welfare  
2           and become productive citizens.

3           “(iv) Provide training as appropriate  
4           to staff of State agencies to enhance the  
5           ability of the agencies to successfully place  
6           Work First clients in productive employ-  
7           ment or self-employment.

8           “(C) CENTER ELIGIBILITY TO PERFORM  
9           EVALUATIONS.—The Centers may compete for  
10          demonstration and evaluation contracts devel-  
11          oped under this section.

12   **“SEC. 416. COLLECTION OF OVERPAYMENTS FROM FED-**  
13                                   **ERAL TAX REFUNDS.**

14          “(a) IN GENERAL.—Upon receiving notice from a  
15          State agency administering a plan approved under this  
16          part that a named individual has been overpaid under the  
17          State plan approved under this part, the Secretary of the  
18          Treasury shall determine whether any amounts as refunds  
19          of Federal taxes paid are payable to such individual, re-  
20          gardless of whether such individual filed a tax return as  
21          a married or unmarried individual. If the Secretary of the  
22          Treasury finds that any such amount is payable, the Sec-  
23          retary shall withhold from such refunds an amount equal  
24          to the overpayment sought to be collected by the State  
25          and pay such amount to the State agency.

1       “(b) REGULATIONS.—The Secretary of the Treasury  
2 shall issue regulations, approved by the Secretary of  
3 Health and Human Services, that provide—

4           “(1) that a State may only submit under sub-  
5 section (a) requests for collection of overpayments  
6 with respect to individuals—

7           “(A) who are no longer receiving tem-  
8 porary employment assistance under the State  
9 plan approved under this part,

10          “(B) with respect to whom the State has  
11 already taken appropriate action under State  
12 law against the income or resources of the indi-  
13 viduals or families involved; and

14          “(C) to whom the State agency has given  
15 notice of its intent to request withholding by  
16 the Secretary of the Treasury from the income  
17 tax refunds of such individuals;

18          “(2) that the Secretary of the Treasury will  
19 give a timely and appropriate notice to any other  
20 person filing a joint return with the individual whose  
21 refund is subject to withholding under subsection  
22 (a); and

23          “(3) the procedures that the State and the Sec-  
24 retary of the Treasury will follow in carrying out  
25 this section which, to the maximum extent feasible

1 and consistent with the specific provisions of this  
2 section, will be the same as those issued pursuant to  
3 section 464(b) applicable to collection of past-due  
4 child support.”.

5 (b) PAYMENTS TO PUERTO RICO.—Section  
6 1108(a)(1) (42 U.S.C. 1308(a)(1)) is amended—

7 (1) in subparagraph (F), by striking “or”; and  
8 (2) by striking subparagraph (G) and inserting  
9 the following:

10 “(G) \$82,000,000 with respect to each of  
11 fiscal years 1989 through 1995, or

12 “(H) \$102,500,000 with respect to the fis-  
13 cal year 1996 and each fiscal year thereafter;”.

14 (c) CONFORMING AMENDMENTS RELATING TO COL-  
15 LECTION OF OVERPAYMENTS.—

16 (1) Section 6402 of the Internal Revenue Code  
17 of 1986 (relating to authority to make credits or re-  
18 funds) is amended—

19 (A) in subsection (a), by striking “(c) and  
20 (d)” and inserting “(c), (d), and (e)”;

21 (B) by redesignating subsections (e)  
22 through (i) as subsections (f) through (j), re-  
23 spectively; and

24 (C) by inserting after subsection (d) the  
25 following:



1       “(g) COLLECTION OF OVERPAYMENTS UNDER TITLE  
2 IV-A OF THE SOCIAL SECURITY ACT.—The amount of  
3 any overpayment to be refunded to the person making the  
4 overpayment shall be reduced (after reductions pursuant  
5 to subsections (c) and (d), but before a credit against fu-  
6 ture liability for an internal revenue tax) in accordance  
7 with section 416 of the Social Security Act (concerning  
8 recovery of overpayments to individuals under State plans  
9 approved under part A of title IV of such Act).”.

10           (2) Section 552a(a)(8)(B)(iv)(III) of title 5,  
11 United States Code, is amended by striking “section  
12 464 or 1137 of the Social Security Act” and insert-  
13 ing “section 416, 464, or 1137 of the Social Secu-  
14 rity Act”.

15       (d) EFFECTIVE DATES.—

16           (1) IN GENERAL.—Except as provided in para-  
17 graph (2), the amendments made by this section  
18 shall be effective with respect to calendar quarters  
19 beginning on or after October 1, 1996.

20           (2) SPECIAL RULE.—In the case of a State that  
21 the Secretary of Health and Human Services deter-  
22 mines requires State legislation (other than legisla-  
23 tion appropriating funds) in order to meet the re-  
24 quirements imposed by the amendment made by  
25 subsection (a), the State shall not be regarded as

1 failing to comply with the requirements of such  
2 amendment before the first day of the first calendar  
3 quarter beginning after the close of the first regular  
4 session of the State legislature that begins after the  
5 date of enactment of this Act. For purposes of this  
6 paragraph, in the case of a State that has a 2-year  
7 legislative session, each year of the session shall be  
8 treated as a separate regular session of the State  
9 legislature.

## 10 **Subtitle B—Make Work Pay**

### 11 **SEC. 9201. TRANSITIONAL MEDICAID BENEFITS.**

12 (a) STATE OPTION OF EXTENSION OF MEDICAID EN-  
13 ROLLMENT FOR FORMER AFDC RECIPIENTS FOR 1 AD-  
14 DITIONAL YEAR.—

15 (1) IN GENERAL.—Section 1925(b)(1) (42  
16 U.S.C. 1396r-6(b)(1)) is amended by striking the  
17 period at the end and inserting the following: “, and  
18 that the State may, at its option, offer to each such  
19 family the option of extending coverage under this  
20 subsection for any of the first 2 succeeding 6-month  
21 periods, in the same manner and under the same  
22 conditions as the option of extending coverage under  
23 this subsection for the first succeeding 6-month pe-  
24 riod.”.

1           (2) CONFORMING AMENDMENTS.—Section  
2 1925(b) (42 U.S.C. 1396r-6(b)) is amended—

3           (A) in the heading, by striking “EXTEN-  
4 SION” and inserting “EXTENSIONS”;

5           (B) in the heading of paragraph (1), by  
6 striking “REQUIREMENT” and inserting “IN  
7 GENERAL”;

8           (C) in paragraph (2)(B)(ii)—

9           (i) in the heading, by striking “PE-  
10 RIOD” and inserting “PERIODS”, and

11           (ii) by striking “in the period” and in-  
12 serting “in any of the 6-month periods”;

13           (D) in paragraph (3)(A), by striking “the  
14 6-month period” and inserting “any 6-month  
15 period”;

16           (E) in paragraph (4)(A), by striking “the  
17 extension period” and inserting “any extension  
18 period”; and

19           (F) in paragraph (5)(D)(i), by striking “is  
20 a 3-month period” and all that follows and in-  
21 serting the following: “is, with respect to a par-  
22 ticular 6-month additional extension period pro-  
23 vided under this subsection, a 3-month period  
24 beginning with the 1st or 4th month of such ex-  
25 tension period.”.

1       (b) EFFECTIVE DATE.—The amendments made by  
2 subsection (a) shall apply to calendar quarters beginning  
3 on or after October 1, 1997, without regard to whether  
4 or not final regulations to carry out such amendments  
5 have been promulgated by such date.

6 **SEC. 9202. NOTICE OF AVAILABILITY REQUIRED TO BE PRO-**  
7 **VIDED TO APPLICANTS AND FORMER RECIPI-**  
8 **ENTS OF TEMPORARY FAMILY ASSISTANCE,**  
9 **FOOD STAMPS, AND MEDICAID.**

10       (a) TEMPORARY FAMILY ASSISTANCE.—Section 406,  
11 as added by the amendment made by section 9101(a) of  
12 this Act, is amended by adding at the end the following:

13       “(h) NOTICE OF AVAILABILITY OF EITC.—The  
14 State plan shall provide that the State agency referred to  
15 in subsection (b) must provide written notice of the exist-  
16 ence and availability of the earned income credit under  
17 section 32 of the Internal Revenue Code of 1986 to—

18               “(1) any individual who applies for assistance  
19 under the State plan, upon receipt of the applica-  
20 tion; and

21               “(2) any individual whose assistance under the  
22 State plan (or under the State plan approved under  
23 part A of this title (as in effect before the effective  
24 date of title IX of the Omnibus Budget Reconcili-

1       ation Act of 1995) is terminated, in the notice of  
2       termination of benefits.”.

3       (b) FOOD STAMPS.—Section 11(e) of the Food  
4 Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

5           (1) in paragraph (24) by striking “and” at the  
6       end;

7           (2) in paragraph (25) by striking the period at  
8       the end and inserting “; and”; and

9           (3) by inserting after paragraph (25) the fol-  
10      lowing:

11           “(26) that whenever a household applies for  
12      food stamp benefits, and whenever such benefits are  
13      terminated with respect to a household, the State  
14      agency shall provide to each member of such house-  
15      hold notice of—

16           “(A) the existence of the earned income  
17      tax credit under section 32 of the Internal Rev-  
18      enue Code of 1986; and

19           “(B) the fact that such credit may be ap-  
20      plicable to such member.”.

21       (c) MEDICAID.—Section 1902(a) (42 U.S.C.  
22 1396a(a)) is amended—

23           (1) by striking “and” at the end of paragraph  
24      (61);

1 (2) by striking the period at the end of para-  
2 graph (62) and inserting “; and”; and

3 (3) by inserting after paragraph (62) the fol-  
4 lowing new paragraph:

5 “(63) provide that the State shall provide notice  
6 of the existence and availability of the earned income  
7 tax credit under section 32 of the Internal Revenue  
8 Code of 1986 to each individual applying for medical  
9 assistance under the State plan and to each individ-  
10 ual whose eligibility for medical assistance under the  
11 State plan is terminated.”.

12 **SEC. 9203. NOTICE OF AVAILABILITY OF EARNED INCOME**  
13 **TAX CREDIT AND DEPENDENT CARE TAX**  
14 **CREDIT TO BE INCLUDED ON W-4 FORM.**

15 (a) IN GENERAL.—Section 11114 of the Omnibus  
16 Budget Reconciliation Act of 1990 (26 U.S.C. 21 note),  
17 relating to program to increase public awareness, is  
18 amended by adding at the end the following new sentence:  
19 “Such means shall include printing a notice of the avail-  
20 ability of such credits on the forms used by employees to  
21 determine the proper number of withholding exemptions  
22 under chapter 24 of such Code.”

1 **SEC. 9204. ADVANCE PAYMENT OF EARNED INCOME TAX**  
2 **CREDIT THROUGH STATE DEMONSTRATION**  
3 **PROGRAMS.**

4 (a) IN GENERAL.—Section 3507 of the Internal Rev-  
5 enue Code of 1986 (relating to the advance payment of  
6 the earned income tax credit) is amended by adding at  
7 the end the following:

8 “(g) STATE DEMONSTRATIONS.—

9 “(1) IN GENERAL.—In lieu of receiving earned  
10 income advance amounts from an employer under  
11 subsection (a), a participating resident shall receive  
12 advance earned income payments from a responsible  
13 State agency pursuant to a State Advance Payment  
14 Program that is designated pursuant to paragraph  
15 (2).

16 “(2) DESIGNATIONS.—

17 “(A) IN GENERAL.—From among the  
18 States submitting proposals satisfying the re-  
19 quirements of paragraph (3), the Secretary (in  
20 consultation with the Secretary of Health and  
21 Human Services) may designate not more than  
22 4 State Advance Payment Demonstrations.  
23 States selected for the demonstrations may  
24 have, in the aggregate, no more than 5 percent  
25 of the total number of households participating  
26 in the program under the Food Stamp program

1 in the immediately preceding fiscal year. Ad-  
2 ministrative costs of a State in conducting a  
3 demonstration under this section may be in-  
4 cluded for matching under section 413(a) of the  
5 Social Security Act and section 16(a) of the  
6 Food Stamp Act of 1977.

7 “(B) WHEN DESIGNATION MAY BE  
8 MADE.—Any designation under this paragraph  
9 shall be made no later than December 31,  
10 1996.

11 “(C) PERIOD FOR WHICH DESIGNATION IS  
12 IN EFFECT.—

13 “(i) IN GENERAL.—Designations  
14 made under this paragraph shall be effec-  
15 tive for advance earned income payments  
16 made after December 31, 1996, and before  
17 January 1, 2000.

18 “(ii) SPECIAL RULES.—

19 “(I) REVOCATION OF DESIGNA-  
20 TIONS.—The Secretary may revoke any  
21 designation made under this paragraph if  
22 the Secretary determines that the State is  
23 not complying substantially with the pro-  
24 posal described in paragraph (3) submitted  
25 by the State.



1           “(II) AUTOMATIC TERMINATION OF DES-  
2           IGNATIONS.—Any failure by a State to  
3           comply with the reporting requirements de-  
4           scribed in paragraphs (3)(F) and (3)(G)  
5           shall have the effect of immediately termi-  
6           nating the designation under this para-  
7           graph and rendering paragraph (5)(A)(ii)  
8           inapplicable to subsequent payments.

9           “(3) PROPOSALS.—No State may be designated  
10          under paragraph (2) unless the State’s proposal for  
11          such designation—

12                 “(A) identifies the responsible State agen-  
13          cy,

14                 “(B) describes how and when the advance  
15          earned income payments will be made by that  
16          agency, including a description of any other  
17          State or Federal benefits with which such pay-  
18          ments will be coordinated,

19                 “(C) describes how the State will obtain  
20          the information on which the amount of ad-  
21          vance earned income payments made to each  
22          participating resident will be determined in ac-  
23          cordance with paragraph (4),

24                 “(D) describes how State residents who  
25          will be eligible to receive advance earned income

1 payments will be selected, notified of the oppor-  
2 tunity to receive advance earned income pay-  
3 ments from the responsible State agency, and  
4 given the opportunity to elect to participate in  
5 the program,

6 “(E) describes how the State will verify, in  
7 addition to receiving the certifications and  
8 statement described in paragraph (7)(D)(iv),  
9 the eligibility of participating residents for the  
10 earned income tax credit,

11 “(F) commits the State to furnishing to  
12 each participating resident by January 31 of  
13 each year a written statement showing—

14 “(i) the name and taxpayer identifica-  
15 tion number of the participating resident,  
16 and

17 “(ii) the total amount of advance  
18 earned income payments made to the par-  
19 ticipating resident during the prior cal-  
20 endar year,

21 “(G) commits the State to furnishing to  
22 the Secretary by December 1 of each year a  
23 written statement showing the name and tax-  
24 payer identification number of each participat-  
25 ing resident,

1           “(H) commits the State to treat any ad-  
2           vance earned income payments as described in  
3           paragraph (5) and any repayments of excessive  
4           advance earned income payments as described  
5           in paragraph (6),

6           “(I) commits the State to assess the devel-  
7           opment and implementation of its State Ad-  
8           vance Payment Program, including an agree-  
9           ment to share its findings and lessons with  
10          other interested States in a manner to be de-  
11          scribed by the Secretary, and

12          “(J) is submitted to the Secretary on or  
13          before June 30, 1996.

14          “(4) AMOUNT AND TIMING OF ADVANCE  
15          EARNED INCOME PAYMENTS.—

16                 “(A) AMOUNT.—

17                         “(i) IN GENERAL.—The method for  
18                         determining the amount of advance earned  
19                         income payments made to each participat-  
20                         ing resident shall conform to the fullest ex-  
21                         tent possible with the provisions of sub-  
22                         section (c).

23                         “(ii) SPECIAL RULE.—A State may,  
24                         at its election, apply the rules of subsection  
25                         (c)(2)(B) by substituting ‘between 60 per-

1 cent and 75 percent of the credit percent-  
2 age in effect under section 32(b)(1) for an  
3 individual with the corresponding number  
4 of qualifying children' for '60 percent of  
5 the credit percentage in effect under sec-  
6 tion 32(b)(1) for such an eligible individual  
7 with 1 qualifying child' in clause (i) and  
8 'the same percentage (as applied in clause  
9 (i))' for '60 percent' in clause (ii).

10 "(B) TIMING.—The frequency of advance  
11 earned income payments may be determined on  
12 the basis of the payroll periods of participating  
13 residents, on a single statewide schedule, or on  
14 any other reasonable basis prescribed by the  
15 State in its proposal; however, in no event may  
16 advance earned income payments be made to  
17 any participating resident less frequently than  
18 on a calendar-quarter basis.

19 "(5) PAYMENTS TO BE TREATED AS PAYMENTS  
20 OF WITHHOLDING AND FICA TAXES.—

21 "(A) IN GENERAL.—For purposes of this  
22 title, advance earned income payments during  
23 any calendar quarter—

1           “(i) shall neither be treated as a pay-  
2           ment of compensation nor be included in  
3           gross income, and

4           “(ii) shall be treated as made out of—

5                   “(I) amounts required to be de-  
6                   ducted by the State and withheld for  
7                   the calendar quarter by the State  
8                   under section 3401 (relating to wage  
9                   withholding),

10                   “(II) amounts required to be de-  
11                   ducted for the calendar quarter under  
12                   section 3102 (relating to FICA em-  
13                   ployee taxes), and

14                   “(III) amounts of the taxes im-  
15                   posed on the State for the calendar  
16                   quarter under section 3111 (relating  
17                   to FICA employer taxes),

18           as if the State had paid to the Secretary,  
19           on the day on which payments are made to  
20           participating residents, an amount equal to  
21           such payments.

22           “(B) IF ADVANCE PAYMENTS EXCEED  
23           TAXES DUE.—If for any calendar quarter the  
24           aggregate amount of advance earned income  
25           payments made by the responsible State agency

1 under a State Advance Payment Program ex-  
2 ceeds the sum of the amounts referred to in  
3 subparagraph (A)(ii) (without regard to para-  
4 graph (6)(A)), each such advance earned in-  
5 come payment shall be reduced by an amount  
6 which bears the same ratio to such excess as  
7 such advance earned income payment bears to  
8 the aggregate amount of all such advance  
9 earned income payments.

10 “(6) STATE REPAYMENT OF EXCESSIVE AD-  
11 VANCE EARNED INCOME PAYMENTS.—

12 “(A) IN GENERAL.—Notwithstanding any  
13 other provision of law, in the case of an exces-  
14 sive advance earned income payment a State  
15 shall be treated as having deducted and with-  
16 held under section 3401 (relating to wage with-  
17 holding), and as being required to pay to the  
18 United States, the repayment amount during  
19 the repayment calendar quarter.

20 “(B) EXCESSIVE ADVANCE EARNED IN-  
21 COME PAYMENT.—For purposes of this section,  
22 the term ‘excessive advance income payment’  
23 means that portion of any advance earned in-  
24 come payment that, when combined with other  
25 advance earned income payments previously

1           made to the same participating resident during  
2           the same calendar year, exceeds the amount of  
3           earned income tax credit to which that partici-  
4           pating resident is entitled under section 32 for  
5           that year.

6           “(C) REPAYMENT AMOUNT.—For purposes  
7           of this subsection, the term ‘repayment amount’  
8           means an amount equal to 50 percent of the ex-  
9           cess of—

10                   “(i) excessive advance earned income  
11                   payments made by a State during a par-  
12                   ticular calendar year, over

13                           “(ii) the sum of—

14                                   “(I) 4 percent of all advance  
15                                   earned income payments made by the  
16                                   State during that calendar year, and

17   “(II) the excessive advance  
18   earned income payments made by the  
19   State during that calendar year that  
20   have been collected from participating  
21   residents by the Secretary.

22           “(D) REPAYMENT CALENDAR QUARTER.—  
23           For purposes of this subsection, the term ‘re-  
24           payment calendar quarter’ means the second  
25           calendar quarter of the third calendar year be-

1           ginning after the calendar year in which an ex-  
2           cessive earned income payment is made.

3           “(7) DEFINITIONS.—For purposes of this sub-  
4           section—

5                   “(A) STATE ADVANCE PAYMENT PRO-  
6                   GRAM.—The term ‘State Advance Payment  
7                   Program’ means the program described in a  
8                   proposal submitted for designation under para-  
9                   graph (1) and designated by the Secretary  
10                  under paragraph (2).

11                  “(B) RESPONSIBLE STATE AGENCY.—The  
12                  term ‘responsible State agency’ means the sin-  
13                  gle State agency that will be making the ad-  
14                  vance earned income payments to residents of  
15                  the State who elect to participate in a State Ad-  
16                  vance Payment Program.

17                  “(C) ADVANCE EARNED INCOME PAY-  
18                  MENTS.—The term ‘advance earned income  
19                  payments’ means an amount paid by a respon-  
20                  sible State agency to residents of the State pur-  
21                  suant to a State Advance Payment Program.

22                  “(D) PARTICIPATING RESIDENT.—The  
23                  term ‘participating resident’ means an individ-  
24                  ual who—



1           “(i) is a resident of a State that has  
2           in effect a designated State Advance Pay-  
3           ment Program,

4           “(ii) makes the election described in  
5           paragraph (3)(D) pursuant to guidelines  
6           prescribed by the State,

7           “(iii) certifies to the State the number  
8           of qualifying children the individual has,  
9           and

10           “(iv) provides to the State the certifi-  
11           cations and statement described in sub-  
12           sections (b)(1), (b)(2), (b)(3), and (b)(4)  
13           (except that for purposes of this clause,  
14           the term ‘any employer’ shall be sub-  
15           stituted for ‘another employer’ in sub-  
16           section (b)(3)), along with any other infor-  
17           mation required by the State.”.

18           (b) TECHNICAL ASSISTANCE.—The Secretaries of the  
19           Treasury and Health and Human Services shall jointly en-  
20           sure that technical assistance is provided to State Advance  
21           Payment Programs and that these programs are rigor-  
22           ously evaluated.

23           (c) ANNUAL REPORTS.—The Secretary shall issue  
24           annual reports detailing the extent to which—

1           (1) residents participate in the State Advance  
2     Payment Programs,

3           (2) participating residents file Federal and  
4     State tax returns,

5           (3) participating residents report accurately the  
6     amount of the advance earned income payments  
7     made to them by the responsible State agency dur-  
8     ing the year, and

9           (4) recipients of excessive advance earned in-  
10    come payments repay those amounts.

11 The report shall also contain an estimate of the amount  
12 of advance earned income payments made by each respon-  
13 sible State agency but not reported on the tax returns of  
14 a participating resident and the amount of excessive ad-  
15 vance earned income payments.

16       (d) AUTHORIZATION OF APPROPRIATIONS.—For pur-  
17 poses of providing technical assistance described in sub-  
18 section (b), preparing the reports described in subsection  
19 (c), and providing grants to States in support of des-  
20 igned State Advance Payment Programs, there are au-  
21 thorized to be appropriated in advance to the Secretary  
22 of the Treasury and the Secretary of Health and Human  
23 Services a total of \$1,400,000 for fiscal years 1997  
24 through 2000.

1 entitled to receive from the Secretary for any fiscal year  
2 an amount equal to—

3 “(1) the total amount expended by the State to  
4 carry out subsection (a) during the fiscal year; mul-  
5 tiplied by

6 “(2) the Federal medical assistance percentage  
7 (as defined in the last sentence of section 1118).”.

8 (c) EFFECTIVE DATE.—The amendments and re-  
9 peals made by this section shall take effect on October  
10 1, 1996.

11 **SEC. 9206. CERTAIN FEDERAL ASSISTANCE INCLUDIBLE IN**  
12 **GROSS INCOME.**

13 (a) IN GENERAL.—Part II of subchapter B of chap-  
14 ter 1 of the Internal Revenue Code of 1986 (relating to  
15 items specifically included in gross income) is amended by  
16 adding at the end the following new section:

17 **“SEC. 91. CERTAIN FEDERAL ASSISTANCE.**

18 “(a) IN GENERAL.—Gross income shall include an  
19 amount equal to the specified Federal assistance received  
20 by the taxpayer during the taxable year.

21 “(b) SPECIFIED FEDERAL ASSISTANCE.—For pur-  
22 poses of this section—

23 “(1) IN GENERAL.—The term ‘specified Federal  
24 assistance’ means—

1           “(A) assistance provided under a State  
2           plan approved under part A of title IV of the  
3           Social Security Act (relating to temporary em-  
4           ployment assistance program),

5           “(B) assistance provided under any food  
6           stamp program, and

7           “(C) supplemental security income benefits  
8           under title XVI of the Social Security Act (in-  
9           cluding supplemental security income benefits  
10          of the type described in section 1616 of such  
11          Act or section 212 of Public Law 93-66).

12          “(2) SPECIAL RULE.—In the case of assistance  
13          provided under a program described in subsection  
14          (d)(2), such term shall include only the assistance  
15          required to be provided under section 21 or 22 (as  
16          the case may be) of the Food Stamp Act of 1977.

17          “(c) INDIVIDUALS SUBJECT TO TAX.—For purposes  
18 of this section—

19               “(1) TEMPORARY EMPLOYMENT ASSISTANCE  
20               PROGRAM.—Assistance described in subsection  
21               (b)(1)(A) shall be treated as received by the relative  
22               with whom the dependent child is living (within the  
23               meaning of section 406(c) of the Social Security  
24               Act).

1           “(2) FOOD STAMPS.—In the case of assistance  
2 described in subsection (b)(1)(B)—

3           “(A) IN GENERAL.—Except as provided in  
4 subparagraph (B), such assistance shall be  
5 treated as received ratably by each of the indi-  
6 viduals taken into account in determining the  
7 amount of such assistance for the benefit of  
8 such individuals.

9           “(B) ASSISTANCE TO CHILDREN TREATED  
10 AS RECEIVED BY PARENTS, ETC.—The amount  
11 of assistance which would (but for this subpara-  
12 graph) be treated as received by a child shall be  
13 treated as received as follows:

14           “(i) If there is an includible parent,  
15 such amount shall be treated as received  
16 by the includible parent (or if there is  
17 more than 1 includible parent, as received  
18 ratably by each includible parent).

19           “(ii) If there is no includible parent  
20 and there is an includible grandparent,  
21 such amount shall be treated as received  
22 by the includible grandparent (or if there  
23 is more than 1 includible grandparent, as  
24 received ratably by each includible grand-  
25 parent).

1           “(iii) If there is no includible parent  
2           or grandparent, such amount shall be  
3           treated as received ratably by each includ-  
4           ible adult.

5           “(C) DEFINITIONS.—For purposes of sub-  
6           paragraph (B)—

7           “(i) CHILD.—The term ‘child’ means  
8           any individual who has not attained age 16  
9           as of the close of the taxable year. Such  
10          term shall not include any individual who  
11          is an includible parent of a child (as de-  
12          fined in the preceding sentence).

13          “(ii) ADULT.—The term ‘adult’ means  
14          any individual who is not a child.

15          “(iii) INCLUDIBLE.—The term ‘in-  
16          cludible’ means, with respect to any indi-  
17          vidual, an individual who is included in de-  
18          termining the amount of assistance paid to  
19          the household which includes the child.

20          “(iv) PARENT.—The term ‘parent’ in-  
21          cludes the stepfather and stepmother of  
22          the child.

23          “(v) GRANDPARENT.—The term  
24          ‘grandparent’ means any parent of a par-  
25          ent of the child.

1       “(d) FOOD STAMP PROGRAM.—For purposes of sub-  
2 section (b), the term ‘food stamp program’ means—

3               “(1) the food stamp program (as defined in sec-  
4 tion 3(h) of the Food Stamp Act of 1977), and

5               “(2) the portion of the program under sections  
6 21 and 22 of such Act which provides food assist-  
7 ance.”

8       (b) REPORTING.—

9               (1) IN GENERAL.—Subpart B of part III of  
10 subchapter A of chapter 61 of such Code is amended  
11 by adding at the end the following new section:

12 **“SEC. 6050Q. PAYMENTS OF CERTAIN FEDERAL ASSIST-**  
13 **ANCE.**

14       “(a) REQUIREMENT OF REPORTING.—The appro-  
15 priate official shall make a return, according to the forms  
16 and regulations prescribed by the Secretary, setting  
17 forth—

18               “(1) the aggregate amount of specified Federal  
19 assistance paid to any individual during any cal-  
20 endar year, and

21               “(2) the name, address, and TIN of such indi-  
22 vidual.

23       “(b) STATEMENTS TO BE FURNISHED TO PERSONS  
24 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—  
25 Every person required to make a return under subsection

1 (a) shall furnish to each individual whose name is required  
2 to be set forth in such return a written statement show-  
3 ing—

4 “(1) the aggregate amount of payments made  
5 to the individual which are required to be shown on  
6 such return, and

7 “(2) the name of the agency making the pay-  
8 ments.

9 The written statement required under the preceding sen-  
10 tence shall be furnished to the individual on or before Jan-  
11 uary 31 of the year following the calendar year for which  
12 the return under subsection (a) was required to be made.

13 “(c) DEFINITIONS AND SPECIAL RULE.—For pur-  
14 poses of this section—

15 “(1) APPROPRIATE OFFICIAL.—The term ‘ap-  
16 propriate official’ means—

17 “(A) in the case of specified Federal as-  
18 sistance described in section 91(b)(1)(A), the  
19 head of the State agency administering the plan  
20 under which such assistance is provided,

21 “(B) in the case of specified Federal as-  
22 sistance described in section 91(b)(1)(B), the  
23 head of the State agency administering the pro-  
24 gram under which such assistance is provided,  
25 and



1           “(C) in the case of specified Federal assist-  
2           ance described in section 91(b)(1)(C), the Sec-  
3           retary of Health and Human Services.

4           “(2) SPECIFIED FEDERAL ASSISTANCE.—The  
5           term ‘specified Federal assistance’ has the meaning  
6           given such term by section 91(b).

7           “(3) AMOUNTS TREATED AS PAID.—The rules  
8           of section 91(c) shall apply for purposes of deter-  
9           mining to whom specified Federal assistance is  
10          paid.”

11          (2) PENALTIES.—

12           (A) Subparagraph (B) of section  
13           6724(d)(1) of such Code is amended by redesignig-  
14           nating clauses (ix) through (xiv) as clauses (x)  
15           through (xv), respectively, and by inserting  
16           after clause (viii) the following new clause:

17                   “(ix) section 6050Q (relating to pay-  
18                   ments of certain Federal assistance),”.

19           (B) Paragraph (2) of section 6724(d) of  
20           such Code is amended by redesignating sub-  
21           paragraphs (Q) through (T) as subparagraphs  
22           (R) through (U), respectively, and by inserting  
23           after subparagraph (P) the following new sub-  
24           paragraph:

1           “(Q) section 6050Q(b) (relating to pay-  
2           ments of certain Federal assistance),”.

3           (c) TEMPORARY EMPLOYMENT ASSISTANCE PRO-  
4           GRAM, SUPPLEMENTAL SECURITY INCOME, AND FOOD  
5           STAMP BENEFITS NOT TAKEN INTO ACCOUNT FOR PUR-  
6           POSES OF THE EARNED INCOME TAX CREDIT.—Section  
7           32 of the Internal Revenue Code of 1986 (relating to the  
8           earned income tax credit), is amended by adding at the  
9           end the following new subsection:

10          “(k) ADJUSTED GROSS INCOME DETERMINED WITH-  
11          OUT REGARD TO CERTAIN FEDERAL ASSISTANCE.—For  
12          purposes of this section, adjusted gross income shall be  
13          determined without regard to any amount which is includ-  
14          ible in gross income solely by reason of section 91.”

15          (d) CLERICAL AMENDMENTS.—

16                (1) The table of sections for part II of sub-  
17                chapter B of chapter 1 of such Code is amended by  
18                adding at the end the following new item:

                  “Sec. 91. Certain Federal assistance.”

19                (2) The table of sections for subpart B of part  
20                III of subchapter A of chapter 61 of such Code is  
21                amended by adding at the end the following new  
22                item:

                  “Sec. 6050Q. Payments of certain Federal assistance.”

23          (e) EFFECTIVE DATE.—The amendments made by  
24          this section shall apply to benefits received after December

1 31, 1995, except that the amendment made by subsection  
2 (c) shall apply to taxable years beginning after such date.

3 **SEC. 9207. DEPENDENT CARE CREDIT TO BE REFUNDABLE;**  
4 **HIGH-INCOME TAXPAYERS INELIGIBLE FOR**  
5 **CREDIT.**

6 (a) CREDIT TO BE REFUNDABLE.—

7 (1) IN GENERAL.—Section 21 of the Internal  
8 Revenue Code of 1986 (relating to expenses for  
9 household and dependent care services necessary for  
10 gainful employment) is hereby moved to subpart C  
11 of part IV of subchapter A of chapter 1 of such  
12 Code (relating to refundable credits) and inserted  
13 after section 34.

14 (2) TECHNICAL AMENDMENTS.—

15 (A) Section 35 of such Code is redesign-  
16 nated as section 36.

17 (B) Section 21 of such Code is redesign-  
18 nated as section 35.

19 (C) Paragraph (1) of section 35(a) of such  
20 Code (as redesignated by subparagraph (B)) is  
21 amended by striking “this chapter” and insert-  
22 ing “this subtitle”.

23 (D) Subparagraph (C) of section 129(a)(2)  
24 of such Code is amended by striking “section  
25 21(e)” and inserting “section 35(e)”.

1 (E) Paragraph (2) of section 129(b) of  
2 such Code is amended by striking “section  
3 21(d)(2)” and inserting “section 35(d)(2)”.

4 (F) Paragraph (1) of section 129(e) of  
5 such Code is amended by striking “section  
6 21(b)(2)” and inserting “section 35(b)(2)”.

7 (G) Subsection (e) of section 213 of such  
8 Code is amended by striking “section 21” and  
9 inserting “section 35”.

10 (H) Paragraph (2) of section 1324(b) of  
11 title 31, United States Code, is amended by in-  
12 serting before the period “, or from section 35  
13 of such Code”.

14 (I) The table of sections for subpart C of  
15 part IV of subchapter A of chapter 1 of such  
16 Code is amended by striking the item relating  
17 to section 35 and inserting the following:

“Sec. 35. Expenses for household and dependent care services  
necessary for gainful employment.

“Sec. 36. Overpayments of tax.”.

18 (J) The table of sections for subpart A of  
19 such part IV is amended by striking the item  
20 relating to section 21.

21 (b) HIGHER-INCOME TAXPAYERS INELIGIBLE FOR  
22 CREDIT.—Subsection (a) of section 35 of such Code, as  
23 redesignated by subsection (a), is amended by adding at  
24 the end the following new paragraph:

1           “(3) PHASEOUT OF CREDIT FOR HIGHER-IN-  
2           COME TAXPAYERS.—The amount of the credit which  
3           would (but for this paragraph) be allowed by this  
4           section shall be reduced (but not below zero) by an  
5           amount which bears the same ratio to such amount  
6           of credit as the excess of the taxpayer’s adjusted  
7           gross income for the taxable year over \$60,000 bears  
8           to \$20,000. Any reduction determined under the  
9           preceding sentence which is not a multiple of \$10  
10          shall be rounded to the nearest multiple of \$10.”.

11          (c) EFFECTIVE DATE.—The amendments made by  
12          this section shall apply to taxable years beginning after  
13          December 31, 1996.

## 14                           **Subtitle C—Work First**

### 15          **SEC. 9301. WORK FIRST PROGRAM.**

16          (a) ESTABLISHMENT AND OPERATION OF PRO-  
17          GRAM.—Title IV (42 U.S.C. 601 et seq.) is amended by  
18          striking part F and inserting the following:

#### 19                           **“Part F—Work First Program**

##### 20          **“SEC. 481. STATE ROLE.**

21          “(a) PROGRAM REQUIREMENTS.—Any State may es-  
22          tablish and operate a work first program that meets the  
23          following requirements:

24                  “(1) OBJECTIVE.—The objective of the pro-  
25          gram is for each program participant to find and

1 Human Services that the State desires to so delay such  
2 effective date.

3 (c) AUTHORITY OF THE SECRETARY OF HEALTH  
4 AND HUMAN SERVICES TO DELAY APPLICABILITY TO A  
5 STATE.—If a State formally notifies the Secretary of  
6 Health and Human Services that the State desires to  
7 delay the applicability to the State of the amendments  
8 made by this title, the amendments shall apply to the  
9 State on and after any later date agreed upon by the Sec-  
10 retary and the State.

11 **Subtitle D—Family Responsibility**  
12 **And Improved Child Support**  
13 **Enforcement**

14 **CHAPTER 1—ELIGIBILITY AND OTHER**  
15 **MATTERS CONCERNING TITLE IV-D**  
16 **PROGRAM CLIENTS**

17 **SEC. 9401. STATE OBLIGATION TO PROVIDE PATERNITY ES-**  
18 **TABLISHMENT AND CHILD SUPPORT EN-**  
19 **FORCEMENT SERVICES.**

20 (a) STATE LAW REQUIREMENTS.—Section 466(a)  
21 (42 U.S.C. 666(a)) is amended by inserting after para-  
22 graph (11) the following:

23 “(12) USE OF CENTRAL CASE REGISTRY AND  
24 CENTRALIZED COLLECTIONS UNIT.—Procedures  
25 under which—

1           “(A) every child support order established  
2 or modified in the State on or after October 1,  
3 1998, is recorded in the central case registry  
4 established in accordance with section 454A(e);  
5 and

6           “(B) child support payments are collected  
7 through the centralized collections unit estab-  
8 lished in accordance with section 454B—

9           “(i) on and after October 1, 1998,  
10 under each order subject to wage withhold-  
11 ing under section 466(b); and

12           “(ii) on and after October 1, 1999,  
13 under each other order required to be re-  
14 corded in such central case registry under  
15 this paragraph or section 454A(e), except  
16 as provided in subparagraph (C); and

17           “(C) (i) parties subject to a child support  
18 order described in subparagraph (B) (ii) may  
19 opt out of the procedure for payment of support  
20 through the centralized collections unit (but not  
21 the procedure for inclusion in the central case  
22 registry) by filing with the State agency a writ-  
23 ten agreement, signed by both parties, to an  
24 alternative payment procedure; and

1           “(ii) an agreement described in clause (i)  
2           becomes void whenever either party advises the  
3           State agency of an intent to vacate the agree-  
4           ment.”.

5           (b) STATE PLAN REQUIREMENTS.—Section 454 (42  
6 U.S.C. 654) is amended—

7           (1) by striking paragraph (4) and inserting the  
8           following:

9           “(4) provide that such State will undertake—

10           “(A) to provide appropriate services under  
11           this part to—

12           “(i) each child with respect to whom  
13           an assignment is effective under section  
14           403(b)(1)(E)(i), 471(a)(17), or 1912 (ex-  
15           cept in cases where the State agency deter-  
16           mines, in accordance with paragraph (25),  
17           that it is against the best interests of the  
18           child to do so); and

19           “(ii) each child not described in clause  
20           (i)—

21           “(I) with respect to whom an in-  
22           dividual applies for such services; and

23           “(II) (on and after October 1,  
24           1998) each child with respect to  
25           whom a support order is recorded in



1           the central State case registry estab-  
2           lished under section 454A, regardless  
3           of whether application is made for  
4           services under this part; and

5           “(B) to enforce the support obligation es-  
6           tablished with respect to the custodial parent of  
7           a child described in subparagraph (A) unless  
8           the parties to the order which establishes the  
9           support obligation have opted, in accordance  
10          with section 466(a)(12)(C), for an alternative  
11          payment procedure.”; and

12          (2) in paragraph (6)—

13           (A) by striking subparagraph (A) and in-  
14          serting the following:

15           “(A) services under the State plan shall be  
16          made available to nonresidents on the same  
17          terms as to residents;”;

18          (B) in subparagraph (B)—

19           (i) by inserting “on individuals not re-  
20          ceiving assistance under part A” after  
21          “such services shall be imposed”; and

22           (ii) by inserting “but no fees or costs  
23          shall be imposed on any absent or custo-  
24          dial parent or other individual for inclusion

1           in the central State registry maintained  
2           pursuant to section 454A(e)”; and

3           (C) in each of subparagraphs (B), (C), and  
4           (D)—

5                   (i) by indenting such subparagraph  
6                   and aligning its left margin with the left  
7                   margin of subparagraph (A); and

8                   (ii) by striking the final comma and  
9                   inserting a semicolon.

10       (c) CONFORMING AMENDMENTS.—

11           (1) Section 452(g)(2)(A) (42 U.S.C.  
12       652(g)(2)(A)) is amended by striking “454(6)” each  
13       place it appears and inserting “454(4)(A)(ii)”.

14           (2) Section 454(23) (42 U.S.C. 654(23)) is  
15       amended, effective October 1, 1998, by striking “in-  
16       formation as to any application fees for such services  
17       and”.

18           (3) Section 466(a)(3)(B) (42 U.S.C.  
19       666(a)(3)(B)) is amended by striking “in the case of  
20       overdue support which a State has agreed to collect  
21       under section 454(6)” and inserting “in any other  
22       case”.

23           (4) Section 466(e) (42 U.S.C. 666(e)) is  
24       amended by striking “or (6)”.

1 **SEC. 9402. DISTRIBUTION OF PAYMENTS.**

2 (a) DISTRIBUTIONS THROUGH STATE CHILD SUP-  
3 PORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE  
4 RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is  
5 amended—

6 (1) in subparagraph (A)—

7 (A) by striking section 402(a)(26) is effec-  
8 tive,” and inserting “section 403(b)(1)(E)(i) is  
9 effective, except as otherwise specifically pro-  
10 vided in section 464 or 466(a)(3),”; and

11 (B) by striking “except that” and all that  
12 follows through the semicolon; and

13 (2) in subparagraph (B), by striking “, except”  
14 and all that follows through “medical assistance”.

15 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-  
16 CEIVING TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-  
17 tion 457 (42 U.S.C. 657) is amended—

18 (1) by striking subsection (a) and redesignating  
19 subsection (b) as subsection (a);

20 (2) in subsection (a) (as so redesignated)—

21 (A) in the matter preceding paragraph (2),  
22 to read as follows:

23 “(a) IN THE CASE OF A FAMILY RECEIVING TEA.—  
24 Amounts collected under this part during any month as  
25 support of a child who is receiving assistance under part  
26 A (or a parent or caretaker relative of such a child) shall

1 (except in the case of a State exercising the option under  
2 subsection (b)) be distributed as follows:

3 “(1) an amount equal to the amount that will  
4 be disregarded pursuant to section 402(d)(2)(C)  
5 shall be taken from each of—

6 “(A) the amounts received in a month  
7 which represent payments for that month; and

8 “(B) the amounts received in a month  
9 which represent payments for a prior month  
10 which were made by the absent parent in that  
11 prior month;

12 and shall be paid to the family without affecting its  
13 eligibility for assistance or decreasing any amount  
14 otherwise payable as assistance to such family dur-  
15 ing such month;”;

16 (B) in paragraph (4), by striking “or (B)”  
17 and all that follows through the period and in-  
18 serting “; then (B) from any remainder,  
19 amounts equal to arrearages of such support  
20 obligations assigned, pursuant to part A, to any  
21 other State or States shall be paid to such  
22 other State or States and used to pay any such  
23 arrearages (with appropriate reimbursement of  
24 the Federal Government to the extent of its

1 participation in the financing); and then (C)  
2 any remainder shall be paid to the family.”; and  
3 (3) by inserting after subsection (a) (as so re-  
4 designated) the following new subsection:

5 “(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAM-  
6 ILY RECEIVING TEA.—In the case of a State electing the  
7 option under this subsection, amounts collected as de-  
8 scribed in subsection (a) shall be distributed as follows:

9 “(1) an amount equal to the amount that will  
10 be disregarded pursuant to section 402(d)(2)(C)  
11 shall be taken from each of—

12 “(A) the amounts received in a month  
13 which represent payments for that month; and

14 “(B) the amounts received in a month  
15 which represent payments for a prior month  
16 which were made by the absent parent in that  
17 prior month;

18 and shall be paid to the family without affecting its  
19 eligibility for assistance or decreasing any amount  
20 otherwise payable as assistance to such family dur-  
21 ing such month;

22 “(2) second, from any remainder, amounts  
23 equal to the balance of support owed for the current  
24 month shall be paid to the family;

1           “(3) third, from any remainder, amounts equal  
2 to arrearages of such support obligations assigned,  
3 pursuant to part A, to the State making the collec-  
4 tion shall be retained and used by such State to pay  
5 any such arrearages (with appropriate reimburse-  
6 ment of the Federal Government to the extent of its  
7 participation in the financing);

8           “(4) fourth, from any remainder, amounts  
9 equal to arrearages of such support obligations as-  
10 signed, pursuant to part A, to any other State or  
11 States shall be paid to such other State or States  
12 and used to pay any such arrearages (with appro-  
13 priate reimbursement of the Federal Government to  
14 the extent of its participation in the financing); and

15           “(5) fifth, any remainder shall be paid to the  
16 family.”.

17       (c) DISTRIBUTION TO A FAMILY NOT RECEIVING  
18 TEA.—Section 457(c) (42 U.S.C. 657(c)) is amended to  
19 read as follows:

20       “(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RE-  
21 CEIVING TEA.—Amounts collected by a State agency  
22 under this part during any month as support of a child  
23 who is not receiving assistance under part A (or of a par-  
24 ent or caretaker relative of such a child) shall (subject to

1 the remaining provisions of this section) be distributed as  
2 follows:

3           “(1) first, amounts equal to the total of such  
4 support owed for such month shall be paid to the  
5 family;

6           “(2) second, from any remainder, amounts  
7 equal to arrearages of such support obligations for  
8 months during which such child did not receive as-  
9 sistance under part A shall be paid to the family;

10           “(3) third, from any remainder, amounts equal  
11 to arrearages of such support obligations assigned to  
12 the State making the collection pursuant to part A  
13 shall be retained and used by such State to pay any  
14 such arrearages (with appropriate reimbursement of  
15 the Federal Government to the extent of its partici-  
16 pation in the financing); and

17           “(4) fourth, from any remainder, amounts  
18 equal to arrearages of such support obligations as-  
19 signed to any other State pursuant to part A shall  
20 be paid to such other State or States, and used to  
21 pay such arrearages, in the order in which such ar-  
22 rearages accrued (with appropriate reimbursement  
23 of the Federal Government to the extent of its par-  
24 ticipation in the financing).”.

1 (d) DISTRIBUTION TO A CHILD RECEIVING ASSIST-  
2 ANCE UNDER TITLE IV-E.—Section 457(d) (42 U.S.C.  
3 657(d)) is amended, in the matter preceding paragraph  
4 (1), by striking “Notwithstanding the preceding provisions  
5 of this section, amounts” and inserting the following:

6 “(d) DISTRIBUTIONS IN CASE OF A CHILD RECEIV-  
7 ING ASSISTANCE UNDER TITLE IV-E.—Amounts”.

8 (e) REGULATIONS.—The Secretary of Health and  
9 Human Services shall promulgate regulations under part  
10 A of title IV of the Social Security Act, establishing stand-  
11 ards applicable to States electing the alternative formula  
12 under section 457(b) of such Act for distribution of collec-  
13 tions on behalf of families receiving temporary employ-  
14 ment assistance, designed to minimize irregular monthly  
15 payments to such families.

16 (f) CLERICAL AMENDMENTS.—Section 454 (42  
17 U.S.C. 654) is amended—

18 (1) in paragraph (11)—

19 (A) by striking “(11)” and inserting  
20 “(11)(A)”; and

21 (B) by inserting after the semicolon “and”;  
22 and

23 (2) by redesignating paragraph (12) as sub-  
24 paragraph (B) of paragraph (11).

25 (g) EFFECTIVE DATES.—



1           (1) IN GENERAL.—Except as otherwise pro-  
2           vided in this subsection, the amendments made by  
3           this section shall become effective on October 1,  
4           1996.

5           (2) FAMILY NOT RECEIVING TEA.—The amend-  
6           ment made by subsection (c) shall become effective  
7           on October 1, 1999.

8           (3) SPECIAL RULES.—

9                   (A) APPLICABILITY.—A State may elect to  
10                  have the amendments made by any subsection  
11                  of this section become effective only with re-  
12                  spect to child support cases beginning on or  
13                  after the effective date of such subsection.

14                   (B) DELAYED IMPLEMENTATION.—A State  
15                  may elect to have the amendments made by this  
16                  section (other than subsection (c)) become ef-  
17                  fective on a date later than October 1, 1996,  
18                  which date shall coincide with the operation of  
19                  the single statewide automated data processing  
20                  and information retrieval system required by  
21                  section 454A of the Social Security Act (as  
22                  added by section 9415(a)(2) of this Act) and  
23                  the State centralized collection unit required by  
24                  section 454B of the Social Security Act (as  
25                  added by section 9422(b) of this Act).

1 **SEC. 9403. DUE PROCESS RIGHTS.**

2 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as  
3 amended by section 9402(f) of this Act, is amended by  
4 inserting after paragraph (11) the following new para-  
5 graph:

6 “(12) provide for procedures to ensure that—

7 “(A) individuals who are applying for or  
8 receiving services under this part, or are parties  
9 to cases in which services are being provided  
10 under this part—

11 “(i) receive notice of all proceedings in  
12 which support obligations might be estab-  
13 lished or modified; and

14 “(ii) receive a copy of any order estab-  
15 lishing or modifying a child support obliga-  
16 tion, or (in the case of a petition for modi-  
17 fication) a notice of determination that  
18 there should be no change in the amount  
19 of the child support award, within 14 days  
20 after issuance of such order or determina-  
21 tion;

22 “(B) individuals applying for or receiving  
23 services under this part have access to a fair  
24 hearing that meets standards established by the  
25 Secretary and ensures prompt consideration  
26 and resolution of complaints (but the resort to

1           such procedure shall not stay the enforcement  
2           of any support order); and

3           “(C) individuals adversely affected by the  
4           establishment or modification of (or, in the case  
5           of a petition for modification, the determination  
6           that there should be no change in) a child sup-  
7           port order shall be afforded not less than 30  
8           days after the receipt of the order or determina-  
9           tion to initiate proceedings to challenge such  
10          order or determination;”.

11          (b) EFFECTIVE DATE.—The amendment made by  
12          subsection (a) shall become effective on October 1, 1997.

13          **SEC. 9404. PRIVACY SAFEGUARDS.**

14          (a) STATE PLAN REQUIREMENT.—Section 454 (42  
15          U.S.C. 454) is amended—

16                 (1) by striking “and” at the end of paragraph  
17                 (23);

18                 (2) by striking the period at the end of para-  
19                 graph (24) and inserting “; and”; and

20                 (3) by adding after paragraph (24) the follow-  
21                 ing:

22                 “(25) will have in effect safeguards applicable  
23                 to all sensitive and confidential information handled  
24                 by the State agency designed to protect the privacy  
25                 rights of the parties, including—

1           “(A) safeguards against unauthorized use  
2 or disclosure of information relating to proceed-  
3 ings or actions to establish paternity, or to es-  
4 tablish or enforce support;

5           “(B) prohibitions on the release of infor-  
6 mation on the whereabouts of one party to an-  
7 other party against whom a protective order  
8 with respect to the former party has been en-  
9 tered; and

10           “(C) prohibitions on the release of infor-  
11 mation on the whereabouts of one party to an-  
12 other party if the State has reason to believe  
13 that the release of the information may result  
14 in physical or emotional harm to the former  
15 party.”.

16           (b) EFFECTIVE DATE.—The amendment made by  
17 subsection (a) shall become effective on October 1, 1997.

18       **CHAPTER 2—PROGRAM ADMINISTRATION**  
19                               **AND FUNDING**

20       **SEC. 9411. FEDERAL MATCHING PAYMENTS.**

21           (a) INCREASED BASE MATCHING RATE.—Section  
22 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as  
23 follows:

24           “(2) The applicable percent for a quarter for  
25 purposes of paragraph (1)(A) is—

1 shall become effective October 1, 1997, except to the  
2 extent provided in subparagraph (B).

3 (B) Section 458 of the Social Security Act, as  
4 in effect prior to the enactment of this section, shall  
5 be effective for purposes of incentive payments to  
6 States for fiscal years prior to fiscal year 1999.

7 (2) PENALTY REDUCTIONS.—(A) The amend-  
8 ments made by subsection (d) shall become effective  
9 with respect to calendar quarters beginning on and  
10 after the date of enactment of this Act.

11 (B) The amendments made by subsection (e)  
12 shall become effective with respect to calendar quar-  
13 ters beginning on and after the date one year after  
14 the date of enactment of this Act.

15 **SEC. 9413. FEDERAL AND STATE REVIEWS AND AUDITS.**

16 (a) STATE AGENCY ACTIVITIES.—Section 454 (42  
17 U.S.C. 654) is amended—

18 (1) in paragraph (14), by striking “(14)” and  
19 inserting “(14)(A)”;

20 (2) by redesignating paragraph (15) as sub-  
21 paragraph (B) of paragraph (14); and

22 (3) by inserting after paragraph (14) the fol-  
23 lowing new paragraph:

24 “(15) provide for—

1           “(A) a process for annual reviews of and  
2 reports to the Secretary on the State program  
3 under this part, which shall include such infor-  
4 mation as may be necessary to measure State  
5 compliance with Federal requirements for expedited  
6 procedures and timely case processing,  
7 using such standards and procedures as are re-  
8 quired by the Secretary, under which the State  
9 agency will determine the extent to which such  
10 program is in conformity with applicable re-  
11 quirements with respect to the operation of  
12 State programs under this part (including the  
13 status of complaints filed under the procedure  
14 required under paragraph (12)(B)); and

15           “(B) a process of extracting from the  
16 State automated data processing system and  
17 transmitting to the Secretary data and calcula-  
18 tions concerning the levels of accomplishment  
19 (and rates of improvement) with respect to ap-  
20 plicable performance indicators (including IV-D  
21 paternity establishment percentages and overall  
22 performance in child support enforcement) to  
23 the extent necessary for purposes of sections  
24 452(g) and 458.”.

1 (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42  
2 U.S.C. 652(a)(4)) is amended to read as follows:

3 “(4)(A) review data and calculations transmit-  
4 ted by State agencies pursuant to section  
5 454(15)(B) on State program accomplishments with  
6 respect to performance indicators for purposes of  
7 section 452(g) and 458, and determine the amount  
8 (if any) of penalty reductions pursuant to section  
9 455(c) to be applied to the State;

10 “(B) review annual reports by State agencies  
11 pursuant to section 454(15)(A) on State program  
12 conformity with Federal requirements; evaluate any  
13 elements of a State program in which significant de-  
14 ficiencies are indicated by such report on the status  
15 of complaints under the State procedure under sec-  
16 tion 454(12)(B); and, as appropriate, provide to the  
17 State agency comments, recommendations for addi-  
18 tional or alternative corrective actions, and technical  
19 assistance; and

20 “(C) conduct audits, in accordance with the  
21 government auditing standards of the United States  
22 Comptroller General—

23 “(i) at least once every 3 years (or more  
24 frequently, in the case of a State which fails to  
25 meet requirements of this part, or of regula-

1 tions implementing such requirements, concern-  
2 ing performance standards and reliability of  
3 program data) to assess the completeness, reli-  
4 ability, and security of the data, and the accu-  
5 racy of the reporting systems, used for the cal-  
6 culations of performance indicators specified in  
7 subsection (g) and section 458;

8 “(ii) of the adequacy of financial manage-  
9 ment of the State program, including assess-  
10 ments of—

11 “(I) whether Federal and other funds  
12 made available to carry out the State pro-  
13 gram under this part are being appro-  
14 priately expended, and are properly and  
15 fully accounted for; and

16 “(II) whether collections and disburse-  
17 ments of support payments and program  
18 income are carried out correctly and are  
19 properly and fully accounted for; and

20 “(iii) for such other purposes as the Sec-  
21 retary may find necessary;”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall be effective with respect to calendar  
24 quarters beginning on or after the date one year after en-  
25 actment of this section.



1 **SEC. 9414. REQUIRED REPORTING PROCEDURES.**

2 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.  
3 652(a)(5)) is amended by inserting “, and establish proce-  
4 dures to be followed by States for collecting and reporting  
5 information required to be provided under this part, and  
6 establish uniform definitions (including those necessary to  
7 enable the measurement of State compliance with the re-  
8 quirements of this part relating to expedited processes and  
9 timely case processing) to be applied in following such pro-  
10 cedures” before the semicolon.

11 (b) STATE PLAN REQUIREMENT.—Section 454 (42  
12 U.S.C. 654), as amended by section 9404(a) of this Act,  
13 is amended—

14 (1) by striking “and” at the end of paragraph  
15 (24);

16 (2) by striking the period at the end of para-  
17 graph (25) and inserting “; and”; and

18 (3) by adding after paragraph (25) the follow-  
19 ing:

20 “(26) provide that the State shall use the defi-  
21 nitions established under section 452(a)(5) in col-  
22 lecting and reporting information as required under  
23 this part.”.

1 **SEC. 9415. AUTOMATED DATA PROCESSING REQUIRE-**  
2 **MENTS.**

3 (a) REVISED REQUIREMENTS.—(1) Section 454(16)  
4 (42 U.S.C. 654(16)) is amended—

5 (A) by striking “, at the option of the State,”;

6 (B) by inserting “and operation by the State  
7 agency” after “for the establishment”;

8 (C) by inserting “meeting the requirements of  
9 section 454A” after “information retrieval system”;

10 (D) by striking “in the State and localities  
11 thereof, so as (A)” and inserting “so as”;

12 (E) by striking “(i)”;

13 (F) by striking “(including” and all that follows  
14 and inserting a semicolon.

15 (2) Part D of title IV (42 U.S.C. 651–669) is amend-  
16 ed by inserting after section 454 the following new section:

17 “AUTOMATED DATA PROCESSING

18 “SEC. 454A. (a) IN GENERAL.—In order to meet the  
19 requirements of this section, for purposes of the require-  
20 ment of section 454(16), a State agency shall have in op-  
21 eration a single statewide automated data processing and  
22 information retrieval system which has the capability to  
23 perform the tasks specified in this section, and performs  
24 such tasks with the frequency and in the manner specified  
25 in this part or in regulations or guidelines of the Sec-  
26 retary.

1       “(b) PROGRAM MANAGEMENT.—The automated sys-  
2 tem required under this section shall perform such func-  
3 tions as the Secretary may specify relating to management  
4 of the program under this part, including—

5           “(1) controlling and accounting for use of Fed-  
6 eral, State, and local funds to carry out such pro-  
7 gram; and

8           “(2) maintaining the data necessary to meet  
9 Federal reporting requirements on a timely basis.

10       “(c) CALCULATION OF PERFORMANCE INDICA-  
11 TORS.—In order to enable the Secretary to determine the  
12 incentive and penalty adjustments required by sections  
13 452(g) and 458, the State agency shall—

14           “(1) use the automated system—

15           “(A) to maintain the requisite data on  
16 State performance with respect to paternity es-  
17 tablishment and child support enforcement in  
18 the State; and

19           “(B) to calculate the IV-D paternity es-  
20 tablishment percentage and overall performance  
21 in child support enforcement for the State for  
22 each fiscal year; and

23           “(2) have in place systems controls to ensure  
24 the completeness, and reliability of, and ready access  
25 to, the data described in paragraph (1)(A), and the

1 accuracy of the calculations described in paragraph  
2 (1)(B).

3 “(d) INFORMATION INTEGRITY AND SECURITY.—The  
4 State agency shall have in effect safeguards on the integ-  
5 rity, accuracy, and completeness of, access to, and use of  
6 data in the automated system required under this section,  
7 which shall include the following (in addition to such other  
8 safeguards as the Secretary specifies in regulations):

9 “(1) POLICIES RESTRICTING ACCESS.—Written  
10 policies concerning access to data by State agency  
11 personnel, and sharing of data with other persons,  
12 which—

13 “(A) permit access to and use of data only  
14 to the extent necessary to carry out program re-  
15 sponsibilities;

16 “(B) specify the data which may be used  
17 for particular program purposes, and the per-  
18 sonnel permitted access to such data; and

19 “(C) ensure that data obtained or disclosed  
20 for a limited program purpose is not used or  
21 redisclosed for another, impermissible purpose.

22 “(2) SYSTEMS CONTROLS.—Systems controls  
23 (such as passwords or blocking of fields) to ensure  
24 strict adherence to the policies specified under para-  
25 graph (1).

1           “(3) MONITORING OF ACCESS.—Routine mon-  
2           itoring of access to and use of the automated sys-  
3           tem, through methods such as audit trails and feed-  
4           back mechanisms, to guard against and promptly  
5           identify unauthorized access or use.

6           “(4) TRAINING AND INFORMATION.—The State  
7           agency shall have in effect procedures to ensure that  
8           all personnel (including State and local agency staff  
9           and contractors) who may have access to or be re-  
10          quired to use sensitive or confidential program data  
11          are fully informed of applicable requirements and  
12          penalties, and are adequately trained in security pro-  
13          cedures.

14          “(5) PENALTIES.—The State agency shall have  
15          in effect administrative penalties (up to and includ-  
16          ing dismissal from employment) for unauthorized ac-  
17          cess to, or disclosure or use of, confidential data.”.

18          (3) REGULATIONS.—Section 452 (42 U.S.C. 652) is  
19          amended by adding at the end the following:

20          “(j) The Secretary shall prescribe final regulations  
21          for implementation of the requirements of section 454A  
22          not later than 2 years after the date of the enactment of  
23          this subsection.”.

24          (4) IMPLEMENTATION TIMETABLE.—Section  
25          454(24) (42 U.S.C. 654(24)), as amended by sections

1 9404(a)(2) and 9414(b)(1) of this Act, is amended to read  
2 as follows:

3 “(24) provide that the State will have in effect  
4 an automated data processing and information re-  
5 trieval system—

6 “(A) by October 1, 1995, meeting all re-  
7 quirements of this part which were enacted on  
8 or before the date of enactment of the Family  
9 Support Act of 1988; and

10 “(B) by October 1, 1999, meeting all re-  
11 quirements of this part enacted on or before the  
12 date of enactment of the Omnibus Budget Rec-  
13 onciliation Act of 1995 (but this provision shall  
14 not be construed to alter earlier deadlines speci-  
15 fied for elements of such system), except that  
16 such deadline shall be extended by 1 day for  
17 each day (if any) by which the Secretary fails  
18 to meet the deadline imposed by section 452(j)  
19 of this Act;”.

20 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-  
21 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section  
22 455(a) (42 U.S.C. 655(a)) is amended—

23 (1) in paragraph (1)(B)—

24 (A) by striking “90 percent” and inserting  
25 “the percent specified in paragraph (3)”;

1                   (B) by striking “so much of”; and  
2                   (C) by striking “which the Secretary” and  
3                   all that follows and inserting “, and”; and  
4                   (2) by adding at the end the following new  
5                   paragraph:

6           “(3)(A) The Secretary shall pay to each State, for  
7           each quarter in fiscal year 1996, 90 percent of so much  
8           of State expenditures described in subparagraph (1)(B) as  
9           the Secretary finds are for a system meeting the require-  
10          ments specified in section 454(16), or meeting such re-  
11          quirements without regard to clause (D) thereof.

12          “(B)(i) The Secretary shall pay to each State, for  
13          each quarter in fiscal years 1997 through 2001, the per-  
14          centage specified in clause (ii) of so much of State expend-  
15          itures described in subparagraph (1)(B) as the Secretary  
16          finds are for a system meeting the requirements specified  
17          in section 454(16) and 454A, subject to clause (iii).

18          “(ii) The percentage specified in this clause, for pur-  
19          poses of clause (i), is the higher of—

20                  “(I) 80 percent, or

21                  “(II) the percentage otherwise applicable to  
22          Federal payments to the State under subparagraph  
23          (A) (as adjusted pursuant to section 458).”.

1 (c) CONFORMING AMENDMENT.—Section 123(c) of  
2 the Family Support Act of 1988 (102 Stat. 2352; Public  
3 Law 100–485) is repealed.

4 (d) ADDITIONAL PROVISIONS.—For additional provi-  
5 sions of section 454A, as added by subsection (a) of this  
6 section, see the amendments made by sections 9421,  
7 9422(c), and 9433(d) of this Act.

8 **SEC. 9416. DIRECTOR OF CSE PROGRAM; STAFFING STUDY.**

9 (a) REPORTING TO SECRETARY.—Section 452(a) (42  
10 U.S.C. 652(a)) is amended in the matter preceding para-  
11 graph (1) by striking “directly”.

12 (b) STAFFING STUDIES.—

13 (1) SCOPE.—The Secretary of Health and  
14 Human Services shall, directly or by contract, con-  
15 duct studies of the staffing of each State child sup-  
16 port enforcement program under part D of title IV  
17 of the Social Security Act. Such studies shall include  
18 a review of the staffing needs created by require-  
19 ments for automated data processing, maintenance  
20 of a central case registry and centralized collections  
21 of child support, and of changes in these needs re-  
22 sulting from changes in such requirements. Such  
23 studies shall examine and report on effective staffing  
24 practices used by the States and on recommended  
25 staffing procedures.



1           (2) FREQUENCY OF STUDIES.—The Secretary  
2 shall complete the first staffing study required under  
3 paragraph (1) by October 1, 1997, and may conduct  
4 additional studies subsequently at appropriate inter-  
5 vals.

6           (3) REPORT TO THE CONGRESS.—The Sec-  
7 retary shall submit a report to the Congress stating  
8 the findings and conclusions of each study conducted  
9 under this subsection.

10 **SEC. 9417. FUNDING FOR SECRETARIAL ASSISTANCE TO**  
11 **STATE PROGRAMS.**

12       Section 452 (42 U.S.C. 652), as amended by section  
13 9415(a)(3) of this Act, is amended by adding at the end  
14 the following new subsection:

15       “(k) FUNDING FOR FEDERAL ACTIVITIES ASSISTING  
16 STATE PROGRAMS.—(1) There shall be available to the  
17 Secretary, from amounts appropriated for fiscal year 1996  
18 and each succeeding fiscal year for payments to States  
19 under this part, the amount specified in paragraph (2) for  
20 the costs to the Secretary for—

21           “(A) information dissemination and technical  
22 assistance to States, training of State and Federal  
23 staff, staffing studies, and related activities needed  
24 to improve programs (including technical assistance  
25 concerning State automated systems);

1           “(B) research, demonstration, and special  
2 projects of regional or national significance relating  
3 to the operation of State programs under this part;  
4 and

5           “(C) operation of the Federal Parent Locator  
6 Service under section 453, to the extent such costs  
7 are not recovered through user fees.

8           “(2) The amount specified in this paragraph for a  
9 fiscal year is the amount equal to a percentage of the re-  
10 duction in Federal payments to States under part A on  
11 account of child support (including arrearages) collected  
12 in the preceding fiscal year on behalf of children receiving  
13 assistance under State plans approved under part A in  
14 such preceding fiscal year (as determined on the basis of  
15 the most recent reliable data available to the Secretary  
16 as of the end of the third calendar quarter following the  
17 end of such preceding fiscal year), equal to—

18           “(A) 1 percent, for the activities specified in  
19 subparagraphs (A) and (B) of paragraph (1); and

20           “(B) 2 percent, for the activities specified in  
21 subparagraph (C) of paragraph (1).”.

22 **SEC. 9418. REPORTS AND DATA COLLECTION BY THE SEC-**  
23 **RETARY.**

24           (a) ANNUAL REPORT TO CONGRESS.—(1) Section  
25 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

1 (A) by striking “this part;” and inserting “this  
2 part, including—”; and

3 (B) by adding at the end the following indented  
4 clauses:

5 “(i) the total amount of child support  
6 payments collected as a result of services  
7 furnished during such fiscal year to indi-  
8 viduals receiving services under this part;

9 “(ii) the cost to the States and to the  
10 Federal Government of furnishing such  
11 services to those individuals; and

12 “(iii) the number of cases involving  
13 families—

14 “(I) who became ineligible for as-  
15 sistance under a State plan approved  
16 under part A during a month in such  
17 fiscal year; and

18 “(II) with respect to whom a  
19 child support payment was received in  
20 the same month;”.

21 (2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C))  
22 is amended—

23 (A) in the matter preceding clause (i)—

24 (i) by striking “with the data required  
25 under each clause being separately stated for

1 cases” and inserting “separately stated for (1)  
2 cases”;

3 (ii) by striking “cases where the child was  
4 formerly receiving” and inserting “or formerly  
5 received”;

6 (iii) by inserting “or 1912” after  
7 “471(a)(17)”;

8 (iv) by inserting “(2)” before “all other”;

9 (B) in each of clauses (i) and (ii), by striking  
10 “, and the total amount of such obligations”;

11 (C) in clause (iii), by striking “described in”  
12 and all that follows and inserting “in which support  
13 was collected during the fiscal year”;

14 (D) by striking clause (iv); and

15 (E) by redesignating clause (v) as clause (vii),  
16 and inserting after clause (iii) the following new  
17 clauses:

18 “(iv) the total amount of support col-  
19 lected during such fiscal year and distrib-  
20 uted as current support;

21 “(v) the total amount of support col-  
22 lected during such fiscal year and distrib-  
23 uted as arrearages;

24 “(vi) the total amount of support due  
25 and unpaid for all fiscal years; and”.

1       (3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G))  
2 is amended by striking “on the use of Federal courts  
3 and”.

4       (4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is  
5 amended by striking all that follows subparagraph (I).

6       (b) DATA COLLECTION AND REPORTING.—Section  
7 469 (42 U.S.C. 669) is amended—

8           (1) by striking subsections (a) and (b) and in-  
9 serting the following:

10       “(a) The Secretary shall collect and maintain, on a  
11 fiscal year basis, up-to-date statistics, by State, with re-  
12 spect to services to establish paternity and services to es-  
13 tablish child support obligations, the data specified in sub-  
14 section (b), separately stated, in the case of each such  
15 service, with respect to—

16           “(1) families (or dependent children) receiving  
17 assistance under State plans approved under part A  
18 (or E); and

19           “(2) families not receiving such assistance.

20       “(b) The data referred to in subsection (a) are—

21           “(1) the number of cases in the caseload of the  
22 State agency administering the plan under this part  
23 in which such service is needed; and

24           “(2) the number of such cases in which the  
25 service has been provided.”; and

1           (2) in subsection (c), by striking “(a)(2)” and  
2           inserting “(b)(2)”.

3           (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall be effective with respect to fiscal year  
5 1996 and succeeding fiscal years.

6           **CHAPTER 3—LOCATE AND CASE**  
7           **TRACKING**

8           **SEC. 9421. CENTRAL STATE AND CASE REGISTRY.**

9           Section 454A, as added by section 9415(a)(2) of this  
10 Act, is amended by adding at the end the following:

11           “(e) CENTRAL CASE REGISTRY.—(1) IN GEN-  
12 ERAL.—The automated system required under this section  
13 shall perform the functions, in accordance with the provi-  
14 sions of this subsection, of a single central registry con-  
15 taining records with respect to each case in which services  
16 are being provided by the State agency (including, on and  
17 after October 1, 1998, each order specified in section  
18 466(a)(12)), using such standardized data elements (such  
19 as names, social security numbers or other uniform identi-  
20 fication numbers, dates of birth, and case identification  
21 numbers), and containing such other information (such as  
22 information on case status) as the Secretary may require.

23           “(2) PAYMENT RECORDS.—Each case record in the  
24 central registry shall include a record of—

1           “(A) the amount of monthly (or other periodic)  
2 support owed under the support order, and other  
3 amounts due or overdue (including arrears, interest  
4 or late payment penalties, and fees);

5           “(B) the date on which or circumstances under  
6 which the support obligation will terminate under  
7 such order;

8           “(C) all child support and related amounts col-  
9 lected (including such amounts as fees, late payment  
10 penalties, and interest on arrearages);

11           “(D) the distribution of such amounts collected;  
12 and

13           “(E) the birth date of the child for whom the  
14 child support order is entered.

15           “(3) UPDATING AND MONITORING.—The State agen-  
16 cy shall promptly establish and maintain, and regularly  
17 monitor, case records in the registry required by this sub-  
18 section, on the basis of—

19           “(A) information on administrative actions and  
20 administrative and judicial proceedings and orders  
21 relating to paternity and support;

22           “(B) information obtained from matches with  
23 Federal, State, or local data sources;

24           “(C) information on support collections and dis-  
25 tributions; and

1           “(D) any other relevant information.

2           “(f) DATA MATCHES AND OTHER DISCLOSURES OF  
3 INFORMATION.—The automated system required under  
4 this section shall have the capacity, and be used by the  
5 State agency, to extract data at such times, and in such  
6 standardized format or formats, as may be required by  
7 the Secretary, and to share and match data with, and re-  
8 ceive data from, other data bases and data matching serv-  
9 ices, in order to obtain (or provide) information necessary  
10 to enable the State agency (or Secretary or other State  
11 or Federal agencies) to carry out responsibilities under  
12 this part. Data matching activities of the State agency  
13 shall include at least the following:

14           “(1) DATA BANK OF CHILD SUPPORT OR-  
15 DERS.—Furnish to the Data Bank of Child Support  
16 Orders established under section 453(h) (and update  
17 as necessary, with information including notice of  
18 expiration of orders) minimal information (to be  
19 specified by the Secretary) on each child support  
20 case in the central case registry.

21           “(2) FEDERAL PARENT LOCATOR SERVICE.—  
22 Exchange data with the Federal Parent Locator  
23 Service for the purposes specified in section 453.

24           “(3) TEMPORARY EMPLOYMENT ASSISTANCE  
25 PROGRAM AND MEDICAID AGENCIES.—Exchange



1 data with State agencies (of the State and of other  
2 States) administering the programs under part A  
3 and title XIX, as necessary for the performance of  
4 State agency responsibilities under this part and  
5 under such programs.

6 “(4) INTRA- AND INTERSTATE DATA  
7 MATCHES.—Exchange data with other agencies of  
8 the State, agencies of other States, and interstate  
9 information networks, as necessary and appropriate  
10 to carry out (or assist other States to carry out) the  
11 purposes of this part.”.

12 **SEC. 9422. CENTRALIZED COLLECTION AND DISBURSE-**  
13 **MENT OF SUPPORT PAYMENTS.**

14 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
15 U.S.C. 654), as amended by sections 9404(a) and 9414(b)  
16 of this Act, is amended—

17 (1) by striking “and” at the end of paragraph  
18 (25);

19 (2) by striking the period at the end of para-  
20 graph (26) and inserting “; and”; and

21 (3) by adding after paragraph (26) the follow-  
22 ing new paragraph:

23 “(27) provide that the State agency, on and  
24 after October 1, 1998—



1           “(1) operated directly by the State agency (or  
2           by two or more State agencies under a regional co-  
3           operative agreement), or by a single contractor re-  
4           sponsible directly to the State agency; and

5           “(2) used for the collection and disbursement  
6           (including interstate collection and disbursement) of  
7           payments under support orders in all cases being en-  
8           forced by the State pursuant to section 454(4).

9           “(b) REQUIRED PROCEDURES.—The centralized col-  
10          lections unit shall use automated procedures, electronic  
11          processes, and computer-driven technology to the maxi-  
12          mum extent feasible, efficient, and economical, for the col-  
13          lection and disbursement of support payments, including  
14          procedures—

15               “(1) for receipt of payments from parents, em-  
16               ployers, and other States, and for disbursements to  
17               custodial parents and other obligees, the State agen-  
18               cy, and the State agencies of other States;

19               “(2) for accurate identification of payments;

20               “(3) to ensure prompt disbursement of the cus-  
21               todial parent’s share of any payment; and

22               “(4) to furnish to either parent, upon request,  
23               timely information on the current status of support  
24               payments.”.

1 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as  
2 added by section 9415(a)(2) of this Act and as amended  
3 by section 9421 of this Act, is amended by adding at the  
4 end the following new subsection:

5 “(g) CENTRALIZED COLLECTION AND DISTRIBUTION  
6 OF SUPPORT PAYMENTS.—The automated system re-  
7 quired under this section shall be used, to the maximum  
8 extent feasible, to assist and facilitate collections and dis-  
9 bursement of support payments through the centralized  
10 collections unit operated pursuant to section 454B,  
11 through the performance of functions including at a mini-  
12 mum—

13 “(1) generation of orders and notices to em-  
14 ployers (and other debtors) for the withholding of  
15 wages (and other income)—

16 “(A) within two working days after receipt  
17 (from the directory of New Hires established  
18 under section 453(i) or any other source) of no-  
19 tice of and the income source subject to such  
20 withholding; and

21 “(B) using uniform formats directed by  
22 the Secretary;

23 “(2) ongoing monitoring to promptly identify  
24 failures to make timely payment; and

1           “(3) automatic use of enforcement mechanisms  
2           (including mechanisms authorized pursuant to sec-  
3           tion 466(c)) where payments are not timely made.”.

4           (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall become effective on October 1, 1998.

6 **SEC. 9423. AMENDMENTS CONCERNING INCOME WITH-**  
7 **HOLDING.**

8           (a) MANDATORY INCOME WITHHOLDING.—(1) Sec-  
9 tion 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read  
10 as follows:

11           “(1) INCOME WITHHOLDING.—(A) UNDER OR-  
12           DERS ENFORCED UNDER THE STATE PLAN.—Proce-  
13           dures described in subsection (b) for the withholding  
14           from income of amounts payable as support in cases  
15           subject to enforcement under the State plan.

16           “(B) UNDER CERTAIN ORDERS PREDATING  
17           CHANGE IN REQUIREMENT.—Procedures under  
18           which all child support orders issued (or modified)  
19           before October 1, 1996, and which are not otherwise  
20           subject to withholding under subsection (b), shall be-  
21           come subject to withholding from wages as provided  
22           in subsection (b) if arrearages occur, without the  
23           need for a judicial or administrative hearing.”.

24           (2) Section 466(a)(8) (42 U.S.C. 666(a)(8)) is re-  
25 pealed.

1 (3) Section 466(b) (42 U.S.C. 666(b)) is amended—

2 (A) in the matter preceding paragraph (1), by  
3 striking “subsection (a)(1)” and inserting “sub-  
4 section (a)(1)(A)”;

5 (B) in paragraph (5), by striking all that fol-  
6 lows “administered by” and inserting “the State  
7 through the centralized collections unit established  
8 pursuant to section 454B, in accordance with the re-  
9 quirements of such section 454B.”;

10 (C) in paragraph (6)(A)(i)—

11 (i) by inserting “, in accordance with time-  
12 tables established by the Secretary,” after  
13 “must be required”; and

14 (ii) by striking “to the appropriate agency”  
15 and all that follows and inserting “to the State  
16 centralized collections unit within 5 working  
17 days after the date such amount would (but for  
18 this subsection) have been paid or credited to  
19 the employee, for distribution in accordance  
20 with this part.”;

21 (D) in paragraph (6)(A)(ii), by inserting “be in  
22 a standard format prescribed by the Secretary, and”  
23 after “shall”; and

24 (E) in paragraph (6)(D)—

1 (i) by striking “employer who discharges”  
2 and inserting “employer who—(A) discharges”;

3 (ii) by relocating subparagraph (A), as des-  
4 ignated, as an indented subparagraph after and  
5 below the introductory matter;

6 (iii) by striking the period at the end; and

7 (iv) by adding after and below subpara-  
8 graph (A) the following new subparagraph:

9 “(B) fails to withhold support from wages,  
10 or to pay such amounts to the State centralized  
11 collections unit in accordance with this sub-  
12 section.”.

13 (b) CONFORMING AMENDMENT.—Section 466(c) (42  
14 U.S.C. 666(c)) is repealed.

15 (c) DEFINITION OF TERMS.—The Secretary shall  
16 promulgate regulations providing definitions, for purposes  
17 of part D of title IV of the Social Security Act, for the  
18 term “income” and for such other terms relating to in-  
19 come withholding under section 466(b) of such Act as the  
20 Secretary may find it necessary or advisable to define.

21 **SEC. 9424. LOCATOR INFORMATION FROM INTERSTATE**  
22 **NETWORKS.**

23 Section 466(a) (42 U.S.C. 666(a)), as amended by  
24 section 9423(a)(2) of this Act, is amended by inserting  
25 after paragraph (7) the following:

1           “(8) LOCATOR INFORMATION FROM INTER-  
2 STATE NETWORKS.—Procedures ensuring that the  
3 State will neither provide funding for, nor use for  
4 any purpose (including any purpose unrelated to the  
5 purposes of this part), any automated interstate net-  
6 work or system used to locate individuals—

7           “(A) for purposes relating to the use of  
8 motor vehicles; or

9           “(B) providing information for law en-  
10 forcement purposes (where child support en-  
11 forcement agencies are otherwise allowed access  
12 by State and Federal law),

13 unless all Federal and State agencies administering  
14 programs under this part (including the entities es-  
15 tablished under section 453) have access to informa-  
16 tion in such system or network to the same extent  
17 as any other user of such system or network.”.

18 **SEC. 9425. EXPANDED FEDERAL PARENT LOCATOR SERV-**  
19 **ICE.**

20 (a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS  
21 AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

22 (1) in subsection (a), by striking all that follows  
23 “subsection (c))” and inserting the following:



1 “, for the purpose of establishing parentage, establishing,  
2 setting the amount of, modifying, or enforcing child sup-  
3 port obligations—

4 “(1) information on, or facilitating the discov-  
5 ery of, the location of any individual—

6 “(A) who is under an obligation to pay  
7 child support;

8 “(B) against whom such an obligation is  
9 sought; or

10 “(C) to whom such an obligation is owed,  
11 including such individual’s social security num-  
12 ber (or numbers), most recent residential ad-  
13 dress, and the name, address, and employer  
14 identification number of such individual’s em-  
15 ployer; and

16 “(2) information on the individual’s wages (or  
17 other income) from, and benefits of, employment (in-  
18 cluding rights to or enrollment in group health care  
19 coverage); and

20 “(3) information on the type, status, location,  
21 and amount of any assets of, or debts owed by or  
22 to, any such individual.”; and

23 (2) in subsection (b)—

24 (A) in the matter preceding paragraph (1),  
25 by striking “social security” and all that follows

1 through “absent parent” and inserting “infor-  
2 mation specified in subsection (a)”;

3 (B) in paragraph (2), by inserting before  
4 the period “, or from any consumer reporting  
5 agency (as defined in section 603(f) of the Fair  
6 Credit Reporting Act (15 U.S.C. 1681a(f))”;

7 (3) in subsection (e)(1), by inserting before the  
8 period “, or by consumer reporting agencies”.

9 (b) REIMBURSEMENT FOR DATA FROM FEDERAL  
10 AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is  
11 amended in the fourth sentence by inserting before the  
12 period “in an amount which the Secretary determines to  
13 be reasonable payment for the data exchange (which  
14 amount shall not include payment for the costs of obtain-  
15 ing, compiling, or maintaining the data)”.

16 (c) ACCESS TO CONSUMER REPORTS UNDER FAIR  
17 CREDIT REPORTING ACT.—(1) Section 608 of the Fair  
18 Credit Reporting Act (15 U.S.C. 1681f) is amended—

19 (A) by striking “, limited to” and inserting “to  
20 a governmental agency (including the entire  
21 consumer report, in the case of a Federal, State, or  
22 local agency administering a program under part D  
23 of title IV of the Social Security Act, and limited  
24 to”;

1           (B) by striking “employment, to a govern-  
2           mental agency” and inserting “employment, in the  
3           case of any other governmental agency)”.

4           (2) REIMBURSEMENT FOR REPORTS BY STATE  
5 AGENCIES AND CREDIT BUREAUS.—Section 453 (42  
6 U.S.C. 653) is amended by adding at the end the following  
7 new subsection:

8           “(g) The Secretary is authorized to reimburse costs  
9 to State agencies and consumer credit reporting agencies  
10 the costs incurred by such entities in furnishing informa-  
11 tion requested by the Secretary pursuant to this section  
12 in an amount which the Secretary determines to be rea-  
13 sonable payment for the data exchange (which amount  
14 shall not include payment for the costs of obtaining, com-  
15 piling, or maintaining the data).”.

16          (d) DISCLOSURE OF TAX RETURN INFORMATION.—  
17 (1) Section 6103(1)(6)(A)(ii) of the Internal Revenue  
18 Code of 1986 is amended by striking “, but only if” and  
19 all that follows and inserting a period.

20          (2) Section 6103(1)(8)(A) of the Internal Revenue  
21 Code of 1986 is amended by inserting “Federal,” before  
22 “State or local”.

23          (e) TECHNICAL AMENDMENTS.—

24               (1) Sections 452(a)(9), 453(a), 453(b), 463(a),  
25               and 463(e) (42 U.S.C. 652(a)(9), 653(a), 653(b),

1       663(a), and 663(e)) are each amended by inserting  
2       “Federal” before “Parent” each place it appears.

3               (2) Section 453 (42 U.S.C. 653) is amended in  
4       the heading by adding “FEDERAL” before “PAR-  
5       ENT”.

6       (f) NEW COMPONENTS.—Section 453 (42 U.S.C.  
7       653), as amended by subsection (c)(2) of this section, is  
8       amended by adding at the end the following:

9       “(h) DATA BANK OF CHILD SUPPORT ORDERS.—

10               “(1) IN GENERAL.—Not later than October 1,  
11       1998, In order to assist States in administering  
12       their State plans under this part and parts A, F,  
13       and G, and for the other purposes specified in this  
14       section, the Secretary shall establish and maintain in  
15       the Federal Parent Locator Service an automated  
16       registry to be known as the Data Bank of Child  
17       Support Orders, which shall contain abstracts of  
18       child support orders and other information described  
19       in paragraph (2) on each case in each State central  
20       case registry maintained pursuant to section  
21       454A(e), as furnished (and regularly updated), pur-  
22       suant to section 454A(f), by State agencies admin-  
23       istering programs under this part.

24               “(2) CASE INFORMATION.—The information re-  
25       ferred to in paragraph (1), as specified by the Sec-

1       retary, shall include sufficient information (including  
2       names, social security numbers or other uniform  
3       identification numbers, and State case identification  
4       numbers) to identify the individuals who owe or are  
5       owed support (or with respect to or on behalf of  
6       whom support obligations are sought to be estab-  
7       lished), and the State or States which have estab-  
8       lished or modified, or are enforcing or seeking to es-  
9       tablish, such an order.

10       “(i) DIRECTORY OF NEW HIRES.—

11               “(1) IN GENERAL.—Not later than October 1,  
12       1998, In order to assist States in administering  
13       their State plans under this part and parts A, F,  
14       and G, and for the other purposes specified in this  
15       section, the Secretary shall establish and maintain in  
16       the Federal Parent Locator Service an automated  
17       directory to be known as the directory of New Hires,  
18       containing—

19               “(A) information supplied by employers on  
20       each newly hired individual, in accordance with  
21       paragraph (2); and

22               “(B) information supplied by State agen-  
23       cies administering State unemployment com-  
24       pensation laws, in accordance with paragraph  
25       (3).

1 “(2) EMPLOYER INFORMATION.—

2 “(A) INFORMATION REQUIRED.—Subject  
3 to subparagraph (D), each employer shall fur-  
4 nish to the Secretary, for inclusion in the direc-  
5 tory established under this subsection, not later  
6 than 10 days after the date (on or after Octo-  
7 ber 1, 1998) on which the employer hires a new  
8 employee (as defined in subparagraph (C)), a  
9 report containing the name, date of birth, and  
10 social security number of such employee, and  
11 the employer identification number of the em-  
12 ployer.

13 “(B) REPORTING METHOD AND FOR-  
14 MAT.—The Secretary shall provide for trans-  
15 mission of the reports required under subpara-  
16 graph (A) using formats and methods which  
17 minimize the burden on employers, which shall  
18 include—

19 “(i) automated or electronic trans-  
20 mission of such reports;

21 “(ii) transmission by regular mail;  
22 and

23 “(iii) transmission of a copy of the  
24 form required for purposes of compliance

1 with section 3402 of the Internal Revenue  
2 Code of 1986.

3 “(C) EMPLOYEE DEFINED.—For purposes  
4 of this paragraph, the term ‘employee’ means  
5 any individual subject to the requirement of  
6 section 3402(f)(2) of the Internal Revenue Code  
7 of 1986.

8 “(D) PAPERWORK REDUCTION REQUIRE-  
9 MENT.—As required by the information re-  
10 sources management policies published by the  
11 Director of the Office of Management and  
12 Budget pursuant to section 3504(b)(1) of title  
13 44, United States Code, the Secretary, in order  
14 to minimize the cost and reporting burden on  
15 employers, shall not require reporting pursuant  
16 to this paragraph if an alternative reporting  
17 mechanism can be developed that either relies  
18 on existing Federal or State reporting or en-  
19 ables the Secretary to collect the needed infor-  
20 mation in a more cost-effective and equally ex-  
21 peditious manner, taking into account the re-  
22 porting costs on employers.

23 “(E) CIVIL MONEY PENALTY ON NON-  
24 COMPLYING EMPLOYERS.—(i) Any employer  
25 that fails to make a timely report in accordance

1 with this paragraph with respect to an individ-  
2 ual shall be subject to a civil money penalty, for  
3 each calendar year in which the failure occurs,  
4 of the lesser of \$500 or 1 percent of the wages  
5 or other compensation paid by such employer to  
6 such individual during such calendar year.

7 “(ii) Subject to clause (iii), the provisions  
8 of section 1128A (other than subsections (a)  
9 and (b) thereof) shall apply to a civil money  
10 penalty under clause (i) in the same manner as  
11 they apply to a civil money penalty or proceed-  
12 ing under section 1128A(a).

13 “(iii) Any employer with respect to whom  
14 a penalty under this subparagraph is upheld  
15 after an administrative hearing shall be liable to  
16 pay all costs of the Secretary with respect to  
17 such hearing.

18 “(3) EMPLOYMENT SECURITY INFORMATION.—

19 “(A) REPORTING REQUIREMENT.—Each  
20 State agency administering a State unemploy-  
21 ment compensation law approved by the Sec-  
22 retary of Labor under the Federal Unemploy-  
23 ment Tax Act shall furnish to the Secretary of  
24 Health and Human Services extracts of the re-  
25 ports to the Secretary of Labor concerning the



1 wages and unemployment compensation paid to  
2 individuals required under section 303(a)(6), in  
3 accordance with subparagraph (B).

4 “(B) MANNER OF COMPLIANCE.—The ex-  
5 tracts required under subparagraph (A) shall be  
6 furnished to the Secretary of Health and  
7 Human Services on a quarterly basis, with re-  
8 spect to calendar quarters beginning on and  
9 after October 1, 1996, by such dates, in such  
10 format, and containing such information as re-  
11 quired by that Secretary in regulations.

12 “(j) DATA MATCHES AND OTHER DISCLOSURES.—

13 “(1) VERIFICATION BY SOCIAL SECURITY AD-  
14 MINISTRATION.—(A) The Secretary shall transmit  
15 data on individuals and employers maintained under  
16 this section to the Social Security Administration to  
17 the extent necessary for verification in accordance  
18 with subparagraph (B).

19 “(B) The Social Security Administration shall  
20 verify the accuracy of, correct or supply to the ex-  
21 tent necessary and feasible, and report to the Sec-  
22 retary, the following information in data supplied by  
23 the Secretary pursuant to subparagraph (A):

24 “(i) the name, social security number, and  
25 birth date of each individual; and

1           “(ii) the employer identification number of  
2           each employer.

3           “(2) CHILD SUPPORT LOCATOR MATCHES.—For  
4           the purpose of locating individuals for purposes of  
5           paternity establishment and establishment and en-  
6           forcement of child support, the Secretary shall—

7           “(A) match data in the directory of New  
8           Hires against the child support order abstracts  
9           in the Data Bank of Child Support Orders not  
10          less often than every 2 working days; and

11          “(B) report information obtained from  
12          such a match to concerned State agencies oper-  
13          ating programs under this part not later than  
14          2 working days after such match.

15          “(3) DATA MATCHES AND DISCLOSURES OF  
16          DATA IN ALL REGISTRIES FOR TITLE IV PROGRAM  
17          PURPOSES.—The Secretary shall—

18          “(A) perform matches of data in each com-  
19          ponent of the Federal Parent Locator Service  
20          maintained under this section against data in  
21          each other such component (other than the  
22          matches required pursuant to paragraph (1)),  
23          and report information resulting from such  
24          matches to State agencies operating programs  
25          under this part and parts A, F, and G; and

1           “(B) disclose data in such registries to  
2           such State agencies,  
3           to the extent, and with the frequency, that the Sec-  
4           retary determines to be effective in assisting such  
5           States to carry out their responsibilities under such  
6           programs.

7           “(k) FEES.—

8           “(1) FOR SSA VERIFICATION.—The Secretary  
9           shall reimburse the Commissioner of Social Security,  
10          at a rate negotiated between the Secretary and the  
11          Commissioner, the costs incurred by the Commis-  
12          sioner in performing the verification services speci-  
13          fied in subsection (j).

14          “(2) FOR INFORMATION FROM SESAS.—The  
15          Secretary shall reimburse costs incurred by State  
16          employment security agencies in furnishing data as  
17          required by subsection (j) (3), at rates which the Sec-  
18          retary determines to be reasonable (which rates shall  
19          not include payment for the costs of obtaining, com-  
20          piling, or maintaining such data).

21          “(3) FOR INFORMATION FURNISHED TO STATE  
22          AND FEDERAL AGENCIES.—State and Federal agen-  
23          cies receiving data or information from the Secretary  
24          pursuant to this section shall reimburse the costs in-  
25          curred by the Secretary in furnishing such data or

1 information, at rates which the Secretary determines  
2 to be reasonable (which rates shall include payment  
3 for the costs of obtaining, verifying, maintaining,  
4 and matching such data or information).

5 “(l) RESTRICTION ON DISCLOSURE AND USE.—Data  
6 in the Federal Parent Locator Service, and information  
7 resulting from matches using such data, shall not be used  
8 or disclosed except as specifically provided in this section.

9 “(m) RETENTION OF DATA.—Data in the Federal  
10 Parent Locator Service, and data resulting from matches  
11 performed pursuant to this section, shall be retained for  
12 such period (determined by the Secretary) as appropriate  
13 for the data uses specified in this section.

14 “(n) INFORMATION INTEGRITY AND SECURITY.—The  
15 Secretary shall establish and implement safeguards with  
16 respect to the entities established under this section de-  
17 signed to—

18 “(1) ensure the accuracy and completeness of  
19 information in the Federal Parent Locator Service;  
20 and

21 “(2) restrict access to confidential information  
22 in the Federal Parent Locator Service to authorized  
23 persons, and restrict use of such information to au-  
24 thorized purposes.

1       “(o) LIMIT ON LIABILITY.—The Secretary shall not  
2 be liable to either a State or an individual for inaccurate  
3 information provided to a component of the Federal Par-  
4 ent Locator Service section and disclosed by the Secretary  
5 in accordance with this section.”.

6       (g) CONFORMING AMENDMENTS.—

7           (1) TO PART D OF TITLE IV OF THE SOCIAL SE-  
8       CURITY ACT.—Section 454(8)(B) (42 U.S.C.  
9       654(8)(B)) is amended to read as follows:

10           “(B) the Federal Parent Locator Service  
11       established under section 453;”.

12           (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—  
13       Section 3304(16) of the Internal Revenue Code of  
14       1986 is amended—

15           (A) by striking “Secretary of Health, Edu-  
16       cation, and Welfare” each place such term ap-  
17       pears and inserting “Secretary of Health and  
18       Human Services”;

19           (B) in subparagraph (B), by striking  
20       “such information” and all that follows and in-  
21       serting “information furnished under subpara-  
22       graph (A) or (B) is used only for the purposes  
23       authorized under such subparagraph;”;

24           (C) by striking “and” at the end of sub-  
25       paragraph (A);

1 (D) by redesignating subparagraph (B) as  
2 subparagraph (C); and

3 (E) by inserting after subparagraph (A)  
4 the following new subparagraph:

5 “(B) wage and unemployment compensa-  
6 tion information contained in the records of  
7 such agency shall be furnished to the Secretary  
8 of Health and Human Services (in accordance  
9 with regulations promulgated by such Sec-  
10 retary) as necessary for the purposes of the di-  
11 rectory of New Hires established under section  
12 453(i) of the Social Security Act, and”.

13 (3) TO STATE GRANT PROGRAM UNDER TITLE  
14 III OF THE SOCIAL SECURITY ACT.—Section 303(a)  
15 (42 U.S.C. 503(a)) is amended—

16 (A) by striking “and” at the end of para-  
17 graph (8);

18 (B) by striking the period at the end of  
19 paragraph (9) and inserting “; and”; and

20 (C) by adding after paragraph (9) the fol-  
21 lowing new paragraph:

22 “(10) The making of quarterly electronic re-  
23 ports, at such dates, in such format, and containing  
24 such information, as required by the Secretary of  
25 Health and Human Services under section 453(i)(3),

1 and compliance with such provisions as such Sec-  
2 retary may find necessary to ensure the correctness  
3 and verification of such reports.”.

4 **SEC. 9426. USE OF SOCIAL SECURITY NUMBERS.**

5 (a) STATE LAW REQUIREMENT.—Section 466(a) (42  
6 U.S.C. 666(a)), as amended by section 9401(a) of this  
7 Act, is amended by inserting after paragraph (12) the fol-  
8 lowing:

9 “(13) SOCIAL SECURITY NUMBERS RE-  
10 QUIRED.—Procedures requiring the recording of so-  
11 cial security numbers—

12 “(A) of both parties on marriage licenses  
13 and divorce decrees; and

14 “(B) of both parents, on birth records and  
15 child support and paternity orders.”.

16 (b) CLARIFICATION OF FEDERAL POLICY.—Section  
17 205(c)(2)(C)(ii) (42 U.S.C. 405(c)(2)(C)(ii)) is amended  
18 by striking the third sentence and inserting “This clause  
19 shall not be considered to authorize disclosure of such  
20 numbers except as provided in the preceding sentence.”.

**1 CHAPTER 5—PATERNITY ESTABLISHMENT****2 SEC. 9441. SENSE OF THE CONGRESS.**

3 It is the sense of the Congress that social services  
4 should be provided in hospitals to women who have become  
5 pregnant as a result of rape or incest.

**6 SEC. 9442. AVAILABILITY OF PARENTING SOCIAL SERVICES  
7 FOR NEW FATHERS.**

8 Section 466(a) (42 U.S.C. 666(a)), as amended by  
9 sections 9401(a), 9426(a), and 9431 of this Act, is amend-  
10 ed by inserting after paragraph (14) the following:

11 “(15) Procedures for providing new fathers  
12 with positive parenting counseling that stresses the  
13 importance of paying child support in a timely man-  
14 ner, in accordance with regulations prescribed by the  
15 Secretary.”.

**16 SEC. 9443. COOPERATION REQUIREMENT AND GOOD CAUSE  
17 EXCEPTION.**

18 (a) IN GENERAL.—Section 454 (42 U.S.C. 654) is  
19 amended—

20 (1) by striking “and” at the end of paragraph  
21 (23);

22 (2) by striking the period at the end of para-  
23 graph (24) and inserting “; and”; and

24 (3) by inserting after paragraph (24) the fol-  
25 lowing:



1           “(25) provide that the State agency administer-  
2           ing the plan under this part—

3                   “(A) will make the determination specified  
4                   under paragraph (4), as to whether an individ-  
5                   ual is cooperating with efforts to establish pa-  
6                   ternity and secure support (or has good cause  
7                   not to cooperate with such efforts) for purposes  
8                   of the requirements of sections 403(b)(1)(E)(i)  
9                   and 1912;

10                   “(B) will advise individuals, both orally  
11                   and in writing, of the grounds for good cause  
12                   exceptions to the requirement to cooperate with  
13                   such efforts;

14                   “(C) will take the best interests of the  
15                   child into consideration in making the deter-  
16                   mination whether such individual has good  
17                   cause not to cooperate with such efforts;

18                   “(D)(i) will make the initial determination  
19                   as to whether an individual is cooperating (or  
20                   has good cause not to cooperate) with efforts to  
21                   establish paternity within 10 days after such in-  
22                   dividual is referred to such State agency by the  
23                   State agency administering the program under  
24                   part A of title XIX;

1           “(ii) will make redeterminations as to co-  
2           operation or good cause at appropriate inter-  
3           vals; and

4           “(iii) will promptly notify the individual,  
5           and the State agencies administering such pro-  
6           grams, of each such determination and redeter-  
7           mination;

8           “(E) with respect to any child born on or  
9           after the date 10 months after enactment of  
10          this provision, will not determine (or redeter-  
11          mine) the mother (or other custodial relative) of  
12          such child to be cooperating with efforts to es-  
13          tablish paternity unless such individual fur-  
14          nishes—

15               “(i) the name of the putative father  
16               (or fathers); and

17               “(ii) sufficient additional information  
18               to enable the State agency, if reasonable  
19               efforts were made, to verify the identity of  
20               the person named as the putative father  
21               (including such information as the putative  
22               father’s present address, telephone num-  
23               ber, date of birth, past or present place of  
24               employment, school previously or currently  
25               attended, and names and addresses of par-

1           ents, friends, or relatives able to provide  
2           location information, or other information  
3           that could enable service of process on  
4           such person), and

5           “(F)(i) (where a custodial parent who was  
6           initially determined not to be cooperating (or to  
7           have good cause not to cooperate) is later deter-  
8           mined to be cooperating or to have good cause  
9           not to cooperate) will immediately notify the  
10          State agencies administering the programs  
11          under part A of title XIX that this eligibility  
12          condition has been met; and

13          “(ii) (where a custodial parent was initially  
14          determined to be cooperating (or to have good  
15          cause not to cooperate)) will not later determine  
16          such individual not to be cooperating (or not to  
17          have good cause not to cooperate) until such in-  
18          dividual has been afforded an opportunity for a  
19          hearing.”.

20          (b) MEDICAID AMENDMENTS.—Section 1912(a) (42  
21          U.S.C. 1396k(a)) is amended—

22                 (1) in paragraph (1)(B), by inserting “(except  
23                 as provided in paragraph (2))” after “to cooperate  
24                 with the State”;

1           (2) in subparagraphs (B) and (C) of paragraph  
2           (1) by striking “, unless” and all that follows and  
3           inserting a semicolon; and

4           (3) by redesignating paragraph (2) as para-  
5           graph (5), and inserting after paragraph (1) the fol-  
6           lowing new paragraphs:

7           “(2) provide that the State agency will imme-  
8           diately refer each applicant or recipient requiring  
9           paternity establishment services to the State agency  
10          administering the program under part D of title IV;

11          “(3) provide that an individual will not be re-  
12          quired to cooperate with the State, as provided  
13          under paragraph (1), if the individual is found to  
14          have good cause for refusing to cooperate, as deter-  
15          mined in accordance with standards prescribed by  
16          the Secretary, which standards shall take into con-  
17          sideration the best interests of the individuals in-  
18          volved—

19                  “(A) to the satisfaction of the State agency  
20                  administering the program under part D, as de-  
21                  termined in accordance with section 454(25),  
22                  with respect to the requirements to cooperate  
23                  with efforts to establish paternity and to obtain  
24                  support (including medical support) from a par-  
25                  ent; and

1           “(B) to the satisfaction of the State agen-  
2           cy administering the program under this title,  
3           with respect to other requirements to cooperate  
4           under paragraph (1);

5           “(4) provide that (except as provided in para-  
6           graph (5)) an applicant requiring paternity estab-  
7           lishment services (other than an individual presump-  
8           tively eligible pursuant to section 1920) shall not be  
9           eligible for medical assistance under this title until  
10          such applicant—

11           “(i) has furnished to the agency admin-  
12           istering the State plan under part D of title IV  
13           the information specified in section 454(25)(E);  
14          or

15           “(ii) has been determined by such agency  
16           to have good cause not to cooperate; and

17          “(5) provide that the provisions of paragraph  
18          (4) shall not apply with respect to an applicant—

19           “(i) if such agency has not, within 10 days  
20           after such individual was referred to such agen-  
21           cy, provided the notification required by section  
22           454(25)(D)(iii), until such notification is re-  
23           ceived); and

24           “(ii) if such individual appeals a deter-  
25           mination that the individual lacks good cause

1           for noncooperation, until after such determina-  
2           tion is affirmed after notice and opportunity for  
3           a hearing.”.

4           (c) **EFFECTIVE DATE.**—The amendments made by  
5 this section shall be effective with respect to applications  
6 filed in or after the first calendar quarter beginning 10  
7 months or more after the date of the enactment of this  
8 Act (or such earlier quarter as the State may select) for  
9 assistance under a State plan approved under part A of  
10 title IV of the Social Security Act or for medical assistance  
11 under a State plan approved under title XIX of such Act.

12 **SEC. 9444. FEDERAL MATCHING PAYMENTS.**

13           (a) **INCREASED BASE MATCHING RATE.**—Section  
14 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as  
15 follows:

16           “(2) The applicable percent for a quarter for  
17 purposes of paragraph (1)(A) is—

18           “(A) for fiscal year 1996, 69 percent;

19           “(B) for fiscal year 1997, 72 percent; and

20           “(C) for fiscal year 1998 and succeeding  
21 fiscal years, 75 percent.”.

22           (b) **MAINTENANCE OF EFFORT.**—Section 455 (42  
23 U.S.C. 655) is amended—

1 (1) in subsection (a)(1), in the matter preced-  
2 ing subparagraph (A), by striking “From” and in-  
3 serting “Subject to subsection (c), from”; and

4 (2) by inserting after subsection (b) the follow-  
5 ing:

6 “(c) MAINTENANCE OF EFFORT.—Notwithstanding  
7 subsection (a), total expenditures for the State program  
8 under this part for fiscal year 1996 and each succeeding  
9 fiscal year, reduced by the percentage specified for such  
10 fiscal year under subparagraph (A), (B), or (C)(i) of para-  
11 graph (2), shall not be less than such total expenditures  
12 for fiscal year 1995, reduced by 66 percent.”.

13 **SEC. 9445. STATE LAWS CONCERNING PATERNITY ESTAB-**  
14 **LISHMENT.**

15 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42  
16 U.S.C. 666(a)(5)) is amended—

17 (1) by striking “(5)” and inserting the follow-  
18 ing:

19 “(5) PROCEDURES CONCERNING PATERNITY ES-  
20 TABLISHMENT.—”;

21 (2) in subparagraph (A)—

22 (A) by striking “(A)(i)” and inserting the  
23 following:

1           “(A) ESTABLISHMENT PROCESS AVAIL-  
2 ABLE FROM BIRTH UNTIL AGE EIGHTEEN.—  
3 (i)”; and

4           (B) by indenting clauses (i) and (ii) so  
5 that the left margin of such clauses is 2 ems to  
6 the right of the left margin of paragraph (4);  
7 (3) in subparagraph (B)—

8           (A) by striking “(B)” and inserting the  
9 following:

10           “(B) PROCEDURES CONCERNING GENETIC  
11 TESTING.—(i)”;

12           (B) in clause (i), as redesignated, by in-  
13 serting before the period “, where such request  
14 is supported by a sworn statement (I) by such  
15 party alleging paternity setting forth facts es-  
16 tablishing a reasonable possibility of the req-  
17 uisite sexual contact of the parties, or (II) by  
18 such party denying paternity setting forth facts  
19 establishing a reasonable possibility of the  
20 nonexistence of sexual contact of the parties;”;

21           (C) by inserting after and below clause (i)  
22 (as redesignated) the following new clause:

23           “(ii) Procedures which require the State  
24 agency, in any case in which such agency orders  
25 genetic testing—



1           “(I) to pay costs of such tests, subject  
2           to recoupment (where the State so elects)  
3           from the putative father if paternity is es-  
4           tablished; and

5           “(II) to obtain additional testing in  
6           any case where an original test result is  
7           disputed, upon request and advance pay-  
8           ment by the disputing party.”;

9           (4) by striking subparagraphs (C) and (D) and  
10          inserting the following:

11           “(C) PATERNITY ACKNOWLEDGMENT.—(i)  
12          Procedures for a simple civil process for volun-  
13          tarily acknowledging paternity under which the  
14          State must provide that, before a mother and a  
15          putative father can sign an acknowledgment of  
16          paternity, the putative father and the mother  
17          must be given notice, orally, in writing, and in  
18          a language that each can understand, of the al-  
19          ternatives to, the legal consequences of, and the  
20          rights (including, if 1 parent is a minor, any  
21          rights afforded due to minority status) and re-  
22          sponsibilities that arise from, signing the ac-  
23          knowledgment.

24           “(ii) Such procedures must include a hos-  
25          pital-based program for the voluntary acknowl-

1 edgment of paternity focusing on the period im-  
2 mediately before or after the birth of a child.

3 “(iii) Such procedures must require the  
4 State agency responsible for maintaining birth  
5 records to offer voluntary paternity establish-  
6 ment services.

7 “(iv) The Secretary shall prescribe regula-  
8 tions governing voluntary paternity establish-  
9 ment services offered by hospitals and birth  
10 record agencies. The Secretary shall prescribe  
11 regulations specifying the types of other entities  
12 that may offer voluntary paternity establish-  
13 ment services, and governing the provision of  
14 such services, which shall include a requirement  
15 that such an entity must use the same notice  
16 provisions used by, the same materials used by,  
17 provide the personnel providing such services  
18 with the same training provided by, and evalu-  
19 ate the provision of such services in the same  
20 manner as, voluntary paternity establishment  
21 programs of hospitals and birth record agen-  
22 cies.

23 “(v) Such procedures must require the  
24 State and those required to establish paternity  
25 to use only the affidavit developed under section

1           452(a)(7) for the voluntary acknowledgment of  
2           paternity, and to give full faith and credit to  
3           such an affidavit signed in any other State.

4           “(D) STATUS OF SIGNED PATERNITY AC-  
5           KNOWLEDGMENT.—(i) Procedures under which  
6           a signed acknowledgment of paternity is consid-  
7           ered a legal finding of paternity, subject to the  
8           right of any signatory to rescind the acknowl-  
9           edgment within 60 days.

10           “(ii)(I) Procedures under which, after the  
11           60-day period referred to in clause (i), a signed  
12           acknowledgment of paternity may be challenged  
13           in court only on the basis of fraud, duress, or  
14           material mistake of fact, with the burden of  
15           proof upon the challenger, and under which the  
16           legal responsibilities (including child support  
17           obligations) of any signatory arising from the  
18           acknowledgment may not be suspended during  
19           the challenge, except for good cause shown.

20           “(II) Procedures under which, after the  
21           60-day period referred to in clause (i), a minor  
22           who signs an acknowledgment of paternity  
23           other than in the presence of a parent or court-  
24           appointed guardian ad litem may rescind the

1 acknowledgment in a judicial or administrative  
2 proceeding, until the earlier of—

3 “(aa) attaining the age of majority; or

4 “(bb) the date of the first judicial or  
5 administrative proceeding brought (after  
6 the signing) to establish a child support  
7 obligation, visitation rights, or custody  
8 rights with respect to the child whose pa-  
9 ternity is the subject of the acknowledg-  
10 ment, and at which the minor is rep-  
11 resented by a parent, guardian ad litem, or  
12 attorney.”;

13 (5) by striking subparagraph (E) and inserting  
14 the following:

15 “(E) BAR ON ACKNOWLEDGMENT RATIFI-  
16 CATION PROCEEDINGS.—Procedures under  
17 which no judicial or administrative proceedings  
18 are required or permitted to ratify an unchal-  
19 lenged acknowledgment of paternity.”;

20 (6) by striking subparagraph (F) and inserting  
21 the following:

22 “(F) ADMISSIBILITY OF GENETIC TESTING  
23 RESULTS.—Procedures—

24 “(i) requiring that the State admit  
25 into evidence, for purposes of establishing

1 paternity, results of any genetic test that  
2 is—

3 “(I) of a type generally acknowl-  
4 edged, by accreditation bodies des-  
5 ignated by the Secretary, as reliable  
6 evidence of paternity; and

7 “(II) performed by a laboratory  
8 approved by such an accreditation  
9 body;

10 “(ii) that any objection to genetic  
11 testing results must be made in writing not  
12 later than a specified number of days be-  
13 fore any hearing at which such results may  
14 be introduced into evidence (or, at State  
15 option, not later than a specified number  
16 of days after receipt of such results); and

17 “(iii) that, if no objection is made, the  
18 test results are admissible as evidence of  
19 paternity without the need for foundation  
20 testimony or other proof of authenticity or  
21 accuracy.”; and

22 (7) by adding after subparagraph (H) the  
23 following new subparagraphs:

1           “(I) NO RIGHT TO JURY TRIAL.—Proce-  
2           dures providing that the parties to an action to  
3           establish paternity are not entitled to jury trial.

4           “(J) TEMPORARY SUPPORT ORDER BASED  
5           ON PROBABLE PATERNITY IN CONTESTED  
6           CASES.—Procedures which require that a tem-  
7           porary order be issued, upon motion by a party,  
8           requiring the provision of child support pending  
9           an administrative or judicial determination of  
10          parentage, where there is clear and convincing  
11          evidence of paternity (on the basis of genetic  
12          tests or other evidence).

13          “(K) PROOF OF CERTAIN SUPPORT AND  
14          PATERNITY ESTABLISHMENT COSTS.—Proce-  
15          dures under which bills for pregnancy, child-  
16          birth, and genetic testing are admissible as evi-  
17          dence without requiring third-party foundation  
18          testimony, and shall constitute prima facie evi-  
19          dence of amounts incurred for such services and  
20          testing on behalf of the child.

21          “(L) WAIVER OF STATE DEBTS FOR CO-  
22          OPERATION.—At the option of the State, proce-  
23          dures under which the tribunal establishing pa-  
24          ternity and support has discretion to waive  
25          rights to all or part of amounts owed to the

1 State (but not to the mother) for costs related  
2 to pregnancy, childbirth, and genetic testing  
3 and for public assistance paid to the family  
4 where the father cooperates or acknowledges  
5 paternity before or after genetic testing.

6 “(M) STANDING OF PUTATIVE FATHERS.—  
7 Procedures ensuring that the putative father  
8 has a reasonable opportunity to initiate a pater-  
9 nity action.”.

10 (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-  
11 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is  
12 amended by inserting “, and develop an affidavit to be  
13 used for the voluntary acknowledgment of paternity which  
14 shall include the social security account number of each  
15 parent” before the semicolon.

16 (c) TECHNICAL AMENDMENT.—Section 468 (42  
17 U.S.C. 668) is amended by striking “a simple civil process  
18 for voluntarily acknowledging paternity and”.

19 **SEC. 9446. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**  
20 **LISHMENT.**

21 (a) STATE PLAN REQUIREMENT.—Section 454(23)  
22 (42 U.S.C. 654(23)) is amended by adding at the end the  
23 following new subparagraph:

24 “(C) publicize the availability and encour-  
25 age the use of procedures for voluntary estab-

1           lishment of paternity and child support through  
2           a variety of means, which—

3                   “(i) include distribution of written  
4                   materials at health care facilities (includ-  
5                   ing hospitals and clinics), and other loca-  
6                   tions such as schools;

7                   “(ii) may include pre-natal programs  
8                   to educate expectant couples on individual  
9                   and joint rights and responsibilities with  
10                  respect to paternity (and may require all  
11                  expectant recipients of assistance under  
12                  part A to participate in such pre-natal pro-  
13                  grams, as an element of cooperation with  
14                  efforts to establish paternity and child sup-  
15                  port);

16                  “(iii) include, with respect to each  
17                  child discharged from a hospital after birth  
18                  for whom paternity or child support has  
19                  not been established, reasonable follow-up  
20                  efforts (including at least one contact of  
21                  each parent whose whereabouts are known,  
22                  except where there is reason to believe  
23                  such follow-up efforts would put mother or  
24                  child at risk), providing—



1           “(I) in the case of a child for  
2           whom paternity has not been estab-  
3           lished, information on the benefits of  
4           and procedures for establishing pater-  
5           nity; and

6           “(II) in the case of a child for  
7           whom paternity has been established  
8           but child support has not been estab-  
9           lished, information on the benefits of  
10          and procedures for establishing a  
11          child support order, and an applica-  
12          tion for child support services;”.

13          (b) ENHANCED FEDERAL MATCHING.—Section  
14 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

15           (1) by inserting “(i)” before “laboratory costs”,  
16          and

17           (2) by inserting before the semicolon “, and (ii)  
18          costs of outreach programs designed to encourage  
19          voluntary acknowledgment of paternity”.

20          (c) EFFECTIVE DATES.—(1) The amendments made  
21 by subsection (a) shall become effective October 1, 1997.

22           (2) The amendments made by subsection (b) shall be  
23 effective with respect to calendar quarters beginning on  
24 and after October 1, 1996.

1 shall require the parents subject to the order to  
2 provide each other with a complete statement of  
3 their respective financial condition annually on  
4 a form which shall be established by the Sec-  
5 retary and provided by the State. The Secretary  
6 shall establish regulations for the enforcement  
7 of such exchange of information.”.

8 **CHAPTER 7—ENFORCEMENT OF SUPPORT**  
9 **ORDERS**

10 **SEC. 9461. FEDERAL INCOME TAX REFUND OFFSET.**

11 (a) **CHANGED ORDER OF REFUND DISTRIBUTION**  
12 **UNDER INTERNAL REVENUE CODE.**—Section 6402(c) of  
13 the Internal Revenue Code of 1986 is amended by striking  
14 the 3rd sentence.

15 (b) **ELIMINATION OF DISPARITIES IN TREATMENT**  
16 **OF ASSIGNED AND NON-ASSIGNED ARREARAGES.**—(1)  
17 Section 464(a) (42 U.S.C. 664(a)) is amended—

18 (A) by striking “(a)” and inserting “(a) OFF-  
19 SET AUTHORIZED.—”;

20 (B) in paragraph (1)—

21 (i) in the first sentence, by striking “which  
22 has been assigned to such State pursuant to  
23 section 402(a)(26) or section 471(a)(17)”;

1 (ii) in the second sentence, by striking “in  
2 accordance with section 457 (b)(4) or (d)(3)”  
3 and inserting “as provided in paragraph (2)”;

4 (C) in paragraph (2), to read as follows:

5 “(2) The State agency shall distribute amounts  
6 paid by the Secretary of the Treasury pursuant to  
7 paragraph (1)—

8 “(A) in accordance with section 457(a)(4)  
9 or (d)(3), in the case of past-due support as-  
10 signed to a State pursuant to section  
11 403(b)(1)(E)(i) or 471(a)(17); and

12 “(B) to or on behalf of the child to whom  
13 the support was owed, in the case of past-due  
14 support not so assigned.”;

15 (D) in paragraph (3)—

16 (i) by striking “or (2)” each place it ap-  
17 pears; and

18 (ii) in subparagraph (B), by striking  
19 “under paragraph (2)” and inserting “on ac-  
20 count of past-due support described in para-  
21 graph (2)(B)”.

22 (2) Section 464(b) (42 U.S.C. 664(b)) is  
23 amended—

24 (A) by striking “(b)(1)” and inserting “(b)  
25 REGULATIONS.—”; and

1 (B) by striking paragraph (2).

2 (3) Section 464(c) (42 U.S.C. 664(c)) is  
3 amended—

4 (A) by striking “(c)(1) Except as provided  
5 in paragraph (2), as” and inserting “(c) DEFINI-  
6 TION.—As”; and

7 (B) by striking paragraphs (2) and (3).

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall become effective October 1, 1999.

10 **SEC. 9462. INTERNAL REVENUE SERVICE COLLECTION OF**  
11 **ARREARS.**

12 (a) AMENDMENT TO INTERNAL REVENUE CODE.—  
13 Section 6305(a) of the Internal Revenue Code of 1986 is  
14 amended—

15 (1) in paragraph (1), by inserting “except as  
16 provided in paragraph (5)” after “collected”;

17 (2) by striking “and” at the end of paragraph  
18 (3);

19 (3) by striking the period at the end of para-  
20 graph (4) and inserting a comma;

21 (4) by adding after paragraph (4) the following  
22 new paragraph:

23 “(5) no additional fee may be assessed for ad-  
24 justments to an amount previously certified pursu-

1 ant to such section 452(b) with respect to the same  
2 obligor.”; and

3 (5) by striking “Secretary of Health, Edu-  
4 cation, and Welfare” each place it appears and in-  
5 serting “Secretary of Health and Human Services”.

6 (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall become effective October 1, 1997.

8 **SEC. 9463. AUTHORITY TO COLLECT SUPPORT FROM FED-**  
9 **ERAL EMPLOYEES.**

10 (a) CONSOLIDATION AND STREAMLINING OF AU-  
11 THORITIES.—

12 (1) Section 459 (42 U.S.C. 659) is amended in  
13 the caption by inserting “INCOME WITHHOLDING,”  
14 before “GARNISHMENT”.

15 (2) Section 459(a) (42 U.S.C. 659(a)) is  
16 amended—

17 (A) by striking “(a)” and inserting “(a)  
18 CONSENT TO SUPPORT ENFORCEMENT.—

19 (B) by striking “section 207” and insert-  
20 ing “section 207 of this Act and 38 U.S.C.  
21 5301”; and

22 (C) by striking all that follows “a private  
23 person,” and inserting “to withholding in ac-  
24 cordance with State law pursuant to subsections  
25 (a)(1) and (b) of section 466 and regulations of

1           the Secretary thereunder, and to any other legal  
2           process brought, by a State agency administer-  
3           ing a program under this part or by an individ-  
4           ual obligee, to enforce the legal obligation of  
5           such individual to provide child support or ali-  
6           mony.”.

7           (3) Section 459(b) (42 U.S.C. 659(b)) is  
8           amended to read as follows:

9           “(b) CONSENT TO REQUIREMENTS APPLICABLE TO  
10          PRIVATE PERSON.— Except as otherwise provided herein,  
11          each entity specified in subsection (a) shall be subject,  
12          with respect to notice to withhold income pursuant to sub-  
13          section (a)(1) or (b) of section 466, or to any other order  
14          or process to enforce support obligations against an indi-  
15          vidual (if such order or process contains or is accompanied  
16          by sufficient data to permit prompt identification of the  
17          individual and the moneys involved), to the same require-  
18          ments as would apply if such entity were a private per-  
19          son.”.

20           (4) Section 459(c) (42 U.S.C. 659(c)) is redes-  
21           ignated and relocated as paragraph (2) of subsection  
22           (f), and is amended—

23                   (A) by striking “responding to interroga-  
24                   tories pursuant to requirements imposed by  
25                   section 461(b)(3)” and inserting “taking ac-

1 tions necessary to comply with the requirements  
2 of subsection (A) with regard to any individ-  
3 ual”; and

4 (B) by striking “any of his duties” and all  
5 that follows and inserting “such duties.”.

6 (5) Section 461 (42 U.S.C. 661) is amended by  
7 striking subsection (b), and section 459 (42 U.S.C.  
8 659) is amended by inserting after subsection (b)  
9 (as added by paragraph (3) of this subsection) the  
10 following:

11 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE  
12 OR PROCESS.—(1) The head of each agency subject to the  
13 requirements of this section shall—

14 “(A) designate an agent or agents to receive or-  
15 ders and accept service of process; and

16 “(B) publish (i) in the appendix of such regula-  
17 tions, (ii) in each subsequent republication of such  
18 regulations, and (iii) annually in the Federal Reg-  
19 ister, the designation of such agent or agents, identi-  
20 fied by title of position, mailing address, and tele-  
21 phone number.”.

22 (6) Section 459 (42 U.S.C. 659) is amended by  
23 striking subsection (d) and by inserting after sub-  
24 section (c)(1) (as added by paragraph (5) of this  
25 subsection) the following:

1       “(2) Whenever an agent designated pursuant to para-  
2 graph (1) receives notice pursuant to subsection (a)(1) or  
3 (b) of section 466, or is effectively served with any order,  
4 process, or interrogatories, with respect to an individual’s  
5 child support or alimony payment obligations, such agent  
6 shall—

7           “(A) as soon as possible (but not later than fif-  
8 teen days) thereafter, send written notice of such no-  
9 tice or service (together with a copy thereof) to such  
10 individual at his duty station or last-known home  
11 address;

12           “(B) within 30 days (or such longer period as  
13 may be prescribed by applicable State law) after re-  
14 ceipt of a notice pursuant to subsection (a)(1) or (b)  
15 of section 466, comply with all applicable provisions  
16 of such section 466; and

17           “(C) within 30 days (or such longer period as  
18 may be prescribed by applicable State law) after ef-  
19 fective service of any other such order, process, or  
20 interrogatories, respond thereto.”.

21           (7) Section 461 (42 U.S.C. 661) is amended by  
22 striking subsection (c), and section 459 (42 U.S.C.  
23 659) is amended by inserting after subsection (c) (as  
24 added by paragraph (5) and amended by paragraph  
25 (6) of this subsection) the following:



1       “(d) PRIORITY OF CLAIMS.—In the event that a gov-  
2       ernmental entity receives notice or is served with process,  
3       as provided in this section, concerning amounts owed by  
4       an individual to more than one person—

5               “(1) support collection under section 466(b)  
6       must be given priority over any other process, as  
7       provided in section 466(b)(7);

8               “(2) allocation of moneys due or payable to an  
9       individual among claimants under section 466(b)  
10       shall be governed by the provisions of such section  
11       466(b) and regulations thereunder; and

12               “(3) such moneys as remain after compliance  
13       with subparagraphs (A) and (B) shall be available to  
14       satisfy any other such processes on a first-come,  
15       first-served basis, with any such process being satis-  
16       fied out of such moneys as remain after the satisfac-  
17       tion of all such processes which have been previously  
18       served.”.

19               (8) Section 459(e) (42 U.S.C. 659(e)) is  
20       amended by striking “(e)” and inserting the follow-  
21       ing:

22       “(e) NO REQUIREMENT TO VARY PAY CYCLES.—”.

23               (9) Section 459(f) (42 U.S.C. 659(f)) is amend-  
24       ed by striking “(f)” and inserting the following:

25       “(f) RELIEF FROM LIABILITY.—(1)”.

1           (10) Section 461(a) (42 U.S.C. 661(a)) is re-  
2 designated and relocated as section 459(g), and is  
3 amended—

4           (A) by striking “(g)” and inserting the fol-  
5 lowing:

6           “(g) REGULATIONS.—”; and

7           (B) by striking “section 459” and insert-  
8 ing “this section”.

9           (11) Section 462 (42 U.S.C. 662) is amended  
10 by striking subsection (f), and section 459 (42  
11 U.S.C. 659) is amended by inserting the following  
12 after subsection (g) (as added by paragraph (10) of  
13 this subsection):

14           “(h) MONEYS SUBJECT TO PROCESS.—(1) Subject to  
15 subsection (i), moneys paid or payable to an individual  
16 which are considered to be based upon remuneration for  
17 employment, for purposes of this section—

18           “(A) consist of—

19           “(i) compensation paid or payable for per-  
20 sonal services of such individual, whether such  
21 compensation is denominated as wages, salary,  
22 commission, bonus, pay, allowances, or other-  
23 wise (including severance pay, sick pay, and in-  
24 centive pay);

1           “(ii) periodic benefits (including a periodic  
2 benefit as defined in section 228(h)(3)) or other  
3 payments—

4           “(I) under the insurance system es-  
5 tablished by title II;

6           “(II) under any other system or fund  
7 established by the United States which  
8 provides for the payment of pensions, re-  
9 tirement or retired pay, annuities, depend-  
10 ents’ or survivors’ benefits, or similar  
11 amounts payable on account of personal  
12 services performed by the individual or any  
13 other individual;

14           “(III) as compensation for death  
15 under any Federal program;

16           “(IV) under any Federal program es-  
17 tablished to provide ‘black lung’ benefits;  
18 or

19           “(V) by the Secretary of Veterans Af-  
20 fairs as pension, or as compensation for a  
21 service-connected disability or death (ex-  
22 cept any compensation paid by such Sec-  
23 retary to a former member of the Armed  
24 Forces who is in receipt of retired or re-  
25 tainer pay if such former member has

1           waived a portion of his retired pay in order  
2           to receive such compensation); and

3           “(iii) worker’s compensation benefits paid  
4           under Federal or State law; but

5           “(B) do not include any payment—

6           “(i) by way of reimbursement or otherwise,  
7           to defray expenses incurred by such individual  
8           in carrying out duties associated with his em-  
9           ployment; or

10           “(ii) as allowances for members of the uni-  
11           formed services payable pursuant to chapter 7  
12           of title 37, United States Code, as prescribed  
13           by the Secretaries concerned (defined by section  
14           101(5) of such title) as necessary for the effi-  
15           cient performance of duty.”.

16           (12) Section 462(g) (42 U.S.C. 662(g)) is re-  
17           designated and relocated as section 459(i) (42  
18           U.S.C. 659(i)).

19           (13)(A) Section 462 (42 U.S.C. 662) is amend-  
20           ed—

21           (i) in subsection (e)(1), by redesignating  
22           subparagraphs (A), (B), and (C) as clauses (i),  
23           (ii), and (iii); and

1           (ii) in subsection (e), by redesignating  
2           paragraphs (1) and (2) as subparagraphs (A)  
3           and (B).

4           (B) Section 459 (42 U.S.C. 659) is amended by  
5           adding at the end the following:

6           “(j) DEFINITIONS.—For purposes of this sec-  
7           tion—”.

8           (C) Subsections (a) through (e) of section 462  
9           (42 U.S.C. 662), as amended by subparagraph (A)  
10          of this paragraph, are relocated and redesignated as  
11          paragraphs (1) through (4), respectively of section  
12          459(j) (as added by subparagraph (B) of this para-  
13          graph, (42 U.S.C. 659(j))), and the left margin of  
14          each of such paragraphs (1) through (4) is indented  
15          2 ems to the right of the left margin of subsection  
16          (i) (as added by paragraph (12) of this subsection).

17          (b) CONFORMING AMENDMENTS.—

18           (1) TO PART D OF TITLE IV.—Sections 461 and  
19           462 (42 U.S.C. 661), as amended by subsection (a)  
20           of this section, are repealed.

21           (2) TO TITLE 5, UNITED STATES CODE.—Sec-  
22           tion 5520a of title 5, United States Code, is amend-  
23           ed, in subsections (h)(2) and (i), by striking “sec-  
24           tions 459, 461, and 462 of the Social Security Act  
25           (42 U.S.C. 659, 661, and 662)” and inserting “sec-

1 tion 459 of the Social Security Act (42 U.S.C.  
2 659)".

3 (c) MILITARY RETIRED AND RETAINER PAY.—(1)  
4 DEFINITION OF COURT.—Section 1408(a)(1) of title 10,  
5 United States Code, is amended—

6 (A) by striking “and” at the end of subpara-  
7 graph (B);

8 (B) by striking the period at the end of sub-  
9 paragraph (C) and inserting “; and”; and

10 (C) by adding after subparagraph (C) the fol-  
11 lowing new paragraph:

12 “(D) any administrative or judicial tribu-  
13 nal of a State competent to enter orders for  
14 support or maintenance (including a State  
15 agency administering a State program under  
16 part D of title IV of the Social Security Act).”;

17 (2) DEFINITION OF COURT ORDER.—Section  
18 1408(a)(2) of such title is amended by inserting “or a  
19 court order for the payment of child support not included  
20 in or accompanied by such a decree or settlement,” before  
21 “which—”.

22 (3) PUBLIC PAYEE.—Section 1408(d) of such title is  
23 amended—

24 (A) in the heading, by striking “to spouse” and  
25 inserting “to (or for benefit of)”; and

1 (B) in paragraph (1), in the first sentence, by  
2 inserting “(or for the benefit of such spouse or  
3 former spouse to a State central collections unit or  
4 other public payee designated by a State, in accord-  
5 ance with part D of title IV of the Social Security  
6 Act, as directed by court order, or as otherwise di-  
7 rected in accordance with such part D)” before “in  
8 an amount sufficient”.

9 (4) RELATIONSHIP TO PART D OF TITLE IV.—Sec-  
10 tion 1408 of such title is amended by adding at the end  
11 the following new subsection:

12 “(j) RELATIONSHIP TO OTHER LAWS.—In any case  
13 involving a child support order against a member who has  
14 never been married to the other parent of the child, the  
15 provisions of this section shall not apply, and the case  
16 shall be subject to the provisions of section 459 of the  
17 Social Security Act.”.

18 (d) EFFECTIVE DATE.—The amendments made by  
19 this section shall become effective 6 months after the date  
20 of the enactment of this Act.

21 **SEC. 9464. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**  
22 **TIONS OF MEMBERS OF THE ARMED FORCES.**

23 (a) AVAILABILITY OF LOCATOR INFORMATION.—

24 (1) MAINTENANCE OF ADDRESS INFORMA-  
25 TION.—The Secretary of Defense shall establish a

1 centralized personnel locator service that includes  
2 the address of each member of the Armed Forces  
3 under the jurisdiction of the Secretary. Upon re-  
4 quest of the Secretary of Transportation, addresses  
5 for members of the Coast Guard shall be included in  
6 the centralized personnel locator service.

7 (2) TYPE OF ADDRESS.—

8 (A) RESIDENTIAL ADDRESS.—Except as  
9 provided in subparagraph (B), the address for  
10 a member of the Armed Forces shown in the lo-  
11 cator service shall be the residential address of  
12 that member.

13 (B) DUTY ADDRESS.—The address for a  
14 member of the Armed Forces shown in the loca-  
15 tor service shall be the duty address of that  
16 member in the case of a member—

17 (i) who is permanently assigned over-  
18 seas, to a vessel, or to a routinely  
19 deployable unit; or

20 (ii) with respect to whom the Sec-  
21 retary concerned makes a determination  
22 that the member's residential address  
23 should not be disclosed due to national se-  
24 curity or safety concerns.



## 1 (3) UPDATING OF LOCATOR INFORMATION.—

2 Within 30 days after a member listed in the locator  
3 service establishes a new residential address (or a  
4 new duty address, in the case of a member covered  
5 by paragraph (2)(B)), the Secretary concerned shall  
6 update the locator service to indicate the new ad-  
7 dress of the member.

8 (4) AVAILABILITY OF INFORMATION.—The Sec-  
9 retary of Defense shall make information regarding  
10 the address of a member of the Armed Forces listed  
11 in the locator service available, on request, to the  
12 Federal Parent Locator Service.

13 (b) FACILITATING GRANTING OF LEAVE FOR AT-  
14 TENDANCE AT HEARINGS.—

15 (1) REGULATIONS.—The Secretary of each  
16 military department, and the Secretary of Transpor-  
17 tation with respect to the Coast Guard when it is  
18 not operating as a service in the Navy, shall pre-  
19 scribe regulations to facilitate the granting of leave  
20 to a member of the Armed Forces under the juris-  
21 diction of that Secretary in a case in which—

22 (A) the leave is needed for the member to  
23 attend a hearing described in paragraph (2);

24 (B) the member is not serving in or with  
25 a unit deployed in a contingency operation (as

1 defined in section 101 of title 10, United States  
2 Code); and

3 (C) the exigencies of military service (as  
4 determined by the Secretary concerned) do not  
5 otherwise require that such leave not be grant-  
6 ed.

7 (2) COVERED HEARINGS.—Paragraph (1) ap-  
8 plies to a hearing that is conducted by a court or  
9 pursuant to an administrative process established  
10 under State law, in connection with a civil action—

11 (A) to determine whether a member of the  
12 Armed Forces is a natural parent of a child; or

13 (B) to determine an obligation of a mem-  
14 ber of the Armed Forces to provide child sup-  
15 port.

16 (3) DEFINITIONS.—For purposes of this sub-  
17 section:

18 (A) The term “court” has the meaning  
19 given that term in section 1408(a) of title 10,  
20 United States Code.

21 (B) The term “child support” has the  
22 meaning given such term in section 462 of the  
23 Social Security Act (42 U.S.C. 662).

24 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-  
25 PLIANCE WITH CHILD SUPPORT ORDERS.—

1           (1) DATE OF CERTIFICATION OF COURT  
2 ORDER.—Section 1408 of title 10, United States  
3 Code, is amended—

4                   (A) by redesignating subsection (i) as sub-  
5 section (j); and

6                   (B) by inserting after subsection (h) the  
7 following new subsection (i):

8           “(i) CERTIFICATION DATE.—It is not necessary that  
9 the date of a certification of the authenticity or complete-  
10 ness of a copy of a court order or an order of an adminis-  
11 trative process established under State law for child sup-  
12 port received by the Secretary concerned for the purposes  
13 of this section be recent in relation to the date of receipt  
14 by the Secretary.”.

15           (2) PAYMENTS CONSISTENT WITH ASSIGN-  
16 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)  
17 of such title is amended by inserting after the first  
18 sentence the following: “In the case of a spouse or  
19 former spouse who, pursuant to section  
20 403(b)(1)(E)(i) of the Social Security Act, assigns  
21 to a State the rights of the spouse or former spouse  
22 to receive support, the Secretary concerned may  
23 make the child support payments referred to in the  
24 preceding sentence to that State in amounts consist-  
25 ent with that assignment of rights.”.

1           (3) ARREARAGES OWED BY MEMBERS OF THE  
2 UNIFORMED SERVICES.—Section 1408(d) of such  
3 title is amended by adding at the end the following  
4 new paragraph:

5           “(6) In the case of a court order or an order of an  
6 administrative process established under State law for  
7 which effective service is made on the Secretary concerned  
8 on or after the date of the enactment of this paragraph  
9 and which provides for payments from the disposable re-  
10 tired pay of a member to satisfy the amount of child sup-  
11 port set forth in the order, the authority provided in para-  
12 graph (1) to make payments from the disposable retired  
13 pay of a member to satisfy the amount of child support  
14 set forth in a court order or an order of an administrative  
15 process established under State law shall apply to payment  
16 of any amount of child support arrearages set forth in that  
17 order as well as to amounts of child support that currently  
18 become due.”.

19 **SEC. 9465. MOTOR VEHICLE LIENS.**

20           Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amend-  
21 ed—

22           (1) by striking “(4) Procedures” and inserting  
23 the following:

24           “(4) LIENS.—

25           “(A) IN GENERAL.—Procedures”; and

1           (2) by adding at the end the following new sub-  
2 paragraph:

3           “(B) MOTOR VEHICLE LIENS.—Procedures  
4 for placing liens for arrears of child support on  
5 motor vehicle titles of individuals owing such  
6 arrears equal to or exceeding two months of  
7 support, under which—

8                   “(i) any person owed such arrears  
9 may place such a lien;

10                   “(ii) the State agency administering  
11 the program under this part shall system-  
12 atically place such liens;

13                   “(iii) expedited methods are provided  
14 for—

15                           “(I) ascertaining the amount of  
16 arrears;

17                           “(II) affording the person owing  
18 the arrears or other titleholder to con-  
19 test the amount of arrears or to ob-  
20 tain a release upon fulfilling the sup-  
21 port obligation;

22                   “(iv) such a lien has precedence over  
23 all other encumbrances on a vehicle title  
24 other than a purchase money security in-  
25 terest; and

1                   “(v) the individual or State agency  
2                   owed the arrears may execute on, seize,  
3                   and sell the property in accordance with  
4                   State law.”.

5 **SEC. 9466. VOIDING OF FRAUDULENT TRANSFERS.**

6           Section 466(a) (42 U.S.C. 666(a)), as amended by  
7 sections 9401(a), 9426(a), 9431, and 9442 of this Act,  
8 is amended by inserting after paragraph (15) the follow-  
9 ing:

10                   “(16) FRAUDULENT TRANSFERS.—Procedures  
11                   under which—

12                   “(A) the State has in effect—

13                   “(i) the Uniform Fraudulent Convey-  
14                   ance Act of 1981,

15                   “(ii) the Uniform Fraudulent Trans-  
16                   fer Act of 1984, or

17                   “(iii) another law, specifying indicia of  
18                   fraud which create a prima facie case that  
19                   a debtor transferred income or property to  
20                   avoid payment to a child support creditor,  
21                   which the Secretary finds affords com-  
22                   parable rights to child support creditors;  
23                   and

24                   “(B) in any case in which the State knows  
25                   of a transfer by a child support debtor with re-

1 spect to which such a prima facie case is estab-  
2 lished, the State must—

3 “(i) seek to void such transfer; or

4 “(ii) obtain a settlement in the best  
5 interests of the child support creditor.”.

6 **SEC. 9467. STATE LAW AUTHORIZING SUSPENSION OF LI-**  
7 **CENSES.**

8 Section 466(a) (42 U.S.C. 666(a)), as amended by  
9 sections 9401(a), 9426(a), 9431, 9442, and 9466 of this  
10 Act, is amended by inserting after paragraph (16) the fol-  
11 lowing:

12 “(17) AUTHORITY TO WITHHOLD OR SUSPEND  
13 LICENSES.—Procedures under which the State has  
14 (and uses in appropriate cases) authority (subject to  
15 appropriate due process safeguards) to withhold or  
16 suspend, or to restrict the use of driver’s licenses,  
17 and professional and occupational licenses of individ-  
18 uals owing overdue child support or failing, after re-  
19 ceiving appropriate notice, to comply with subpoenas  
20 or warrants relating to paternity or child support  
21 proceedings.”.

22 **SEC. 9468. REPORTING ARREARAGES TO CREDIT BUREAUS.**

23 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended  
24 to read as follows:

1           “(7) REPORTING ARREARAGES TO CREDIT BU-  
2 REAUS.—(A) Procedures (subject to safeguards pur-  
3 suant to subparagraph (B)) requiring the State to  
4 report periodically to consumer reporting agencies  
5 (as defined in section 603(f) of the Fair Credit Re-  
6 porting Act (15 U.S.C. 1681a(f)) the name of any  
7 absent parent who is delinquent by 90 days or more  
8 in the payment of support, and the amount of over-  
9 due support owed by such parent.

10           “(B) Procedures ensuring that, in carrying out  
11 subparagraph (A), information with respect to an  
12 absent parent is reported—

13           “(i) only after such parent has been af-  
14 farded all due process required under State law,  
15 including notice and a reasonable opportunity  
16 to contest the accuracy of such information;  
17 and

18           “(ii) only to an entity that has furnished  
19 evidence satisfactory to the State that the en-  
20 tity is a consumer reporting agency.”.

21 **SEC. 9469. EXTENDED STATUTE OF LIMITATION FOR COL-**  
22 **LECTION OF ARREARAGES.**

23           (a) AMENDMENTS.—Section 466(a)(9) (42 U.S.C.  
24 666(a)(9)) is amended—



1 (1) by striking “(9) Procedures” and inserting  
2 the following:

3 “(9) LEGAL TREATMENT OF ARREARS.—

4 “(A) FINALITY.—Procedures”;

5 (2) by redesignating subparagraphs (A), (B),  
6 and (C) as clauses (i), (ii), and (iii), respectively,  
7 and by indenting each of such clauses 2 additional  
8 ems to the right; and

9 (3) by adding after and below subparagraph  
10 (A), as redesignated, the following new subpara-  
11 graph:

12 “(B) STATUTE OF LIMITATIONS.—Proce-  
13 dures under which the statute of limitations on  
14 any arrearages of child support extends at least  
15 until the child owed such support is 30 years of  
16 age.”.

17 (b) APPLICATION OF REQUIREMENT.—The amend-  
18 ment made by this section shall not be read to require  
19 any State law to revive any payment obligation which had  
20 lapsed prior to the effective date of such State law.

21 **SEC. 9470. CHARGES FOR ARREARAGES.**

22 (a) STATE LAW REQUIREMENT.—Section 466(a) (42  
23 U.S.C. 666(a)), as amended by sections 9401(a), 9426(a),  
24 9431, 9442, 9466, and 9467 of this Act, is amended by  
25 inserting after paragraph (17) the following:



1           “(1) IN GENERAL.—Where the Secretary re-  
2 ceives a certification by a State agency in accord-  
3 ance with the requirements of section 454(28) that  
4 an individual owes arrearages of child support in an  
5 amount exceeding \$5,000 or in an amount exceeding  
6 24 months’ worth of child support, the Secretary  
7 shall transmit such certification to the Secretary of  
8 State for action (with respect to denial, revocation,  
9 or limitation of passports) pursuant to section  
10 9471(b) of the Omnibus Budget Reconciliation Act  
11 of 1995.

12           “(2) LIMIT ON LIABILITY.—The Secretary shall  
13 not be liable to an individual for any action with re-  
14 spect to a certification by a State agency under this  
15 section.”.

16           (2) STATE CSE AGENCY RESPONSIBILITY.—Sec-  
17 tion 454 (42 U.S.C. 654), as amended by sections  
18 9404(a), 9414(b), and 9422(a) of this Act, is  
19 amended—

20                   (A) by striking “and” at the end of para-  
21 graph (26);

22                   (B) by striking the period at the end of  
23 paragraph (27) and inserting “; and”; and

24                   (C) by adding after paragraph (27) the fol-  
25 lowing new paragraph:

1           “(28) provide that the State agency will have in  
2 effect a procedure (which may be combined with the  
3 procedure for tax refund offset under section 464)  
4 for certifying to the Secretary, for purposes of the  
5 procedure under section 452(l) (concerning denial of  
6 passports). determinations that individuals owe ar-  
7 rearages of child support in an amount exceeding  
8 \$5,000 or in an amount exceeding 24 months’ worth  
9 of child support, under which procedure—

10           “(A) each individual concerned is afforded  
11 notice of such determination and the con-  
12 sequences thereof, and an opportunity to con-  
13 test the determination; and

14           “(B) the certification by the State agency  
15 is furnished to the Secretary in such format,  
16 and accompanied by such supporting docu-  
17 mentation, as the Secretary may require.”.

18           (b) STATE DEPARTMENT PROCEDURE FOR DENIAL  
19 OF PASSPORTS.—

20           (1) IN GENERAL.—The Secretary of State,  
21 upon certification by the Secretary of Health and  
22 Human Services, in accordance with section 452(l)  
23 of the Social Security Act, that an individual owes  
24 arrearages of child support in excess of \$5,000, shall  
25 refuse to issue a passport to such individual, and

1       may revoke, restrict, or limit a passport issued pre-  
2       viously to such individual.

3           (2) LIMIT ON LIABILITY.—The Secretary of  
4       State shall not be liable to an individual for any ac-  
5       tion with respect to a certification by a State agency  
6       under this section.

7           (c) EFFECTIVE DATE.—This section and the amend-  
8       ments made by this section shall become effective October  
9       1, 1996.

10 **SEC. 9472. INTERNATIONAL CHILD SUPPORT ENFORCE-**  
11 **MENT.**

12       (a) SENSE OF THE CONGRESS THAT THE UNITED  
13       STATES SHOULD RATIFY THE UNITED NATIONS CON-  
14       VENTION OF 1956.—It is the sense of the Congress that  
15       the United States should ratify the United Nations Con-  
16       vention of 1956.

17       (b) TREATMENT OF INTERNATIONAL CHILD SUP-  
18       PORT CASES AS INTERSTATE CASES.—Section 454 (42  
19       U.S.C. 654), as amended by sections 9404(a), 9414(b),  
20       9422(a), and 9471(a)(2) of this Act, is amended—

21           (1) by striking “and” at the end of paragraph  
22       (27);

23           (2) by striking the period at the end of para-  
24       graph (28) and inserting “; and”; and

1           (3) by inserting after paragraph (28) the fol-  
2           lowing:

3           “(29) provide that the State must treat inter-  
4           national child support cases in the same manner as  
5           the State treats interstate child support cases.”.

6 **SEC. 9473. SEIZURE OF LOTTERY WINNINGS, SETTLEMENTS,**  
7                                   **PAYOUTS, AWARDS, AND BEQUESTS, AND**  
8                                   **SALE OF FORFEITED PROPERTY, TO PAY**  
9                                   **CHILD SUPPORT ARREARAGES.**

10           Section 466(a) (42 U.S.C. 666(a)), as amended by  
11 sections 9401(a), 9426(a), 9431, 9442, 9466, 9467, and  
12 9470(a) of this Act, is amended by inserting after para-  
13 graph (18) the following:

14           “(19) Procedures, in addition to other income  
15           withholding procedures, under which a lien is im-  
16           posed against property with the following effect:

17                               “(A) The person required to make a pay-  
18                               ment under a policy of insurance or a settle-  
19                               ment of a claim made with respect to the policy  
20                               shall—

21                                       “(i) suspend the payment until an in-  
22                                       quiry is made to and a response received  
23                                       from the agency as to whether the person  
24                                       otherwise entitled to the payment owes a  
25                                       child support arrearage; and

1           “(ii) if there is such an arrearage,  
2           withhold from the payment the lesser of  
3           the amount of the payment or the amount  
4           of the arrearage, and pay the amount with-  
5           held to the agency for distribution.

6           “(B) The payor of any amount pursuant to  
7           an award, judgment, or settlement in any ac-  
8           tion brought in Federal or State court shall—

9           “(i) suspend the payment of the  
10          amount until an inquiry is made to and a  
11          response is received from the agency as to  
12          whether the person otherwise entitled to  
13          the payment owes a child support arrear-  
14          age; and

15          “(ii) if there is such an arrearage,  
16          withhold from the payment the lesser of  
17          the amount of the payment or the amount  
18          of the arrearage, and pay the amount with-  
19          held to the agency for distribution.

20          “(C) If the State seizes property forfeited  
21          to the State by an individual by reason of a  
22          criminal conviction, the State shall—

23          “(i) hold the property until an inquiry  
24          is made to and a response is received from

1 the agency as to whether the individual  
2 owes a child support arrearage; and

3 “(ii) if there is such an arrearage, sell  
4 the property and, after satisfying the  
5 claims of all other private or public claim-  
6 ants to the property and deducting from  
7 the proceeds of the sale the attendant costs  
8 (such as for towing, storage, and the sale),  
9 pay the lesser of the remaining proceeds or  
10 the amount of the arrearage directly to the  
11 agency for distribution.

12 “(D) Any person required to make a pay-  
13 ment in respect of a decedent shall—

14 “(i) suspend the payment until an in-  
15 quiry is made to and a response received  
16 from the agency as to whether the person  
17 otherwise entitled to the payment owes a  
18 child support arrearage; and

19 “(ii) if there is such an arrearage,  
20 withhold from the payment the lesser of  
21 the amount of the payment or the amount  
22 of the arrearage, and pay the amount with-  
23 held to the agency for distribution.”.



1 **SEC. 9474. LIABILITY OF GRANDPARENTS FOR FINANCIAL**  
2 **SUPPORT OF CHILDREN OF THEIR MINOR**  
3 **CHILDREN.**

4 Section 466(a) (42 U.S.C. 666(a)), as amended by  
5 sections 9401(a), 9426(a), 9431, 9442, 9466, 9467,  
6 9470(a), and 9473 of this Act, is amended by inserting  
7 after paragraph (19) the following:

8 “(20) Procedures under which each parent of  
9 an individual who has not attained 18 years of age  
10 is liable for the financial support of any child of the  
11 individual to the extent that the individual is unable  
12 to provide such support. The preceding sentence  
13 shall not apply to the State if the State plan explic-  
14 itly provides for such inapplicability.”.

15 **SEC. 9475. SENSE OF THE CONGRESS REGARDING PRO-**  
16 **GRAMS FOR NONCUSTODIAL PARENTS UN-**  
17 **ABLE TO MEET CHILD SUPPORT OBLIGA-**  
18 **TIONS.**

19 It is the sense of the Congress that the States should  
20 develop programs, such as the program of the State of  
21 Wisconsin known as the “Children’s First Program”, that  
22 are designed to work with noncustodial parents who are  
23 unable to meet their child support obligations.

1           **CHAPTER 8—MEDICAL SUPPORT**

2   **SEC. 9481. TECHNICAL CORRECTION TO ERISA DEFINITION**  
3                   **OF MEDICAL CHILD SUPPORT ORDER.**

4           (a) **IN GENERAL.**—Section 609(a)(2)(B) of the Em-  
5 ployee Retirement Income Security Act of 1974 (29  
6 U.S.C. 1169(a)(2)(B)) is amended—

7           (1) by striking “issued by a court of competent  
8           jurisdiction”;

9           (2) by striking the period at the end of clause  
10          (ii) and inserting a comma; and

11          (3) by adding, after and below clause (ii), the  
12          following:

13                “if such judgment, decree, or order (I) is issued  
14                by a court of competent jurisdiction or (II) is  
15                issued by an administrative adjudicator and has  
16                the force and effect of law under applicable  
17                State law.”.

18          (b) **EFFECTIVE DATE.**—

19           (1) **IN GENERAL.**—The amendments made by  
20          this section shall take effect on the date of the en-  
21          actment of this Act.

22           (2) **PLAN AMENDMENTS NOT REQUIRED UNTIL**  
23          **JANUARY 1, 1996.**—Any amendment to a plan re-  
24          quired to be made by an amendment made by this  
25          section shall not be required to be made before the

1 first plan year beginning on or after January 1,  
2 1996, if—

3 (A) during the period after the date before  
4 the date of the enactment of this Act and be-  
5 fore such first plan year, the plan is operated  
6 in accordance with the requirements of the  
7 amendments made by this section, and

8 (B) such plan amendment applies retro-  
9 actively to the period after the date before the  
10 date of the enactment of this Act and before  
11 such first plan year.

12 A plan shall not be treated as failing to be operated  
13 in accordance with the provisions of the plan merely  
14 because it operates in accordance with this para-  
15 graph.

16 **CHAPTER 9—FOOD STAMP PROGRAM**  
17 **REQUIREMENTS**

18 **SEC. 9491. COOPERATION WITH CHILD SUPPORT AGENCIES.**

19 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
20 2015) is amended adding at the end the following:

21 “(i) CUSTODIAL PARENT’S COOPERATION WITH  
22 CHILD SUPPORT AGENCIES.—

23 “(1) IN GENERAL.—At the option of a State  
24 agency, subject to paragraphs (2) and (3), no natu-  
25 ral or adoptive parent or other individual (collec-

1 tively referred to in this subsection as ‘the individ-  
2 ual’) who is living with and exercising parental con-  
3 trol over a child under the age of 18 who has an ab-  
4 sent parent shall be eligible to participate in the food  
5 stamp program unless the individual cooperates with  
6 the State agency administering the program estab-  
7 lished under part D of title IV of the Social Security  
8 Act (42 U.S.C. 651 et seq.)—

9 “(A) in establishing the paternity of the  
10 child (if the child is born out of wedlock); and

11 “(B) in obtaining support for—

12 “(i) the child; or

13 “(ii) the individual and the child.

14 “(2) GOOD CAUSE FOR NONCOOPERATION.—

15 Paragraph (1) shall not apply to the individual if  
16 good cause is found for refusing to cooperate, as de-  
17 termined by the State agency in accordance with  
18 standards prescribed by the Secretary in consulta-  
19 tion with the Secretary of Health and Human Serv-  
20 ices. The standards shall take into consideration cir-  
21 cumstances under which cooperation may be against  
22 the best interests of the child.

23 “(3) FEES.—Paragraph (1) shall not require  
24 the payment of a fee or other cost for services pro-

1       vided under part D of title IV of the Social Security  
2       Act (42 U.S.C. 651 et seq.).

3       “(j) NON-CUSTODIAL PARENT’S COOPERATION WITH  
4 CHILD SUPPORT AGENCIES.—

5           “(1) IN GENERAL.—At the option of a State  
6       agency, subject to paragraphs (2) and (3), a puta-  
7       tive or identified non-custodial parent of a child  
8       under the age of 18 (referred to in this subsection  
9       as ‘the individual’) shall not be eligible to participate  
10      in the food stamp program if the individual refuses  
11      to cooperate with the State agency administering the  
12      program established under part D of title IV of the  
13      Social Security Act (42 U.S.C. 651 et seq.)—

14           “(A) in establishing the paternity of the  
15      child (if the child is born out of wedlock); and

16           “(B) in providing support for the child.

17      “(2) REFUSAL TO COOPERATE.—

18           “(A) GUIDELINES.—The Secretary, in con-  
19      sultation with the Secretary of Health and  
20      Human Services, shall develop guidelines on  
21      what constitutes a refusal to cooperate under  
22      paragraph (1).

23           “(B) PROCEDURES.—The State agency  
24      shall develop procedures, using guidelines devel-  
25      oped under subparagraph (A), for determining

1           whether an individual is refusing to cooperate  
2           under paragraph (1).

3           “(3) FEES.—Paragraph (1) shall not require  
4           the payment of a fee or other cost for services pro-  
5           vided under part D of title IV of the Social Security  
6           Act (42 U.S.C. 651 et seq.).

7           “(4) PRIVACY.—The State agency shall provide  
8           safeguards to restrict the use of information col-  
9           lected by a State agency administering the program  
10          established under part D of title IV of the Social Se-  
11          curity Act (42 U.S.C. 651 et seq.) to purposes for  
12          which the information is collected.”.

13 **SEC. 9492. DISQUALIFICATION FOR CHILD SUPPORT AR-**  
14 **REARS.**

15          Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
16 2015), as amended by section 9491 of this Act, is amend-  
17 ed by adding at the end the following:

18          “(k) DISQUALIFICATION FOR CHILD SUPPORT AR-  
19 REARS.—

20                 “(1) IN GENERAL.—At the option of a State  
21                 agency, except as provided in paragraph (2), no indi-  
22                 vidual shall be eligible to participate in the food  
23                 stamp program as a member of any household dur-  
24                 ing any month that the individual is delinquent in

1 any payment due under a court order for the sup-  
2 port of a child of the individual.

3 “(2) EXCEPTIONS.—Paragraph (1) shall not  
4 apply if—

5 “(A) a court is allowing the individual to  
6 delay payment; or

7 “(B) the individual is complying with a  
8 payment plan approved by a court or the State  
9 agency designated under part D of title IV of  
10 the Social Security Act (42 U.S.C. 651 et seq.)  
11 to provide support for the child of the individ-  
12 ual.”.

13 **CHAPTER 10—EFFECT OF ENACTMENT**

14 **SEC. 9498. EFFECTIVE DATES.**

15 (a) IN GENERAL.—Except as otherwise specifically  
16 provided (but subject to subsections (b) and (c))—

17 (1) provisions of this title requiring enactment  
18 or amendment of State laws under section 466 of  
19 the Social Security Act, or revision of State plans  
20 under section 454 of such Act, shall be effective with  
21 respect to periods beginning on and after October 1,  
22 1996; and

23 (2) all other provisions of this title shall become  
24 effective upon enactment.

1 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The  
2 provisions of this title shall become effective with respect  
3 to a State on the later of—

- 4 (1) the date specified in this title, or  
5 (2) the effective date of laws enacted by the leg-  
6 isature of such State implementing such provisions,  
7 but in no event later than the first day of the first cal-  
8 endar quarter beginning after the close of the first regular  
9 session of the State legislature that begins after the date  
10 of enactment of this Act. For purposes of the previous  
11 sentence, in the case of a State that has a 2-year legisla-  
12 tive session, each year of such session shall be deemed to  
13 be a separate regular session of the State legislature.

14 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL  
15 AMENDMENT.—A State shall not be found out of compli-  
16 ance with any requirement enacted by this title if it is  
17 unable to comply without amending the State constitution  
18 until the earlier of—

- 19 (1) the date one year after the effective date of  
20 the necessary State constitutional amendment, or  
21 (2) the date five years after enactment of this  
22 title.

23 **SEC. 9499. SEVERABILITY.**

24 If any provision of this title or the application thereof  
25 to any person or circumstance is held invalid, the invalid-



1 ity shall not affect other provisions or applications of this  
2 title which can be given effect without regard to the invalid  
3 provision or application, and to this end the provisions of  
4 this title shall be severable.

5 **Subtitle E—Teen Pregnancy And**  
6 **Family Stability**

7 **SEC. 9501. STATE OPTION TO DENY TEMPORARY EMPLOY-**  
8 **MENT ASSISTANCE FOR ADDITIONAL CHIL-**  
9 **DREN.**

10 (a) IN GENERAL.—Section 402(d)(1), as added by  
11 section 9101(a) of this Act, is amended—

12 (1) by striking “(1) DETERMINATION OF  
13 NEED.—” and inserting the following:

14 “(1) DETERMINATION OF NEED.—

15 “(A) IN GENERAL.—”; and

16 (2) by adding at the end the following:

17 “(B) OPTIONAL DENIAL OF ASSISTANCE  
18 TO FAMILIES HAVING ADDITIONAL CHILDREN  
19 WHILE RECEIVING ASSISTANCE.—At the option  
20 of the State, the State plan may provide that—

21 “(i)(I) a child shall not be considered  
22 a needy child if the child is born (other  
23 than as a result of rape or incest) to a  
24 member of a family—

1 **SEC. 9505. DENIAL OF FEDERAL HOUSING BENEFITS TO MI-**  
2 **NORS WHO BEAR CHILDREN OUT-OF-WED-**  
3 **LOCK.**

4 (a) PROHIBITION OF ASSISTANCE.—Notwithstanding  
5 any other provision of law, a household whose head of  
6 household is an individual who has borne a child out-of-  
7 wedlock before attaining 18 years of age may not be pro-  
8 vided Federal housing assistance for a dwelling unit until  
9 attaining such age, unless—

10 (1) after the birth of the child—

11 (A) the individual marries an individual  
12 who has been determined by the relevant State  
13 to be the biological father of the child; or

14 (B) the biological parent of the child has  
15 legal custody of the child and marries an indi-  
16 vidual who legally adopts the child;

17 (2) the individual is a biological and custodial  
18 parent of another child who was not born out-of-  
19 wedlock; or

20 (3) eligibility for such Federal housing assist-  
21 ance is based in whole or in part on any disability  
22 or handicap of a member of the household.

23 (b) DEFINITIONS.—For purposes of this section, the  
24 following definitions shall apply:

25 (1) COVERED PROGRAM.—The term “covered  
26 program” means—

1 (A) the program of rental assistance on be-  
2 half of low-income families provided under sec-  
3 tion 8 of the United States Housing Act of  
4 1937 (42 U.S.C. 1437f);

5 (B) the public housing program under title  
6 I of the United States Housing Act of 1937 (42  
7 U.S.C. 1437 et seq.);

8 (C) the program of rent supplement pay-  
9 ments on behalf of qualified tenants pursuant  
10 to contracts entered into under section 101 of  
11 the Housing and Urban Development Act of  
12 1965 (12 U.S.C. 1701s);

13 (D) the program of interest reduction pay-  
14 ments pursuant to contracts entered into by the  
15 Secretary of Housing and Urban Development  
16 under section 236 of the National Housing Act  
17 (12 U.S.C. 1715z-1);

18 (E) the program for mortgage insurance  
19 provided pursuant to sections 221(d) (3) or (4)  
20 of the National Housing Act (12 U.S.C.  
21 1715l(d)) for multifamily housing for low- and  
22 moderate-income families;

23 (F) the rural housing loan program under  
24 section 502 of the Housing Act of 1949 (42  
25 U.S.C. 1472);

1           (G) the rural housing loan guarantee pro-  
2           gram under section 502(h) of the Housing Act  
3           of 1949 (42 U.S.C. 1472(h));

4           (H) the loan and grant programs under  
5           section 504 of the Housing Act of 1949 (42  
6           U.S.C. 1474) for repairs and improvements to  
7           rural dwellings;

8           (I) the program of loans for rental and co-  
9           operative rural housing under section 515 of  
10          the Housing Act of 1949 (42 U.S.C. 1485);

11          (J) the program of rental assistance pay-  
12          ments pursuant to contracts entered into under  
13          section 521(a)(2)(A) of the Housing Act of  
14          1949 (42 U.S.C. 1490a(a)(2)(A));

15          (K) the loan and assistance programs  
16          under sections 514 and 516 of the Housing Act  
17          of 1949 (42 U.S.C. 1484, 1486) for housing for  
18          farm labor;

19          (L) the program of grants and loans for  
20          mutual and self-help housing and technical as-  
21          sistance under section 523 of the Housing Act  
22          of 1949 (42 U.S.C. 1490c);

23          (M) the program of grants for preservation  
24          and rehabilitation of housing under section 533

1 of the Housing Act of 1949 (42 U.S.C.  
2 1490m); and

3 (N) the program of site loans under sec-  
4 tion 524 of the Housing Act of 1949 (42  
5 U.S.C. 1490d).

6 (2) COVERED PROJECT.—The term “covered  
7 project” means any housing for which Federal hous-  
8 ing assistance is provided that is attached to the  
9 project or specific dwelling units in the project.

10 (3) FEDERAL HOUSING ASSISTANCE.—The term  
11 “Federal housing assistance” means—

12 (A) assistance provided under a covered  
13 program in the form of any contract, grant,  
14 loan, subsidy, cooperative agreement, loan or  
15 mortgage guarantee or insurance, or other fi-  
16 nancial assistance; or

17 (B) occupancy in a dwelling unit that is—

18 (i) provided assistance under a cov-  
19 ered program; or

20 (ii) located in a covered project and  
21 subject to occupancy limitations under a  
22 covered program that are based on income.

23 (4) STATE.—The term “State” means the  
24 States of the United States, the District of Colum-  
25 bia, the Commonwealth of Puerto Rico, the Com-



1 approved under this part is reduced by  
2 reason of subclause (I), each member of  
3 the family shall be considered to be receiv-  
4 ing such assistance for purposes of eligi-  
5 bility for medical assistance under the  
6 State plan approved under title XIX for so  
7 long as such assistance under the State  
8 plan approved under this part would other-  
9 wise not be so reduced; and

10 “(ii) if the State exercises the option, the  
11 State may provide the family with vouchers, in  
12 amounts not exceeding the value of any such re-  
13 duction in assistance, that may be used only to  
14 pay for—

15 “(I) particular goods and services  
16 specified by the State as suitable for the  
17 care of the child of the parent (such as  
18 diapers, clothing, or cribs); and

19 “(II) the costs associated with a ma-  
20 ternity home, foster home, or other adult-  
21 supervised supportive living arrangement  
22 in which the parent and the child live.”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 subsection (a) shall take effect in the same manner in

1 which the amendment made by section 9101(a) takes ef-  
2 fect.

### 3 **Subtitle F—SSI Reform**

#### 4 **SEC. 9601. DEFINITION AND ELIGIBILITY RULES.**

5 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-  
6 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

7 (1) in subparagraph (A), by striking “An indi-  
8 vidual” and inserting “Except as provided in sub-  
9 paragraph (C), an individual”;

10 (2) in subparagraph (A), by striking “(or, in  
11 the case of an individual under the age of 18, if he  
12 suffers from any medically determinable physical or  
13 mental impairment of comparable severity)”;

14 (3) by redesignating subparagraphs (C) through  
15 (H) as subparagraphs (D) through (I), respectively;

16 (4) by inserting after subparagraph (B) the fol-  
17 lowing new subparagraph:

18 “(C) An individual under the age of 18 shall be con-  
19 sidered disabled for the purposes of this title if that indi-  
20 vidual has a medically determinable physical or mental im-  
21 pairment, which results in marked and severe functional  
22 limitations, and which can be expected to result in death  
23 or which has lasted or can be expected to last for a contin-  
24 uous period of not less than 12 months.”; and



1           (5) in subparagraph (F), as so redesignated by  
2 paragraph (3) of this subsection, by striking “(D)”  
3 and inserting “(E)”.

4           (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

5           (1) MODIFICATION TO MEDICAL CRITERIA FOR  
6 EVALUATION OF MENTAL AND EMOTIONAL DIS-  
7 ORDERS.—The Commissioner of Social Security  
8 shall modify sections 112.00C.2. and  
9 112.02B.2.c.(2) of appendix 1 to subpart P of part  
10 404 of title 20, Code of Federal Regulations, to  
11 eliminate references to maladaptive behavior in the  
12 domain of personal/behaviorial function.

13           (2) DISCONTINUANCE OF INDIVIDUALIZED  
14 FUNCTIONAL ASSESSMENT.—The Commissioner of  
15 Social Security shall discontinue the individualized  
16 functional assessment for children set forth in sec-  
17 tions 416.924d and 416.924e of title 20, Code of  
18 Federal Regulations.

19           (c) EFFECTIVE DATE; REGULATIONS; APPLICATION  
20 TO CURRENT RECIPIENTS.—

21           (1) IN GENERAL.—The amendments made by  
22 subsections (a) and (b) shall apply to applicants for  
23 benefits for months beginning on or after the date  
24 of the enactment of this Act, without regard to

1       whether regulations have been issued to implement  
2       such amendments.

3           (2) REGULATIONS.—The Commissioner of So-  
4       cial Security shall issue such regulations as the  
5       Commissioner determines to be necessary to imple-  
6       ment the amendments made by subsections (a) and  
7       (b) not later than 60 days after the date of the en-  
8       actment of this Act.

9           (3) APPLICATION TO CURRENT RECIPIENTS.—

10           (A) ELIGIBILITY DETERMINATIONS.—Not  
11       later than 1 year after the date of the enact-  
12       ment of this Act, the Commissioner of Social  
13       Security shall redetermine the eligibility of any  
14       individual under age 18 who is receiving supple-  
15       mental security income benefits based on a dis-  
16       ability under title XVI of the Social Security  
17       Act as of the date of the enactment of this Act  
18       and whose eligibility for such benefits may ter-  
19       minate by reason of the amendments made by  
20       subsection (a) or (b). With respect to any rede-  
21       termination under this subparagraph—

22           (i) section 1614(a)(4) of the Social  
23       Security Act (42 U.S.C. 1382c(a)(4)) shall  
24       not apply;

1                   (ii) the Commissioner of Social Secu-  
2                   rity shall apply the eligibility criteria for  
3                   new applicants for benefits under title XVI  
4                   of such Act;

5                   (iii) the Commissioner shall give such  
6                   redetermination priority over all continuing  
7                   eligibility reviews and other reviews under  
8                   such title; and

9                   (iv) such redetermination shall be  
10                  counted as a review or redetermination  
11                  otherwise required to be made under sec-  
12                  tion 208 of the Social Security Independ-  
13                  ence and Program Improvements Act of  
14                  1994 or any other provision of title XVI of  
15                  the Social Security Act.

16                (B) GRANDFATHER PROVISION.—The  
17                amendments made by subsections (a) and (b),  
18                and the redetermination under subparagraph  
19                (A), shall only apply with respect to the benefits  
20                of an individual described in subparagraph (A)  
21                for months beginning on or after January 1,  
22                1997.

23                (C) NOTICE.—Not later than 90 days after  
24                the date of the enactment of this Act, the Com-  
25                missioner of Social Security shall notify an indi-

1           vidual described in subparagraph (A) of the  
2           provisions of this paragraph.

3 **SEC. 9602. ELIGIBILITY REDETERMINATIONS AND CON-**  
4 **TINUING DISABILITY REVIEWS.**

5           (a) CONTINUING DISABILITY REVIEWS RELATING TO  
6 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.  
7 1382c(a)(3)(H)), as so redesignated by section 9601(a)(3)  
8 of this Act, is amended—

9           (1) by inserting “(i)” after “(H)”; and

10           (2) by adding at the end the following new  
11 clause:

12           “(ii) (I) Not less frequently than once every 3 years,  
13 the Commissioner shall review in accordance with para-  
14 graph (4) the continued eligibility for benefits under this  
15 title of each individual who has not attained 18 years of  
16 age and is eligible for such benefits by reason of an im-  
17 pairment (or combination of impairments) which may im-  
18 prove (or, which is unlikely to improve, at the option of  
19 the Commissioner).

20           “(II) A parent or guardian of a recipient whose case  
21 is reviewed under this clause shall present, at the time  
22 of review, evidence demonstrating that the recipient is,  
23 and has been, receiving treatment, to the extent consid-  
24 ered medically necessary and available, of the condition

1 which was the basis for providing benefits under this  
2 title.”.

3 (b) DISABILITY ELIGIBILITY REDETERMINATIONS  
4 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS  
5 OF AGE.—

6 (1) IN GENERAL.—Section 1614(a)(3)(H) (42  
7 U.S.C. 1382c(a)(3)(H)), as so redesignated by sec-  
8 tion 9601(a)(3) of this Act and as amended by sub-  
9 section (a) of this section, is amended by adding at  
10 the end the following new clause:

11 “(iii) If an individual is eligible for benefits under this  
12 title by reason of disability for the month preceding the  
13 month in which the individual attains the age of 18 years,  
14 the Commissioner shall redetermine such eligibility—

15 “(I) during the 1-year period beginning on the  
16 individual’s 18th birthday; and

17 “(II) by applying the criteria used in determin-  
18 ing the initial eligibility for applicants who have at-  
19 tained the age of 18 years.

20 With respect to a redetermination under this clause, para-  
21 graph (4) shall not apply and such redetermination shall  
22 be considered a substitute for a review or redetermination  
23 otherwise required under any other provision of this sub-  
24 paragraph during that 1-year period.”.

1           (2) CONFORMING REPEAL.—Section 207 of the  
2       Social Security Independence and Program Improve-  
3       ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.  
4       1516) is hereby repealed.

5       (c) CONTINUING DISABILITY REVIEW REQUIRED FOR  
6       LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)  
7       (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section  
8       9601(a)(3) of this Act and as amended by subsections (a)  
9       and (b) of this section, is amended by adding at the end  
10      the following new clause:

11       “(iv)(I) Not later than 12 months after the birth of  
12      an individual, the Commissioner shall review in accordance  
13      with paragraph (4) the continuing eligibility for benefits  
14      under this title by reason of disability of such individual  
15      whose low birth weight is a contributing factor material  
16      to the Commissioner’s determination that the individual  
17      is disabled.

18       “(II) A review under subclause (I) shall be considered  
19      a substitute for a review otherwise required under any  
20      other provision of this subparagraph during that 12-  
21      month period.

22       “(III) A parent or guardian of a recipient whose case  
23      is reviewed under this clause shall present, at the time  
24      of review, evidence demonstrating that the recipient is,  
25      and has been, receiving treatment, to the extent consid-

1 ered medically necessary and available, of the condition  
2 which was the basis for providing benefits under this  
3 title.”.

4 (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to benefits for months beginning  
6 on or after the date of the enactment of this Act, without  
7 regard to whether regulations have been issued to imple-  
8 ment such amendments.

9 **SEC. 9603. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

10 (a) TIGHTENING OF REPRESENTATIVE PAYEE RE-  
11 QUIREMENTS.—

12 (1) CLARIFICATION OF ROLE.—Section  
13 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is  
14 amended by striking “and” at the end of subclause  
15 (II), by striking the period at the end of subclause  
16 (IV) and inserting “; and”, and by adding after  
17 subclause (IV) the following new subclause:

18 “(V) advise such person through the notice of  
19 award of benefits, and at such other times as the  
20 Commissioner of Social Security deems appropriate,  
21 of specific examples of appropriate expenditures of  
22 benefits under this title and the proper role of a rep-  
23 resentative payee.”.

24 (2) DOCUMENTATION OF EXPENDITURES RE-  
25 QUIRED.—

1 (A) IN GENERAL.—Subparagraph (C) (i) of  
2 section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is  
3 amended to read as follows:

4 “(C)(i) In any case where payment is made to a rep-  
5 resentative payee of an individual or spouse, the Commis-  
6 sioner of Social Security shall—

7 “(I) require such representative payee to docu-  
8 ment expenditures and keep contemporaneous  
9 records of transactions made using such payment;  
10 and

11 “(II) implement statistically valid procedures  
12 for reviewing a sample of such contemporaneous  
13 records in order to identify instances in which such  
14 representative payee is not properly using such pay-  
15 ment.”.

16 (B) CONFORMING AMENDMENT WITH RE-  
17 SPECT TO PARENT PAYEES.—Clause (ii) of sec-  
18 tion 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C))  
19 is amended by striking “Clause (i)” and insert-  
20 ing “Subclauses (II) and (III) of clause (i)”.

21 (3) EFFECTIVE DATE.—The amendments made  
22 by this subsection shall apply to benefits paid after  
23 the date of the enactment of this Act.

24 (b) DEDICATED SAVINGS ACCOUNTS.—



1           (1) IN GENERAL.—Section 1631(a)(2)(B) (42  
2           U.S.C. 1383(a)(2)(B)) is amended by adding at the  
3           end the following:

4           “(xiv) Notwithstanding clause (x), the Commissioner  
5           of Social Security may, at the request of the representative  
6           payee, pay any lump sum payment for the benefit of a  
7           child into a dedicated savings account that could only be  
8           used to purchase for such child—

9           “(I) education and job skills training;

10           “(II) special equipment or housing modifica-  
11           tions or both specifically related to, and required by  
12           the nature of, the child’s disability; and

13           “(III) appropriate therapy and rehabilitation.”.

14           (2) DISREGARD OF TRUST FUNDS.—Section  
15           1613(a) (42 U.S.C. 1382b(a)) is amended—

16           (A) by striking “and” at the end of para-  
17           graph (10),

18           (B) by striking the period at the end of  
19           paragraph (11) and inserting “; and”, and

20           (C) by inserting after paragraph (11) the  
21           following:

22           “(12) all amounts deposited in, or interest cred-  
23           ited to, a dedicated savings account described in sec-  
24           tion 1631(a)(2)(B)(xiv).”.

1           (3) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to payments made  
3           after the date of the enactment of this Act.

4 **SEC. 9604. DENIAL OF SSI BENEFITS BY REASON OF DIS-**  
5                           **ABILITY TO DRUG ADDICTS AND ALCOHOL-**  
6                           **ICS.**

7           (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.  
8 1382c(a)(3)), as amended by section 9601(a)(3) of this  
9 Act, is amended by adding at the end the following:

10          “(J) Notwithstanding subparagraph (A), an individ-  
11 ual shall not be considered to be disabled for purposes of  
12 this title if alcoholism or drug addiction would (but for  
13 this subparagraph) be a contributing factor material to  
14 the Commissioner’s determination that the individual is  
15 disabled.”.

16          (b) CONFORMING AMENDMENTS.—

17           (1) Section 1611(e) (42 U.S.C. 1382(e)) is  
18           amended by striking paragraph (3).

19           (2) Section 1613(a)(12) (42 U.S.C.  
20 1382b(a)(12)) is amended by striking  
21 “1631(a)(2)(B)(xiv)” and inserting  
22 “1631(a)(2)(B)(xiii)”.

23           (3) Section 1631(a)(2)(A)(ii) (42 U.S.C.  
24 1383(a)(2)(A)(ii)) is amended—

25           (A) by striking “(I)”; and

1 (B) by striking subclause (II).

2 (4) Section 1631(a)(2)(B) (42 U.S.C.  
3 1383(a)(2)(B)) is amended—

4 (A) by striking clause (vii);

5 (B) in clause (viii), by striking “(ix)” and  
6 inserting “(viii)”;

7 (C) in clause (ix)—

8 (i) by striking “(viii)” and inserting  
9 “(vii)”;

10 (ii) in subclause (II), by striking all  
11 that follows “15 years” and inserting a pe-  
12 riod;

13 (D) in clause (xiii)—

14 (i) by striking “(xii)” and inserting  
15 “(xi)”;

16 (ii) by striking “(xi)” and inserting  
17 “(x)”;

18 (E) in clause (xiv) (as added by section  
19 9603(b)(1) of this Act), by striking “(x)” and  
20 inserting “(ix)”;

21 (F) by redesignating clauses (viii) through  
22 (xiv) as clauses (vii) through (xiii), respectively.

23 (5) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.  
24 1383(a)(2)(D)(i)(II)) is amended by striking all that  
25 follows “\$25.00 per month” and inserting a period.

1           (6) Section 1634 (42 U.S.C. 1383c) is amended  
2           by striking subsection (e).

3           (7) Section 201(c)(1) of the Social Security  
4           Independence and Program Improvements Act of  
5           1994 (42 U.S.C. 425 note) is amended—

6                   (A) by striking “—” and all that follows  
7                   through “(A)” the 1st place such term appears;

8                   (B) by striking “and” the 3rd place such  
9                   term appears;

10                  (C) by striking subparagraph (B);

11                  (D) by striking “either subparagraph (A)  
12                  or subparagraph (B)” and inserting “the pre-  
13                  ceding sentence”; and

14                  (E) by striking “subparagraph (A) or (B)”  
15                  and inserting “the preceding sentence”.

16           (c) EFFECTIVE DATE.—The amendments made by  
17           this section shall take effect on October 1, 1995, and shall  
18           apply with respect to months beginning on or after such  
19           date.

20           (d) FUNDING OF CERTAIN PROGRAMS FOR DRUG  
21           ADDICTS AND ALCOHOLICS.—Out of any money in the  
22           Treasury of the United States not otherwise appropriated,  
23           the Secretary of the Treasury shall pay to the Director  
24           of the National Institute on Drug Abuse—

1           (1) \$95,000,000, for each of fiscal years 1997,  
2           1998, 1999, and 2000, for expenditure through the  
3           Federal Capacity Expansion Program to expand the  
4           availability of drug treatment; and

5           (2) \$5,000,000 for each of fiscal years 1997,  
6           1998, 1999, and 2000 to be expended solely on the  
7           medication development project to improve drug  
8           abuse and drug treatment research.

9   **SEC. 9605. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**  
10                   **VIDUALS FOUND TO HAVE FRAUDULENTLY**  
11                   **MISREPRESENTED RESIDENCE IN ORDER TO**  
12                   **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**  
13                   **MORE STATES.**

14       Section 1614(a) (42 U.S.C. 1382c(a)) is amended by  
15       adding at the end the following:

16       “(5) An individual shall not be considered an eligible  
17       individual for purposes of this title during the 10-year pe-  
18       riod beginning on the date the individual is found by a  
19       State to have made, or is convicted in Federal or State  
20       court of having made, a fraudulent statement or represen-  
21       tation with respect to the place of residence of the individ-  
22       ual in order to receive benefits simultaneously from 2 or  
23       more States under programs that are funded under part  
24       A of title IV, or title XIX of this Act, the consolidated  
25       program of food assistance under chapter 2 of subtitle E

1 of title XIV of the Omnibus Budget Reconciliation Act of  
2 1995, or the Food Stamp Act of 1977 (as in effect before  
3 the effective date of such chapter), or benefits in 2 or more  
4 States under the supplemental security income program  
5 under title XVI of this Act.”.

6 **SEC. 9606. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**  
7 **AND PROBATION AND PAROLE VIOLATORS.**

8 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.  
9 1382(e)), as amended by section 9604(b)(1) of this Act,  
10 is amended by inserting after paragraph (2) the following:

11 “(3) A person shall not be an eligible individual  
12 or eligible spouse for purposes of this title with re-  
13 spect to any month if, throughout the month, the  
14 person is—

15 “(A) fleeing to avoid prosecution, or cus-  
16 tody or confinement after conviction, under the  
17 laws of the place from which the person flees,  
18 for a crime, or an attempt to commit a crime,  
19 which is a felony under the laws of the place  
20 from which the person flees, or which, in the  
21 case of the State of New Jersey, is a high mis-  
22 demeanor under the laws of such State; or

23 “(B) violating a condition of probation or  
24 parole imposed under Federal or State law.”.

1           (b) EXCHANGE OF INFORMATION WITH LAW EN-  
2   FORCEMENT AGENCIES.—Section 1631(e) of such Act (42  
3   U.S.C. 1383(e)) is amended by inserting after paragraph  
4   (3) the following:

5           “(4) Notwithstanding any other provision of law, the  
6   Commissioner shall furnish any Federal, State, or local  
7   law enforcement officer, upon the request of the officer,  
8   with the current address of any recipient of benefits under  
9   this title, if the officer furnishes the agency with the name  
10  of the recipient and notifies the agency that—

11           “(A) the recipient—

12                   “(i) is fleeing to avoid prosecution, or cus-  
13                   tody or confinement after conviction, under the  
14                   laws of the place from which the person flees,  
15                   for a crime, or an attempt to commit a crime,  
16                   which is a felony under the laws of the place  
17                   from which the person flees, or which, in the  
18                   case of the State of New Jersey, is a high mis-  
19                   demeanor under the laws of such State;

20                   “(ii) is violating a condition of probation or  
21                   parole imposed under Federal or State law; or

22                   “(iii) has information that is necessary for  
23                   the officer to conduct the officer’s official du-  
24                   ties;

1           “(B) the location or apprehension of the recipi-  
2           ent is within the official duties of the officer; and

3           “(C) the request is made in the proper exercise  
4           of such duties.”.

5 **SEC. 9607. REAPPLICATION REQUIREMENTS FOR ADULTS**  
6                           **RECEIVING SSI BENEFITS BY REASON OF DIS-**  
7                           **ABILITY.**

8           (a) **IN GENERAL.**—Section 1614(a)(3)(H) (42 U.S.C.  
9 1382c(a)(3)(H)), as so redesignated by section 9601(a)(3)  
10 of this Act and as amended by section 9602 of this Act,  
11 is amended by adding at the end the following:

12           “(v) In the case of an individual who has attained  
13 18 years of age and for whom a determination has been  
14 made of eligibility for a benefit under this title by reason  
15 of disability, the following applies:

16           “(I) Subject to the provisions of this clause, the  
17 determination of eligibility is effective for the 3-year  
18 period beginning on the date of the determination,  
19 and the eligibility of the individual lapses unless a  
20 determination of continuing eligibility is made before  
21 the end of such period, and before the end of each  
22 subsequent 3-year period. This subclause ceases to  
23 apply to the individual upon the individual attaining  
24 65 years of age. This subclause does not apply to  
25 the individual if the individual has an impairment



1 that is not expected to improve (or a combination of  
2 impairments that are not expected to improve).

3 “(II) With respect to a determination under  
4 subclause (I) of whether the individual continues to  
5 be eligible for the benefit (in this clause referred to  
6 as a ‘redetermination’), the Commissioner may not  
7 make the redetermination unless the individual sub-  
8 mits to the Commissioner an application requesting  
9 the redetermination. If such an application is sub-  
10 mitted, the Commissioner shall make the redeter-  
11 mination. This subclause is subject to subclause (V).

12 “(III) If as of the date on which this clause  
13 takes effect the individual has been receiving the  
14 benefit for three years or less, the first period under  
15 subclause (I) for the individual is deemed to end on  
16 the expiration of the period beginning on the date  
17 on which this clause takes effect and continuing  
18 through a number of months equal to 12 plus a  
19 number equal to 36 minus the number of months  
20 the individual has been receiving the benefit.

21 “(IV) If as of the date on which this clause  
22 takes effect the individual has been receiving the  
23 benefit for five years or less, but for more than three  
24 years, the first period under subclause (I) for the in-  
25 dividual is deemed to end on the expiration of the

1 1-year period beginning on the date on which this  
2 clause takes effect.

3 “(V) If as of the date on which this clause  
4 takes effect the individual has been receiving the  
5 benefit for more than five years, the Commissioner  
6 shall make redeterminations under subclause (I) and  
7 may not require the individual to submit applica-  
8 tions for the redeterminations. The first 3-year pe-  
9 riod under subclause (I) for the individual is deemed  
10 to begin upon the expiration of the period beginning  
11 on the date on which this clause takes effect and  
12 ending upon the termination of a number of years  
13 equal to the lowest number (greater than zero) that  
14 can be obtained by subtracting the number of years  
15 that the individual has been receiving the benefit  
16 from a number that is a multiple of three.

17 “(VI) If the individual first attains 18 years of  
18 age on or after the date on which this clause takes  
19 effect, the first 3-year period under subclause (I) for  
20 the individual is deemed to end on the date on which  
21 the individual attains such age.

22 “(VII) Not later than one year prior to the date  
23 on which a determination under subclause (I) ex-  
24 pires, the Commissioner shall (except in the case of  
25 an individual to whom subclause (V) applies) provide

1 to the individual a written notice explaining the ap-  
2 plicability of this clause to the individual, including  
3 an explanation of the effect of failing to submit the  
4 application. If the individual submits the application  
5 not later than 180 days prior to such date and the  
6 Commissioner does not make the redetermination  
7 before such date, the Commissioner shall continue to  
8 provide the benefit pending the redetermination and  
9 shall publish in the Federal Register a notice that  
10 the Commissioner was unable to make the redeter-  
11 mination by such date.

12 “(VIII) If the individual fails to submit the ap-  
13 plication under subclause (II) by the end of the ap-  
14 plicable period under subclause (I), the individual  
15 may apply for a redetermination. The Commissioner  
16 shall make the redetermination for the individual  
17 only after making redeterminations for individuals  
18 for whom eligibility has not lapsed pursuant to  
19 subclause (I).”.

20 (b) LIMITATIONS ON AUTHORIZATION OF APPRO-  
21 PRIATIONS.—For redeterminations of eligibility pursuant  
22 to section 1614(a)(3)(H)(v) of the Social Security Act,  
23 there are authorized to be appropriated to the Commis-  
24 sioner of Social Security not more than \$100,000,000 for  
25 fiscal years 1996 through 2000.

1 (c) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) takes effect upon the expiration of the 9-  
3 month period beginning on the date of the enactment of  
4 this Act.

5 **SEC. 9608. REDUCTION IN UNEARNED INCOME EXCLUSION.**

6 (a) IN GENERAL.—Section 1612(b)(3)(A) (42 U.S.C.  
7 1382a(b)(3)(A)) is amended by striking “\$20” and insert-  
8 ing “\$15”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 subsection (a) shall apply to benefits for months beginning  
11 after December 31, 1995.

12 **Subtitle G—Food Assistance**

13 **CHAPTER 1—FOOD STAMP PROGRAM**

14 **SEC. 9701. APPLICATION OF AMENDMENTS.**

15 The amendments made by this chapter shall not  
16 apply with respect to certification periods beginning before  
17 the effective date of this chapter.

18 **SEC. 9702. AMENDMENTS TO THE FOOD STAMP ACT OF 1977.**

19 (a) CERTIFICATION PERIOD.—(1) Section 3(c) of the  
20 Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended  
21 to read as follows:

22 “(c) ‘Certification period’ means the period specified  
23 by the State agency for which households shall be eligible  
24 to receive authorization cards, except that such period  
25 shall be—

1           “(1) 24 months for households in which all  
2 adult members are elderly or disabled; and

3           “(2) not more than 12 months for all other  
4 households.”.

5           (2) Section 6(c)(1)(C) of the Food Stamp Act of  
6 1977 (7 U.S.C. 2015(c)(1)(C)) is amended—

7           (A) in clause (ii) by adding “and” at the end;

8           (B) in clause (iii) by striking “; and” at the end

9 and inserting a period; and

10           (C) by striking clause (iv).

11           (b) ENERGY ASSISTANCE COUNTED AS INCOME.—

12           (1) LIMITING EXCLUSION.—Section 5(d)(11) of  
13 the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11))  
14 is amended—

15           (A) by striking “(A) under any Federal  
16 law, or (B)”;

17           (B) by inserting before the comma at the  
18 end the following: “, except that no benefits  
19 provided under the State program under part A  
20 of title IV of the Social Security Act (42 U.S.C.  
21 601 et seq.) shall be excluded under this  
22 clause”.

23           (2) CONFORMING AMENDMENTS.—

1 (A) Section 5(e) of the Food Stamp Act of  
2 1977 (7 U.S.C. 2014(e)) is amended by striking  
3 the ninth through the twelfth sentences.

4 (B) Section 5(k)(2) of the Food Stamp Act  
5 of 1977 (7 U.S.C. 2014(k)(2)) is amended by  
6 striking subparagraph (C) and redesignating  
7 subparagraphs (D) through (H) as subpara-  
8 graphs (C) through (G), respectively.

9 (C) Section 5(k) of the Food Stamp Act of  
10 1977 (7 U.S.C. 2014(k)) is amended by adding  
11 at the end the following:

12 “(4) For purposes of subsection (d)(1), any payments  
13 or allowances made under any Federal or State law for  
14 the purposes of energy assistance shall be treated as  
15 money payable directly to the household.”

16 (D) Section 2605(f) of the Low-Income  
17 Home Energy Assistance Act of 1981 (42  
18 U.S.C. 8634(f)) is amended—

19 (i) in paragraph (1), by striking “food  
20 stamps”;

21 (ii) by striking “(f)(1) Notwithstand-  
22 ing” and inserting “(f) Notwithstanding”;  
23 and

24 (iii) by striking paragraph (2).

1 (c) EXCLUSION OF CERTAIN JTPA INCOME.—Sec-  
2 tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)  
3 is amended—

4 (1) in subsection (d)—

5 (A) by striking “and (16)” and inserting  
6 “(16)”; and

7 (B) by inserting before the period at the  
8 end the following: “, and (17) income received  
9 under the Job Training Partnership Act (29  
10 U.S.C. 1501 et seq.) by a household member  
11 who is less than 19 years of age”; and

12 (2) in subsection (l), by striking “under section  
13 204(b)(1)(C)” and all that follows and inserting  
14 “shall be considered earned income for purposes of  
15 the food stamp program.”.

16 (d) EXCLUSION OF LIFE INSURANCE POLICIES.—  
17 Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.  
18 2014(g)) is amended by adding at the end the following:  
19 “(6) The Secretary shall exclude from financial re-  
20 sources the cash value of any life insurance policy owned  
21 by a member of a household.”.

22 (e) IN-TANDEM EXCLUSIONS FROM INCOME.—Sec-  
23 tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)  
24 is amended by adding at the end the following:

1       “(n) Whenever a Federal statute enacted after the  
2 date of the enactment of this Act excludes funds from in-  
3 come for purposes of determining eligibility, benefit levels,  
4 or both under State plans approved under part A of title  
5 IV of the Social Security Act, then such funds shall be  
6 excluded from income for purposes of determining eligi-  
7 bility, benefit levels, or both, respectively, under the food  
8 stamp program of households all of whose members re-  
9 ceive benefits under a State plan approved under part A  
10 of title IV of the Social Security Act.”.

11 **SEC. 9703. AUTHORITY TO ESTABLISH AUTHORIZATION**  
12 **PERIODS.**

13       Section 9(a)(1) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2018(a)(1)) is amended by adding at the end the  
15 following: “The Secretary is authorized to issue regula-  
16 tions establishing specific time periods during which au-  
17 thorization to accept and redeem coupons under the food  
18 stamp program shall be valid.”.

19 **SEC. 9704. SPECIFIC PERIOD FOR PROHIBITING PARTICIPA-**  
20 **TION OF STORES BASED ON LACK OF BUSI-**  
21 **NESS INTEGRITY.**

22       Section 9(a)(1) of the Food Stamp Act of 1977 (7  
23 U.S.C. 2018(a)(1)), as amended by section 9703, is  
24 amended by adding at the end the following: “The Sec-  
25 retary is authorized to issue regulations establishing spe-



1 cific time periods during which a retail food store or  
2 wholesale food concern that has an application for ap-  
3 proval to accept and redeem coupons denied or that has  
4 such an approval withdrawn on the basis of business integ-  
5 rity and reputation cannot submit a new application for  
6 approval. Such periods shall reflect the severity of business  
7 integrity infractions that are the basis of such denials or  
8 withdrawals.”.

9 **SEC. 9705. INFORMATION FOR VERIFYING ELIGIBILITY FOR**  
10 **AUTHORIZATION.**

11 Section 9(c) of the Food Stamp Act of 1977 (7  
12 U.S.C. 2018(c)) is amended—

13 (1) in the first sentence by inserting “, which  
14 may include relevant income and sales tax filing doc-  
15 uments,” after “submit information” ; and

16 (2) by inserting after the first sentence the fol-  
17 lowing: “The regulations may require retail food  
18 stores and wholesale food concerns to provide writ-  
19 ten authorization for the Secretary to verify all rel-  
20 evant tax filings with appropriate agencies and to  
21 obtain corroborating documentation from other  
22 sources in order that the accuracy of information  
23 provided by such stores and concerns may be  
24 verified.”.

1 **SEC. 9706. WAITING PERIOD FOR STORES THAT INITIALLY**  
2 **FAIL TO MEET AUTHORIZATION CRITERIA.**

3 Section 9(d) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2018(d)) is amended by adding at the end the fol-  
5 lowing: “Regulations issued pursuant to this Act shall pro-  
6 hibit a retail food store or wholesale food concern that has  
7 an application for approval to accept and redeem coupons  
8 denied because it does not meet criteria for approval estab-  
9 lished by the Secretary in regulations from submitting a  
10 new application for six months from the date of such  
11 denial.”.

12 **SEC. 9707. BASES FOR SUSPENSIONS AND DISQUALIFICA-**  
13 **TIONS.**

14 Section 12(a) of the Food Stamp Act of 1977 (7  
15 U.S.C. 2021(a)) is amended by adding at the end the fol-  
16 lowing: “Regulations issued pursuant to this Act shall pro-  
17 vide criteria for the finding of violations and the suspen-  
18 sion or disqualification of a retail food store or wholesale  
19 food concern on the basis of evidence which may include,  
20 but is not limited to, facts established through on-site in-  
21 vestigations, inconsistent redemption data, or evidence ob-  
22 tained through transaction reports under electronic benefit  
23 transfer systems.”.

1 **SEC. 9708. AUTHORITY TO SUSPEND STORES VIOLATING**  
2 **PROGRAM REQUIREMENTS PENDING ADMIN-**  
3 **ISTRATIVE AND JUDICIAL REVIEW.**

4 (a) Section 12(a) of the Food Stamp Act of 1977 (7  
5 U.S.C. 2021(a)), as amended by section 9707, is amended  
6 by adding at the end the following: “Such regulations may  
7 establish criteria under which the authorization of a retail  
8 food store or wholesale food concern to accept and redeem  
9 coupons may be suspended at the time such store or con-  
10 cern is initially found to have committed violations of pro-  
11 gram requirements. Such suspension may coincide with  
12 the period of a review as provided in section 14. The Sec-  
13 retary shall not be liable for the value of any sales lost  
14 during any suspension or disqualification period.”.

15 (b) Section 14(a) of the Food Stamp Act of 1977 (7  
16 U.S.C. 2023(a)) is amended—

17 (1) in the first sentence by inserting “sus-  
18 pended,” before “disqualified or subjected”;

19 (2) in the fifth sentence by inserting before the  
20 period at the end the following: “, except that in the  
21 case of the suspension of a retail food store or  
22 wholesale food concern pursuant to section 12(a),  
23 such suspension shall remain in effect pending any  
24 administrative or judicial review of the proposed dis-  
25 qualification action, and the period of suspension

1 shall be deemed a part of any period of disqualifica-  
2 tion which is imposed.”; and

3 (3) by striking the last sentence.

4 **SEC. 9709. DISQUALIFICATION OF RETAILERS WHO ARE**  
5 **DISQUALIFIED FROM THE WIC PROGRAM.**

6 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.  
7 2021) is amended by adding at the end the following:

8 “(g) The Secretary shall issue regulations providing  
9 criteria for the disqualification of approved retail food  
10 stores and wholesale food concerns that are otherwise dis-  
11 qualified from accepting benefits under the Special Sup-  
12 plemental Nutrition Program for Women, Infants and  
13 Children (WIC) authorized under section 17 of the Child  
14 Nutrition Act of 1966. Such disqualification—

15 “(1) shall be for the same period as the dis-  
16 qualification from the WIC Program;

17 “(2) may begin at a later date; and

18 “(3) notwithstanding section 14 of this Act,  
19 shall not be subject to administrative or judicial re-  
20 view.”.

1 **SEC. 9710. PERMANENT DEBARMENT OF RETAILERS WHO**  
2 **INTENTIONALLY SUBMIT FALSIFIED APPLI-**  
3 **CATIONS.**

4 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.  
5 2021), as amended by section 9709, is amended by adding  
6 at the end the following:

7 “(h) The Secretary shall issue regulations providing  
8 for the permanent disqualification of a retail food store  
9 or wholesale food concern that is determined to have  
10 knowingly submitted an application for approval to accept  
11 and redeem coupons which contains false information  
12 about one or more substantive matters which were the  
13 basis for providing approval. Any disqualification imposed  
14 under this subsection shall be subject to administrative  
15 and judicial review pursuant to section 14, but such dis-  
16 qualification shall remain in effect pending such review.”.

17 **SEC. 9711. EXPANDED CIVIL AND CRIMINAL FORFEITURE**  
18 **FOR VIOLATIONS OF THE FOOD STAMP ACT.**

19 (a) **FORFEITURE OF ITEMS EXCHANGED IN FOOD**  
20 **STAMP TRAFFICKING.**—Section 15(g) of the Food Stamp  
21 Act of 1977 (7 U.S.C. 2024(g)) is amended by striking  
22 “or intended to be furnished”.

23 (b) **CIVIL AND CRIMINAL FORFEITURE.**—Section 15  
24 of the Food Stamp Act of 1977 (7 U.S.C. 2024)) is  
25 amended by adding at the end the following:

1       “(h)(1) CIVIL FORFEITURE FOR FOOD STAMP BENE-  
2 FIT VIOLATIONS.—

3           “(A) Any food stamp benefits and any property,  
4       real or personal—

5           “(i) constituting, derived from, or traceable  
6       to any proceeds obtained directly or indirectly  
7       from, or

8           “(ii) used, or intended to be used, to com-  
9       mit, or to facilitate,

10       the commission of a violation of subsection (b) or  
11       subsection (c) involving food stamp benefits having  
12       an aggregate value of not less than \$5,000, shall be  
13       subject to forfeiture to the United States.

14           “(B) The provisions of chapter 46 of title 18,  
15       United States Code, relating to civil forfeitures shall  
16       extend to a seizure or forfeiture under this sub-  
17       section, insofar as applicable and not inconsistent  
18       with the provisions of this subsection.

19       “(2) CRIMINAL FORFEITURE FOR FOOD STAMP BEN-  
20 EFIT VIOLATIONS.—

21           “(A)(i) Any person convicted of violating sub-  
22       section (b) or subsection (c) involving food stamp  
23       benefits having an aggregate value of not less than  
24       \$5,000, shall forfeit to the United States, irrespec-  
25       tive of any State law—

1           “(I) any food stamp benefits and any prop-  
2           erty constituting, or derived from, or traceable  
3           to any proceeds such person obtained directly or  
4           indirectly as a result of such violation; and

5           “(II) any food stamp benefits and any of  
6           such person’s property used, or intended to be  
7           used, in any manner or part, to commit, or to  
8           facilitate the commission of such violation.

9           “(ii) In imposing sentence on such person, the  
10          court shall order that the person forfeit to the  
11          United States all property described in this sub-  
12          section.

13          “(B) All food stamp benefits and any property  
14          subject to forfeiture under this subsection, any sei-  
15          zure and disposition thereof, and any administrative  
16          or judicial proceeding relating thereto, shall be gov-  
17          erned by subsections (b), (c), (e), and (g) through  
18          (p) of section 413 of the Comprehensive Drug Abuse  
19          Prevention and Control Act of 1970 (21 U.S.C.  
20          853), insofar as applicable and not inconsistent with  
21          the provisions of this subsection.

22          “(3) APPLICABILITY.—This subsection shall not  
23          apply to property specified in subsection (g) of this sec-  
24          tion.

1       “(4) RULES.—The Secretary may prescribe such  
2 rules and regulations as may be necessary to carry out  
3 this subsection.”.

4 **SEC. 9712. EXPANDED AUTHORITY FOR SHARING INFORMA-**  
5 **TION PROVIDED BY RETAILERS.**

6       (a) Section 205(c)(2)(C)(iii) of the Social Security  
7 Act (42 U.S.C. 405(c)(2)(C)(iii)) (as amended by section  
8 316(a) of the Social Security Administrative Reform Act  
9 of 1994 (Public Law 103–296; 108 Stat. 1464) is amend-  
10 ed—

11           (1) by inserting in the first sentence of  
12 subclause (II) after “instrumentality of the United  
13 States” the following: “, or State government offi-  
14 cers and employees with law enforcement or inves-  
15 tigative responsibilities, or State agencies that have  
16 the responsibility for administering the Special Sup-  
17 plemental Nutrition Program for Women, Infants  
18 and Children (WIC)”;

19           (2) by inserting in the last sentence of  
20 subclause (II) immediately after “other Federal” the  
21 words “or State”; and

22           (3) by inserting “or a State” in subclause (III)  
23 immediately after “United States”.

24       (b) Section 6109(f)(2) of the Internal Revenue Code  
25 of 1986 (26 U.S.C. 6109(f)(2)) (as added by section



1 316(b) of the Social Security Administrative Reform Act  
2 of 1994 (Public Law 103–296; 108 Stat. 1464) is amend-  
3 ed—

4 (1) by inserting in subparagraph (A) after “in-  
5 strumentality of the United States” the following: “,  
6 or State government officers and employees with law  
7 enforcement or investigative responsibilities, or State  
8 agencies that have the responsibility for administer-  
9 ing the Special Supplemental Nutrition Program for  
10 Women, Infants and Children (WIC)”;

11 (2) in the last sentence of subparagraph (A) by  
12 inserting “or State” after “other Federal”; and

13 (3) in subparagraph (B) by inserting “or a  
14 State” after “United States”.

15 **SEC. 9713. EXPANDED DEFINITION OF “COUPON”.**

16 Section 3(d) of the Food Stamp Act of 1977 (7  
17 U.S.C. 2012(d)) is amended by striking “or type of certifi-  
18 cate” and inserting “type of certificate, authorization  
19 cards, cash or checks issued of coupons or access devices,  
20 including, but not limited to, electronic benefit transfer  
21 cards and personal identification numbers”.

22 **SEC. 9714. DOUBLED PENALTIES FOR VIOLATING FOOD**  
23 **STAMP PROGRAM REQUIREMENTS.**

24 Section 6(b)(1) of the Food Stamp Act of 1977 (7  
25 U.S.C. 2015(b)(1)) is amended—

1 (1) in clause (i)—

2 (A) by striking “six months” and inserting  
3 “1 year”; and

4 (B) by adding “and” at the end; and

5 (2) striking clauses (ii) and (iii) and inserting  
6 the following:

7 “(ii) permanently upon—

8 “(I) the second occasion of any such deter-  
9 mination; or

10 “(II) the first occasion of a finding by a  
11 Federal, State, or local court of the trading of  
12 a controlled substance (as defined in section  
13 102 of the Controlled Substances Act (21  
14 U.S.C. 802)), firearms, ammunition, or explo-  
15 sives for coupons.”.

16 **SEC. 9715. MANDATORY CLAIMS COLLECTION METHODS.**

17 (a) Section 11(e)(8) of the Food Stamp Act of 1977  
18 (7 U.S.C. 2020(e)(8)) is amended by inserting “or refunds  
19 of Federal taxes as authorized pursuant to 31 U.S.C.  
20 3720A” before the semicolon at the end.

21 (b) Section 13(d) of the Food Stamp Act of 1977  
22 (7 U.S.C. 2022(d)) is amended—

23 (1) by striking “may” and inserting “shall”;

24 and

1           (2) by inserting “or refunds of Federal taxes as  
2           authorized pursuant to 31 U.S.C. 3720A” before the  
3           period at the end.

4           (c) Section 6103(1) of the Internal Revenue Code (26  
5 U.S.C. 6103(1)) is amended—

6           (1) by striking “officers and employees” in  
7           paragraph (10)(A) and inserting “officers, employ-  
8           ees or agents, including State agencies”; and

9           (2) by striking “officers and employees” in  
10          paragraph (10)(B) and inserting “officers, employ-  
11          ees or agents, including State agencies”.

12 **SEC. 9716. PROMOTING EXPANSION OF ELECTRONIC BENE-**  
13 **FITS TRANSFER.**

14          Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C.  
15 2016(i)(1)) is amended—

16          (1) by amending paragraph (1) to read:

17          “(1)(A) State agencies are encouraged to implement  
18 an on-line electronic benefit transfer system in which  
19 household benefits determined under section 8(a) are is-  
20 sued from and stored in a central data bank and electroni-  
21 cally accessed by household members at the point-of-sale.

22          “(B) Subject to paragraph (2), a State agency is au-  
23 thorized to procure and implement an electronic benefit  
24 transfer system under the terms, conditions, and design  
25 that the State agency deems appropriate.

1       “(C) The Secretary shall, upon request of a State  
2 agency, waive any provision of this subsection prohibiting  
3 the effective implementation of an electronic benefit trans-  
4 fer system consistent with the purposes of this Act. The  
5 Secretary shall act upon any request for such a waiver  
6 within 90 days of receipt of a complete application.”;

7           (2) in paragraph (2), by striking “for the ap-  
8 proval”; and

9           (3) in paragraph (3), by striking “the Secretary  
10 shall not approve such a system unless” and insert-  
11 ing “the State agency shall ensure that”.

12 **SEC. 9717. REDUCTION OF BASIC BENEFIT LEVEL.**

13       Section 3(o) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2012(o)) is amended—

15           (1) by striking “and (11)” and inserting  
16 “(11)”;

17           (2) in clause (11) by inserting “through Octo-  
18 ber 1, 1994” after “each October 1 thereafter”; and

19           (3) by inserting before the period at the end the  
20 following:

21 “, and (12) on October 1, 1995, and on each October 1  
22 thereafter, adjust the cost of such diet to reflect 100 per-  
23 cent of the cost, in the preceding June (without regard  
24 to any previous adjustment made under this clause or  
25 clauses (4) through (11) of this subsection) and round the

1 result to the nearest lower dollar increment for each  
2 household size”.

3 **SEC. 9718. 2-YEAR FREEZE OF STANDARD DEDUCTION.**

4 The second sentence of section 5(e)(4) (7 U.S.C.  
5 2014(e)(4)) is amended by inserting “, except October 1,  
6 1995, and October 1, 1996” after “thereafter”.

7 **SEC. 9719. PRO-RATING BENEFITS AFTER INTERRUPTIONS**  
8 **IN PARTICIPATION.**

9 Section 8(c)(2)(B) of the Food Stamp Act of 1977  
10 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more  
11 than one month”.

12 **SEC. 9720. DISQUALIFICATION FOR PARTICIPATING IN 2 OR**  
13 **MORE STATES.**

14 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
15 2015), as amended by sections 9491 and 9492, is amend-  
16 ed by adding at the end the following:

17 “(1) DISQUALIFICATION FOR PARTICIPATING IN 2 OR  
18 MORE STATES.—An individual shall be ineligible to par-  
19 ticipate in the food stamp program as a member of any  
20 household during a 10-year period beginning on the date  
21 the individual is found by a State to have made, or is con-  
22 victed in Federal or State court of having made, a fraudu-  
23 lent statement or representation with respect to the place  
24 of residence of the individual to receive benefits simulta-  
25 neously from 2 or more States under—

1           “(1) the food stamp program;

2           “(2) a State program funded under part A of  
3 title IV of the Social Security Act (42 U.S.C. 601  
4 et seq.) or under title XIX of the Act (42 U.S.C.  
5 1396 et seq.); or

6           “(3) the supplemental security income program  
7 under title XVI of the Act (42 U.S.C. 1381 et  
8 seq.).”.

9 **SEC. 9721. DISQUALIFICATION RELATING TO CHILD SUP-**  
10 **PORT ARREARS.**

11       Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
12 2015), as amended by sections 9491, 9492, and 9720, is  
13 amended by adding at the end the following:

14       “(m) DISQUALIFICATION FOR CHILD SUPPORT AR-  
15 REARS.—

16           “(1) IN GENERAL.—At the option of a State  
17 agency, except as provided in paragraph (2), no indi-  
18 vidual shall be eligible to participate in the food  
19 stamp program as a member of any household dur-  
20 ing any month that the individual is delinquent in  
21 any payment due under a court order for the sup-  
22 port of a child of the individual.

23           “(2) EXCEPTIONS.—Paragraph (1) shall not  
24 apply if—

1           “(A) a court is allowing the individual to  
2           delay payment; or

3           “(B) the individual is complying with a  
4           payment plan approved by a court or the State  
5           agency designated under part D of title IV of  
6           the Social Security Act (42 U.S.C. 651 et seq.)  
7           to provide support for the child of the individ-  
8           ual.”.

9   **SEC. 9722. STATE AUTHORIZATION TO ASSIST LAW EN-**  
10                   **FORCEMENT OFFICERS IN LOCATING FUGI-**  
11                   **TIVE FELONS.**

12           Section 11(e)(8)(B) of the Food Stamp Act of 1977  
13 (7 U.S.C. 2020(e)(8)(B)) is amended by striking “Act,  
14 and” and inserting “Act or of locating a fugitive felon (as  
15 defined by a State), and”.

16   **SEC. 9723. WORK REQUIREMENT FOR ABLE-BODIED RECIPI-**  
17                   **ENTS.**

18           (a) IN GENERAL.—Section 6 of the Food Stamp Act  
19 of 1977 (7 U.S.C. 2015), as amended by sections 9491,  
20 9492, 9720, and 9721, is amended by adding at the end  
21 the following:

22           “(n) WORK REQUIREMENT.—

23           “(1) DEFINITION OF WORK PROGRAM.—In this  
24           subsection, the term ‘work program’ means—

1           “(A) a program under the Job Training  
2           Partnership Act (29 U.S.C. 1501 et seq.);

3           “(B) a program under section 236 of the  
4           Trade Act of 1974 (19 U.S.C. 2296); or

5           “(C) a program of employment or training  
6           operated or supervised by a State or local gov-  
7           ernment, as determined appropriate by the Sec-  
8           retary.

9           “(2) WORK REQUIREMENT.—No individual  
10          shall be eligible to participate in the food stamp pro-  
11          gram as a member of any household if, during the  
12          preceding 12 months, the individual received food  
13          stamp benefits for not less than 6 months during  
14          which the individual did not—

15                 “(A) work 20 hours or more per week,  
16                 averaged monthly;

17                 “(B) participate in a workfare program  
18                 under section 20 or a comparable State or local  
19                 workfare program;

20                 “(C) participate in and comply with the re-  
21                 quirements of an approved employment and  
22                 training program under subsection (d)(4); or

23                 “(D) participate in and comply with the  
24                 requirements of a work program for 20 hours  
25                 or more per week.



1           “(3) EXCEPTION.—Paragraph (2) shall not  
2 apply to an individual if the individual is—

3                   “(A) under 18 or over 50 years of age;

4                   “(B) medically certified as physically or  
5 mentally unfit for employment;

6                   “(C) a parent or other member of a house-  
7 hold with a dependent child under 18 years of  
8 age; or

9                   “(D) otherwise exempt under subsection  
10 (d)(2).

11           “(4) WAIVER.—

12                   “(A) IN GENERAL.—The Secretary may  
13 waive the applicability of paragraph (2) to any  
14 group of individuals in the State if the Sec-  
15 retary makes a determination that the area in  
16 which the individuals reside—

17                           “(i) has an unemployment rate of over  
18                           8 percent; or

19                           “(ii) does not have a sufficient num-  
20 ber of jobs to provide employment for the  
21 individuals.

22                   “(B) REPORT.—The Secretary shall report  
23 the basis for a waiver under subparagraph (A)  
24 to the Committee on Agriculture of the House  
25 of Representatives and the Committee on Agri-

1 culture, Nutrition, and Forestry of the Sen-  
2 ate.”.

3 (b) WORK AND TRAINING PROGRAMS.—Section  
4 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C.  
5 2015(d)(4)) is amended by adding at the end the follow-  
6 ing:

7 “(O) REQUIRED PARTICIPATION IN WORK  
8 AND TRAINING PROGRAMS.—A State agency  
9 shall provide an opportunity to participate in  
10 the employment and training program under  
11 this paragraph to any individual who would oth-  
12 erwise become subject to disqualification under  
13 subsection (i).

14 “(P) COORDINATING WORK REQUIRE-  
15 MENTS.—

16 “(i) IN GENERAL.—Notwithstanding  
17 any other provision of this paragraph, a  
18 State agency that meets the participation  
19 requirements of clause (ii) may operate the  
20 employment and training program of the  
21 State for individuals who are members of  
22 households receiving allotments under this  
23 Act as part of a program operated by the  
24 State under part F of title IV of the Social

1 Security Act (42 U.S.C. 681 et seq.), sub-  
2 ject to the requirements of the Act.

3 “(ii) PARTICIPATION REQUIRE-  
4 MENTS.—A State agency may exercise the  
5 option under clause (i) if the State agency  
6 provides an opportunity to participate in  
7 an approved employment and training pro-  
8 gram to an individual who is—

9 “(I) subject to subsection (i);

10 “(II) not employed at least an  
11 average of 20 hours per week;

12 “(III) not participating in a  
13 workfare program under section 20  
14 (or a comparable State or local pro-  
15 gram); and

16 “(IV) not subject to a waiver  
17 under subsection (i)(4).”.

18 (c) ENHANCED EMPLOYMENT AND TRAINING PRO-  
19 GRAM.—Section 16(h)(1) of the Food Stamp Act of 1977  
20 (7 U.S.C. 2025(h)(1)) is amended—

21 (1) in subparagraph (A), by striking  
22 “\$75,000,000 for each of the fiscal years 1991  
23 through 1995” and inserting “\$150,000,000 for  
24 each of fiscal years 1996 through 2000”;

1 (2) by striking subparagraphs (B), (C), (E),  
2 and (F);

3 (3) by redesignating subparagraph (D) as sub-  
4 paragraph (B); and

5 (4) in subparagraph (B) (as redesignated by  
6 paragraph (3)), by striking “for each” and all that  
7 follows through “of \$60,000,000” and inserting “,  
8 the Secretary shall allocate funding”.

9 **SEC. 9724. COORDINATION OF EMPLOYMENT AND TRAIN-**  
10 **ING PROGRAMS.**

11 Section 8(d) of the Food Stamp Act of 1977 (7  
12 U.S.C. 2019(d)) is amended—

13 (1) by striking “(d) A household” and inserting  
14 the following:

15 “(d) NONCOMPLIANCE WITH OTHER WELFARE OR  
16 WORK PROGRAMS.—

17 “(1) IN GENERAL.—A household”; and

18 (2) by inserting “or a work requirement under  
19 a welfare or public assistance program” after “as-  
20 sistance program”; and

21 (3) by adding at the end the following:

22 “(2) WORK REQUIREMENT.—If a household  
23 fails to comply with a work requirement under a  
24 State program funded under part A of title IV of the

1           (1) by striking “Out of” and all that follows  
2 through “and \$10,000,000” and inserting “To carry  
3 out the provisions of this section, there is hereby au-  
4 thorized to be appropriated not to exceed  
5 \$10,000,000”; and

6           (2) by striking the last sentence.

## 7       **Subtitle H—Treatment of Aliens**

### 8       **SEC. 9801. EXTENSION OF DEEMING OF INCOME AND RE-** 9                               **SOURCES UNDER TEA, SSI, AND FOOD STAMP** 10                              **PROGRAMS.**

11       (a) **IN GENERAL.**—Except as provided in subsections  
12 (b) and (c), in applying sections 407 and 1621 of the So-  
13 cial Security Act and section 5(i) of the Food Stamp Act  
14 of 1977, the period in which each respective section other-  
15 wise applies with respect to an alien shall be extended  
16 through the date (if any) on which the alien becomes a  
17 citizen of the United States (under chapter 2 of title III  
18 of the Immigration and Nationality Act).

19       (b) **EXCEPTION.**—Subsection (a) shall not apply to  
20 an alien if—

21           (1) the alien has been lawfully admitted to the  
22 United States for permanent residence, has attained  
23 75 years of age, and has resided in the United  
24 States for at least 5 years;

25           (2) the alien—

1 (A) is a veteran (as defined in section 101  
2 of title 38, United States Code) with a dis-  
3 charge characterized as an honorable discharge,

4 (B) is on active duty (other than active  
5 duty for training) in the Armed Forces of the  
6 United States, or

7 (C) is the spouse or unmarried dependent  
8 child of an individual described in subparagraph  
9 (A) or (B);

10 (3) the alien is the subject of domestic violence  
11 by the alien's spouse and a divorce between the alien  
12 and the alien's spouse has been initiated through the  
13 filing of an appropriate action in an appropriate  
14 court; or

15 (4) there has been paid with respect to the self-  
16 employment income or employment of the alien, or  
17 of a parent or spouse of the alien, taxes under chap-  
18 ter 2 or chapter 21 of the Internal Revenue Code  
19 of 1986 in each of 20 different calendar quarters.

20 (c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—  
21 Subsection (a) shall not apply with respect to determina-  
22 tions of eligibility for benefits under a State plan approved  
23 under part A of title IV of the Social Security Act or under  
24 the supplemental income security program under title XVI  
25 of such Act but only insofar as such determinations pro-

1 vide for eligibility for medical assistance under title XIX  
2 of such Act.

3 (d) RULES REGARDING INCOME AND RESOURCE  
4 DEEMING UNDER TEA PROGRAM.—Subpart 1 of part A  
5 of title IV of the Social Security Act, as added by section  
6 9101(a) of this Act, is amended by adding at the end the  
7 following:

8 **“SEC. 407. ATTRIBUTION OF SPONSOR’S INCOME AND RE-**  
9 **SOURCES TO ALIEN.**

10 “(a) For purposes of determining eligibility for and  
11 the amount of assistance under a State plan approved  
12 under this part for an individual who is an alien lawfully  
13 admitted for permanent residence or otherwise perma-  
14 nently residing in the United States under color of law  
15 (including any alien who is lawfully present in the United  
16 States as a result of the application of the provisions of  
17 section 207(c) of the Immigration and Nationality Act (or  
18 of section 203(a)(7) of such Act prior to April 1, 1980),  
19 or as a result of the application of the provisions of section  
20 208 or 212(d)(5) of such Act), the income and resources  
21 of any person who (as a sponsor of such individual’s entry  
22 into the United States) executed an affidavit of support  
23 or similar agreement with respect to such individual, and  
24 the income and resources of the sponsor’s spouse, shall  
25 be deemed to be the unearned income and resources of

1 such individual (in accordance with subsections (b) and  
2 (c)) for a period of three years after the individual's entry  
3 into the United States, except that this section is not ap-  
4 plicable if such individual is a dependent child and such  
5 sponsor (or such sponsor's spouse) is the parent of such  
6 child.

7       “(b)(1) The amount of income of a sponsor (and his  
8 spouse) which shall be deemed to be the unearned income  
9 of an alien for any month shall be determined as follows:

10           “(A) the total amount of earned and unearned  
11 income of such sponsor and such sponsor's spouse  
12 (if such spouse is living with the sponsor) shall be  
13 determined for such month;

14           “(B) the amount determined under subpara-  
15 graph (A) shall be reduced by an amount equal to  
16 the sum of—

17           “(i) the lesser of (I) 20 percent of the total  
18 of any amounts received by the sponsor and his  
19 spouse in such month as wages or salary or as  
20 net earnings from self-employment, plus the full  
21 amount of any costs incurred by them in pro-  
22 ducing self-employment income in such month,  
23 or (II) \$175;

24           “(ii) the cash needs standard established  
25 by the State under its plan for a family of the



1 same size and composition as the sponsor and  
2 those other individuals living in the same house-  
3 hold as the sponsor who are claimed by him as  
4 dependents for purposes of determining his  
5 Federal personal income tax liability but whose  
6 needs are not taken into account in making a  
7 determination under section 402(d);

8 “(iii) any amounts paid by the sponsor (or  
9 his spouse) to individuals not living in such  
10 household who are claimed by him as depend-  
11 ents for purposes of determining his Federal  
12 personal income tax liability; and

13 “(iv) any payments of alimony or child  
14 support with respect to individuals not living in  
15 such household.

16 “(2) The amount of resources of a sponsor (and his  
17 spouse) which shall be deemed to be the resources of an  
18 alien for any month shall be determined as follows:

19 “(A) the total amount of the resources (deter-  
20 mined as if the sponsor were applying for assistance  
21 under the State plan approved under this part) of  
22 such sponsor and such sponsor’s spouse (if such  
23 spouse is living with the sponsor) shall be deter-  
24 mined; and

1           “(B) the amount determined under subpara-  
2           graph (A) shall be reduced by \$1,500.

3           “(c)(1) Any individual who is an alien and whose  
4           sponsor was a public or private agency shall be ineligible  
5           for assistance under a State plan approved under this part  
6           during the period of three years after his or her entry into  
7           the United States, unless the State agency administering  
8           such plan determines that such sponsor either no longer  
9           exists or has become unable to meet such individual’s  
10          needs; and such determination shall be made by the State  
11          agency based upon such criteria as it may specify in the  
12          State plan, and upon such documentary evidence as it may  
13          therein require. Any such individual, and any other indi-  
14          vidual who is an alien (as a condition of his or her eligi-  
15          bility for assistance under a State plan approved under  
16          this part during the period of three years after his or her  
17          entry into the United States), shall be required to provide  
18          to the State agency administering such plan such informa-  
19          tion and documentation with respect to his sponsor as may  
20          be necessary in order for the State agency to make any  
21          determination required under this section, and to obtain  
22          any cooperation from such sponsor necessary for any such  
23          determination. Such alien shall also be required to provide  
24          to the State agency such information and documentation

1 as it may request and which such alien or his sponsor pro-  
2 vided in support of such alien's immigration application.

3       “(2) The Secretary shall enter into agreements with  
4 the Secretary of State and the Attorney General whereby  
5 any information available to them and required in order  
6 to make any determination under this section will be pro-  
7 vided by them to the Secretary (who may, in turn, make  
8 such information available, upon request, to a concerned  
9 State agency), and whereby the Secretary of State and  
10 Attorney General will inform any sponsor of an alien, at  
11 the time such sponsor executes an affidavit of support or  
12 similar agreement, of the requirements imposed by this  
13 section.

14       “(d) Any sponsor of an alien, and such alien, shall  
15 be jointly and severally liable for an amount equal to any  
16 overpayment of assistance under the State plan made to  
17 such alien during the period of three years after such  
18 alien's entry into the United States, on account of such  
19 sponsor's failure to provide correct information under the  
20 provisions of this section, except where such sponsor was  
21 without fault, or where good cause of such failure existed.  
22 Any such overpayment which is not repaid to the State  
23 or recovered in accordance with the procedures generally  
24 applicable under the State plan to the recoupment of over-  
25 payments shall be withheld from any subsequent payment

1 to which such alien or such sponsor is entitled under any  
2 provision of this Act.

3       “(e)(1) In any case where a person is the sponsor  
4 of two or more alien individuals who are living in the same  
5 home, the income and resources of such sponsor (and his  
6 spouse), to the extent they would be deemed the income  
7 and resources of any one of such individuals under the  
8 preceding provisions of this section, shall be divided into  
9 two or more equal shares (the number of shares being the  
10 same as the number of such alien individuals) and the in-  
11 come and resources of each such individual shall be  
12 deemed to include one such share.

13       “(2) Income and resources of a sponsor (and his  
14 spouse) which are deemed under this section to be the in-  
15 come and resources of any alien individual in a family  
16 shall not be considered in determining the need of other  
17 family members except to the extent such income or re-  
18 sources are actually available to such other members.

19       “(f) The provisions of this section shall not apply  
20 with respect to any alien who is—

21               “(1) admitted to the United States as a result  
22 of the application, prior to April 1, 1980, of the pro-  
23 visions of section 203(a)(7) of the Immigration and  
24 Nationality Act;

1           “(2) admitted to the United States as a result  
2 of the application, after March 31, 1980, of the pro-  
3 visions of section 207(c) of such Act;

4           “(3) paroled into the United States as a refugee  
5 under section 212(d)(5) of such Act;

6           “(4) granted political asylum by the Attorney  
7 General under section 208 of such Act; or

8           “(5) a Cuban and Haitian entrant, as defined  
9 in section 501(e) of the Refugee Education Assist-  
10 ance Act of 1980 (Public Law 96-422).’.

11 **SEC. 9802. REQUIREMENTS FOR SPONSOR'S AFFIDAVITS OF**  
12 **SUPPORT.**

13       (a) IN GENERAL.—Title II of the Immigration and  
14 Nationality Act is amended by inserting after section 213  
15 the following new section:

16 “REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

17       “SEC. 213A. (a) ENFORCEABILITY.—

18           “(1) IN GENERAL.—No affidavit of support  
19 may be accepted by the Attorney General or by any  
20 consular officer to establish that an alien is not ex-  
21 cludable under section 212(a)(4) unless such affida-  
22 vit is executed as a contract—

23           “(A) which is legally enforceable against  
24 the sponsor by the Federal Government, by a  
25 State, or by any political subdivision of a State,  
26 providing cash benefits under a public cash as-

1           sistance program (as defined in subsection  
2           (f)(2)), but not later than 5 years after the date  
3           the alien last receives any such cash benefit;  
4           and

5           “(B) in which the sponsor agrees to submit  
6           to the jurisdiction of any Federal or State court  
7           for the purpose of actions brought under sub-  
8           section (e)(2).

9           “(2) EXPIRATION OF LIABILITY.—Such con-  
10          tract shall only apply with respect to cash benefits  
11          described in paragraph (1)(A) provided to an alien  
12          before the earliest of the following:

13           “(A) CITIZENSHIP.—The date the alien be-  
14           comes a citizen of the United States under  
15           chapter 2 of title III.

16           “(B) VETERAN.—The first date the alien  
17           is described in section 9801(b)(2)(A) of the  
18           Omnibus Budget Reconciliation Act of 1995.

19           “(C) PAYMENT OF SOCIAL SECURITY  
20           TAXES.—The first date as of which the condi-  
21           tion described in section 9801(b)(4) of the Om-  
22           nibus Budget Reconciliation Act of 1995 is met  
23           with respect to the alien.

24           “(3) NONAPPLICATION DURING CERTAIN PERI-  
25          ODS.—Such contract also shall not apply with re-

1       spect to cash benefits described in paragraph (1)(A)  
2       provided during any period in which the alien is de-  
3       scribed in section 9801(b)(2)(B) or 9801(b)(2)(C) of  
4       the Omnibus Budget Reconciliation Act of 1995.

5       “(b) FORMS.—Not later than 90 days after the date  
6 of enactment of this section, the Attorney General, in con-  
7 sultation with the Secretary of State and the Secretary  
8 of Health and Human Services, shall formulate an affida-  
9 vit of support consistent with the provisions of this sec-  
10 tion.

11       “(c) NOTIFICATION OF CHANGE OF ADDRESS.—

12               “(1) REQUIREMENT.—The sponsor shall notify  
13 the Federal Government and the State in which the  
14 sponsored alien is currently resident within 30 days  
15 of any change of address of the sponsor during the  
16 period specified in subsection (a)(1)(A).

17               “(2) ENFORCEMENT.—Any person subject to  
18 the requirement of paragraph (1) who fails to satisfy  
19 such requirement shall be subject to a civil penalty  
20 of—

21                       “(A) not less than \$250 or more than  
22                       \$2,000, or

23                       “(B) if such failure occurs with knowledge  
24                       that the sponsored alien has received any bene-  
25                       fit under any means-tested public benefits pro-

1           gram, not less than \$2,000 or more than  
2           \$5,000.

3           “(d) REIMBURSEMENT OF GOVERNMENT EX-  
4 PENSES.—

5           “(1) REQUEST FOR REIMBURSEMENT.—

6                   “(A) IN GENERAL.—Upon notification that  
7                   a sponsored alien has received any cash benefits  
8                   described in subsection (a)(1)(A), the appro-  
9                   priate Federal, State, or local official shall re-  
10                  quest reimbursement by the sponsor in the  
11                  amount of such cash benefits.

12                   “(B) REGULATIONS.—The Attorney Gen-  
13                   eral, in consultation with the Secretary of  
14                   Health and Human Services, shall prescribe  
15                   such regulations as may be necessary to carry  
16                   out subparagraph (A).

17           “(2) INITIATION OF ACTION.—If within 45 days  
18           after requesting reimbursement, the appropriate  
19           Federal, State, or local agency has not received a re-  
20           sponse from the sponsor indicating a willingness to  
21           commence payments, an action may be brought  
22           against the sponsor pursuant to the affidavit of sup-  
23           port.

24           “(3) FAILURE TO ABIDE BY REPAYMENT  
25           TERMS.—If the sponsor fails to abide by the repay-



1       ment terms established by such agency, the agency  
2       may, within 60 days of such failure, bring an action  
3       against the sponsor pursuant to the affidavit of sup-  
4       port.

5           “(4) LIMITATION ON ACTIONS.—No cause of  
6       action may be brought under this subsection later  
7       than 5 years after the date the alien last received  
8       any cash benefit described in subsection (a)(1)(A).

9       “(f) DEFINITIONS.—For the purposes of this section:

10           “(1) SPONSOR.—The term ‘sponsor’ means an  
11       individual who—

12           “(A) is a citizen or national of the United  
13       States or an alien who is lawfully admitted to  
14       the United States for permanent residence;

15           “(B) is 18 years of age or over; and

16           “(C) is domiciled in any State.

17           “(2) PUBLIC CASH ASSISTANCE PROGRAM.—  
18       The term ‘public cash assistance program’ means a  
19       program of the Federal Government or of a State or  
20       political subdivision of a State that provides direct  
21       cash assistance for the purpose of income mainte-  
22       nance and in which the eligibility of an individual,  
23       household, or family eligibility unit for cash benefits  
24       under the program, or the amount of such cash ben-  
25       efits, or both are determined on the basis of income,

1 resources, or financial need of the individual, house-  
2 hold, or unit. Such term does not include any pro-  
3 gram insofar as it provides medical, housing, edu-  
4 cation, job training, food, or in-kind assistance or  
5 social services.”.

6 (b) CLERICAL AMENDMENT.—The table of contents  
7 of such Act is amended by inserting after the item relating  
8 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

9 (c) EFFECTIVE DATE.—Subsection (a) of section  
10 213A of the Immigration and Nationality Act, as inserted  
11 by subsection (a) of this section, shall apply to affidavits  
12 of support executed on or after a date specified by the  
13 Attorney General, which date shall be not earlier than 60  
14 days (and not later than 90 days) after the date the Attor-  
15 ney General formulates the form for such affidavits under  
16 subsection (b) of such section 213A.

17 **SEC. 9803. EXTENDING REQUIREMENT FOR AFFIDAVITS OF**  
18 **SUPPORT TO FAMILY-RELATED AND DIVER-**  
19 **SITY IMMIGRANTS.**

20 (a) IN GENERAL.—Section 212(a)(4) of the Immi-  
21 gration and Nationality Act (8 U.S.C. 1182(a)(4)) is  
22 amended to read as follows:

23 “(4) PUBLIC CHARGE AND AFFIDAVITS OF SUP-  
24 PORT.—

1000

1           “(A) PUBLIC CHARGE.—Any alien who, in  
2           the opinion of the consular officer at the time  
3           of application for a visa, or in the opinion of  
4           the Attorney General at the time of application  
5           for admission or adjustment of status, is likely  
6           at any time to become a public charge is exclud-  
7           able.

8           “(B) AFFIDAVITS OF SUPPORT.—Any im-  
9           migrant who seeks admission or adjustment of  
10          status as any of the following is excludable un-  
11          less there has been executed with respect to the  
12          immigrant an affidavit of support pursuant to  
13          section 213A:

14                 “(i) As an immediate relative (under  
15                 section 201(b)(2)).

16                 “(ii) As a family-sponsored immigrant  
17                 under section 203(a) (or as the spouse or  
18                 child under section 203(d) of such an im-  
19                 migrant).

20                 “(iii) As the spouse or child (under  
21                 section 203(d)) of an employment-based  
22                 immigrant under section 203(b).

23                 “(iv) As a diversity immigrant under  
24                 section 203(c) (or as the spouse or child

1001

1 under section 203(d) of such an immi-  
2 grant).”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 subsection (a) shall apply to aliens with respect to whom  
5 an immigrant visa is issued (or adjustment of status is  
6 granted) after the date specified by the Attorney General  
7 under section 9802(c)

8 **Subtitle I—Earned Income Tax**  
9 **Credit**

10 **SEC. 9901. EARNED INCOME TAX CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES..**

13 (a) IN GENERAL.—Section 32(c)(1) of the Internal  
14 Revenue Code of 1986 (relating to individuals eligible to  
15 claim the earned income tax credit) is amended by adding  
16 at the end the following new subparagraph:

17 “(F) IDENTIFICATION NUMBER REQUIRE-  
18 MENT.—The term ‘eligible individual’ does not  
19 include any individual who does not include on  
20 the return of tax for the taxable year—

21 “(i) such individual’s taxpayer identi-  
22 fication number, and

23 “(ii) if the individual is married (with-  
24 in the meaning of section 7703), the tax-

1           payer identification number of such indi-  
2           vidual's spouse."

3           (b) SPECIAL IDENTIFICATION NUMBER.—Section 32  
4 of such Code is amended by adding at the end the follow-  
5 ing new subsection:

6           “(l) IDENTIFICATION NUMBERS.—Solely for pur-  
7 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer  
8 identification number means a social security number is-  
9 sued to an individual by the Social Security Administra-  
10 tion (other than a social security number issued pursuant  
11 to clause (II) (or that portion of clause (III) that relates  
12 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-  
13 curity Act).”

14           (c) EXTENSION OF PROCEDURES APPLICABLE TO  
15 MATHEMATICAL OR CLERICAL ERRORS.—Section  
16 6213(g)(2) of such Code (relating to the definition of  
17 mathematical or clerical errors) is amended by striking  
18 “and’ at the end of subparagraph (D), by striking the pe-  
19 riod at the end of subparagraph (E) and inserting a  
20 comma, and by inserting after subparagraph (E) the fol-  
21 lowing new subparagraphs:

22                   “(F) an omission of a correct taxpayer  
23                   identification number required under section 32  
24                   (relating to the earned income tax credit) to be  
25                   included on a return, and

1           “(G) an entry on a return claiming the  
2           credit under section 32 with respect to net  
3           earnings from self-employment described in sec-  
4           tion 32(c)(2)(A) to the extent the tax imposed  
5           by section 1401 (relating to self-employment  
6           tax) on such net earnings has not been paid.”

7           (d) EFFECTIVE DATE.—The amendments made by  
8           this section shall apply to taxable years beginning after  
9           December 31, 1995.

10 **TITLE X—REDUCTIONS IN COR-**  
11 **PORATE TAX SUBSIDIES AND**  
12 **OTHER REFORMS**

13 **SEC. 10001. SHORT TITLE.**

14           This title may be cited as the “Revenue Reconcili-  
15           ation Act of 1995”.

16 **Subtitle A—Tax Treatment of**  
17 **Expatriation**

18 **SEC. 10101. REVISION OF TAX RULES ON EXPATRIATION.**

19           (a) IN GENERAL.—Subpart A of part II of sub-  
20           chapter N of chapter 1 of the Internal Revenue Code of  
21           1986 is amended by inserting after section 877 the follow-  
22           ing new section:

23 **“SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

24           “(a) GENERAL RULES.—For purposes of this sub-  
25           title—

1 **Subtitle B—Modification to Earned**  
2 **Income Credit**

3 **SEC. 10201. EARNED INCOME TAX CREDIT DENIED TO INDI-**  
4 **VIDUALS WITH SUBSTANTIAL CAPITAL GAIN**  
5 **NET INCOME.**

6 (a) IN GENERAL.—Paragraph (2) of section 32(i) of  
7 the Internal Revenue Code of 1986 (relating to denial of  
8 credit for individuals having excessive investment income)  
9 is amended—

10 (1) by striking “and” at the end of subpara-  
11 graph (B),

12 (2) by striking the period at the end of sub-  
13 paragraph (C) and inserting “, and”, and

14 (3) by adding at the end the following new sub-  
15 paragraph:

16 “(D) capital gain net income for the tax-  
17 able year.”

18 (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 1995.

1       **TITLE XIII—MISCELLANEOUS**  
2                                   **PROVISIONS**

3       **SEC. 13101. ELIMINATION OF DISPARITY BETWEEN EFFEC-**  
4                                   **TIVE DATES FOR MILITARY AND CIVILIAN RE-**  
5                                   **TIREE COST-OF-LIVING ADJUSTMENTS FOR**  
6                                   **FISCAL YEARS 1996, 1997, AND 1998.**

7       (a) CONFORMANCE WITH SCHEDULE FOR CIVIL  
8       SERVICE COLAS.—Subparagraph (B) of section  
9       1401a(b)(2) of title 10, United States Code, is amended—

10               (1) by striking out “THROUGH 1998” the first  
11               place it appears and all that follows through “In the  
12               case of” the second place it appears and inserting in  
13               lieu thereof “THROUGH 1996.—In the case of”;

14               (2) by striking “of 1994, 1995, 1996, or 1997”  
15               and inserting in lieu thereof “of 1993, 1994, or  
16               1995”; and

17               (3) by striking out “September” and inserting  
18               in lieu thereof “March”.

19       (b) REPEAL OF PRIOR CONDITIONAL ENACTMENT.—  
20       Section 8114A(b) of Public Law 103–335 (108 Stat.  
21       2648) is repealed.







104TH CONGRESS  
1ST SESSION

# H. RES. 321

Directing that the Committee on Rules report a resolution providing for the consideration of H.R. 2530 (a bill to provide for deficit reduction and achieve a balanced budget by fiscal year 2002).

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 21, 1995

Mr. TAYLOR of Mississippi submitted the following resolution; which was referred to the Committee on Rules

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# RESOLUTION

Directing that the Committee on Rules report a resolution providing for the consideration of H.R. 2530 (a bill to provide for deficit reduction and achieve a balanced budget by fiscal year 2002).

Whereas clause 1 of rule IX of the Rules of the House of Representatives states that "Questions of privilege shall be, first, those affecting the rights of the House collectively";

Whereas article 1, section 9, clause 7 of the Constitution states that: "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by law;

Whereas today, December 21, 1995, marks the 81st day that this Congress has been delinquent in fulfilling its statutory responsibility of enacting a budget into law; and

Whereas by failing to enact a budget into law this body has failed to fulfill one of its most basic constitutionally mandated duties, that of appropriating the necessary funds to allow the Government to operate: Now, therefore, be it

1       *Resolved*, That the Committee on Rules is authorized  
2 and directed to forthwith report a resolution providing for  
3 the consideration of H.R. 2530 (a bill to provide for deficit  
4 reduction and achieve a balanced budget by fiscal year  
5 2002).

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104TH CONGRESS  
2D SESSION

# H. RES. 333

Providing for the consideration of H.R. 2530, a bill to provide for deficit reduction and achieve a balanced budget by fiscal year 2002.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1996

Mr. CONDIT (for himself, Mr. PETERSON of Minnesota, Mr. PETE GEREN of Texas, Mr. BAESLER, Mr. PAYNE of Virginia, Mr. HOLDEN, Mr. MINGE, Mr. BREWSTER, Mr. CRAMER, Ms. DANNER, Mrs. LINCOLN, Mr. STENHOLM, Mr. SISISKY, Mr. POSHARD, Mr. TANNER, Mr. HALL of Texas, Mr. DOOLEY, Mr. ROEMER, Mr. TAYLOR of Mississippi, Mr. BROWDER, Mr. ORTON, and Ms. HARMAN) submitted the following resolution; which was referred to the Committee on Rules

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## RESOLUTION

Providing for the consideration of H.R. 2530, a bill to provide for deficit reduction and achieve a balanced budget by fiscal year 2002.

1       *Resolved*, That immediately upon the adoption of this  
2 resolution the Speaker shall, pursuant to clause 1(b) of  
3 rule XXIII, declare the House resolved into the Committee  
4 of the Whole House on the state of the Union for the con-  
5 sideration of the bill (H.R. 2530) to provide for deficit  
6 reduction and to achieve a balanced budget in fiscal year  
7 2002. The first reading of the bill shall be dispensed with,

1 and all points of order against the bill and its consider-  
2 ation are hereby waived. After general debate, which shall  
3 be confined to the bill and any amendments made in order  
4 under this resolution, and which shall not exceed two  
5 hours, equally divided between a proponent and an oppo-  
6 nent thereto, the bill shall be considered as having been  
7 read for amendment under the five-minute rule.

8       SEC. 2. Immediately following general debate, it shall  
9 be in order for the House to consider an amendment in  
10 the nature of a substitute to be offered by Mr. Condit of  
11 California or his designee. The substitute shall be consid-  
12 ered as read, and all points of order against the substitute  
13 and its consideration are hereby waived. If the amendment  
14 in the nature of a substitute is adopted, the bill as so  
15 amended shall be considered as the original text for the  
16 purpose of amendment. No further amendments shall be  
17 in order to the bill except amendments which are printed  
18 in the Congressional Record at least one day prior to the  
19 adoption of this resolution. All points of order against any  
20 such amendment meeting these criteria are hereby waived,  
21 except those arising under clause 7 of rule XVI. No  
22 amendment to any amendment shall be in order. No  
23 amendment shall be subject to a demand for the division  
24 of the question in the House or in the Committee of the  
25 Whole. Debate on any amendment to the bill shall not ex-

1 ceed sixty minutes. Debate time on amendments to the  
2 bill shall not exceed twenty hours, and it shall not be in  
3 order to consider any motion which has the effect of limit-  
4 ing the total debate time on amendments to less than  
5 twenty hours. At the conclusion of the consideration of  
6 the bill for amendment, the Committee shall rise and re-  
7 port the bill to the House with such amendments as may  
8 have been adopted. The previous question shall be consid-  
9 ered to be ordered on the bill and any amendment thereto  
10 to final passage without intervening motion except one  
11 motion to recommit, with or without instructions.

12       SEC. 3. If on any day the Committee rises and re-  
13 ports that it has come to no resolution on the bill, the  
14 House shall, on the next legislative day immediately fol-  
15 lowing House approval of the Journal, resolve itself into  
16 the Committee of the Whole on the state of the Union  
17 for the further consideration of the bill.

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PROVIDING FOR CONSIDERATION  
OF H.R. 2491, SEVEN-YEAR BAL-  
ANCED BUDGET RECONCILIATION  
ACT OF 1995

Mr. SOLOMON. Mr. Speaker, I ask unanimous consent that it be in order at any time for the Speaker, pursuant to clause 1(b) of rule XXIII, to declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996; that the first reading of the bill be dispensed with; that all points of order against consideration of the bill be waived; that general debate be confined to the bill and the text of H.R. 2517; that general debate be limited to 3 hours equally divided and controlled by the chairman of the Committee on Budget and Representative GEPHARDT, or his designee; that after general debate the Committee of the Whole rise without motion; and that no further consideration of the bill be in order except pursuant to a subsequent order of the House.

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

There was no objection.

year ending September 30, 1996, and for other purposes (Rept. 104-289). Referred to the House Calendar.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 1253. A bill to rename the San Francisco Bay National Wildlife Refuge as the Don Edwards San Francisco Bay National Wildlife Refuge (Rept. 104-290). Referred to the House Calendar.

#### DISCHARGE OF COMMITTEES

Under clause 5 of rule X, the following action was taken by the Speaker:

H.R. 1020. The Committees on Resources and the Budget discharged from further consideration. Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FIELDS of Texas (for himself, Mr. BLILEY, Mr. BURR, Mr. DINGELL, Mr. EDWARDS, Mr. FRISA, and Mr. MARKEY):

H.R. 2519. A bill to facilitate contributions to charitable organizations by codifying certain exemptions from the Federal securities laws, and for other purposes; to the Committee on Commerce.

By Mr. LEACH:

H.R. 2520. A bill to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers, to reduce paperwork and additional regulatory burdens for depository institutions, and for other purposes; to the Committee on Banking and Financial Services, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HORN (for himself, Mr. CLINGER, Mr. PETRI, Mrs. JOHNSON of Connecticut, Mr. CHRYSLER, Mr. EHLERS, Mr. FALEOMAVAEGA, Mr. HOBSON, Mr. KNOLLENBERG, Mr. LEACH, Mr. ROGERS, and Mr. DAVIS):

H.R. 2521. A bill to establish a Federal Statistical Service; to the Committee on Government Reform and Oversight, and in addition to the Committee on Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. BARTON of Texas:

H.R. 2522. A bill to establish a maximum level of remediation for dry cleaning solvents, and for other purposes; to the Committee on Commerce, and in addition to the Committees on Transportation and Infrastructure, and Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. CHABOT (for himself, Mr. OWENS, Mr. ROHRBACHER, Mr. CRANE, Mr. SCARBOROUGH, Mr. SHADEGG, and Mr. HOKE):

H.R. 2523. A bill to terminate the authority of the Secretary of Agriculture and the Commodity Credit Corporation to support the price of agricultural commodities and to terminate related acreage allotment and marketing quota programs for such commodities; to the Committee on Agriculture.

By Mr. FRANK of Massachusetts:

H.R. 2524. A bill to amend chapter 171 of title 28, United States Code, to allow claims against the United States under that chapter for damages arising from certain negligent medical care provided members of the Armed Forces; to the Committee on the Judiciary.

By Mr. HYDE (for himself, Mr. CONYERS, Mr. SENSENBRENNER, Mr. MCCOLLUM, Mr. GEKAS, Mr. SMITH of Texas, Mr. SCHIFF, Mr. CANADY, Mr. INCLIS of South Carolina, Mr. GOODLATTE, Mr. BONO, Mr. BRYANT of Tennessee, Mr. CHABOT, Mr. BRYANT of Texas, and Mr. RAMSTAD):

H.R. 2525. A bill to modify the operation of the antitrust laws, and of State laws similar to the antitrust laws, with respect to charitable gift annuities; to the Committee on the Judiciary.

By Mr. OWENS:

H.R. 2526. A bill to create a Creative Revenues Commission, to facilitate the reform of the Federal tax system, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. THOMAS:

H.R. 2527. A bill to amend the Federal Election Campaign Act of 1971 to improve the electoral process by permitting electronic filing and preservation of Federal Election Commission reports, and for other purposes; to the Committee on House Oversight.

By Mr. BRYANT of Texas:

H. Res. 242. Resolution providing for consideration of the bill (H.R. 2261) to provide for the regulation of lobbyists and gift reform, and for other purposes; to the Committee on Rules.

By Ms. WATERS (for herself, Mr. BECERRA, Mr. RUSH, Ms. VELAZQUEZ, Mr. PAYNE of New Jersey, Mr. BISHOP, Mr. FORD, Mrs. MEEK of Florida, Mr. LEWIS of Georgia, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. WATT of North Carolina, Mr. HILLIARD, Mr. THOMPSON, Mr. CLYBURN, Mr. FIELDS of Louisiana, Ms. JACKSON-LEE, Mr. MFUME, Mrs. COLLINS of Illinois, Mrs. CLAYTON, Mr. FRAZER, Mr. JEFFERSON, Mr. HASTINGS of Florida, Ms. BROWN of Florida, Miss COLLINS of Michigan, Mr. FATTAH, Mrs. MINK of Hawaii, Ms. WOOLSEY, Mr. HINCHEY, Ms. ROYBAL-ALLARD, Mr. MILLER of California, Mr. STARK, Mr. SCOTT, Mr. MARTINEZ, Mr. KENNEDY of Massachusetts, Ms. MCKINNEY, Mr. TORRES, Mr. OWENS, Mr. SANDERS, Mr. FARR, Ms. FURSE, and Mr. EVANS):

H. Res. 243. Resolution urging the prosecution of ex-Los Angeles Police Detective Mark Fuhrman for perjury, investigation into other possible crimes by Mr. Fuhrman, and adoption of reforms by the Los Angeles Police Department; to the Committee on the Judiciary.

#### MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

176. The SPEAKER presented a memorial of the House of Representatives of the State of Michigan, relative to funding for the Great Lakes Science Center; to the Committee on Appropriations.

#### ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 43: Mr. VENTO.  
H.R. 218: Mr. KINGSTON.  
H.R. 350: Mr. MCHUGH.  
H.R. 353: Mr. BOEHLERT.  
H.R. 359: Mr. OLVER and Mr. NORWOOD.  
H.R. 394: Mr. ROSE, Mr. BUNNING of Kentucky, and Mr. SALMON.  
H.R. 528: Mr. SAWYER, Ms. PELOSI, Mr. LEWIS of Georgia, Mr. OLVER, Mr. WYNN, Mr. LEWIS of California, Mr. BAKER of Louisiana, Mr. CUNNINGHAM, Mr. GUNDERSON, Mr. SOUDER, and Mr. HANCOCK.  
H.R. 580: Mr. NEAL of Massachusetts and Mr. HOYER.  
H.R. 713: Mr. ROMERO-BARCELO.  
H.R. 820: Mr. LAFALCE, Mr. TORRES, Mr. DAVIS, Mr. NEY, Mr. BARTLETT of Maryland, Mr. MYERS of Indiana, Mr. HALL of Ohio, Mr. BLUTE, and Mrs. LOWEY.  
H.R. 842: Mr. PAXON.  
H.R. 852: Mr. CLYBURN, Mr. TORRICELLI, and Mr. CONYERS.  
H.R. 891: Mr. MFUME, Mr. JOHNSTON of Florida, and Miss COLLINS of Michigan.  
H.R. 941: Mrs. MEYERS of Kansas.  
H.R. 1203: Mr. DOOLEY and Mr. CHRISTENSEN.  
H.R. 1552: Mr. EVANS.  
H.R. 1595: Mr. SMITH of Texas and Mr. LOBIONDO.  
H.R. 1625: Mr. FUNDERBURK.  
H.R. 1684: Mr. HALL of Texas, Mr. DICKS, and Mr. SKEEN.  
H.R. 1691: Mrs. LINCOLN, Mr. EHLERS, Mr. OLVER, Mr. FOLEY, Mr. BARTLETT of Maryland, Mr. CLYBURN, Mr. HORN, Mr. WOLF, Mr. BOEHNER, Mr. PAYNE of Virginia, and Mr. MORAN.  
H.R. 1707: Mr. MATSUI.  
H.R. 1733: Mr. MCHALE and Mr. BONO.  
H.R. 1893: Mr. GILMAN.  
H.R. 1920: Mr. QUINN, Mr. VENTO, Ms. JACKSON-LEE, Mrs. MEYERS of Kansas, and Mr. MATSUI.  
H.R. 2008: Mr. MCHALE.  
H.R. 2024: Mr. LUTHER.  
H.R. 2029: Mr. KINGSTON.  
H.R. 2180: Mr. FUNDERBURK.  
H.R. 2192: Mr. LEVIN.  
H.R. 2216: Mr. FIELDS of Texas and Mr. MILLER of Florida.  
H.R. 2240: Mrs. LOWEY, Mr. BOEHLERT, Mr. MANTON, Miss COLLINS of Michigan, and Mr. TRAFICANT.  
H.R. 2245: Mr. FALEOMAVAEGA and Mr. FRAZIER.  
H.R. 2357: Mr. CHRISTENSEN.  
H.R. 2441: Mr. BONO.  
H.R. 2468: Mr. RIGGS and Mr. CONDIT.  
H.R. 2472: Mr. KING.  
H.R. 2508: Mr. BURR, Mrs. CLAYTON, Mr. GILMOR, Mr. ROTH, Mr. GUTKNECHT, and Mr. JACOBS.

#### DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 390: Mr. ABERCROMBIE.  
H.R. 500: Mr. SAXTON.

#### AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2491

OFFERED BY: MR. ORTON

(Amendment to the Amendment Numbered 7)

AMENDMENT No. 8: At the end insert the following new title:

**TITLE XIV—BUDGET PROCESS PROVISIONS**

**CHAPTER 1—SHORT TITLE: PURPOSE**

**SEC. 14001. SHORT TITLE.**

This title may be cited as the "Balanced Budget Enforcement Act of 1995".

**SEC. 14002. PURPOSE.**

The purpose of this title is to enforce a path toward a balanced budget by fiscal year 2002 and to make Federal budget process more honest and open.

**CHAPTER 2—BUDGET ESTIMATES**

**SEC. 14051. BOARD OF ESTIMATES.**

(a) **ESTABLISHMENT.**—There is established a Board of Estimates.

(b) **DUTIES OF THE BOARD.**—(1) On the dates specified in section 254, the Board shall issue a report to the President and the Congress which states whether it has chosen (with no modification)—

(A) the sequestration preview report for the budget year submitted by OMB under section 254(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 or the report for that year submitted by CBO under that section; and

(B) the final sequestration report for the budget year submitted by OMB under section 254(g) of the Balanced Budget and Emergency Deficit Control Act of 1985 or the report for that year submitted by CBO under that section;

that shall be used for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, chapter 11 of title 31, United States Code, and section 403 of the Congressional Budget Act of 1974. In making its choice, the Board shall choose the report that, in its opinion, is the more accurate.

(2) At any time the Board may change the list of major estimating assumptions to be used by OMB and CBO in preparing their sequestration preview reports.

**(c) MEMBERSHIP.**—

(1) **NUMBER AND APPOINTMENT.**—The Board shall be composed of 5 members, the chairman of the Board of Governors of the Federal Reserve System and 4 other members to be appointed by the President as follows:

(A) One from a list of at least 5 individuals nominated for such appointment by the Speaker of the House of Representatives.

(B) One from a list of at least 5 individuals nominated for such appointment by the majority leader of the Senate.

(C) One from a list of at least 5 individuals nominated for such appointment by the minority leader of the House of Representatives.

(D) One from a list of at least 5 individuals nominated for such appointment by the minority leader of the Senate.

No member appointed by the President may be an officer or employee of any government. A vacancy in the Board shall be filled in the manner in which the original appointment was made.

(2) **CONTINUATION OF MEMBERSHIP.**—If any member of the Board appointed by the President becomes an officer or employee of a government, he may continue as a member of the Board for not longer than the 30-day period beginning on the date he becomes such an officer or employee.

(3) **TERMS.**—(A) Members shall be appointed for terms of 4 years.

(B) Any member appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his term until his successor has taken office.

(4) **BASIC PAY.**—Members of the Board shall serve without pay.

(5) **QUORUM.**—Three members of the Board shall constitute a quorum but a lesser number may hold hearings.

(6) **CHAIRMAN.**—The Chairman of the Board shall be chosen annually by its members.

(7) **MEETINGS.**—The Board shall meet at the call of the Chairman or a majority of its members.

**(d) DIRECTOR AND STAFF.**—

(1) **APPOINTMENT.**—The Board shall have a Director who shall be appointed by the members of the Board. Subject to such rules as may be prescribed by the Board, the Director may appoint and fix the pay of such personnel as the Director considers appropriate.

(2) **APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.**—The Director and staff of the Board may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may receive pay in excess of the annual rate of basic pay payable for GS-18 of the General Schedule.

(3) **STAFF OF FEDERAL AGENCIES.**—Upon request of the Board, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Board to assist the Board in carrying out its duties, notwithstanding section 202(a) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(a)).

**(e) POWERS.**—

(1) **HEARINGS AND SESSIONS.**—The Board may, for the purpose of carrying out its duties, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as it considers appropriate.

(2) **OBTAINING OFFICIAL DATA.**—The Board may secure directly from any department or agency of the United States information necessary to enable it to carry out its duties. Upon request of the Chairman of the Board, the head of such department or agency shall furnish such information to the Board.

(3) **ADMINISTRATIVE SUPPORT SERVICES.**—The Administrator of General Services shall provide to the Board on a reimbursable basis such administrative support services as the Board may request.

**(f) DEFINITIONS.**—As used in this section:

(1) The term "Board" refers to the Board of Estimates established by subsection (a).

(2) The term "CBO" refers to the Director of the Congressional Budget Office.

(3) The term "OMB" refers to the Director of the Office of Management and Budget.

**Subtitle B—Discretionary Spending Limits**

**SEC. 14101. DISCRETIONARY SPENDING LIMITS.**

(a) **LIMITS.**—Section 601(a)(2) of the Congressional Budget Act of 1974 is amended by striking subparagraphs (A), (B), (C), (D), and (F), by redesignating subparagraph (E) as subparagraph (A) and by striking "and" at the end of that subparagraph, and by inserting after subparagraph (A) the following new subparagraphs:

"(B) with respect to fiscal year 1996, \$498,113,000,000 in new budget authority and \$536,610,000,000 in outlays;

"(C) with respect to fiscal year 1997, \$497,200,000,000 in new budget authority and \$530,736,000,000 in outlays;

"(D) with respect to fiscal year 1998, \$496,700,000,000 in new budget authority and \$526,627,000,000 in outlays;

"(E) with respect to fiscal year 1999, \$495,700,000,000 in new budget authority and \$524,722,000,000 in outlays;

"(F) with respect to fiscal year 2000, \$497,700,000,000 in new budget authority and \$523,798,000,000 in outlays;

"(G) with respect to fiscal year 2001, \$506,700,000,000 in new budget authority and \$530,023,000,000 in outlays; and

"(H) with respect to fiscal year 2002, \$509,700,000,000 in new budget authority and \$530,023,000,000 in outlays."

(b) **COMMITTEE ALLOCATIONS AND ENFORCEMENT.**—Section 602 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (c), by striking "1995" and inserting "2002" and by striking its last sentence; and

(2) in subsection (d), by striking "1992 to 1995" in the side heading and inserting "1995 to 2002" and by striking "1992 through 1995" and inserting "1995 through 2002".

(c) **FIVE-YEAR BUDGET RESOLUTIONS.**—Section 606 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (a), by striking "for fiscal year 1992, 1993, 1994, or 1995"; and

(2) in subsection (d)(1), by striking "for fiscal years 1992, 1993, 1994, and 1995" and by striking "(i) and (ii)".

(d) **EFFECTIVE DATE REPEALER.**—(1) Section 607 of the Congressional Budget Act of 1974 is repealed.

(2) The item relating to section 607 in the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is repealed.

(e) **SEQUESTRATION REGARDING CRIME TRUST FUND.**—(1) Section 251A(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking subparagraphs (B), (C), and (D) and its last sentence and inserting the following:

"(B) For fiscal year 1996, \$2,227,000,000.

"(C) For fiscal year 1997, \$3,846,000,000.

"(D) For fiscal year 1998, \$4,901,000,000.

"(E) For fiscal year 1999, \$5,639,000,000.

"(F) For fiscal year 2000, \$6,225,000,000.

"The appropriate levels of new budget authority are as follows: for fiscal year 1996, \$4,087,000,000; for fiscal year 1997, \$5,000,000,000; for fiscal year 1998, \$5,500,000,000; for fiscal year 1999, \$6,500,000,000; for fiscal year 2000, \$6,500,000,000."

(2) The last two sentences of section 310002 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14212) are repealed.

**SEC. 14102. TECHNICAL AND CONFORMING CHANGES.**

(a) **GENERAL STATEMENT.**—Section 250(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the first sentence and inserting the following: "This part provides for the enforcement of deficit reduction through discretionary spending limits and pay-as-you-go requirements for fiscal years 1995 through 2002."

(b) **DEFINITIONS.**—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking paragraph (6) and inserting the following:

"(6) The term 'budgetary resources' means new budget authority, unobligated balances, direct spending authority, and obligation limitations."

(2) in paragraph (9), by striking "1992" and inserting "1996"; and

(3) in paragraph (14), by striking "1995" and inserting "2002".

**SEC. 14103. ELIMINATION OF CERTAIN ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.**

Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the side heading of subsection (a), by striking "1991-1998" and inserting "1995-2002";

(2) in the first sentence of subsection (b)(1), by striking "1992, 1993, 1994, 1995, 1996, 1997 or 1998" and inserting "1995, 1996, 1997, 1998, 1999,

2000, 2001, or 2002" and by striking "through 1998" and inserting "through 2002";

(3) in subsection (b)(1), by striking subparagraphs (B) and (C) and by striking "the following:" and all that follows through "The adjustments" and inserting "the following: the adjustments";

(4) in subsection (b)(2), by striking "1991, 1992, 1993, 1994, 1995, 1996, 1997, or 1998" and inserting "1995, 1996, 1997, 1998, 1999, 2000, 2001, or 2002" and by striking "through 1998" and inserting "through 2002"; and

(5) by repealing subsection (b)(2).

**Subtitle C—Pay-As-You-Go Procedures**

**SEC. 14201. PERMANENT EXTENSION OF PAY-AS-YOU-GO PROCEDURES; TEN-YEAR SCOREKEEPING.**

(a) **TEN-YEAR SCOREKEEPING.**—Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the side heading of subsection (a), by striking "FISCAL YEARS 1992-1998"; and

(2) in subsection (d), by striking "each fiscal year through fiscal year 1998" each place it appears and inserting "each of the 10 succeeding fiscal years following enactment of any direct spending or receipts legislation";

(b) **REPEAL OF EMERGENCIES.**—Section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

(c) **PAY-AS-YOU-GO SCORECARD.**—Upon enactment of this Act, the Director of the Office of Management and Budget shall reduce the balances of direct spending and receipts legislation applicable to each fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 by an amount equal to the net deficit reduction achieved through the enactment of this Act of direct spending and receipts legislation for that year.

(d) **PAY-AS-YOU-GO POINT OF ORDER.**—Section 311 of the Congressional Budget Act of 1974 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(d) **PAY-AS-YOU-GO POINT OF ORDER.**—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would increase the deficit above the maximum deficit amount set forth in section 253 for the budget year or any of the 9 succeeding fiscal years after the budget year, as measured by the sum of all applicable estimates of direct spending and receipts legislation applicable to that fiscal year."

**SEC. 14202. ELIMINATION OF EMERGENCY EXCEPTION.**

(a) **SEQUESTRATION.**—Section 252(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking subparagraph (B), by striking the dash after "from", and by striking "(A)".

(b) **TECHNICAL CHANGE.**—Section 252(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting "in the manner described in section 256," after "accounts" the first place it appears and by striking the remainder of the subsection.

**Subtitle D—Miscellaneous**

**SEC. 14301. TECHNICAL CORRECTION.**

Section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985, entitled "Modification of Presidential Order", is repealed.

**SEC. 14302. REPEAL OF EXPIRATION DATE.**

(a) **EXPIRATION.**—Section 275 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by repealing subsection (b) and by redesignating subsection (c) as subsection (b).

(b) **EXPIRATION.**—Section 14002(c)(3) of the Omnibus Budget Reconciliation Act of 1993 (2 U.S.C. 900 note; 2 U.S.C. 665 note) is repealed.

**Subtitle E—Deficit Control**

**SEC. 14401. DEFICIT CONTROL.**

(a) **DEFICIT CONTROL.**—Part D of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

**"Part D—Deficit Control**

**"SEC. 261. ESTABLISHMENT OF DEFICIT TARGETS.**

"The deficit targets are as follows:

Fiscal year	Deficit (in billions of dollars)
1996 .....	179.853
1997 .....	164.640
1998 .....	133.279
1999 .....	111.062
2000 .....	86.221
2001 .....	41.626
2002 .....	0

The deficit target for each fiscal year after 2002 shall be zero.

**"SEC. 262. SPECIAL DEFICIT MESSAGE BY PRESIDENT.**

"(a) **SPECIAL MESSAGE.**—If the OMB sequestration preview report submitted under section 254(d) indicates that deficit for the budget year or any outyear will exceed the applicable deficit target, or that the actual deficit target in the most recently completed fiscal year exceeded the applicable deficit target, the budget submitted under section 1105(a) of title 31, United States Code, shall include a special deficit message that includes proposed legislative changes to offset the net deficit impact of the excess identified by that OMB sequestration preview report for each such year through any combination of:

"(1) Reductions in outlays.

"(2) Increases in revenues.

"(3) Increases in the deficit targets, if the President submits a written determination that, because of economic or programmatic reasons, only some or none of the excess should be offset.

"(b) **INTRODUCTION OF PRESIDENT'S PACKAGE.**—Within 10 days after the President submitted a special deficit message, the text referred to in subsection (a) shall be introduced as a joint resolution in the House of Representatives by the chairman of its Committee on the Budget and in the Senate by the chairman of its Committee on the Budget. If the chairman fails to do so, after the 10th day the resolution may be introduced by any Member of the House of Representatives or the Senate, as the case may be. A joint resolution introduced under this subsection shall be referred to the Committee on the Budget of the House of Representatives or the Senate, as the case may be.

**"SEC. 263. CONGRESSIONAL ACTION REQUIRED.**

"(a) **IN GENERAL.**—The requirements of this section shall be in effect for any year in which the OMB sequestration preview report submitted under section 254(d) indicates that the deficit for the budget year or any out-year will exceed the applicable deficit target.

"(b) **REQUIREMENTS FOR SPECIAL BUDGET RESOLUTION IN THE HOUSE.**—The Committee on the Budget in the House shall report not later than March 15 a joint resolution, either as a separate section of the joint resolution on the budget reported pursuant to section 301 of the Congressional Budget Act of 1974 or as a separate resolution, that includes reconciliation instructions instructing the appropriate committees of the House and Senate to report changes in laws within their jurisdiction to offset any excess in the deficit identified in the OMB sequestration preview

report submitted under section 254(d) as follows:

"(1) Reductions in outlays.

"(2) Increases in revenues.

"(3) Increases in the deficit targets, except that any increase in those targets may not be greater than the increase included in the special reconciliation message submitted by the President.

**"(c) PROCEDURE IF HOUSE BUDGET COMMITTEE FAILS TO REPORT REQUIRED RESOLUTION.—**

"(1) **AUTOMATIC DISCHARGE OF HOUSE BUDGET COMMITTEE.**—In the event that the House Committee on the Budget fails to report a resolution meeting the requirements of subsection (b), the committee shall be automatically discharged from further consideration of the joint resolution reflecting the President's recommendations introduced pursuant to section 5(b), and the joint resolution shall be placed on the appropriate calendar.

"(2) **CONSIDERATION BY HOUSE OF DISCHARGED RESOLUTION.**—Ten days after the House Committee on the Budget has been discharged under paragraph (1), any member may move that the House proceed to consider the resolution. Such motion shall be highly privileged and not debatable. It shall not be in order to consider any amendment to the resolution except amendments which are germane and which do not change the net deficit impact of the resolution. Consideration of such resolution shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (d).

"(d) **CONSIDERATION BY THE HOUSE OF REPRESENTATIVES.**—(1) It shall not be in order in the House of Representatives to consider a joint resolution on the budget unless that joint resolution fully addresses the entirety of any excess of the deficit targets as identified in the OMB sequestration preview report submitted under section 254(d) through reconciliation instructions requiring spending reductions, or changes in the deficit targets.

"(2) If the joint resolution on the budget proposes to eliminate or offset less than the entire excess for budget year and any subsequent fiscal years, then the Committee on the Budget shall report a separate resolution increasing the deficit targets for each applicable year by the full amount of the excess not offset or eliminated. It shall not be in order to consider any joint resolution on the budget that does not offset the full amount of the excess until the House of Representatives has agreed to the resolution directing the increase in the deficit targets.

"(e) **TRANSMITTAL TO SENATE.**—If a joint resolution passes the House pursuant to subsection (d), the Clerk of the House of Representatives shall cause the resolution to be engrossed, certified, and transmitted to the Senate within one calendar day of the day on which the resolution is passed. The resolution shall be referred to the Senate Committee on the Budget.

"(f) **REQUIREMENTS FOR SPECIAL BUDGET RESOLUTION IN THE SENATE.**—The Committee on the Budget in the Senate shall report not later than April 1 a joint resolution, either as a separate section of a budget resolution reported pursuant to section 301 of the Congressional Budget Act of 1974 or as a separate resolution, that shall include reconciliation instructions instructing the appropriate committees of the House and Senate to report changes in laws within their jurisdiction to offset any excess through any combination of:

"(1) Reductions in outlays.  
 "(2) Increases in revenues.  
 "(3) Increases in the deficit targets, except that any increase in those targets may not be greater than the increase included in the special reconciliation message submitted by the President.

"(g) PROCEDURE IF SENATE BUDGET COMMITTEE FAILS TO REPORT REQUIRED RESOLUTION.—

"(1) AUTOMATIC DISCHARGE OF SENATE BUDGET COMMITTEE.—In the event that the Senate Committee on the Budget fails to report a resolution meeting the requirements of subsection (f), the committee shall be automatically discharged from further consideration of the joint resolution reflecting the President's recommendations introduced pursuant to section 5(b), and the joint resolution shall be placed on the appropriate calendar.

"(2) CONSIDERATION BY SENATE OF DISCHARGED RESOLUTION.—Ten days after the Senate Committee on the Budget has been discharged under paragraph (1), any member may move that the Senate proceed to consider the resolution. Such motion shall be privileged and not debatable. Consideration of such resolution shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (h).

"(h) CONSIDERATION BY SENATE.—(1) It shall not be in order in the Senate to consider a joint resolution on the budget unless that joint resolution fully addresses the entirety of any excess of the deficit targets as identified in the OMB sequestration report submitted under section 254(d) through reconciliation instructions requiring deficit reductions, or changes in the deficit targets.

"(2) If the joint resolution on the budget proposes to eliminate or offset less than the entire overage of a budget year, then the Committee on the Budget shall report a resolution increasing the deficit target by the full amount of the overage not eliminated. It shall not be in order to consider any joint resolution on the budget that does not offset the entire amount of the overage until the Senate has agreed to the resolution directing the increase in the deficit targets.

"(i) CONFERENCE REPORTS MUST FULLY ADDRESS DEFICIT EXCESS.—It shall not be in order in the House of Representatives or the Senate to consider a conference report on a joint resolution on the budget unless that conference report fully addresses the entirety of any excess identified by the OMB sequestration preview report submitted pursuant to section 254(d) through reconciliation instructions requiring deficit reductions, or changes in the deficit targets.

"SEC. 264. COMPREHENSIVE SEQUESTRATION.

"(a) SEQUESTRATION BASED ON BUDGET-YEAR SHORTFALL.—The amount to be sequestered for the budget year is the amount (if any) by which deficit exceeds the cap for that year under section 261 or the amount that the actual deficit in the preceding fiscal year exceeded the applicable deficit target.

"(b) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session and on May 15, there shall be a sequestration to reduce the amount of deficit in the current policy baseline and to repay any deficit excess in the most recently completed fiscal year by the amounts specified in subsection (b). The amount required to be sequestered shall be achieved by reducing each spending account (or activity within an account) by the uniform percentage necessary to achieve that amount."

(c) CONFORMING CHANGES.—(i) The table of sections set forth in section 200 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the items relating to part D and inserting the following:

"Sec. 261. Establishment of deficit targets.  
 "Sec. 262. Special deficit message by president.

"Sec. 263. Congressional action required.  
 "Sec. 264. Comprehensive sequestration."

(2) Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting "or in part D" after "As used in this part".

SEC. 14402. SEQUESTRATION PROCESS.

(a) ESTIMATING ASSUMPTIONS, REPORTS, AND ORDERS.—Sections 254, 255, and 256 of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended to read as follows:

"SEC. 254. ESTIMATING ASSUMPTIONS, REPORTS, AND ORDERS.

"(a) TIMETABLE.—The timetable with respect to this part for any budget year is as follows:

Date:	Action to be completed:
Dec. 31 .....	OMB and CBO sequestration preview reports submitted to Board.
Jan. 15 .....	Board selects sequestration preview report.
The President's budget submission.	OMB publishes sequestration preview report.
May 1 .....	OMB and CBO sequestration reports submitted to Board.
5 days later: .....	Board selected midsession sequestration report.
May 15 .....	President issues sequestration order.
August 29 .....	President's midsession review: notification regarding military personnel.
Within 10 days after end of session.	OMB and CBO final budget year sequestration reports submitted to Board.
5 days later .....	Board selects final sequestration report; President issues sequestration order.

"(b) SUBMISSION AND AVAILABILITY OF REPORTS.—Each report required by this section shall be submitted, in the case of CBO, to the House of Representatives, the Senate, OMB, and the Board and, in the case of OMB, to the House of Representatives, the Senate, the President, and the Board on the day it is issued. On the following day a notice of the report shall be printed in the Federal Register.

"(c) EXCHANGE OF PRELIMINARY CURRENT POLICY BASELINES.—On December 15 or 3 weeks after Congress adjourns to end a session, whichever is later, OMB and CBO shall exchange their preliminary current policy baselines for the budget-year session starting in January.

"(d) SEQUESTRATION PREVIEW REPORTS.—

"(1) REPORTING REQUIREMENT.—On December 31 or 2 weeks after exchanging preliminary current policy baselines, whichever is later, OMB and CBO shall each submit a sequestration preview report.

"(2) CONTENTS.—Each preview report shall set forth the following:

"(A) MAJOR ESTIMATING ASSUMPTIONS.—The major estimating assumptions for the current year, the budget year, and the outyears, and an explanation of them.

"(B) CURRENT POLICY BASELINE.—A detailed display of the current policy baseline for the current year, the budget year, and the outyears, with an explanation of changes in the baseline since it was last issued that includes the effect of policy decisions made during the intervening period and an explanation of the differences between OMB and CBO for each item set forth in the report.

"(C) DEFICITS.—Estimates for the most recently completed fiscal year, the budget year, and each subsequent year through fiscal year 2002 of the deficits or surpluses in the current policy baseline.

"(D) DISCRETIONARY SPENDING LIMITS.—Estimates for the current year and each subsequent year through 2002 of the applicable discretionary spending limits for each category and an explanation of any adjustments in such limits under section 251.

"(E) SEQUESTRATION OF DISCRETIONARY ACCOUNTS.—Estimates of the uniform percentage and the amount of budgetary resources to be sequestered from discretionary programs given the baseline level of appropriations, and if the President chooses to exempt some or all military personnel from sequestration, the effect of that decision on the percentage and amounts.

"(F) PAY-AS-YOU-GO SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates for each of the following:

"(i) The amount of net deficit increase or decrease, if any, calculated under section 252(b).

"(ii) A list identifying each law enacted and sequestration implemented after the date of enactment of this section included in the calculation of the amount of deficit increase or decrease and specifying the budgetary effect of each such law.

"(iii) The sequestration percentage or (if the required sequestration percentage is greater than the maximum allowable percentage for medicare) percentages necessary to eliminate a deficit increase under section 252(c).

"(G) REQUIREMENTS FOR THE DEFICIT.—An estimate of the amount of deficit reduction, if any, to be achieved for the budget year and the current year necessary to comply with the deficit targets or to repay any deficit excess in the preceding fiscal year.

"(H) DEFICIT SEQUESTRATION.—Estimates of the uniform percentage and the amount of comprehensive sequestration of spending programs that will be necessary under section 264.

"(I) AMOUNT OF CHANGE IN DEFICIT PROJECTIONS.—Amounts that deficit projections for the current year and the budget year have changed as a result of changes in economic and technical assumptions occurring after the enactment of the Omnibus Budget Reconciliation Act of 1995.

"(e) SELECTION OF OFFICIAL SEQUESTRATION PREVIEW REPORT.—On January 15 or 2 weeks after receiving the OMB and CBO sequestration preview reports, whichever is later, the Board shall choose either the OMB or CBO sequestration preview report as the official report for purposes of this Act. The Board shall add to the chosen report an analysis of which reports submitted in previous years have proven to be more accurate and recommendations about methods of improving the accuracy of future reports. That report shall be set forth, without change, in the budget submitted by the President under section 1105(a) of title 31, United States Code, for the budget year.

"(f) AGREEING ON EARLIER DATES.—The Chairman of the Board may set earlier dates for subsections (c), (d), and (e) if OMB and CBO concur.

"(g) NOTIFICATION REGARDING MILITARY PERSONNEL.—On or before August 29, the President shall notify the Congress of the manner in which he intends to exercise flexibility with respect to military personnel accounts under section 251(a)(3).

"(h) FINAL SEQUESTRATION REPORTS.—

"(1) REPORTING REQUIREMENT.—Not later than 10 days following the end of a budget-year session, OMB and CBO shall each submit a final sequestration report. On May 1 of each year, OMB and CBO shall each submit a midyear sequestration report for the current year.

"(2) CONTENTS.—Each such report shall be based upon laws enacted through the date of

the report and shall set forth all the information and estimates required of a sequestration preview report required by subsections (d)(2)(D) through (H). In addition, that report shall include—

“(A) for each account to be sequestered, the baseline level of sequestrable budgetary resources and the resulting reductions in new budget authority and outlays; and

“(B) the effects of sequestration on the level of outlays for each fiscal year through 2002.

“(i) SELECTION OF OFFICIAL FINAL SEQUESTRATION REPORT.—Not later than 5 days after receiving the final OMB and CBO sequestration reports, the Board shall choose either the OMB or CBO final sequestration report as the official report for purposes of this Act, and shall issue a report stating that decision and making any comments that the Board chooses.

“(j) PRESIDENTIAL ORDER.—(1) On the day that the Board chooses a final sequestration report, the President shall issue an order fully implementing without change all sequestrations required by—

“(A) the final sequestration report that requires the lesser amount of discretionary sequestration under section 250; and

“(B) the final sequestration report that requires the lesser total amount of deficit sequestration under section 264.

The order shall be effective on issuance and shall be issued only if sequestration is required.

“(2)(A) If both the CBO and OMB final sequestration reports require a sequestration of discretionary programs, and the Board chooses the report requiring the greater sequestration, then a positive amount equal to the difference between the CBO and OMB estimates of discretionary new budget authority for the budget year shall be subtracted from the budget-year column and added to the column for the first outyear of the discretionary scorecard under section 107 as though that amount had been enacted in the next session of Congress.

“(B) If one final sequestration report requires a sequestration of discretionary programs and the Board chooses that report, then an amount equal to the difference between that report's estimate of discretionary new budget authority for the budget year and the discretionary funding limit for that year shall be subtracted from the budget-year column and added to column for the first outyear of the discretionary scorecard under section 107 as though that amount had been enacted in the next session of Congress.

“(k) USE OF MAJOR ESTIMATING ASSUMPTIONS AND SCOREKEEPING CONVENTIONS.—In the estimates, projections, and reports under subsections (c) and (d), CBO and OMB shall use the best and most recent estimating assumptions available. In all other reports required by this section and in all estimates or calculations required by this Act, CBO and OMB shall use—

“(1) current-year and budget-year discretionary funding limits chosen by the Board and the estimates chosen by the Board of the deficit reduction necessary to comply with the deficit targets in the budget year;

“(2) in estimating the effects of bills and discretionary regulations, the major estimating assumptions most recently chosen by the Board, except to the extent that they must be altered to reflect actual results occurring or measured after the Board's choice; and

“(3) scorekeeping conventions determined after consultation among the House and Senate Committees on the Budget, CBO, and OMB.

In applying the two previous sentences, the major estimating assumptions and other cal-

culations required by this Act that are included in the statement of managers accompanying the conference report on this Act shall be considered, for all purposes of this Act, to be the report of the Board chosen under subsection (e) for fiscal year 1993.

“(1) BILL COST ESTIMATES.—Within 10 days after the enactment of any discretionary appropriations, direct spending, or receipts legislation, CBO and OMB shall transmit to each other, the Board, and to the Congress an estimate of the budgetary effects of that law, following the estimating requirements of this section. Those estimates may not change after the 10-day period except—

“(1) to the extent those estimates are submitted within (and implicitly changed by) the estimates made in preparation of a new baseline under subsections (c), (d), and (h);

“(2) to reflect a choice of the Board regarding an official set of estimates under subsections (l) and (n); and

“(3) to correct clerical errors or errors in the application of this Act.

#### “SEC. 255. EXEMPT PROGRAMS AND ACTIVITIES.

“The following budget accounts, activities within accounts, or income shall be exempt from sequestration—

“(1) net interest;

“(2) deposit insurance and pension benefit guarantees;

“(3) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;

“(4) offsetting receipts and collections;

“(5) all payments from one Federal direct spending budget account to another Federal budget account; all intragovernmental funds including those from which funding is derived primarily from other Government accounts;

“(6) expenses to the extent they result from private donations, bequests, or voluntary contributions to the Government;

“(7) nonbudgetary activities, including but not limited to—

“(A) credit liquidating and financing accounts;

“(B) the Pension Benefit Guarantee Corporation Trust Funds;

“(C) the Thrift Savings Fund;

“(D) the Federal Reserve System; and

“(E) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

“(8) payments resulting from Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

“(9) the following accounts, which largely fulfill requirements of the Constitution or otherwise make payments to which the Government is committed—

Administration of Territories, Northern Mariana Islands Covenant grants (14-0412-0-1-806);

Bureau of Indian Affairs, miscellaneous payments to Indians (14-2303-0-1-452);

Bureau of Indian Affairs, miscellaneous trust funds, tribal trust funds (14-9973-0-7-999);

Claims, defense;

Claims, judgments, and relief act (20-1895-0-1-806);

Compact of Free Association, economic assistance pursuant to Public Law 99-658 (14-0415-0-1-806);

Compensation of the President (11-0001-0-1-802);

Customs Service, miscellaneous permanent appropriations (20-9992-0-2-852);

Eastern Indian land claims settlement fund (14-2202-0-1-806)

Farm Credit System Financial Assistance Corporation, interest payments (20-1850-0-1-351);

Internal Revenue collections of Puerto Rico (20-5737-0-2-852);

Panama Canal Commission, operating expenses and capital outlay (95-5190-0-2-403);

Payments of Vietnam and USS Pueblo prisoner-of-war claims (15-0104-0-1-153);

Payments to copyright owners (03-5175-0-2-376);

Payments to the United States territories, fiscal assistance (14-0418-0-1-801);

Salaries of Article III judges;

Soldier's and Airmen's Home, payment of claims (84-8930-0-7-705);

Washington Metropolitan Area Transit Authority, interest payments (46-0300-0-1-401).

“(10) the following noncredit special, revolving, or trust-revolving funds—

Coinage profit fund (20-5811-0-2-803);

Exchange Stabilization Fund (20-4444-0-3-155);

Foreign Military Sales trust fund (11-82232-0-7-155);

“(11)(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

“(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act;

“(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account;

“(12) the earned income tax credit (payments to individuals pursuant to section 32 of the Internal Revenue Code of 1986);

“(13) the uranium enrichment program; and

“(14) benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

#### “SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES.

“(a) PERMANENT SEQUESTRATION OF DEFICIT.—

“(1) The purpose of any sequestration under this Act is to ensure deficit reduction in the budget year and all subsequent fiscal years, so that the budget-year cap in section 262 is not exceeded.

“(2) Obligations in sequestered spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years. Notwithstanding any other provision of this section, after the first deficit sequestration, any later sequestration shall reduce spending outlays by an amount in addition to, rather than in lieu of, the reduction in spending outlays in place under the existing sequestration or sequestrations.

“(b) UNIFORM PERCENTAGES.—

“(1) In calculating the uniform percentage applicable to the sequestration of all spending programs or activities under section 266 the sequestrable base for spending programs and activities is the total budget-year level of outlays for those programs or activities in the current policy baseline minus—

“(A) those budget-year outlays resulting from obligations incurred in the current or prior fiscal years, and

“(B) those budget-year outlays resulting from exemptions under section 253.

“(2) For any direct spending program in which—

“(A) outlays pay for entitlement benefits,



“(B) a budget-year sequestration takes effect after the 1st day of the budget year, and  
 “(C) that delay reduces the amount of entitlement authority that is subject to sequestration in the budget year.

the uniform percentage otherwise applicable to the sequestration of that program in the budget year shall be increased as necessary to achieve the same budget-year outlay reduction in that program as would have been achieved had there been no delay.

“(3) If the uniform percentage otherwise applicable to the budget-year sequestration of a program or activity is increased under paragraph (2), then it shall revert to the uniform percentage calculated under paragraph (1) when the budget year is completed.

“(C) GENERAL RULES FOR SEQUESTRATION.—

“(1) INDEFINITE AUTHORITY.—Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage or percentages.

“(2) CANCELLATION OF BUDGETARY RESOURCES.—Budgetary resources sequestered from any account other than an entitlement trust, special, or revolving fund account shall revert to the Treasury and be permanently canceled or repealed.

“(3) INDEXED BENEFIT PAYMENTS.—If, under any entitlement program—

“(A) benefit payments are made to persons or governments more frequently than once a year, and

“(B) the amount of entitlement authority is periodically adjusted under existing law to reflect changes in a price index,

then for the first fiscal year to which a sequestration order applies, the benefit reductions in that program accomplished by the order shall take effect starting with the payment made at the beginning of January or 7 weeks after the order is issued, whichever is later. For the purposes of this subsection, Veterans Compensation shall be considered a program that meets the conditions of the preceding sentence.

“(4) PROGRAMS, PROJECTS, OR ACTIVITIES.—Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

“(5) IMPLEMENTING REGULATIONS.—Administrative regulations or similar actions implementing the sequestration of a program or activity shall be made within 120 days of the effective date of the sequestration of that program or activity.

“(6) DISTRIBUTION FORMULAS.—To the extent that distribution or allocation formulas differ at different levels of budgetary resources within an account, program, project, or activity, a sequestration shall be interpreted as producing a lower total appropriation, with that lower appropriation being obligated as though it had been the pre-sequestration appropriation and no sequestration had occurred.

“(7) CONTINGENT FEES.—In any account for which fees charged to the public are legally determined by the level of appropriations, fees shall be charged on the basis of the pre-sequestration level of appropriations.

“(d) NON-JOBS PORTION OF AFDC.—Any sequestration order shall accomplish the full amount of any required reduction in payments for the non-jobs portion of the aid to

families with dependant children program under the Social Security Act by reducing the Federal reimbursement percentage (for the fiscal year involved) by multiplying that reimbursement percentage, on a State-by-State basis, by the uniform percentage applicable to the sequestration of nonexempt direct spending programs or activities.

“(e) JOBS PORTION OF AFDC.—

“(1) FULL AMOUNT OF SEQUESTRATION REQUIRED.—Any sequestration order shall accomplish the full amount of any required reduction of the job opportunities and basic skills training program under section 402(a)(19), and part F of title VI, of the Social Security Act, in the manner specified in this subsection. Such an order may not reduce any Federal matching rate pursuant to section 403(l) of the Social Security Act.

“(2) NEW ALLOTMENT FORMULA.—

“(A) GENERAL RULE.—Notwithstanding section 403(k) of the Social Security Act, each State's percentage share of the amount available after sequestration for direct spending pursuant to section 403(l) of such Act shall be equal to that percentage of the total amount paid to the States pursuant to such section 403(l) for the prior fiscal year that is represented by the amount paid to such State pursuant to such section 403(l) for the prior fiscal year, except that a State may not be allotted an amount under this subparagraph that exceeds the amount that would have been allotted to such State pursuant to such section 403(k) had the sequestration not been in effect.

“(B) REALLOTMENT OF AMOUNTS REMAINING UNALLOTTED AFTER APPLICATION OF GENERAL RULE.—Any amount made available after sequestration for direct spending pursuant to section 403(l) of the Social Security Act that remains unallotted as a result of subparagraph (A) of this paragraph shall be allotted among the States in proportion to the absolute difference between the amount allotted, respectively, to each State as a result of such subparagraph and the amount that would have been allotted to such State pursuant to section 403(k) of such Act had the sequestration not been in effect, except that a State may not be allotted an amount under this subparagraph that results in a total allotment to the State under this paragraph of more than the amount that would have been allotted to such State pursuant to such section 403(k) had the sequestration not been in effect.

“(f) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in payments under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under the program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

“(g) COMMODITY CREDIT CORPORATION.—

“(1) EFFECTIVE DATE.—For the Commodity Credit Corporation, the date on which a sequestration order takes effect in a fiscal year shall vary for each crop of a commodity. In general, the sequestration order shall take effect when issued, but for each crop of a commodity for which 1-year contracts are issued as an entitlement, the sequestration order shall take effect with the start of the sign-up period for that crop that begins after the sequestration order is issued. Payments for each contract in such a crop shall be reduced under the same terms and conditions.

“(2) DAIRY PROGRAM.—(A) As the sole means of achieving any reduction in outlays under the milk price-support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for com-

mercial use. That price reduction (measured in cents per hundredweight of milk marketed) shall occur under subparagraph (A) of section 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued, and shall not exceed the aggregate amount of the reduction in outlays under the milk price-support program, that otherwise would have been achieved by reducing payments made for the purchase of milk or the products of milk under this subsection during that fiscal year.

“(3) EFFECT OF DELAY.—For purposes of subsection (b)(1), the sequestrable base for the Commodity Credit Corporation is the budget-year level of gross outlays resulting from new budget authority that is subject to reduction under paragraphs (1) and (2), and subsection (b)(2) shall not apply.

“(4) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this Act shall restrict the Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, or limit or reduce in any way any appropriation that provides the Corporation with funds to cover its net realized losses.

“(h) EXTENDED UNEMPLOYMENT COMPENSATION.—(1) A State may reduce each weekly benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under any sequestration order by a percentage not to exceed the percentage by which the Federal payment to the State under section 204 of such Act is to be reduced for such week as a result of such order.

“(2) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1986.

“(i) FEDERAL EMPLOYEES HEALTH BENEFITS FUND.—For the Federal Employees Health Benefits Fund, a sequestration order shall take effect with the next open season. The sequestration shall be accomplished by annual payments from that Fund to the General Fund of the Treasury. Those annual payments shall be financed solely by charging higher premiums. For purposes of subsection (b)(1), the sequestrable base for the Fund is the budget-year level of gross outlays resulting from claims paid after the sequestration order takes effect, and subsection (b)(2) shall not apply.

“(j) FEDERAL HOUSING FINANCE BOARD.—Any sequestration of the Federal Housing Finance Board shall be accomplished by annual payments (by the end of each fiscal year) from that Board to the general fund of the Treasury, in amounts equal to the uniform sequestration percentage for that year times the gross obligations of the Board in that year.

“(k) FEDERAL PAY.—

“(1) IN GENERAL.—Except as provided in section 10(b)(3), new budget authority to pay Federal personnel from direct spending accounts shall be reduced by the uniform percentage calculated under section 264, as applicable, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system (as increased by any amount payable under section 5304 of title 5, United States Code, or section 302 of the Federal Employees Pay Comparability Act of 1990) or the rate of any element of military pay to which any individual is entitled under title 37, United States Code, or any increase in rates of pay



which is scheduled to take effect under section 5303 of title 5, United States Code, section 1009 of title 37, United States Code, or any other provision of law.

"(2) DEFINITIONS.—For purposes of this subsection:

"(A) The term 'statutory pay system' shall have the meaning given that term in section 5302(1) of title 5, United States Code.

"(B) The term 'elements of military pay' means—

"(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code.

"(ii) allowances provided members of the uniformed services under sections 403a and 405 of such title, and

"(iii) cadet pay and midshipman pay under section 203(c) of such title.

"(C) The term 'uniformed services' shall have the meaning given that term in section 101(3) of title 37, United States Code.

"(1) GUARANTEED STUDENT LOANS.—(A) For all student loans under part B of title IV of the Higher Education Act of 1965 made on or after the date of a sequestration, the origination fees shall be increased by a uniform percentage sufficient to produce the dollar savings in student loan programs for the fiscal year of the sequestration required by section 264, and all subsequent origination fees shall be increased by the same percentage, notwithstanding any other provision of law.

"(B) The origination fees to which paragraph (A) applies are those specified in sections 428H(f)(1) and 438(c) of that Act.

"(m) INSURANCE PROGRAMS.—Any sequestration in a Federal program that sells insurance contracts to the public (including the Federal Crop Insurance Fund, the National Insurance Development Fund, the National Flood Insurance Fund, insurance activities of the Overseas Private Insurance Corporation, and Veterans' life insurance programs) shall be accomplished by annual payments from the insurance fund or account to the general fund of the Treasury. The amount of each annual payment by each such fund or account shall be the amount received by the fund or account by increasing premiums on contracts entered into after the date a sequestration order takes effect by the uniform sequestration percentage, and premiums shall be increased accordingly.

"(n) MEDICAID.—The November 15th estimate of medicaid spending by States shall be the base estimate from which the uniform percentage reduction under any sequestration, applied across-the-board by State, shall be made. Succeeding Federal payments to States shall reflect that reduction. The Health Care Financing Administration shall reconcile actual medicaid spending for each fiscal year with the base estimate as reduced by the uniform percentage, and adjust each State's grants as soon as practicable, but no later than 100 days after the end of the fiscal year to which the base estimate applied, to comply with the sequestration order.

"(o) MEDICARE.—

"(1) TIMING OF APPLICATION OF REDUCTIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for services furnished after the effective date of the order. For purposes of the previous sentence, in the case of inpatient services furnished for an individual, the services shall be considered to be furnished on the date of the individual's discharge from the inpatient facility.

"(B) PAYMENT ON THE BASIS OF COST REPORTING PERIODS.—In the case in which payment for services of a provider of services is made under title XVIII of the Social Security Act on a basis relating to the reasonable

cost incurred for the services during a cost reporting period of the provider, if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for costs for such services incurred at any time during each cost reporting period of the provider any part of which occurs after the effective date of the order, but only (for each such cost reporting period) in the same proportion as the fraction of the cost reporting period that occurs after the effective date of the order.

"(2) NO INCREASE IN BENEFICIARY CHARGES IN ASSIGNMENT-RELATED CASES.—If a reduction in payment amounts is made pursuant to a sequestration order for services for which payment under part B of title XVIII of the Social Security Act is made on the basis of an assignment described in section 1842(b)(3)(B)(ii), in accordance with section 1842(b)(6)(B), or under the procedure described in section 1870(f)(1) of such Act, the person furnishing the services shall be considered to have accepted payment of the reasonable charge for the services, less any reduction in payment amount made pursuant to a sequestration order, as payment in full.

"(p) POSTAL SERVICE FUND.—Any sequestration of the Postal Service Fund shall be accomplished by annual payments from that Fund to the General Fund of the Treasury, and the Postmaster General of the United States shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each annual payment shall be—

"(1) the uniform sequestration percentage, times

"(2) the estimated gross obligations of the Postal Service Fund in that year other than those obligations financed with an appropriation for revenue foregone for that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Within 30 days after the sequestration order is issued, the Postmaster General shall submit to the Postal Rate Commission a plan for financing the annual payment for that fiscal year and publish that plan in the Federal Register. The plan may assume efficiencies in the operation of the Postal Service, reductions in capital expenditures, increases in the prices of services, or any combination, but may not assume a lower Fund surplus or higher Fund deficit and must follow the requirements of existing law governing the Postal Service in all other respects. Within 30 days of the receipt of that plan, the Postal Rate Commission shall approve the plan or modify it in the manner that modifications are allowed under current law. If the Postal Rate Commission does not respond to the plan within 30 days, the plan submitted by the Postmaster General shall go into effect. Any plan may be later revised by the submission of a new plan to the Postal Rate Commission, which may approve or modify it.

"(q) POWER MARKETING ADMINISTRATIONS AND T.V.A.—Any sequestration of the Department of Energy power marketing administration funds or the Tennessee Valley Authority fund shall be accomplished by annual payments from those funds to the General Fund of the Treasury, and the administrators of those funds shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each annual payment by a fund shall be—

"(1) the uniform sequestration percentage, times

"(2) the estimated gross obligations of the fund in that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Annual payments by a fund may be financed by reductions in costs required to produce the pre-sequester amount of power (but those reductions shall not include reductions in the amount of power supplied by the fund), by reductions in capital expenditures, by increases in rates, or by any combination, but may not be financed by a lower fund surplus or a higher fund deficit and must follow the requirements of existing law governing the fund in all other respects. The administrator of a fund or the TVA Board is authorized to take the actions specified above in order to make the annual payments to the Treasury.

"(r) VETERANS' HOUSING LOANS.—(1) For all housing loans guaranteed, insured, or made under chapter 37 of title 38, United States Code, on or after the date of a sequestration, the origination fees shall be increased by a uniform percentage sufficient to produce the dollar savings in veterans' housing programs for the fiscal year of the sequestration required by section 264, and all subsequent origination fees shall be increased by the same percentage, notwithstanding any other provision of law.

"(2) The origination fees to which paragraph (1) applies are those referred to in section 3729 of title 38, United States Code."

(b) CONFORMING CHANGES.—(1) The item relating to section 254 in the table of sections set forth in section 200 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

"Sec. 254. Estimating assumptions, reports, and orders."

(2) The item relating to section 256 in the table of sections set forth in section 200 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

"Sec. 256. General and special sequestration rules."

(c) Within 30 days after the date of enactment of this Act, the Director of the Office of Management and Budget and the Director of the Congressional Budget Office shall each issue a report that includes projections of Federal spending, revenues, and deficits as a result of enactment of this Act and setting forth the economic and technical assumptions used to make those projections.

#### Subtitle F—Line Item Veto

##### SEC. 14501. LINE ITEM VETO AUTHORITY.

(a) IN GENERAL.—Notwithstanding the provisions of part B of title X of the Congressional Budget and Impoundment Control Act of 1974, and subject to the provisions of this section, the President may rescind all or part of the dollar amount of any discretionary budget authority specified in an appropriation Act for fiscal year 1996 or conference report or joint explanatory statement accompanying a conference report on the Act, or veto any targeted tax benefit provision in this reconciliation Act, if the President—

(1) determines that—

(A) such rescission or veto would help reduce the Federal budget deficit;

(B) such rescission or veto will not impair any essential Government functions; and

(C) such rescission or veto will not harm the national interest; and

(2) notifies the Congress of such rescission or veto by a special message not later than 10 calendar days (not including Sundays) after the date of the enactment of an appropriation Act providing such budget authority, or of this reconciliation Act in the case of a targeted tax benefit.

(b) **DEFICIT REDUCTION.**—In each special message, the President may also propose to reduce the appropriate discretionary spending limit set forth in section 601(a)(2) of the Congressional Budget Act of 1974 by an amount that does not exceed the total amount of discretionary budget authority rescinded by that message.

(c) **SEPARATE MESSAGES.**—The President shall submit a separate special message under this section for each appropriation Act and for this reconciliation Act.

(d) **LIMITATION.**—No special message submitted by the President under this section may change any prohibition or limitation of discretionary budget authority set forth in any appropriation Act.

(e) **SPECIAL RULE FOR PREVIOUSLY ENACTED APPROPRIATION ACTS.**—Notwithstanding subsection (a)(2), in the case of any unobligated discretionary budget authority provided by any appropriation Act for fiscal year 1996 that is enacted before the date of the enactment of this Act, the President may rescind all or part of that discretionary budget authority under the terms of this subtitle if the President notifies the Congress of such rescission by a special message not later than 10 calendar days (not including Sundays) after the date of the enactment of this Act.

**SEC. 14502. LINE ITEM VETO EFFECTIVE UNLESS DISAPPROVED.**

(a) **IN GENERAL.**—

(1) Any amount of budget authority rescinded under this subtitle as set forth in a special message by the President shall be deemed canceled unless, during the period described in subsection (b), a rescission/receipts disapproval bill making available all of the amount rescinded is enacted into law.

(2) Any provision of law vetoed under this subtitle as set forth in a special message by the President shall be deemed repealed unless, during the period described in subsection (b), a rescission/receipts disapproval bill restoring that provision is enacted into law.

(b) **CONGRESSIONAL REVIEW PERIOD.**—The period referred to in subsection (a) is—

(1) a congressional review period of 20 calendar days of session, beginning on the first calendar day of session after the date of submission of the special message, during which Congress must complete action on the rescission/receipts disapproval bill and present such bill to the President for approval or disapproval;

(2) after the period provided in paragraph (1), an additional 10 days (not including Sundays) during which the President may exercise his authority to sign or veto the rescission/receipts disapproval bill; and

(3) if the President vetoes the rescission/receipts disapproval bill during the period provided in paragraph (2), an additional 5 calendar days of session after the date of the veto.

(c) **SPECIAL RULE.**—If a special message is transmitted by the President under this subtitle and the last session of the Congress adjourns sine die before the expiration of the period described in subsection (b), the rescission or veto, as the case may be, shall not take effect. The message shall be deemed to have been retransmitted on the first Monday in February of the succeeding Congress and the review period referred to in subsection (b) (with respect to such message) shall run beginning after such first day.

**SEC. 14503. DEFINITIONS.**

As used in this subtitle:

(1) The term "rescission/receipts disapproval bill" means a bill which only disapproves, in whole, rescissions of discretionary budget authority or only disapproves vetoes of targeted tax benefits in a special

message transmitted by the President under this subtitle and—

(A)(i) in the case of a special message regarding rescissions, the matter after the enacting clause of which is as follows: "That Congress disapproves each rescission of discretionary budget authority of the President as submitted by the President in a special message on \_\_\_\_\_", the blank space being filled in with the appropriate date and the public law to which the message relates; and

(ii) in the case of a special message regarding vetoes of targeted tax benefits, the matter after the enacting clause of which is as follows: "That Congress disapproves each veto of targeted tax benefits of the President as submitted by the President in a special message on \_\_\_\_\_", the blank space being filled in with the appropriate date and the public law to which the message relates; and

(B) the title of which is as follows: "A bill to disapprove the recommendations submitted by the President on \_\_\_\_\_", the blank space being filled in with the date of submission of the relevant special message and the public law to which the message relates.

(2) The term "calendar days of session" shall mean only those days on which both Houses of Congress are in session.

(3) The term "targeted tax benefit" means any provision of this reconciliation Act determined by the President to provide a Federal tax deduction, credit, exclusion, preference, or other concession to 100 or fewer beneficiaries. Any partnership, limited partnership, trust, or S corporation, and any subsidiary or affiliate of the same parent corporation, shall be deemed and counted as a single beneficiary regardless of the number of partners, limited partners, beneficiaries, shareholders, or affiliated corporate entities.

(4) The term "appropriation Act" means any general or special appropriation Act for fiscal year 1996, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations for fiscal year 1996.

**SEC. 14504. CONGRESSIONAL CONSIDERATION OF LINE ITEM VETOS.**

(a) **PRESIDENTIAL SPECIAL MESSAGE.**—Whenever the President rescinds any budget authority as provided in this subtitle or vetoes any provision of law as provided in this subtitle, the President shall transmit to both Houses of Congress a special message specifying—

(1) the amount of budget authority rescinded or the provision vetoed;

(2) any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved;

(3) the reasons and justifications for the determination to rescind budget authority or veto any provision pursuant to this subtitle;

(4) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the rescission or veto; and

(5) all actions, circumstances, and considerations relating to or bearing upon the rescission or veto and the decision to effect the rescission or veto, and to the maximum extent practicable, the estimated effect of the rescission upon the objects, purposes, and programs for which the budget authority is provided.

(b) **TRANSMISSION OF MESSAGES TO HOUSE AND SENATE.**—

(1) Each special message transmitted under this subtitle shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each special message so transmitted shall be referred to the appropriate committees of

the House of Representatives and the Senate. Each such message shall be printed as a document of each House.

(2) Any special message transmitted under this subtitle shall be printed in the first issue of the Federal Register published after such transmittal.

(c) **INTRODUCTION OF RESCISSION/RECEIPTS DISAPPROVAL BILLS.**—The procedures set forth in subsection (d) shall apply to any rescission/receipts disapproval bill introduced in the House of Representatives not later than the third calendar day of session beginning on the day after the date of submission of a special message by the President under this subtitle.

(d) **CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.**—

(1) The committee of the House of Representatives to which a rescission/receipts disapproval bill is referred shall report it without amendment, and with or without recommendation, not later than the eighth calendar day of session after the date of its introduction. If the committee fails to report the bill within that period, it is in order to move that the House discharge the committee from further consideration of the bill. A motion to discharge may be made only by an individual favoring the bill (but only after the legislative day on which a Member announces to the House the Member's intention to do so). The motion is highly privileged. Debate thereon shall be limited to not more than one hour, the time to be divided in the House equally between a proponent and an opponent. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(2) After a rescission/receipts disapproval bill is reported or the committee has been discharged from further consideration, it is in order to move that the House resolve into the Committee of the Whole House on the State of the Union for consideration of the bill. All points of order against the bill and against consideration of the bill are waived. The motion is highly privileged. The previous question shall be considered as ordered on that motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. During consideration of the bill in the Committee of the Whole, the first reading of the bill shall be dispensed with. General debate shall proceed without intervening motion, shall be confined to the bill, and shall not exceed two hours equally divided and controlled by a proponent and an opponent of the bill. No amendment to the bill is in order, except any Member may move to strike the disapproval of any rescission or rescissions of budget authority or any proposed repeal of a targeted tax benefit, as applicable, if supported by 49 other Members. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion. A motion to reconsider the vote on passage of the bill shall not be in order.

(3) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives to the procedure relating to a bill described in subsection (a) shall be decided without debate.

(4) It shall not be in order to consider more than one bill described in subsection (c) or more than one motion to discharge described in paragraph (1) with respect to a particular special message.

(5) Consideration of any rescission/receipts disapproval bill under this subsection is governed by the rules of the House of Representatives except to the extent specifically provided by the provisions of this subtitle.

**(e) CONSIDERATION IN THE SENATE.—**

(1) Any rescission/receipts disapproval bill received in the Senate from the House shall be considered in the Senate pursuant to the provisions of this subtitle.

(2) Debate in the Senate on any rescission/receipts disapproval bill and debatable motions and appeals in connection therewith, shall be limited to not more than ten hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motions or appeal in connection with such bill shall be limited to one hour, to be equally divided between, and controlled by the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of the bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days not to exceed one, not counting any day on which the Senate is not in session) is not in order.

**(f) POINTS OF ORDER.—**

(1) It shall not be in order in the Senate to consider any rescission/receipts disapproval bill that relates to any matter other than the rescission of budget authority or veto of the provision of law transmitted by the President under this subtitle.

(2) It shall not be in order in the Senate to consider any amendment to a rescission/receipts disapproval bill.

(3) Paragraphs (1) and (2) may be waived or suspended in the Senate only by a vote of three-fifths of the members duly chosen and sworn.

**SEC. 14505. REPORT OF THE GENERAL ACCOUNTING OFFICE.**

On January 6, 1997, the Comptroller General shall submit a report to each House of Congress which provides the following information:

(1) A list of each proposed Presidential rescission of discretionary budget authority and veto of a targeted tax benefit submitted through special messages for fiscal year 1996, together with their dollar value, and an indication of whether each rescission of discretionary budget authority or veto of a targeted tax benefit was accepted or rejected by Congress.

(2) The total number of proposed Presidential rescissions of discretionary budget authority and vetoes of a targeted tax benefit submitted through special messages for fiscal year 1996, together with their total dollar value.

(3) The total number of Presidential rescissions of discretionary budget authority or vetoes of a targeted tax benefit submitted through special messages for fiscal year 1996 and approved by Congress, together with their total dollar value.

(4) A list of rescissions of discretionary budget authority initiated by Congress for fiscal year 1996, together with their dollar value, and an indication of whether each such rescission was accepted or rejected by Congress.

(5) The total number of rescissions of discretionary budget authority initiated and

accepted by Congress for fiscal year 1996, together with their total dollar value.

**SEC. 14506. JUDICIAL REVIEW.**

**(a) EXPEDITED REVIEW.—**

(1) Any Member of Congress may bring an action, in the United States District Court for the District of Columbia, for declaratory judgment and injunctive relief on the ground that any provision of this subtitle violates the Constitution.

(2) A copy of any complaint in an action brought under paragraph (1) shall be promptly delivered to the Secretary of the Senate and the Clerk of the House of Representatives, and each House of Congress shall have the right to intervene in such action.

(3) Any action brought under paragraph (1) shall be heard and determined by a three-judge court in accordance with section 2284 of title 28, United States Code.

(4) Nothing in this section or in any other law shall infringe upon the right of the House of Representatives to intervene in an action brought under paragraph (1) without the necessity of adopting a resolution to authorize such intervention.

**(b) APPEAL TO SUPREME COURT.—**Notwithstanding any other provision of law, any order of the United States District Court for the District of Columbia which is issued pursuant to an action brought under paragraph (1) of subsection (a) shall be reviewable by appeal directly to the Supreme Court of the United States. Any such appeal shall be taken by a notice of appeal filed within 10 days after such order is entered; and the jurisdictional statement shall be filed within 30 days after such order is entered. No stay of an order issued pursuant to an action brought under paragraph (1) of subsection (a) shall be issued by a single Justice of the Supreme Court.

**(c) EXPEDITED CONSIDERATION.—**It shall be the duty of the District Court for the District of Columbia and the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter brought under subsection (a).

**Subtitle G—Enforcing Points of Order**

**SEC. 14601. POINTS OF ORDER IN THE SENATE.**

**(a) WAIVER.—**The second sentence of section 904(c) of the Congressional Budget Act of 1974 is amended by inserting "303(a)," after "302(f)," by inserting "311(c)," after "311(a)," by inserting "606(b)," after "601(b)," and by inserting "253(d), 253(h), 253(i)," before "258(a)(4)(C)".

**(b) APPEALS.—**The third sentence of section 904(c) of the Congressional Budget Act of 1974 is amended by inserting "303(a)," after "302(f)," by inserting "311(c)," after "311(a)," by inserting "606(b)," after "601(b)," and by inserting "253(d), 253(h), 253(i)," before "258(a)(4)(C)".

**SEC. 14602. POINTS OF ORDER IN THE HOUSE OF REPRESENTATIVES.**

Section 904 of the Congressional Budget Act of 1974 is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) In the House of Representatives, a separate vote shall be required on that part of any resolution or order that makes in order the waiver of any points of order referred to in subsection (c)."

**Subtitle H—Deficit Reduction Lock-box**

**SEC. 14701. DEFICIT REDUCTION LOCK-BOX PROVISIONS OF APPROPRIATION MEASURES.**

**(a) DEFICIT REDUCTION LOCK-BOX PROVISIONS.—**Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

**"DEFICIT REDUCTION LOCK-BOX PROVISIONS OF APPROPRIATION BILLS**

"SEC. 314. (a) Any appropriation bill that is being marked up by the Committee on Appropriations (or a subcommittee thereof) of either House shall contain a line item entitled 'Deficit Reduction Lock-box'.

"(b) Whenever the Committee on Appropriations of either House reports an appropriation bill, that bill shall contain a line item entitled 'Deficit Reduction Account' comprised of the following:

"(1) Only in the case of any general appropriation bill containing the appropriations for Treasury and Postal Service (or resolution making continuing appropriations (if applicable)), an amount equal to the amounts by which the discretionary spending limit for new budget authority and outlays set forth in the most recent OMB sequestration preview report pursuant to section 601(a)(2) exceed the section 602(a) allocation for the fiscal year covered by that bill.

"(2) Only in the case of any general appropriation bill (or resolution making continuing appropriations (if applicable)), an amount not to exceed the amount by which the appropriate section 602(b) allocation of new budget authority exceeds the amount of new budget authority provided by that bill (as reported by that committee), but not less than the sum of reductions in budget authority resulting from adoption of amendments in the committee which were designated for deficit reduction.

"(3) Only in the case of any bill making supplemental appropriations following enactment of all general appropriation bills for the same fiscal year, an amount not to exceed the amount by which the section 602(a) allocation of new budget authority exceeds the sum of all new budget authority provided by appropriation bills enacted for that fiscal year plus that supplemental appropriation bill (as reported by that committee).

"(c) It shall not be in order for the Committee on Rules of the House of Representatives to report a resolution that restricts the offering of amendments to any appropriation bill adjusting the level of budget authority contained in a Deficit Reduction Account.

"(d) Whenever a Member of either House of Congress offers an amendment (whether in subcommittee, committee, or on the floor) to an appropriation bill to reduce spending, that reduction shall be placed in the deficit reduction lock-box unless that Member indicates that it is to be utilized for another program, project, or activity covered by that bill. If the amendment is agreed to and the reduction was placed in the deficit reduction lock-box, then the line item entitled 'Deficit Reduction Lock-box' shall be increased by the amount of that reduction. Any amendment pursuant to this subsection shall be in order even if amendment portions of the bill are not read for amendment with respect to the Deficit Reduction Lock-box.

"(e) It shall not be in order in the House of Representatives or the Senate to consider a conference report or amendment of the Senate that modifies any Deficit Reduction Lock-box provision that is beyond the scope of that provision as so committed to the conference committee.

"(f) It shall not be in order to offer an amendment increasing the Deficit Reduction Lock-box Account unless the amendment increases rescissions or reduces appropriations by an equivalent or larger amount, except that it shall be in order to offer an amendment increasing the amount in the Deficit Reduction Lock-box by the amount that the appropriate 602(b) allocation of new budget authority exceeds the amount of new budget authority provided by that bill.

"(g) It shall not be in order for the Committee on Rules of the House of Representatives to report a resolution which waives subsection (c)."

(b) **CONFORMING AMENDMENT.**—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 313 the following new item:

"Sec. 314. Deficit reduction lock-box provisions of appropriation measures."

**SEC. 14702. DOWNWARD ADJUSTMENTS.**

(a) **DOWNWARD ADJUSTMENTS.**—The discretionary spending limit for new budget authority for any fiscal year set forth in section 601(a)(2) of the Congressional Budget Act of 1974, as adjusted in strict conformance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985, shall be reduced by the amount of budget authority transferred to the Deficit Reduction Lockbox for that fiscal year under section 314 of the Budget Control and Impoundment Act of 1974. The adjusted discretionary spending limit for outlays for that fiscal year and each outyear as set forth in such section 601(a)(2) shall be reduced as a result of the reduction of such budget authority, as calculated by the Director of the Office of Management and Budget based upon such programmatic and other assumptions set forth in the joint explanatory statement of managers accompanying the conference report on that bill. All such reductions shall occur within ten days of enactment of any appropriations bill.

(b) **DEFINITION.**—As used in this section, the term "appropriation bill" means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations.

(c) **RESCISSION.**—Funds in the Deficit Reduction Lockbox shall be rescinded upon reductions in discretionary limits pursuant to subsection (a).

**SEC. 14703. CBO TRACKING.**

Section 202 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

"(i) **SCOREKEEPING.**—To facilitate compliance by the Committee on Appropriations with section 314, the Office shall score all general appropriation measures (including conference reports) as passed by the House of Representatives, as passed the Senate and as enacted into law. The scorecard shall include amounts contained in the Deficit Reduction Lock-Box. The chairman of the Committee on Appropriations of the House of Representatives or the Senate, as the case may be, shall have such scorecard published in the Congressional Record."

**Subtitle I—Emergency Spending; Baseline Reform; Continuing Resolutions Reform**  
**CHAPTER 1—EMERGENCY SPENDING**

**SEC. 14801. ESTABLISHMENT OF BUDGET RESERVE ACCOUNT.**

(a) **ESTABLISHMENT.**—A budget reserve account (hereinafter in this section referred to as the "account") shall be established for the purpose of setting aside adequate funding for natural disasters and national security emergencies.

(b) **PRIOR APPROPRIATION REQUIRED.**—The account shall consist of such sums as may be provided in advance in appropriation Acts for a particular fiscal year.

(c) **RESTRICTION ON USE OF FUNDS.**—(1) Notwithstanding any other provision of law, the amounts in the account shall not be available for other than emergency funding requirements for particular natural disasters or national security emergencies so designated by Acts of Congress.

(2) Funds in the account that are not obligated during the fiscal year for which they are appropriated may only be used for deficit reduction purposes.

(d) **NEW POINT OF ORDER.**—(1) Title IV of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

**"POINT OF ORDER REGARDING EMERGENCIES**

**"SEC. 408.** It shall not be in order in the House of Representatives or the Senate to consider any bill or joint resolution, or amendment thereto or conference report thereon, containing an emergency designation for purposes of section 251(b)(2)(D) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 if it also provides an appropriation or direct spending for any other item or contains any other matter, but that bill or joint resolution, amendment, or conference report may contain rescissions of budget authority or reductions of direct spending, or that amendment may reduce amounts for that emergency."

(2) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 407 the following new item:

"Sec. 408. Point of order regarding emergencies."

**SEC. 14802. CONGRESSIONAL BUDGET PROCESS CHANGES.**

(a) **CONTENTS OF JOINT RESOLUTIONS ON THE BUDGET.**—Section 301(a) of the Congressional Budget Act of 1974 is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5) the following new paragraph:

"(6) total new budget authority and total budget outlays for emergency funding requirements for natural disasters and national security emergencies to be included in a budget reserve account;"

(b) **SECTION 602 ALLOCATIONS.**—(1) Section 602 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

"(f) **COMMITTEE SPENDING ALLOCATIONS AND SUBALLOCATIONS FOR BUDGET RESERVE ACCOUNT.**—

"(1) **ALLOCATIONS.**—The joint explanatory statement accompanying a conference report on a budget resolution shall include allocations, consistent with the resolution recommended in the conference report, of the appropriate levels (for each fiscal year covered by that resolution) of total new budget authority and outlays to the Committee on Appropriations of each House for emergency funding requirements for natural disasters and national security emergencies to be included in a budget reserve account.

"(2) **SUBALLOCATIONS.**—As soon as practicable after a budget resolution is agreed to, the Committee on Appropriations of each House (after consulting with the Committee on Appropriations of the other House) shall suballocate each amount allocated to it for the budget year under paragraph (1) among its subcommittees. Each Committee on Appropriations shall promptly report to its House suballocations made or revised under this paragraph."

(2) Section 602(c) of the Congressional Budget Act of 1974 is amended by inserting "or subsection (f)(1)" after "subsection (a)" and by inserting "or subsection (f)(2)" after "subsection (b)".

**SEC. 14803. REPORTING.**

Not later than November 30, 1996, and at annual intervals thereafter, the Director of the Office of Management and Budget shall submit a report to each House of Congress listing the amounts of money expended from the budget reserve account established under section 1 for the fiscal year ending during

that calendar year for each natural disaster and national security emergency.

**CHAPTER 2—BASELINE REFORM**

**SEC. 14851. THE BASELINE.**

(a) The second sentence of section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by inserting "but only for the purpose of adjusting the discretionary spending limits set forth in section 601(a)(2) of the Congressional Budget Act of 1974" after "for inflation as specified in paragraph (5); and

(2) by inserting "but only for the purpose of adjusting the discretionary spending limits set forth in section 601(a)(2) of the Congressional Budget Act of 1974" after "to offset pay absorption and for pay annualization as specified in paragraph (4)".

(b) Section 1109(a) of title 31, United States Code, is amended by adding after the first sentence the following new sentence: "These estimates shall not include an adjustment for inflation for programs and activities subject to discretionary appropriations."

**SEC. 14852. THE PRESIDENT'S BUDGET.**

(a) Paragraph (5) of section 1105(a) of title 31, United States Code, is amended to read as follows:

"(5) except as provided in subsection (b) of this section, estimated expenditures and appropriations for the current year and estimated expenditures and proposed appropriations the President decides are necessary to support the Government in the fiscal year for which the budget is submitted and the 4 fiscal years following that year;"

(b) Section 1105(a)(6) of title 31, United States Code, is amended by inserting "current fiscal year and the" before "fiscal year".

(c) Section 1105(a)(12) of title 31, United States Code, is amended by striking "and" at the end of subparagraph (A), by striking the period and inserting "; and" at the end of subparagraph (B), and by adding at the end the following new subparagraph:

"(C) the estimated amount for the same activity (if any) in the current fiscal year."

(d) Section 1105(a)(18) of title 31, United States Code, is amended by inserting "new budget authority and" before "budget outlays".

(e) Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraph:

"(30) a comparison of levels of estimated expenditures and proposed appropriations for each function and subfunction in the current fiscal year and the fiscal year for which the budget is submitted, along with the proposed increase or decrease of spending in percentage terms for each function and subfunction."

**SEC. 14853. THE CONGRESSIONAL BUDGET.**

Section 301(e) of the Congressional Budget Act of 1974 is amended by—

(1) inserting after the second sentence the following: "The starting point for any deliberations in the Committee on the Budget of each House on the joint resolution on the budget for the next fiscal year shall be the estimated level of outlays for the current year in each function and subfunction. Any increases or decreases in the Congressional budget for the next fiscal year shall be from such estimated levels."; and

(2) striking paragraph (8) and redesignating paragraphs (9) and (10) as paragraphs (10) and (11), respectively, and by inserting after paragraph (7) the following new paragraphs:

"(8) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function and subfunction; and

"(9) information, data, and comparisons indicating the manner in which and the basis

on which, the committee determined each of the matters set forth in the joint resolution."

**SEC. 14854. CONGRESSIONAL BUDGET OFFICE REPORTS TO COMMITTEES.**

(a) The first sentence of section 202(f)(1) of the Congressional Budget Act of 1974 is amended to read as follows: "On or before February 15 of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate a report for the fiscal year commencing on October 1 of that year with respect to fiscal policy, including (A) alternative levels of total revenues, total new budget authority, and total outlays (including related surpluses and deficits) compared to comparable levels for the current year and (B) the levels of tax expenditures under existing law, taking into account projected economic factors and any changes in such levels based on proposals in the budget submitted by the President for such fiscal year."

(b) Section 202(f)(1) of the Congressional Budget Act of 1974 is amended by inserting after the first sentence the following new sentence: "That report shall also include a table on sources of spending growth in total mandatory spending for the budget year and the ensuing 4 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors."

(c) Section 308(a)(1) of the Congressional Budget Act of 1974 is amended—

(1) in subparagraph (C), by inserting "and shall include a comparison of those levels to comparable levels for the current fiscal year" before "if timely submitted"; and

(2) by striking "and" at the end of subparagraph (C), by striking the period and inserting "and" at the end of subparagraph (D), and by adding at the end the following new subparagraph:

"(E) comparing the levels in existing programs in such measure to the estimated levels for the current fiscal year."

(d) Title IV of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

**"GAO REPORTS TO BUDGET COMMITTEES**

(a) "SEC. 408. On or before January 15 of each year, the Comptroller General, after consultation with appropriate committees of the House of Representatives and Senate, shall submit to the Congress a report listing all programs, projects, and activities that fall within the definition of direct spending under section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985."

(b) **CONFORMING AMENDMENT.**—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 407 the following new item:

"Sec. 408. GAO reports to budget committees."

**CHAPTER 3—RESTRICTED USES OF CONTINUING RESOLUTIONS**

**SEC. 14871. RESTRICTIONS RESPECTING CONTINUING RESOLUTIONS.**

(a) Rule XXI of the Rules of the House of Representatives is amended by adding at the end thereof the following new clause:

"9. (a) Any item of appropriation set forth in any joint resolution continuing appropriations, or amendment thereto, shall not exceed the rate it would have been at assuming the continuation of current law.

"(b) It shall not be in order in the House to consider any joint resolution continuing ap-

propriations, or amendment thereto, which changes existing law."

(b) The amendment made by subsection (a) shall only apply to joint resolutions continuing appropriations for fiscal year 1996 or any subsequent fiscal year.

**Subtitle J—Technical and Conforming Amendments**

**SEC. 14901. AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.**

(a) **DEFINITION OF BUDGET AUTHORITY.**—Paragraph (2) of section 3 of the Congressional Budget and Impoundment Control Act of 1974, the second time it appears, is amended by inserting "in any form" after "promissory notes", by inserting at the end of subparagraph (A) the following new sentence: "Such term excludes transactions classified as means of financing.", and by striking "With respect to" and all that follows through "retirement account, any" and inserting "Any", by inserting after subparagraph (B) the following:

"(C) **RELATIONSHIP TO ENTITLEMENT AUTHORITY.**—For purposes of titles III and IV, all references to budget authority shall be considered to include the amount of budget authority estimated to be needed to fund entitlement provisions under existing or proposed law, and all legislation increasing (or decreasing) the level of entitlement authority under existing law shall be considered to provide (or decrease) new budget authority in that amount."

and by redesignating the next subparagraph accordingly.

(b) **DEFINITION OF ENTITLEMENT AUTHORITY.**—Paragraph (9) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking "spending authority described by section 401(c)(2)(C)" and inserting the following: "and the term 'entitlement program' refers to, any provision of law that has the effect of requiring the Government to make net payments (including intragovernmental payments) regardless of the amount of budget authority that may be available to make those payments. Those terms shall include amounts estimated to be required under provisions of law that depend on the fulfillment of non-legislative conditions or are indefinite as to amount or timing. Except as provided in the next sentence, if a provision of law that otherwise requires the Government to make net payments is directly or indirectly limited by any other provision of law to an amount of available budget authority, then entitlement authority does not exist. Subchapter II of chapter 13 of title 31, United States Code, and the sequestration provisions of the Balanced Budget and Emergency Deficit Control Act of 1985 shall not be considered provisions of law that limit entitlement authority to the amount of available budget authority."

(c) **DEFINITION OF MEANS OF FINANCING.**—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph:

"(1) The term 'means of financing' means the financial transactions of the Government that consist of exchanges of money or monetary proxies of equal value and therefore are not counted as obligations, outlays, or revenues, such as net Federal borrowing from the public in any form, debt redemption, seigniorage on coins and profits from the sale of gold, and changes in outstanding check or other monetary credits, including write-offs."

(d) **CBO STUDIES.**—Section 202(h) of the Congressional Budget Act of 1974 is amended by striking "outlays, credit authority," and inserting "outlays".

(e) **REQUIRED CONTENTS OF BUDGET RESOLUTION.**—Section 301(a) of the Congressional

Budget Act of 1974 is amended by striking "planning levels", by striking "two" and inserting "four", by striking "budget outlays, direct loan obligations, and primary loan guarantee commitments" both places it appears and inserting "and outlays", by striking paragraphs (5), (6) and (7), by striking the semicolon at the end of paragraph (4) and inserting a period, by inserting "and" after the semicolon at the end of paragraph (3), and by striking the last sentence.

(f) **TECHNICAL CORRECTION TO SECTION 301(e).**—Section 301(e) of the Congressional Budget Act of 1974 is amended by inserting "new" before "budget authority" in the second sentence.

(g) **COMMITTEE ALLOCATIONS AND SUBALLOCATIONS.**—Section 602(a)(1)(B) of the Congressional Budget Act of 1974 is amended by striking "committee," and inserting "committee, except that new budget authority and outlays for entitlement programs funded through annual appropriations shall be allocated and scored both to the Committee on Appropriations and to the committee that authorized such programs."

(h) **COMMITTEE ALLOCATIONS.**—Section 302 of the Congressional Budget Act of 1974 is amended to read as follows:

**"COMMITTEE ALLOCATIONS**

"SEC. 302. (a) **REPORTS BY COMMITTEES.**—As soon as practicable after a joint resolution on the budget is enacted—

"(1) the Committee on Appropriations of each House shall, after consulting with the Committee on Appropriations of the other House—

"(A) subdivide among its subcommittees the allocation of budget outlays, new budget authority, and new credit authority allocated to it in the joint budget resolution;

"(B) further subdivide the amount with respect to each such subcommittee between controllable amounts and all other amounts; and

"(2) every other committee of the House and Senate to which an allocation was made in such joint budget resolution shall, after consulting with the committee or committees of the other House to which all or part of its allocation was made—

"(A) subdivide such allocation among its subcommittees or among programs over which it has jurisdiction; and

"(B) further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this subsection.

"(b) **POINT OF ORDER.**—It shall not be in order in the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

"(1) new budget authority for a fiscal year;

"(2) new spending authority as described in section 401(c)(2) for a fiscal year; or

"(3) new credit authority for a fiscal year: within the jurisdiction of any committee which has received an appropriate allocation of such authority pursuant to section 301(a)(6) for such fiscal year, unless and until such committee makes the allocation of subdivisions required by subsection (a), in connection with the most recently enacted joint resolution on the budget for such fiscal year.

"(c) **SUBSEQUENT JOINT RESOLUTIONS.**—In the case of a joint resolution on the budget referred to in section 304, the subdivisions under subsection (a) shall be required only to the extent necessary to take into account revisions made in the most recently enacted joint resolution on the budget.

"(d) **ALTERATION OF ALLOCATIONS.**—At any time after a committee reports the subdivision required to be made under subsection



(a) such committee may report to its House an alteration of such subdivision. Any alteration of such subdivision must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

(e) LEGISLATION SUBJECT TO POINT OF ORDER.—After enactment of a joint resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives or the Senate to consider any bill, resolution, or amendment providing new budget authority for such fiscal year, new entitlement authority effective during such fiscal year, or new credit authority for such fiscal year, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate allocation made pursuant to section 301(a)(6) or subdivision made under subsection (a) of this section for such fiscal year of new discretionary budget authority, new entitlement authority, or new credit authority, to be exceeded.

(f) DETERMINATIONS BY BUDGET COMMITTEES.—For purposes of this section, the levels of new budget authority, spending authority as described in section 401(c)(2), outlays and new credit authority for a fiscal year, shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as the case may be.

(i) COST ESTIMATES AND SCOREKEEPING REPORTS.—Section 308 of the Congressional Budget Act of 1974 is amended—

(1) in its title, by striking "NEW SPENDING AUTHORITY, OR NEW CREDIT AUTHORITY";

(2) by striking "new spending authority described in section 401(c)(2), or new credit authority," the 3 times it appears;

(3) in subsection (a), by striking "in the reports submitted", by inserting "302(a) or" before "302(b)", in paragraph (1)(B) by striking "spending authority" and everything that follows through "401(c)(2) which is" and inserting "budget authority" and by striking "annual appropriations" and inserting "annual discretionary appropriations", and in paragraph (1)(C) by striking "such budget authority" and all that follows through "loan guarantee commitments" and inserting "new budget authority, outlays, or revenues"; and

(4) in subsection (c), by adding "and" at the end of paragraph (1), by striking "period," and inserting "period." at the end of paragraph (2), and by striking paragraphs (3), (4), and (5).

(j) TECHNICAL CORRECTION TO SECTION 312.—Section 312 of the Congressional Budget Act of 1974 is amended by inserting "(a)" after "312."

(k) CONSIDERATION OF LEGISLATION THAT HAS NOT BEEN REPORTED.—Section 312 of the Congressional Budget Act of 1974 is amended by inserting at the end the following:

"(c) CONSIDERATION OF LEGISLATION THAT HAS NOT BEEN REPORTED.—In the House of Representatives, any point of order under title III or IV that would lie against consideration of a bill or joint resolution as reported by a committee shall also lie against a motion to consider legislation respecting which no report has been filed."

(l) CONFORMING AMENDMENTS TO SECTION 313.—Section 313 of the Congressional Budget Act of 1974 is amended by striking "or section 258C" and everything that follows through "Deficit Control Act of 1985", by striking "and (F)" and everything that fol-

lows through "310(g)", by redesignating the second subsection (c) and subsection (d) as subsections (d) and (e), respectively, and by striking "or (b)(1)(F)".

(m) BORROWING AND CONTRACT AUTHORITY.—Section 401 of the Congressional Budget Act of 1974 is amended

(1) in subsection (a), by striking "new spending authority described in subsection (c)(2)(A) or (B)" both times it appears and inserting "borrowing authority or contract authority";

(2) by repealing subsections (b) and (c) and by redesignating subsection (d) as subsection (b); and

(3) in subsection (b) (as redesignated), by striking "Subsections (a) and (b)" and inserting "Subsection (a)", by inserting "non-interest" before "receipts" in paragraph (1)(B), by repealing paragraph (2), and by redesignating paragraph (3) as paragraph (2).

(n) CREDIT AUTHORITY.—Section 402(a) of the Congressional Budget Act of 1974 is amended by inserting before the period the following: "except that this provision shall not apply with respect to programs that, as of August 15, 1992, provide credit authority as an entitlement".

SEC. 14902. TECHNICAL AND CONFORMING AMENDMENTS TO THE RULES OF THE HOUSE OF REPRESENTATIVES.

(a) MISCELLANEOUS CONFORMING AMENDMENT.—Clause 4(h) of rule X of the Rules of the House of Representatives is amended by striking "or section 602 (in the case of fiscal years 1991 through 1995)".

(b) REPEALER.—Rule XLIX of the Rules of the House of Representatives is repealed.

SEC. 14903. PRESIDENT'S BUDGET.

(a) DEFINITIONS.—Section 1101 of title 31, United States Code, is amended by adding at the end the following:

"(3) 'Expenditures' has the same meaning as the term 'outlays' in the Balanced Budget and Emergency Deficit Control Act of 1985.

"(4) All other terms used herein or in the documents prepared hereunder shall have the meanings set forth in the Balanced Budget and Emergency Deficit Control Act of 1985."

(b) BYRD AMENDMENT.—Section 1103 of title 31, United States Code, is amended by striking "commitment that budget" and inserting "commitment that, starting with fiscal year 2002."

(c) PRESIDENT'S BUDGET SUBMISSION.—Section 1105(a) of title 31, United States Code, is amended—

(1) in the first sentence by striking "On or after the first Monday in January but not later than the first Monday in February of each year" and inserting "On or before the first Monday in February or the 21st calendar day beginning after the date the Board of Estimates issues a report to the President under section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985";

(2) in paragraph (15) by striking "section 301(a)(1)-(5)" and inserting "section 301(a)(1)-(4)";

(3) in paragraph (16) by striking "section 3(a)(3)" and inserting "section 3(3)"; and

(4) by adding at the end the following new paragraph:

"(32) an analysis of the financial condition of Government-sponsored enterprises and the financial exposure of the Government, if any, posed by them."

(d) USE OF OFFICIAL ESTIMATES.—Section 1105(f) of title 31, United States Code, is amended by inserting at the end the following new sentence: "That budget shall be consistent with the discretionary funding limit and the direct spending and receipts deficit reduction requirement for that year chosen by the Board of Estimates and shall be based upon the major estimating assumptions chosen by that Board."

#### Subtitle K—Truth in Legislating

SEC. 14951. IDENTITY, SPONSOR, AND COST OF CERTAIN PROVISIONS REQUIRED TO BE REPORTED.

(a) IDENTITY, SPONSOR, AND COST.—Clause 4 of rule X of the Rules of the House of Representatives is amended by adding at the end thereof the following:

"(j)(1) Except as provided by subparagraph (2), the report or joint explanatory statement accompanying each bill or joint resolution of a public character reported by a committee or committee of conference shall contain, in plain and understandable language—

"(A) an identification of each provision (if any) of the bill or joint resolution which benefits only 10 or fewer beneficiaries in any one of the following categories: persons, corporations, partnerships, institutions, organizations, transactions, events, items of property, projects, civil subdivisions within one or more States, or issuances of bonds;

"(B) the name of each beneficiary of such provision;

"(C) the name of any Member or Members who sponsored the inclusion of each such provision and an indication of each such provision requested by any agency, instrumentality, or officer of the United States; and

"(D) an estimate by the Congressional Budget Office or the Joint Committee on Taxation, whichever is appropriate, of the costs which would be incurred in carrying out such provision or any loss in revenues resulting from such provision for the fiscal year for which costs or loss in revenues, as the case may be, first occurs and each of the next 5 fiscal years.

"(2)(A) Subparagraph (1) shall not apply with respect to any provision of a bill or joint resolution or of a conference report on a bill or joint resolution if the beneficiary of such provision is the United States or any agency or instrumentality thereof.

"(B) Subparagraph (1)(D) shall not apply with respect to any provision of a bill or joint resolution or of a conference report on a bill or joint resolution if the costs which would be incurred in carrying out such provision or any loss in revenues resulting from such provision are identified clearly in the report or joint explanatory statement accompanying such bill or joint resolution.

"(3) It shall not be in order to consider any such bill or joint resolution in the House if the report or joint explanatory statement of the committee or committee of conference which reported that bill or joint resolution does not comply with subparagraph (1). The requirements of subparagraph (1) may be waived only upon a separate vote directed solely to that subject."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to bills and joint resolutions reported by a committee of the House of Representatives after the date of enactment of this Act.

H.R. 2517

OFFERED BY: MR. DAVIS

AMENDMENT NO. 1: Page 1588, lines 3 through 7, amend subsection (c) to read as follows:

(c) NATIONAL TECHNICAL INFORMATION SERVICE.—

(1) GOVERNMENT CORPORATION.—All functions of the National Technical Information Service are transferred to the Director of the Office of Management and Budget who shall within 6 months after the effective date specified in section 17101 submit to Congress a proposal for legislation to establish the National Technical Information Service as a wholly owned Government corporation. The proposal should provide for the corporation to perform substantially the same functions that, as of the date of enactment of this act, are performed by the National Technical Information Service.

(2) TRANSFER TO NATIONAL INSTITUTE FOR SCIENCE AND TECHNOLOGY.—Not later than 18 months after the effective date specified in section 17101, the National Technical Information Service (or any successor corporation established pursuant to a proposal under paragraph (1)) shall be transferred to the National Institute for Science and Technology established by section 17207.

(3) FUNDING.—No funds are authorized to be appropriated for the National Technical Information Service or any successor corporation established pursuant to a proposal under paragraph (1).

H.R. 2517

OFFERED BY: MR. HORN

AMENDMENT NO. 2: Page 308, after line 5, insert the following:

Subtitle A—Federal Employee and Congressional Benefits; Availability of Surplus Property for Homeless Assistance

Page 333, after line 15, insert the following new subtitle:

Subtitle B—Debt Collection Improvement Act of 1995

**SEC. 5201. SHORT TITLE.**

This subtitle may be cited as the "Debt Collection Improvement Act of 1995".

**SEC. 5202. TABLE OF CONTENTS.**

The table of contents for this subtitle is as follows:

- Sec. 5201. Short title.
- Sec. 5202. Table of contents.
- Sec. 5203. Effective date.
- Sec. 5204. Purposes.

**PART I—GENERAL DEBT COLLECTION INITIATIVES**

**SUBPART A—GENERAL OFFSET AUTHORITY**

- Sec. 5211. Expansion of administrative offset authority.
- Sec. 5212. Enhancement of administrative offset authority.
- Sec. 5213. Exemption from computer matching requirements under the Privacy Act of 1974.
- Sec. 5214. Use of administrative offset authority for debts to States.
- Sec. 5215. Technical and conforming amendments.

**SUBPART B—SALARY OFFSET AUTHORITY**

- Sec. 5221. Enhancement of salary offset authority.

**SUBPART C—TAXPAYER IDENTIFYING NUMBERS**

- Sec. 5231. Access to taxpayer identifying numbers; barring delinquent debtors from credit assistance.
- Sec. 5232. Barring delinquent Federal debtors from obtaining Federal loans or loan guarantees.

**SUBPART D—EXPANSION AND ENHANCEMENT OF COLLECTION AUTHORITIES**

- Sec. 5241. Repeal of limitations on collection authorities.
- Sec. 5242. Disclosure to consumer reporting agencies and commercial reporting agencies.
- Sec. 5243. Contracts for collection services.
- Sec. 5244. Cross-servicing partnerships and centralization of debt collection activities in the Department of the Treasury.
- Sec. 5245. Compromise of claims.
- Sec. 5246. Wage garnishment requirement.
- Sec. 5247. Debt sales by agencies.
- Sec. 5248. Adjustments of administrative debt.
- Sec. 5249. Dissemination of information regarding identity of delinquent debtors.

**SUBPART E—FEDERAL CIVIL MONETARY PENALTIES**

- Sec. 5251. Adjusting Federal civil monetary penalties for inflation.

**SUBPART F—GAIN SHARING**

- Sec. 5261. Debt collection improvement account.

**SUBPART G—TAX REFUND OFFSET AUTHORITY**

- Sec. 5271. Offset of tax refund payment by disbursing officials.
- Sec. 5272. Expanding tax refund offset authority.
- Sec. 5273. Expanding authority to collect past-due support.
- Sec. 5274. Use of tax refund offset authority for debts to States.

**SUBPART H—DISBURSEMENTS**

- Sec. 5281. Electronic funds transfer.
- Sec. 5282. Requirement to include taxpayer identifying number with payment voucher.

**SUBPART I—MISCELLANEOUS**

- Sec. 5291. Miscellaneous amendments to definitions.
- Sec. 5292. Monitoring and reporting.
- Sec. 5293. Review of standards and policies for compromise or write-down of delinquent debts.

**PART II—JUSTICE DEBT MANAGEMENT**

- Sec. 5301. Expanded use of private attorneys.
- Sec. 5302. Nonjudicial foreclosure of mortgages.

**SEC. 5203. EFFECTIVE DATE.**

Except as otherwise provided in this subtitle, the provisions of this subtitle and the amendments made by this subtitle shall become effective October 1, 1995.

**SEC. 5204. PURPOSES.**

The purposes of this subtitle are the following:

(1) To maximize collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools.

(2) To minimize the costs of debt collection by consolidating related functions and activities and utilizing interagency teams.

(3) To reduce losses arising from debt management activities by requiring proper screening of potential borrowers, aggressive monitoring of all accounts, and sharing of information within and among Federal agencies.

(4) To ensure that the public is fully informed of the Federal Government's debt collection policies and that debtors are cognizant of their financial obligations to repay amounts owed to the Federal Government.

(5) To ensure that debtors have all appropriate due process rights, including the ability to verify, challenge, and compromise claims, and access to administrative appeals procedures which are both reasonable and protect the interests of the United States.

(6) To encourage agencies, when appropriate, to sell delinquent debt, particularly debts with underlying collateral.

(7) To rely on the experience and expertise of private sector professionals to provide debt collection services to Federal agencies.

**PART I—GENERAL DEBT COLLECTION INITIATIVES**

**Subpart A—General Offset Authority**

**SEC. 5211. EXPANSION OF ADMINISTRATIVE OFFSET AUTHORITY.**

Chapter 37 of title 31, United States Code, is amended—

(1) in each of sections 3711, 3716, 3717, and 3718, by striking "the head of an executive or legislative agency" each place it appears and inserting "the head of an executive, judicial, or legislative agency"; and

(2) by amending section 3701(a)(4) to read as follows:

"(4) 'executive, judicial, or legislative agency' means a department, agency, court, court administrative office, or instrumentality in the executive, judicial, or legislative branch of government, including government corporations."

**SEC. 5212. ENHANCEMENT OF ADMINISTRATIVE OFFSET AUTHORITY.**

(a) PERSONS SUBJECT TO ADMINISTRATIVE OFFSET.—Section 3701(c) of title 31, United States Code, is amended to read as follows:

"(c) In sections 3716 and 3717 of this title, the term 'person' does not include an agency of the United States Government."

(b) REQUIREMENTS AND PROCEDURES.—Section 3716 of title 31, United States Code, is amended—

(1) by amending subsection (b) to read as follows:

"(b) Before collecting a claim by administrative offset, the head of an executive, judicial, or legislative agency must either—

"(1) adopt, without change, regulations on collecting by administrative offset promulgated by the Department of Justice, the General Accounting Office, or the Department of the Treasury; or

"(2) prescribe regulations on collecting by administrative offset consistent with the regulations referred to in paragraph (1).";

(2) by amending subsection (c)(2) to read as follows:

"(2) when a statute explicitly prohibits using administrative offset or setoff to collect the claim or type of claim involved."

(3) by redesignating subsection (c) as subsection (e); and

(4) by inserting after subsection (b) the following new subsections:

"(c)(1)(A) Except as otherwise provided in this subsection, a disbursing official of the Department of the Treasury, the Department of Defense, the United States Postal Service, or any other government corporation, or any disbursing official of the United States designated by the Secretary of the Treasury, shall offset at least annually the amount of a payment which a payment certifying agency has certified to the disbursing official for disbursement, by an amount equal to the amount of a claim which a creditor agency has certified to the Secretary of the Treasury pursuant to this subsection.

"(B) An agency that designates disbursing officials pursuant to section 3321(c) of this title is not required to certify claims arising out of its operations to the Secretary of the Treasury before such agency's disbursing officials offset such claims.

"(C) Payments certified by the Department of Education under a program administered by the Secretary of Education under title IV of the Higher Education Act of 1965 shall not be subject to administrative offset under this subsection.

"(2) Neither the disbursing official nor the payment certifying agency shall be liable—

"(A) for the amount of the administrative offset on the basis that the underlying obligation, represented by the payment before the administrative offset was taken, was not satisfied; or

"(B) for failure to provide timely notice under paragraph (8).

"(3)(A) Notwithstanding any other provision of law (including sections 207 and 1631(d)(1) of the Act of August 14, 1935 (42 U.S.C. 407 and 1383(d)(1)), section 413(b) of Public Law 91-173 (30 U.S.C. 923(b)), and section 14 of the Act of August 29, 1935 (45 U.S.C. 231m)), 15 percent of payments due to an individual under the Social Security Act, under part B of the Black Lung Benefits Act, under any law administered by the Railroad Retirement Board, or as compensation or benefits arising from service of an individual with the United States Government, shall be subject to offset under this section except that a greater percentage may be deducted by offset with the written consent of the individual.

"(B) The Secretary of the Treasury shall exempt from administrative offset under this subsection payments under means-tested programs when requested by the head of the respective agency. The Secretary may exempt other payments from administrative offset under this subsection upon the written request of the head of a payment certifying

agency. A written request for exemption of other payments must provide justification for the exemption under standards prescribed by the Secretary. Such standards shall give due consideration to whether administrative offset would tend to interfere substantially with or defeat the purposes of the payment certifying agency's program. The Secretary shall report to the Congress annually on exemptions granted under this section.

"(C) The provisions of sections 205(b)(1) and 1631(c)(1) of the Social Security Act shall not apply to any administrative offset executed pursuant to this section against benefits authorized by either title II or title XVI of the Social Security Act, respectively.

"(D)(i) Payments to any qualified individual shall not be subject to administrative offset under this subsection. Prior to offset of any debtor's Federal benefit payment under this subsection, the debtor shall be provided a written notice of the exemption described in this paragraph and an opportunity to provide data to qualify for the exemption.

"(ii) In this subparagraph, the term 'qualified individual' means an individual whose income in the year preceding application of this paragraph did not exceed 150 percent of the poverty level and who has less than \$5,000 in assets.

"(4) The Secretary of the Treasury may charge a fee sufficient to cover the full cost of implementing this subsection. The fee may be collected either by the retention of a portion of amounts collected pursuant to this subsection, or by billing the agency referring or transferring a claim for those amounts. Fees charged to the agencies shall be based on actual administrative offsets completed. Amounts received by the United States as fees under this subsection shall be deposited into the account of the Department of the Treasury under section 3711(g)(4) of this title, and shall be collected and accounted for in accordance with the provisions of that section.

"(5) The Secretary of the Treasury may disclose to a creditor agency the current address of any payee and any data related to certifying and authorizing payments to a payee in accordance with section 552a of title 5, United States Code, even if the payment has been exempt from administrative offset. If a payment is made electronically, the Secretary may obtain the current address of the payee to the Secretary.

"(6) The Secretary of the Treasury may prescribe such rules, regulations, and procedures as the Secretary of the Treasury considers necessary to carry out this subsection. The Secretary shall consult with the heads of affected agencies in the development of such rules, regulations, and procedures.

"(7) Any Federal agency that is owed by a person a past due legally enforceable nontax debt that is over 180 days delinquent, including nontax debt administered by a third party acting as an agent for the Federal government, shall notify the Secretary of the Treasury of all such nontax debts for purposes of administrative offset under this subsection.

"(8)(A) The disbursing official conducting an administrative offset with respect to a payment to a payee shall notify the payee in writing of—

"(i) the occurrence of the administrative offset to satisfy a past due legally enforceable debt, including a description of the type and amount of the payment otherwise payable to the payee against which the offset was executed;

"(ii) the identity of the creditor agency requesting the offset; and

"(iii) a contact point within the creditor agency that will handle concerns regarding the offset.

"(B) If the payment to be offset is a periodic benefit payment, the disbursing official shall take reasonable steps, as determined by the Secretary of the Treasury, to provide the notice to the payee not later than the date on which the payee is otherwise scheduled to receive the payment, or as soon as practical thereafter, but not later than the date of the administrative offset. Notwithstanding the preceding sentence, the failure of the debtor to receive such notice shall not impair the legality of such administrative offset.

"(9) A levy pursuant to the Internal Revenue Code of 1986 shall take precedence over requests for administrative offset pursuant to other laws.

"(d) Nothing in this section is intended to prohibit the use of any other administrative offset authority existing under statute or common law."

(c) NONTAX CLAIM DEFINED.—Section 3701 of title 31, United States Code, is amended—

(1) in subsection (b) by inserting "and subsection (a)(8) of this section" after "of this chapter"; and

(2) in subsection (a) by adding at the end the following new paragraph:

"(8) 'nontax claim' means any claim, other than a claim of the Internal Revenue Service under the Internal Revenue Code of 1986."

SEC. 5213. EXEMPTION FROM COMPUTER MATCHING REQUIREMENTS UNDER THE PRIVACY ACT OF 1974.

Section 3716 of title 31, United States Code, as amended by section 5212(b) of this subtitle, is further amended by adding at the end the following new subsections:

"(f) The Secretary may waive the requirements of sections 552(o) and (p) of title 5 for administrative offset or claims collection upon written certification by the head of the executive, judicial, or legislative agency seeking to collect the claim that the requirements of subsection (a) of this section have been met.

"(g) The Data Integrity Board of the Department of the Treasury established under 552a(u) of title 5 shall review and include in reports under paragraph (3)(D) of that section a description of any matching activities conducted under this section. If the Secretary has granted a waiver under subsection (f) of this section, no other Data Integrity Board is required to take any action under section 552a(u) of title 5."

SEC. 5214. USE OF ADMINISTRATIVE OFFSET AUTHORITY FOR DEBTS TO STATES.

Section 3716 of title 31, United States Code, as amended by sections 5212 and 5213 of this subtitle, is further amended by adding at the end the following new subsection:

"(h)(1) The Secretary may, in the discretion of the Secretary, apply subsection (a) with respect to any past-due, legally-enforceable debt owed to a State if—

"(A) the appropriate State disbursing official requests that an offset be performed; and

"(B) a reciprocal agreement with the State is in effect which contains, at a minimum—

"(i) requirements substantially equivalent to subsection (b) of this section; and

"(ii) any other requirements which the Secretary considers appropriate to facilitate the offset and prevent duplicative efforts.

"(2) This subsection does not apply to—

"(A) the collection of a debt or claim on which the administrative costs associated with the collection of the debt or claim exceed the amount of the debt or claim;

"(B) any collection of any other type, class, or amount of claim, as the Secretary considers necessary to protect the interest of the United States; or

"(C) the disbursement of any class or type of payment exempted by the Secretary of the Treasury at the request of a Federal agency."

SEC. 5215. TECHNICAL AND CONFORMING AMENDMENTS.

(a) TITLE 31.—Title 31, United States Code, is amended—

(1) in section 3322(a), by inserting "section 3716 and section 3720A of this title, section 6331 of the Internal Revenue Code of 1986 (26 U.S.C. 6331), and" after "Except as provided in";

(2) in section 3325(a)(3), by inserting "or pursuant to payment intercepts or offsets pursuant to section 3716 or 3720A of this title, or pursuant to levies executed under section 6331 of the Internal Revenue Code of 1986 (26 U.S.C. 6331)," after "voucher"; and

(3) in each of section 3711(e)(2) and 3717(h) by inserting "the Secretary of the Treasury" after "Attorney General".

(b) INTERNAL REVENUE CODE OF 1986.—Subsection 6103(1)(10)(A) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(1)(10)(A)) is amended—

(1) in subparagraph (A), by inserting "and to officers and employees of the Department of the Treasury in connection with such reduction" after "6402"; and

(2) in subparagraph (B), by inserting "and officers and employees of the Department of the Treasury" after "agency" the first place it appears.

Subpart B—Salary Offset Authority

SEC. 5221. ENHANCEMENT OF SALARY OFFSET AUTHORITY.

Section 5514 of title 5, United States Code, is amended—

(1) in subsection (a)—

(A) by adding at the end of paragraph (1) the following: "All Federal agencies to which debts are owed and which have outstanding delinquent debts shall participate in a computer match at least annually of their delinquent debt records with records of Federal employees to identify those employees who are delinquent in repayment of those debts. Matched Federal employee records shall include, but shall not be limited to, records of active Civil Service employees government-wide, military active duty personnel, military reservists, United States Postal Service employees, employees of other government corporations, and seasonal and temporary employees. The Secretary of the Treasury shall establish and maintain an interagency consortium to implement centralized salary offset computer matching, and promulgate regulations for this program. Agencies that perform centralized salary offset computer matching services under this subsection are authorized to charge a fee sufficient to cover the full costs for such services."

(B) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively;

(C) by inserting after paragraph (2) the following new paragraph:

"(3) Paragraph (2) shall not apply to routine intraagency adjustments of pay that are attributable to clerical or administrative errors or delays in processing pay documents that have occurred within the four pay periods preceding the adjustment and to any adjustment that amounts to \$50 or less, if at the time of such adjustment, or as soon thereafter as practical, the individual is provided written notice of the nature and the amount of the adjustment and a point of contact for contesting such adjustment."

(D) by amending paragraph (5)(B) (as redesignated by subparagraph (b) of this paragraph) to read as follows:

"(B) 'agency' includes executives departments and agencies, the United States Postal Service, the Postal Rate Commission, the Senate, the House of Representatives, and any court, court administrative office, or instrumentality in the judicial or legislative branches of the Government, and government corporation."



(2) by adding after subsection (c) the following new subsection:

“(d) A levy pursuant to the Internal Revenue Code of 1986 shall take precedence over deductions under this section.”

**Subpart C—Taxpayer Identifying Numbers**

**SEC. 5231. ACCESS TO TAXPAYER IDENTIFYING NUMBERS; BARRING DELINQUENT DEBTORS FROM CREDIT ASSISTANCE.**

Section 4 of the Debt Collection Act of 1982 (Public Law 97-365, 96 Stat. 1749, 26 U.S.C. 6103 note) is amended—

(1) in subsection (b), by striking “For purposes of this section” and inserting “For purposes of subsection (a)”;

(2) by adding at the end the following new subsections:

“(c) **FEDERAL AGENCIES.**—

“(1) **IN GENERAL.**—Each Federal agency shall require each person doing business with that agency to furnish to that agency such person’s taxpayer identifying number.

“(2) **DOING BUSINESS.**—For purposes of this subsection, a person shall be considered to be doing business with a Federal agency if the person is—

“(A) a lender or servicer in a Federal guaranteed or insured loan program administered by the agency;

“(B) an applicant for, or recipient of—

“(i) a Federal guaranteed, insured, or direct loan administered by the agency; or

“(ii) a Federal license, permit, right-of-way, grant, or benefit payment administered by the agency or insurance administered by the agency;

“(C) a contractor of the agency;

“(D) assessed a fine, fee, royalty or penalty by the agency; and

“(E) in a relationship with the agency that may give rise to a receivable due to that agency, such as a partner of a borrower in or a guarantor of a Federal direct or insured loan administered by the agency.

“(3) **DISCLOSURE.**—Each agency shall disclose to a person required to furnish a taxpayer identifying number under this subsection its intent to use such number for purposes of collecting and reporting on any delinquent amounts arising out of such person’s relationship with the Government.

“(4) **DEFINITIONS.**—For purposes of this subsection—

“(A) the term ‘taxpayer identifying number’ has the meaning given such term in section 6109 of the Internal Revenue Code of 1986 (26 U.S.C. 6109); and

“(B) the term ‘person’—

“(i) subject to clause (ii), means an individual, sole proprietorship, partnership, corporation, or nonprofit organization, or any other form of business association; and

“(ii) does not include debtors under third party claims of the United States, other than debtors owing claims resulting from petroleum pricing violations.

“(d) **ACCESS TO SOCIAL SECURITY NUMBERS AND OTHER INFORMATION.**—Notwithstanding section 552a(b) of title 5, United States Code, creditor agencies to which a delinquent claim is owed, and their agents, may match their debtor records with Department of Health and Human Services, Department of Labor, and Social Security Administration records to obtain names (including names of employees), name controls, names of employers, Social Security numbers, addresses (including addresses of employers), and dates of birth. The Department of Health and Human Services, the Department of Labor, and the Social Security Administration shall release that information to creditor agencies and may charge reasonable fees sufficient to pay the costs associated with that release.

“(e) **ELECTRONIC PAYMENTS.**—If a payment is made electronically by any executive, ju-

dicial, or legislative agency, the Secretary of the Treasury may obtain from the institution receiving the payment the taxpayer identification number of any joint holder of the account to which the payment is made. Upon request of the Secretary, the institution receiving the payment shall report the taxpayer identification number of the joint holder to the Secretary.”

**SEC. 5232. BARRING DELINQUENT FEDERAL DEBTORS FROM OBTAINING FEDERAL LOANS OR LOAN GUARANTEES.**

(a) **IN GENERAL.**—Title 31, United States Code, is amended by inserting after section 3720A the following new section:

“**§ 3720B. Barring delinquent Federal debtors from obtaining Federal loans or loan guarantees**

“(a) Unless this subsection is waived by the head of a Federal agency, a person may not obtain any Federal financial assistance in the form of a loan (other than a disaster loan) or loan guarantee administered by the agency if the person has an outstanding debt with any Federal agency which is in a delinquent status, as determined under standards prescribed by the Secretary of the Treasury. Such a person may obtain additional loans or loan guarantees only after such delinquency is resolved in accordance with those standards. The Secretary of the Treasury may exempt, at the request of an agency, any class of claims.

“(b) The head of a Federal agency may delegate the waiver authority under subsection (a) to the Chief Financial Officer of the agency. The waiver authority may be redelegated only to the Deputy Chief Financial Officer of the agency.

“(c) For purposes of this section, the term ‘person’ means—

“(1) an individual; or

“(2) any sole proprietorship, partnership, corporation, nonprofit organization, or other form of business association.”

(b) **CLERICAL AMENDMENTS.**—The table of sections for subchapter II of chapter 37 of title 31, United States Code, is amended by inserting after the item relating to section 3720A the following new item:

“3720B. Barring delinquent Federal debtors from obtaining Federal loans or loan guarantees.”

**Subpart D—Expansion and Enhancement of Collection Authorities**

**SEC. 5241. REPEAL OF LIMITATIONS ON COLLECTION AUTHORITIES.**

(a) **DEBT COLLECTION ACT OF 1982.**—Section 8(e) of the Debt Collection Act of 1982 (5 U.S.C. 5514 note) is repealed. Section 3701(d) of title 31, United States Code, is amended to read as follows:

“(d) Sections 3711(f) and 3716 through 3719 of this title do not apply to a claim or debt under, or to amounts payable under, the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) unless the Internal Revenue Service has ceased active collection efforts and the claim or debt is considered by the Secretary of the Treasury to be currently not collectible.”

(b) **SOCIAL SECURITY DOMESTIC EMPLOYMENT REFORM ACT OF 1994.**—Section 5 of the Social Security Domestic Employment Reform Act of 1994 (Public Law 103-387) is repealed.

**SEC. 5242. DISCLOSURE TO CONSUMER REPORTING AGENCIES AND COMMERCIAL REPORTING AGENCIES.**

Section 3711(f) of title 31, United States Code, is amended—

(1) by striking “may” the first place it appears and inserting “shall”;

(2) by striking “an individual” each place it appears and inserting “a covered person”;

(3) by striking “the individual” each place it appears and inserting “the covered person”;

(4) by adding at the end the following new paragraphs:

“(4) The head of each executive agency shall require, as a condition for guaranteeing any loan, financing, or other extension of credit under any law to a covered person, that the lender provide information relating to the extension of credit to consumer reporting agencies or commercial reporting agencies, as appropriate.

“(5) The head of each executive agency may provide to a consumer reporting agency or commercial reporting agency information from a system of records that a covered person is responsible for a claim which is current, if notice required by section 552a(e)(4) of title 5 indicates that information in the system may be disclosed to a consumer reporting agency or commercial reporting agency, respectively.

“(6) In this subsection, the term ‘covered person’ means an individual, a sole proprietorship, a corporation (including a nonprofit corporation), or any other form of business association.”

**SEC. 5243. CONTRACTS FOR COLLECTION SERVICES.**

Section 3718 of title 31, United States Code, is amended—

(1) in subsection (a), by striking the first sentence and inserting the following: “Under conditions the head of an executive, judicial, or legislative agency considers appropriate, the head of the agency may enter into a contract with a person for collection service to recover indebtedness owed, or to locate or recover assets of, the United States Government. The head of an agency may not enter into a contract under the preceding sentence to locate or recover assets of the United States held by a State government or financial institution unless that agency has established procedures approved by the Secretary of the Treasury to identify and recover such assets.”

(2) in subsection (d), by inserting “, or to locate or recover assets of,” after “owed”;

(3) by amending subsection (f) to read as follows:

“(f)(1) The head of each Federal agency that administers a program that gives rise to a delinquent debt or is responsible for collecting delinquent debt shall enter into contracts on a competitive basis with 3 or more persons for the collection of any such debt that is past-due and legally enforceable and on which the agency has ceased active collection efforts. Contracts under this subsection shall be awarded on a competitive basis.

“(2) The performance of contractors in carrying out such contracts shall be evaluated upon, and incentives shall be provided and sanctions imposed under such contracts, as appropriate, based upon—

“(A) collection success;

“(B) compliance with all applicable laws, including the Fair Debt Collection Practices Act (16 U.S.C. 1692 et seq.), the Omnibus Taxpayer Bill of Rights (102 Stat. 3720), and section 6103 of the Internal Revenue code of 1986 (26 U.S.C. 6103); and

“(C) incidence of valid debtor complaints.

“(3) The head of each agency referred to in paragraph (1) shall—

“(A) within 3 years after the date of enactment of the Debt Collection Improvement Act of 1995, refer for collection to persons with contracts under this subsection not less than 50 percent of the amount of delinquent debts upon which the agency has ceased active collection efforts;

“(B) begin referring debts not later than 180 days after the date of enactment of the Debt Collection Improvement Act of 1995 and require that collection efforts pursuant to such a referral begin by not later than 90 days after the date of referral; and

“(C) report to the Congress on debts referred by each Federal agency and amounts received by the United States pursuant to that referral.

“(4) For purposes of this subsection, an agency shall be considered to have ceased active collection efforts if—

“(A) the debt is not the subject of litigation and has not in the preceding 90 days been the subject of a payment, an execution of a written promise to pay, or an affirmative attempt to locate or contact the debtor, or

“(B) in the case of debt owed under the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.), if the Internal Revenue Service has classified the debt as ‘currently not collectible’ or a similar classification in accordance with criteria and procedures substantially similar to those in effect for such classifications on September 20, 1995.

“(5) Each contract for collection services under this subsection shall—

“(A) include safeguards against unauthorized disclosure of confidential information;

“(B) provide that the Federal agency shall not disclose to a contractor any information concerning the debtor other than—

“(i) information necessary to locate and contact the debtor, such as name, address, telephone number, employer address and telephone number, and Social Security Number; and

“(ii) the nature and amount of the debt;

“(C) prohibit the release by the contractor of confidential information regarding a debtor obtained as a result of a contract under this subsection to any third person without the debtor’s written consent;

“(D) limit the contractor’s activities to—

“(i) contacting debtors by mail;

“(ii) contacting debtors by phone to remind taxpayers of a delinquency, provide information on payment options, and secure taxpayer intentions of repayment;

“(iii) providing skiptracing services and asset and employment location services to establish a mailing address or phone number for delinquent debtors;

“(iv) providing lockbox services for receipt and processing of payments; and

“(v) providing data processing services in conjunction with collection activities;

“(E) preclude the contractor from determining the amount of a debt, compromising a debt, receiving or processing collection proceeds, or mailing standard collection notices and billing statements; and

“(F) require the contractor to comply with section 552a of title 5 (popularly known as the ‘Privacy Act’), the Fair Debt Collection Practices Act, and the Taxpayers Bill of Rights.

“(6) The Secretary of the Treasury may exempt from the application of this subsection any class of nontax claims as necessary to protect the interests of the United States; and

(4) by adding at the end the following new subsection:

“(h) The Secretary of the Treasury may enter into contracts for Governmentwide collection of debts and recovery of assets consistent with subsections (a) and (f). The head of a Federal agency may enter into an agreement with the Secretary of the Treasury to obtain services under these contracts, and, if such agreement results in the performance of the required services for debt collection services for debt collection under subsection (f), the head of a Federal agency shall be deemed to be in compliance with subsection (f).”

**SEC. 5244. CROSS-SERVICING PARTNERSHIPS AND CENTRALIZATION OF DEBT COLLECTION ACTIVITIES IN THE DEPARTMENT OF THE TREASURY.**

Section 3711 of title 31, United States Code, is amended by adding at the end the following new subsections:

“(g)(1) If a nontax debt or claim owed to the United States has been delinquent for a period of 180 days—

“(A) the head of the executive, judicial, or legislative agency that administers the program that gave rise to the debt or claim shall transfer the debt or claim to the Secretary of the Treasury; and

“(B) upon such transfer the Secretary of the Treasury shall take appropriate action to collect or terminate collection actions on the debt or claim.

“(2) Paragraph (1) shall not apply—

“(A) to any debt or claim that—

“(i) is in litigation or foreclosure;

“(ii) will be disposed of under an asset sales program within 1 year after the date the debt or claim is first delinquent, or a greater period of time if a delay would be in the best interests of the United States, as determined by the Secretary of the Treasury;

“(iii) has been referred to a private collection contractor for collection for a period of time determined by the Secretary of the Treasury;

“(iv) has been referred by, or with the consent of, the Secretary of the Treasury to a debt collection center for a period of time determined by the Secretary of the Treasury; or

“(v) will be collected under internal offset, if such offset is sufficient to collect the claim within 3 years after the date the debt or claim is first delinquent; and

“(B) to any other specific class of debt or claim, as determined by the Secretary of the Treasury at the request of the head of an executive, judicial, or legislative agency or otherwise.

“(3) For purposes of this section, the Secretary of the Treasury may designate, and withdraw such designation of debt collection centers operated by other Federal agencies. The Secretary of the Treasury shall designate such centers on the basis of their performance in collecting delinquent claims owed to the Government.

“(4) At the discretion of the Secretary of the Treasury, referral of a nontax claim may be made to—

“(A) any executive department or agency operating a debt collection center for servicing, collection, compromise, or suspension or termination of collection action;

“(B) a contractor operating under a contract for servicing or collection action; or

“(C) the Department of Justice for litigation.

“(5) nontax claims referred or transferred under this section shall be serviced, collected, or compromised, or collection action thereon suspended or terminated, in accordance with otherwise applicable statutory requirements and authorities. Executive departments and agencies operating debt collection centers may enter into agreements with the Secretary of the Treasury to carry out the purposes of this subsection. The Secretary of the Treasury shall—

“(A) maintain competition in carrying out this subsection;

“(B) maximize collections of delinquent debts by placing delinquent debts quickly;

“(C) maintain a schedule of contractors and debt collection centers eligible for referral of claims; and

“(D) refer delinquent debts to the person most appropriate to collect the type or amount of claim involved.

“(6) Any agency operating a debt collection center to which nontax claims are referred or transferred under this subsection may charge a fee sufficient to cover the full cost of implementing this subsection. The agency transferring or referring the nontax claim shall be charged the fee, and the agency charging the fee shall collect such fee by retaining the amount of the fee from

amounts collected pursuant to this subsection. Agencies may agree to pay through a different method, or to fund an activity from another account or from revenue received from the procedure described under section 3720C of this title. Amounts charged under this subsection concerning delinquent claims may be considered as costs pursuant to section 3717(e) of this title.

“(7) Notwithstanding any other law concerning the depositing and collection of Federal payments, including section 3302(b) of this title, agencies collecting fees may retain the fees from amounts collected. Any fee charged pursuant to this subsection shall be deposited into an account to be determined by the executive department or agency operating the debt collection center charging the fee (in this subsection referred to in this section as the ‘Account’). Amounts deposited in the Account shall be available until expended to cover costs associated with the implementation and operation of Governmentwide debt collection activities. Costs properly chargeable to the Account include—

“(A) the costs of computer hardware and software, word processing and telecommunications equipment, and other equipment, supplies, and furniture;

“(B) personnel training and travel costs;

“(C) other personnel and administrative costs;

“(D) the costs of any contract for identification, billing, or collection services; and

“(E) reasonable costs incurred by the Secretary of the Treasury, including services and utilities provided by the Secretary, and administration of the Account.

“(8) Not later than January 1 of each year, there shall be deposited into the Treasury as miscellaneous receipts an amount equal to the amount of unobligated balances remaining in the Account at the close of business on September 30 of the preceding year, minus any part of such balance that the executive department or agency operating the debt collection center determines is necessary to cover or defray the costs under this subsection for the fiscal year in which the deposit is made.

“(9) At the end of each calendar year, the head of an executive, judicial, or legislative agency which, regarding a claim owed to the agency, is required to report a discharge of indebtedness as income under the 6050P of the Internal Revenue Code of 1984 (26 U.S.C. 6050P) shall either complete the appropriate form 1099 or submit to the Secretary of the Treasury such information as is necessary for the Secretary of the Treasury to complete the appropriate form 1099. The Secretary may exempt specific classes of claims from this requirement, at the request of the head of an agency. The Secretary of the Treasury shall incorporate this information into the appropriate form and submit the information to the taxpayer and the Internal Revenue Service. Before completing a discharge of indebtedness, the head of an executive, judicial, or legislative agency shall certify that all appropriate steps have been taken with respect to a delinquent debt, including (as applicable)—

“(A) administrative offset.

“(B) tax refund offset.

“(C) Federal salary offset.

“(D) referral to private debt collection agencies.

“(E) referral to agencies operating a debt collection center.

“(F) reporting delinquencies to credit reporting bureaus.

“(G) garnishing the wages of delinquent debtors, and

“(H) litigation or foreclosure.

“(10) To carry out the purpose of this subsection, the Secretary of the Treasury may prescribe such rules, regulations, and procedures as the Secretary considers necessary.

“(h)(1) The head of an executive, judicial, or legislative agency acting under subsection (a) (1), (2), or (3) of this section to collect a claim, compromise a claim, or terminate collection action on a claim may obtain a consumer report (as that term is defined in section 603 of the Fair Credit Reporting Act (15 U.S.C. 1681a)) or comparable credit information on any person who is liable for the claim.

“(2) The obtaining of a consumer report under this subsection is deemed to be a circumstance or purpose authorized or listed under section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b).”

#### SEC. 5245. COMPROMISE OF CLAIMS.

Section 11 of the Administrative Dispute Resolution Act (Public Law 101-552, 104 Stat. 2736, 5 U.S.C. 571 note) is amended by adding at the end the following sentence: “This section shall not apply to section 8(b) of this Act.”

#### SEC. 5246. WAGE GARNISHMENT REQUIREMENT.

(a) IN GENERAL.—Chapter 37 of title 31, United States Code, is amended in subchapter II by adding after section 3720C, as added by section 5261 of this subtitle, the following new section:

##### “§ 3720D. Garnishment

“(a) Notwithstanding any provision of State law, the head of an executive, judicial, or legislative agency that administers a program that gives rise to a delinquent nontax debt owed to the United States by an individual may in accordance with this section garnish the disposable pay of the individual to collect the amount owed, if the individual is not currently making required repayment in accordance with any agreement between the agency head and the individual.

“(b) In carrying out any garnishment of disposable pay of an individual under subsection (a), the head of an executive, judicial, or legislative agency shall comply with the following requirements:

“(1) The amount deducted under this section for any pay period may not exceed 15 percent of disposable pay, except that a greater percentage may be deducted with the written consent of the individual.

“(2) The individual shall be provided written notice, sent by mail to the individual's last known address, a minimum of 30 days prior to the initiation of proceedings, from the head of the executive, judicial, or legislative agency, informing the individual of—

“(A) the nature and amount of the debt to be collected;

“(B) the intention of the agency to initiate proceedings to collect the debt through deductions from pay; and

“(C) an explanation of the rights of the individual under this section.

“(3) The individual shall provide an opportunity to inspect and copy records relating to the debt.

“(4) The individual shall be provided an opportunity to enter into a written agreement with the executive, judicial, or legislative agency, under terms agreeable to the head of the agency, to establish a schedule for repayment of the debt.

“(5) The individual shall be provided an opportunity for a hearing in accordance with subsection (c) on the determination of the head of the executive, judicial, or legislative agency concerning—

“(A) the existence or the amount of the debt, and

“(B) in the case of an individual whose repayment schedule is established other than by a written agreement pursuant to paragraph (4), the terms of the repayment schedule.

“(6) If the individual has been reemployed within 12 months after having been involuntarily separated from employment, no

amount may be deducted from the disposable pay of the individual until the individual has been reemployed continuously for at least 12 months.

“(c)(1) A hearing under subsection (b)(5) shall be provided prior to issuance of a garnishment order if the individual, on or before the 15th day following the mailing of the notice described in subsection (b)(2), and in accordance with such procedures as the head of the executive, judicial, or legislative agency may prescribe, files a petition requesting such a hearing.

“(2) If the individual does not file a petition requesting a hearing prior to such date, the head of the agency shall provide the individual a hearing under subsection (a)(5) upon request, but such hearing need not be provided prior to issuance of a garnishment order.

“(3) The hearing official shall issue a final decision at the earliest practicable date, but not later than 60 days after the filing of the petition requesting the hearing.

“(d) The notice to the employer of the withholding order shall contain only such information as may be necessary for the employer to comply with the withholding order.

“(e)(1) An employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual subject to wage withholding in accordance with this section by reason of the fact that the individual's wages have been subject to garnishment under this section, and such individual may sue in a State or Federal court of competent jurisdiction any employer who takes such action.

“(2) The court shall award attorneys' fees to a prevailing employee and, in its discretion, may order reinstatement of the individual, award punitive damages and back pay to the employee, or order such other remedy as may be reasonably necessary.

“(f)(1) The employer of an individual—  
“(A) shall pay to the head of an executive, judicial, or legislative agency as directed in a withholding order issued in an action under this section with respect to the individual, and

“(B) shall be liable for any amount that the employer fails to withhold from wages due an employee following receipt by such employer of notice of the withholding order, plus attorneys' fees, costs, and, in the court's discretion, punitive damages.

“(2)(A) The head of an executive, judicial, or legislative agency may sue an employer in a State or Federal court of competent jurisdiction to recover amounts for which the employer is liable under paragraph (1)(B).

“(B) A suit under this paragraph may not be filed before the termination of the collection action, unless earlier filing is necessary to avoid expiration of any applicable statute of limitations period.

“(3) Notwithstanding paragraphs (1) and (2), an employer shall not be required to vary its normal pay and disbursement cycles in order to comply with this subsection.

“(g) For the purpose of this section, the term ‘disposable pay’ means that part of the compensation of any individual from an employer remaining after the deduction of any amounts required by any other law to be withheld.

“(h) The Secretary of the Treasury shall issue regulations to implement this section.”

(b) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 37 of title 31, United States Code, is amended by inserting after the item relating to section 3720C (as added by section 5261 of this subtitle) the following new item:

“3720D. Garnishment.”

#### SEC. 5247. DEBT SALES BY AGENCIES.

Section 3711 of title 31, United States Code, is further amended by adding at the end the following new subsection:

“(h)(1) The head of an executive, judicial, or legislative agency may sell, subject to section 504(b) of the Federal Credit Reform Act of 1990 and using competitive procedures, any nontax debt owed to the United States that is delinquent for more than 90 days. Appropriate fees charged by a contractor to assist in the conduct of a sale under this subsection may be payable from the proceeds of the sale.

“(2) After terminating collection action, the head of an executive, judicial, or legislative agency shall sell, using competitive procedures, any nontax debt or class of nontax debts owed to the United States, if the Secretary of the Treasury determines the sale is in the best interests of the United States.

“(3) Sales of nontax debt under this subsection—

“(A) shall be for—

“(i) cash, or

“(ii) cash and a residuary equity or profit participation, if the head of the agency reasonably determines that the proceeds will be greater than sale solely for cash.

“(B) shall be without recourse, but may include the use of guarantees if otherwise authorized, and

“(C) shall transfer to the purchaser all rights of the Government to demand payment of the nontax debt, other than with respect to a residuary equity or profit participation under subparagraph (A)(ii).

“(4)(A) Within one year after the date of enactment of the Debt Collection Improvement Act of 1995, and every year thereafter, each executive agency with current and delinquent collateralized debts shall report to the Congress on the valuation of its existing portfolio of loans, notes and guarantees, and other collateralized debts based on standards developed by the Director of the Office of Management and Budget, in consultation with the Secretary of the Treasury.

“(B) The Director of the Office of Management and Budget shall determine what information is required to be reported to comply with subparagraph (A). At a minimum, for each financing account and for each liquidating account (as those terms are defined in sections 502(7) and 502(8), respectively, of the Federal Credit Reform Act of 1990) the following information shall be reported:

“(i) The cumulative balance of current debts outstanding, the estimated net present value of such debts, the annual administrative expenses of those debts (including the portion of salaries and expenses that are directly related thereto), and the estimated net proceeds that would be received by the Government if such debts were sold.

“(ii) The cumulative balance of delinquent debts, debts outstanding, the estimated net present value of such debts, the annual administrative expenses of those debts (including the portion of salaries and expenses that are directly related thereto), and the estimated net proceeds that would be received by the Government if such debts were sold.

“(iii) The cumulative balance of guaranteed loans outstanding, the estimated net present value of such guarantees, the annual administrative expenses of such guarantees (including the portion of salaries and expenses that are directly related to such guaranteed loans), and the estimated net proceeds that would be received by the Government if such loan guarantees were sold.

“(iv) The cumulative balance of defaulted loans that were previously guaranteed and have resulted in loans receivables, the estimated net present value of such loan assets, the annual administrative expenses of such loan assets (including the portion of salaries

and expenses that are directly related to such loan assets), and the estimated net proceeds that would be received by the Government if such loan assets were sold.

"(v) The marketability of all debts.

"(5) This subsection is not intended to limit existing statutory authority of agencies to sell loans, debts, or other assets."

#### SEC. 5248. ADJUSTMENTS OF ADMINISTRATIVE DEBT.

Section 3717 of title 31, United States Code, is amended by adding at the end of subsection (h) the following new subsection:

"(i)(1) The head of an executive, judicial, or legislative agency may increase an administrative claim by the cost of living adjustment in lieu of charging interest and penalties under this section. Adjustments under this subsection will be computed annually.

"(2) For the purpose of this subsection—

"(A) the term 'cost of living adjustment' means the percentage by which the Consumer Price Index for the month of June of the calendar year preceding the adjustment exceeds the Consumer Price Index for the month of June of the calendar year in which the claim was determined or last adjusted; and

"(B) the term 'administrative claim' includes all debt that is not based on an extension of government credit through direct loans, loan guarantees, or insurance, including fines, penalties, and overpayments."

#### SEC. 5249. DISSEMINATION OF INFORMATION REGARDING IDENTITY OF DELINQUENT DEBTORS.

(a) IN GENERAL.—Chapter 37 of title 31, United States Code, is amended in subchapter II by adding after section 3720D, as added by section 5246 of this subtitle, the following new section:

##### "§3720E. Dissemination of information regarding identity of delinquent debtors

"(a) The head of any agency may, with the review of the Secretary of the Treasury, for the purpose of collecting any delinquent nontax debt owed by any person, publish or otherwise publicly disseminate information regarding the identity of the person and the existence of the nontax debt.

"(b)(1) The Secretary of the Treasury, in consultation with the Director of the Office of Management and Budget and the heads of other appropriate Federal agencies, shall issue regulations establishing procedures and requirements the Secretary considers appropriate to carry out this section.

"(2) Regulations under this subsection shall include—

"(A) standards for disseminating information that maximize collections of delinquent nontax debts, by directing actions under this section toward delinquent debtors that have assets or income sufficient to pay their delinquent nontax debt;

"(B) procedures and requirements that prevent dissemination of information under this section regarding persons who have not had an opportunity to verify, contest, and compromise their nontax debt in accordance with this subchapter; and

"(C) procedures to ensure that persons are not incorrectly identified pursuant to this section."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 37 of title 31, United States Code, is amended by adding after the item relating to section 3720D (as added by section 5246 of this subtitle) the following new item:

"3720E. Dissemination of information regarding identity of delinquent debtors."

#### Subpart E—Federal Civil Monetary Penalties

#### SEC. 5251. ADJUSTING FEDERAL CIVIL MONETARY PENALTIES FOR INFLATION.

(a) IN GENERAL.—The Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, 104 Stat. 890; 28 U.S.C. 2461 note) is amended—

(1) by amending section 4 to read as follows:

"SEC. 4. The head of each agency shall, not later than 180 days after the date of enactment of the Debt Collection Improvement Act of 1995, and at least once every 4 years thereafter—

"(1) by regulation adjust each civil monetary penalty provided by law within the jurisdiction of the Federal agency, except for any penalty under the Internal Revenue Code of 1986, by the inflation adjustment described under section 5 of this Act; and

"(2) publish each such regulation in the Federal Register."

(2) in section 5(a), by striking "The adjustment described under paragraphs (4) and (5)(A) of section 4" and inserting "The inflation adjustment under section 4"; and

(3) by adding at the end the following new section:

"SEC. 7. Any increase under this Act in a civil monetary penalty shall apply only to violations which occur after the date the increase takes effect."

(b) LIMITATION ON INITIAL ADJUSTMENT.—The first adjustment of a civil monetary penalty made pursuant to the amendment made by subsection (a) may not exceed 10 percent of such penalty.

#### Subpart F—Gain Sharing

#### SEC. 5261. DEBT COLLECTION IMPROVEMENT ACCOUNT.

(a) IN GENERAL.—Title 31, United States Code, is amended by inserting after section 372B (as added by section 5232 of this subtitle) the following new section:

##### "§3720C. Debt Collection Improvement Account

"(a)(1) There is hereby established in the Treasury a special fund to be known as the 'Debt Collection Improvement Account' (hereinafter in this section referred to as the 'Account').

"(2) The Account shall be maintained and managed by the Secretary of the Treasury, who shall ensure that agency programs are credited with amounts transferred under subsection (b)(1).

"(b)(1) Not later than 30 days after the end of a fiscal year, an agency may transfer to the Account the amount described in paragraph (3), as adjusted under paragraph (4).

"(2) Agency transfers to the Account may include collections from—

"(A) salary, administrative, and tax refund offsets;

"(B) automated levy authority;

"(C) the Department of Justice;

"(D) private collection agencies;

"(E) sales of delinquent loans; and

"(F) contracts to locate or recover assets.

"(3) The amount referred to in paragraph (1) shall be 5 percent of the amount of delinquent debt collected by an agency in a fiscal year, minus the greater of—

"(A) 5 percent of the amount of delinquent debt collected by the agency in the previous fiscal year, or

"(B) 5 percent of the amount of delinquent debt collected by the agency in the previous 4 fiscal years.

"(4) In consultation with the Secretary of the Treasury, the Office of Management and Budget may adjust the amount described in paragraph (3) for an agency to reflect the level of effort in credit management programs by the agency. As an indicator of the level of effort in credit management, the Office of Management and Budget shall consider the following:

"(A) The number of days between the date a claim or debt became delinquent and the date which an agency referred the debt or claim to the Secretary of the Treasury or obtained an exemption from this referral under section 3711(g)(2) of this title.

"(B) The ratio of delinquent debts or claims to total receivables for a given program, and the change in this ratio over a period of time.

"(c)(1) The Secretary of the Treasury may

reimburse agencies for qualified expenses. For agencies with franchise funds, such payments may be credited to subaccounts designated for debt collection.

"(2) For purposes of this section, the term 'qualified expenses' means expenditures for the improvement of tax administration, credit management, debt collection, and debt recovery activities, including—

"(A) account servicing (including cross-servicing under section 3711(g) of this title),

"(B) automatic data processing equipment acquisitions,

"(C) delinquent debt collection,

"(D) measures to minimize delinquent debt,

"(E) sales of delinquent debt,

"(F) asset disposition, and

"(G) training of personnel involved in credit and debt management.

"(3)(A) Amounts in the Account shall be available to the Secretary of the Treasury for purposes of this section to the extent and in amounts provided in advance in appropriation Acts.

"(B) As soon as practicable after the end of the third fiscal year after which appropriations are made pursuant to this section, and every 3 years thereafter, any unappropriated balance in the Account shall be transferred to the general fund of the Treasury as miscellaneous receipts.

"(d) For direct loans and loan guarantee programs subject to title V of the Congressional Budget Act of 1974, amounts credited in accordance with subsection (c) shall be considered administrative costs.

"(e) The Secretary of the Treasury shall prescribe such rules, regulations, and procedures as the Secretary considers necessary or appropriate to carry out the purposes of this section."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 37 of title 31, United States Code, is amended by inserting after the item relating to section 3720B (as added by section 5232 of this subtitle) the following new item:

"3720C. Debt Collection Improvement Account."

#### Subpart G—Tax Refund Offset Authority

#### SEC. 5271. OFFSET OF TAX REFUND PAYMENT BY DISBURSING OFFICIALS.

Section 3720A(h) of title 31, United States Code, is amended to read as follows:

"(h) The disbursing official of the Department of the Treasury—

"(1) shall notify a taxpayer in writing of—

"(A) the occurrence of an offset to satisfy a past-due legally enforceable nontax debt;

"(B) the identity of the creditor agency requesting the offset; and

"(C) a correct point within the creditor agency that will handle concerns regarding the offset;

"(2) shall notify the Internal Revenue Service on a weekly basis of—

"(A) the occurrence of an offset to satisfy a past-due legally enforceable nontax debt;

"(B) the amount of such offset; and

"(C) any other information required by regulations; and

"(3) shall match payment records with requests for offset by using a name control, taxpayer identifying number (as that term is used in section 6109 of the Internal Revenue Code of 1986), and any other necessary identifiers."

#### SEC. 5272. EXPANDING TAX REFUND OFFSET AUTHORITY.

(a) DISCRETIONARY AUTHORITY.—Section 3720A of title 31, United States Code, is

amended by adding after subsection (h) (as amended by section 5271 of this subtitle) the following new subsection:

“(i) An agency subject to section 9 of the Act of May 18, 1933. (16 U.S.C. 831h), may implement this section at its discretion.”

(b) FEDERAL AGENCY DEFINED.—Section 6402(f) of the Internal Revenue Code of 1986 (26 U.S.C. 6402(f)), is amended to read as follows:

“(f) FEDERAL AGENCY.—For purposes of this section, the term ‘Federal agency’ means a department, agency, or instrumentality of the United States, and includes a Government corporation (as such term is defined in section 103 of title 5, United States Code).”

**SEC. 5273. EXPANDING AUTHORITY TO COLLECT PAST-DUE SUPPORT.**

(a) NOTIFICATION OF SECRETARY OF THE TREASURY.—Section 3720A(a) of title 31, United States Code, is amended to read as follows:

“(a) Any Federal agency that is owed by a person a past-due, legally enforceable debt (including debt administered by a third party acting as an agent for the Federal Government) shall, and any agency subject to section 9 of the Act of May 18, 1933 (16 U.S.C. 831h), owe such a debt may, in accordance with regulations issued pursuant to subsections (b) and (d), notify the Secretary of the Treasury at least once each year of the amount of such debt.”

(b) IMPLEMENTATION OF SUPPORT COLLECTION BY SECRETARY OF THE TREASURY.—Section 464(a) of the Act of August 14, 1935 (42 U.S.C. 664(a)) is amended—

(1) in paragraph (1), by adding at the end the following: “This subsection may be executed by the disbursing official of the Department of the Treasury.”; and

(2) in paragraph (2)(A), by adding at the end the following: “This subsection may be executed by the disbursing official of the Department of the Treasury.”

**SEC. 5274. USE OF TAX REFUND OFFSET AUTHORITY FOR DEBTS TO STATES.**

(a) IN GENERAL.—Section 6402 of the Internal Revenue Code of 1986 (26 U.S.C. 6402) is amended by redesignating subsections (e) through (l) as subsections (f) through (m), respectively, and by inserting after subsection (d) of the following new subsection:

“(e) COLLECTION OF PAST-DUE, LEGALLY ENFORCEABLE STATE DEBTS.—

“(i) IN GENERAL.—Upon receiving notice from any State that a named person owes a past-due, legally enforceable State debt to such State or a legally constituted subdivision of the State, the Secretary shall apply this subsection with respect to the past-due, legally enforceable State debt if—

“(A) the appropriate State official requests that an offset be performed; and

“(B) a reciprocal agreement between the Secretary and the State is in effect to offset Federal and State debts.

“(2) ACTIONS TO BE TAKEN.—Under such conditions as may be prescribed by the Secretary, the Secretary shall—

“(A) reduce the amount of any overpayment payable to such person by the amount of such State debt;

“(B) pay the amount by which such overpayment is reduced under subparagraph (A) to such State and notify such State of such person's name, taxpayer identification number, address, and the amount collected; and

“(C) notify the person making such overpayment that the overpayment has been reduced by an amount necessary to satisfy a past-due, legally enforceable State debt.

If an offset is made pursuant to a joint return, the notice under subparagraph (B) shall include the names, taxpayer identification numbers, and addresses of each person filing such return.

“(3) PRIORITIES FOR OFFSET.—Any overpayment by a person shall be reduced pursuant to this subsection—

“(A) after such overpayment is reduced pursuant to—

“(i) subsection (a) with respect to any liability for any internal revenue tax on the part of the person who made the overpayment.

“(ii) subsection (c) with respect to past-due support; and

“(iii) subsection (d) with respect to any past-due, legally enforceable debt owed to a Federal agency; and

“(B) before such overpayment is credited to the future liability for any Federal internal revenue tax of such person pursuant to subsection (b).

If the Secretary receives notice from 1 or more State agencies of more than 1 debt subject to paragraph (1) that is owed by such person to such an agency, an overpayment by such person shall be applied against such debts in the order in which such debts accrued.

(4) NOTICE; CONSIDERATION OF EVIDENCE.—No State may take action under this subsection until such State—

“(A) notifies the person owing the past-due State debt that the State proposes to take action pursuant to this section.

“(B) gives such person at least 60 days to present evidence that all or part of such liability is not past-due or not legally enforceable.

“(C) considers any evidence presented by such person and determines that an amount of such debt is past-due and legally enforceable; and

“(D) satisfies such other conditions as the Secretary may prescribe to ensure that the determination made under subparagraph (C) is valid and that the State has made reasonable efforts to obtain payment of such State debt.

(5) PAST-DUE, LEGALLY ENFORCEABLE STATE DEBT.—For purposes of this subsection, the term ‘past-due, legally enforceable State debt’ means a debt—

“(A)(i) which resulted from—

“(I) a judgment rendered by a court of competent jurisdiction which has determined an amount of debt to be due; or

“(II) a determination after an administrative hearing which has determined an amount of debt to be due; and

“(ii) which is no longer subject to judicial review; or

“(B) which resulted from a State tax which has not been collected, the time for redetermination of which has expired, and which has not been delinquent for more than 10 years.

For purposes of this paragraph, the term ‘State tax’ includes any local tax administered by the chief tax administration agency of the State.

(6) REGULATIONS.—The Secretary shall issue regulations prescribing the time and manner in which States must submit notices of past-due, legally enforceable State debts and the necessary information that must be contained in or accompany such notices. The regulations—

“(A) shall specify the types of State debts to which the reduction procedure established by paragraph (1) may be applied;

“(B) shall specify the minimum amount of debt to which the reduction procedure established by paragraph (1) may be applied;

“(C) shall specify the requirements for reciprocal offset in which participating States will participate; and

“(D) may require States to pay a fee to reimburse the Secretary to reimburse appropriations which bore all or part of the cost of applying such procedure.

“(7) ERRONEOUS PAYMENT TO STATE.—Any State receiving notice from the Secretary that an erroneous payment has been made to such State under paragraph (1) shall pay promptly to the Secretary, in accordance with such regulations as the Secretary may prescribe, an amount equal to the amount of such erroneous payment (without regard to whether any other amounts payable to such State under such paragraph have been paid to such State).”

(b) DISCLOSURE OF CERTAIN INFORMATION TO STATES REQUESTING REFUND OFFSETS FOR PAST-DUE, LEGALLY ENFORCEABLE STATE DEBTS.—(1) Paragraph (10) of section 6103(l) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(l)(10)) is amended by striking “(c) or (d)” and inserting “(c), (d), and (e)”. (2) The paragraph heading for such paragraph (10) is amended by striking “SECTION 6402(c) OR 6402(d)” and inserting “SUBSECTION (c), (d), OR (e) OF SECTION 6402”.

(c) CONFORMING AMENDMENTS.—(1) Subsection (a) of section 6402 of the Internal Revenue Code of 1986 (26 U.S.C. 6402(a)) is amended by striking “(c) and (d)” and inserting “(c), (d), and (e)”. (2) Paragraph (2) of section 6402(d) of the Internal Revenue Code of 1986 (26 U.S.C. 6402(d)(2)) is amended by striking “and before such overpayment” and inserting “and before such overpayment is reduced pursuant to subsection (e) and before such overpayment”.

(3) Subsection (f) of section 6402 of the Internal Revenue Code of 1986, as redesignated by subsection (a), is amended—

(A) by striking “(c) or (d)” and inserting “(c), (d), or (e)”; and

(B) by striking “Federal agency” and inserting “Federal agency or State”.

(4) Subsection (h) of section 6402 of the Internal Revenue Code of 1986, as redesignated by subsection (a), is amended by striking “subsection (c)” and inserting “subsection (c) or (e)”. (d) EFFECTIVE DATE.—The amendments made by this section shall apply to refunds payable under section 6402 of the Internal Revenue Code of 1986 after December 31, 1996.

Subpart H—Disbursements

**SEC. 5281. ELECTRONIC FUNDS TRANSFER.**

Section 3332 of title 31, United States Code, popularly known as the Federal Financial Management Act of 1994, is amended—

(1) by redesignating subsection (e) as subsection (h), and inserting after subsection (d) the following new subsections:

“(e)(1) Notwithstanding subsections (a) through (d) of this section, sections 5120(a) and (d) of title 38, and any other provision of law, all Federal payments to a recipient who begins to receive that type of payments on or after January 1, 1996, shall be made by electronic funds transfer.

“(2) The head of a Federal agency shall, with respect to Federal payments made or authorized by the agency, waive the application of paragraph (1) to a recipient of those payments upon receipt of written certification from the recipient that the recipient does not have an account with a financial institution or an authorized payment agent.

“(f)(1) Notwithstanding any other provision of law (including subsections (a) through (e) of this section and sections 5120(a) and (d) of title 38), except as provided in paragraph (2) all Federal payments made after January 1, 1999, shall be made by electronic funds transfer.

“(2)(A) The Secretary of the Treasury may waive application of this subsection to payments—

“(i) for individuals or classes of individuals for whom compliance imposes a hardship;

“(ii) for classification or types of checks; or

“(iii) for classification or types of checks; or

“(iv) for classification or types of checks; or

“(v) for classification or types of checks; or

“(vi) for classification or types of checks; or

“(vii) for classification or types of checks; or

“(viii) for classification or types of checks; or

“(ix) for classification or types of checks; or

“(x) for classification or types of checks; or

“(xi) for classification or types of checks; or

“(xii) for classification or types of checks; or

“(xiii) for classification or types of checks; or

“(xiv) for classification or types of checks; or

“(xv) for classification or types of checks; or



“(iii) in other circumstances as may be necessary.

“(B) The Secretary of the Treasury shall make determinations under subparagraph (A) based on standards developed by the Secretary.

“(g) Each recipient of Federal payments required to be made by electronic funds transfer shall—

“(1) designate 1 or more financial institutions or other authorized agents to which such payments shall be made; and

“(2) provide to the Federal agency that makes or authorizes the payments information necessary for the recipient to receive electronic funds transfer payments through each institution or agent designated under paragraph (1).”; and

(2) by adding after subsection (h) (as so redesignated) the following new subsections:

“(i)(1) The Secretary of the Treasury may prescribe regulations that the Secretary considers necessary to carry out this section.

“(2) Regulations under this subsection shall ensure that individuals required under subsection (g) to have an account at a financial institution because of the application of subsection (f)(1)—

“(A) will have access to such an account at a reasonable cost; and

“(B) are given the same consumer protections with respect to the account as other account holders at the same financial institution.

“(j) For purposes of this section—

“(1) The term ‘electronic funds transfer’ means any transfer of funds, other than a transaction originated by cash, check, or similar paper instrument, that is initiated through an electronic terminal, telephone, computer, or magnetic tape, for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. The term includes Automated Clearing House transfers, Fed Wire transfers, transfers made at automatic teller machines, and point-of-sale terminals.

“(2) The term ‘Federal agency’ means—

“(A) an agency (as defined in section 101 of this title); and

“(B) a Government corporation (as defined in section 103 of title 5).

“(3) The term ‘Federal payments’ includes—

“(A) Federal wage, salary, and retirement payments;

“(B) vendor and expense reimbursement payments;

“(C) benefit payments; and

“(D) tax refund payments and other miscellaneous payments.”.

**SEC. 5282. REQUIREMENT TO INCLUDE TAXPAYER IDENTIFYING NUMBER WITH PAYMENT VOUCHER.**

Section 3325 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(d) The head of an executive agency or an officer or employee of an executive agency referred to in subsection (a)(1)(B), as applicable, shall include with each certified voucher submitted to a disbursing official pursuant to this section the taxpayer identifying number of each person to whom payment may be made under the voucher.”.

**Subpart I—Miscellaneous**

**SEC. 5291. MISCELLANEOUS AMENDMENTS TO DEFINITIONS.**

Section 3701 of title 31, United States Code, is amended—

(1) by amending subsection (a)(1) to read as follows:

“(1) ‘administrative offset’ means withholding funds payable by the United States (including funds payable by the United States on behalf of a State government) to, or held by the United States for, a person to satisfy a claim.”;

(2) by amending subsection (b) to read as follows:

“(b)(1) In subchapter II of this chapter, the term ‘claim’ or ‘debt’ means any amount of funds or property that has been determined by an appropriate official of the Federal Government to be owed to the United States by a person, organization, or entity other than another Federal agency. A claim includes, without limitation—

“(A) funds owed on account of loans made, insured, or guaranteed by the Government, including any deficiency or any difference between the price obtained by the Government in the sale of a property and the amount owed to the Government on a mortgage on the property.

“(B) expenditures of nonappropriated funds.

“(C) over-payments, including payments disallowed by audits performed by the Inspector General of the agency administering the program.

“(D) any amount the United States is authorized by statute to collect for the benefit of any person.

“(E) the unpaid share of any non-Federal partner in a program involving a Federal payment and a matching, or cost-sharing, payment by the non-Federal partner.

“(F) any fines or penalties assessed by an agency; and

“(G) other amounts of money or property owed to the Government.

“(2) For purposes of sections 3716 of this title, each of the terms ‘claim’ and ‘debt’ includes an amount of funds or property owed by a person to a State (including any past-due support being enforced by the State), the District of Columbia, American Samoa, Guam, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or the Commonwealth of Puerto Rico.”; and

(3) by adding after subsection (f) (as added by section 5242 of this subtitle) the following new subsection:

“(g) In section 3716 of this title—

“(1) ‘creditor agency’ means any agency owed a claim that seeks to collect that claim through administrative offset; and

“(2) ‘payment certifying agency’ means any agency that has transmitted a voucher to a disbursing official for disbursement.”.

**SEC. 5292. MONITORING AND REPORTING.**

(a) **GUIDELINES.**—The Secretary of the Treasury, in consultation with concerned Federal agencies, may establish guidelines, including information on outstanding debt, to assist agencies in the performance and monitoring of debt collection activities.

(b) **REPORT.**—Not later than 3 years after the date of enactment of this subtitle, the Secretary of the Treasury shall report to the Congress on collection services provided by Federal agencies or entities collecting debt on behalf of other Federal agencies under the authorities contained in section 3711(g) of title 31, United States Code, as added by section 5244 of this subtitle.

(c) **AGENCY REPORTS.**—Section 3719 of title 31, United States Code, is amended—

(1) in subsection (a)—

(A) by amending the first sentence to read as follows: “In consultation with the Comptroller General of the United States, the Secretary of the Treasury shall prescribe regulations requiring the head of each agency with outstanding nontax claims to prepare and submit to the Secretary at least once each year a report summarizing the status of loans and accounts receivable that are managed by the head of the agency.”; and

(B) in paragraph (3), by striking “Director” and inserting “Secretary”; and

(2) in subsection (b), by striking “Director” and inserting “Secretary”.

(d) **CONSOLIDATION OF REPORTS.**—Notwithstanding any other provision of law, the Secretary of the Treasury may consolidate reports concerning debt collection otherwise required to be submitted by the Secretary into one annual report.

**SEC. 5293. REVIEW OF STANDARDS AND POLICIES FOR COMPROMISE OR WRITE-DOWN OF DELINQUENT DEBTS.**

The Director of the Office of Management and Budget shall—

(1) review the standards and policies of each Federal agency for compromising, writing-down, forgiving, or discharging indebtedness arising from programs of the agency;

(2) determine whether those standards and policies are consistent and protect the interests of the United States;

(3) in the case of any Federal agency standard or policy that the Secretary determines is not consistent or does not protect the interests of the United States, direct the head of the agency to make appropriate modifications to the standard or policy; and

(4) report annually to the Congress on—

(A) deficiencies in the standards and policies of Federal agencies for compromising, writing-down, forgiving, or discharging indebtedness; and

(B) progress made in improving those standards and policies.

**PART II—JUSTICE DEBT MANAGEMENT**  
**SEC. 5301. EXPANDED USE OF PRIVATE ATTORNEYS.**

(a) **ELIMINATION OF LIMITATION ON FEES.**—Section 3718(b)(1)(A) of title 31, United States Code, is amended by striking the fourth sentence.

(b) **REPEAL.**—Sections 3 and 5 of the Act of October 28, 1986 (popularly known as the Federal Debt Recovery Act; Public Law 99-578, 100 Stat. 3305) are hereby repealed.

**SEC. 5302. NONJUDICIAL FORECLOSURE OF MORTGAGES.**

Chapter 176 of title 28, United States Code, is amended—

(1) in the table of subchapters at the beginning of the chapter by adding at the end the following new item:

“E. Nonjudicial foreclosure..... 3401”; and

(2) by adding at the end of the chapter the following new subchapter:

**“SUBCHAPTER E—NONJUDICIAL FORECLOSURE**

“Sec.  
“3401. Definitions.

“3402. Rules of construction.

“3403. Election of procedure.

“3404. Designation of foreclosure trustee.

“3405. Notice of foreclosure sale; statute of limitations.

“3406. Service of notice of foreclosure sale.

“3407. Cancellation of foreclosure sale.

“3408. Stay.

“3409. Conduct sale; postponement.

“3410. Transfer of title and possession.

“3411. Record of foreclosure and sale.

“3412. Effect of sale.

“3413. Disposition of sale proceeds.

“3414. Deficiency judgment.

**“§ 3401. Definitions**

“As used in this subchapter—

“(1) ‘agency’ means—

“(A) an Executive department, as set forth in section 101 of title 5, United States Code;

“(B) an independent establishment, as defined in section 104 of title 5, United States Code (except that it shall not include the General Accounting Office);

“(C) a military department, as set forth in section 102 of title 5, United States Code; and

“(D) a wholly owned government corporation, as defined in section 9401(3) of title 31, United States Code;

“(2) ‘agency head’ means the head and any assistant head of an agency, and may upon

the designation by the head of an agency include the chief official of any principal division of an agency or any other employee of an agency;

“(3) ‘bona fide purchaser’ means a purchaser for value in good faith and without notice of any adverse claim who acquires the seller’s interest free of any adverse claim;

“(4) ‘debt instrument’ means a note, mortgage bond, guaranty, or other instrument creating a debt or other obligation, including any instrument incorporated by reference therein and any instrument or agreement amending or modifying a debt instrument;

“(5) ‘file’ or ‘filing’ means docketing, indexing, recording, or registering, or any other requirement for perfecting a mortgage or a judgment;

“(6) ‘foreclosure trustee’ means an individual, partnership, association, or corporation, or any employee thereof, including a successor, appointed by the agency head to conduct a foreclosure sale pursuant to this subchapter;

“(7) ‘mortgage’ means a deed of trust, deed to secure debt, security agreement, or any other form of instrument under which any interest in real property, including leaseholds, life estates, reversionary interests, and any other estates under applicable law is conveyed in trust, mortgaged, encumbered, pledged, or otherwise rendered subject to a lien, for the purpose of securing the payment of money or the performance of any other obligation;

“(8) ‘of record’ means an interest recorded pursuant to Federal or State statutes that provide for official recording of deeds, mortgages, and judgments, and that establish the effect of such records as notice to creditors, purchasers, and other interested persons;

“(9) ‘owner’ means any person who has an ownership interest in property and includes heirs, devisees, executors, administrators, and other personal representatives, and trustees of testamentary trusts if the owner of record is deceased;

“(10) ‘sale’ means a sale conducted pursuant to this subchapter, unless the context requires otherwise; and

“(11) ‘security property’ means real property, or any interest in real property including leaseholds, life estates, reversionary interests, and any other estates under applicable State law that secure a mortgage.

#### “§ 3402. Rules of construction

“(a) IN GENERAL.—If an agency head elects to proceed under this subchapter, this subchapter shall apply and the provisions of this subchapter shall govern in the event of a conflict with any other provision of Federal law or State law.

“(b) LIMITATION.—This subchapter shall not be construed to supersede or modify the operation of—

“(1) the lease-back/buy-back provisions under section 335 of the Consolidated Farm and Rural Development Act, or regulations promulgated thereunder; or

“(2) The Multifamily Mortgage Foreclosure Act of 1981.

“(c) EFFECT ON OTHER LAWS.—This subchapter shall not be construed to curtail or limit the rights of the United States or any of its agencies—

“(1) to foreclose a mortgage under any other provision of Federal law or State law; or

“(2) to enforce any right under Federal law or State law in lieu of or in addition to foreclosure, including any right to obtain a monetary judgment.

“(d) APPLICATION TO MORTGAGES.—The provisions of this subchapter may be used to foreclose any mortgage, whether executed prior or subsequent to the effective date of this subchapter.

#### “§ 3403. Election of procedure

“(a) SECURITY PROPERTY SUBJECT TO FORECLOSURE.—An agency head may foreclose a mortgage upon the breach of a covenant or condition in a debt instrument or mortgage for which acceleration or foreclosure is authorized. An agency head may not institute foreclosure proceedings on the mortgage under any other provision of law, or refer such mortgage for litigation, during the pendency of foreclosure proceedings pursuant to this subchapter.

“(b) EFFECT OF CANCELLATION OF SALE.—If a foreclosure sale is canceled pursuant to section 3407, the agency head may thereafter foreclose on the security property in any manner authorized by law.

#### “§ 3404. Designation of foreclosure trustee

“(a) IN GENERAL.—An agency head shall designate a foreclosure trustee who shall supersede any trustee designated in the mortgage. A foreclosure trustee designated under this section shall have a nonjudicial power of sale pursuant to this subchapter.

“(b) DESIGNATION OF FORECLOSURE TRUSTEE.—

“(1) An agency head may designate as foreclosure trustee—

“(A) an officer or employee of the agency;

“(B) an individual who is a resident of the State in which the security property is located; or

“(C) a partnership, association, or corporation, if such entity is authorized to transact business under the laws of the State in which the security property is located.

“(2) The agency head is authorized to enter into personal services and other contracts not inconsistent with this subchapter.

“(c) METHOD OF DESIGNATION.—An agency head shall designate the foreclosure trustee in writing. The foreclosure trustee may be designated by name, title, or position. An agency head may designate one or more foreclosure trustees for the purpose of proceedings with multiple foreclosures or a class of foreclosures.

“(d) AVAILABILITY OF DESIGNATION.—An agency head may designate such foreclosure trustees as the agency head deems necessary to carry out the purposes of this subchapter.

“(e) MULTIPLE FORECLOSURE TRUSTEES AUTHORIZED.—An agency head may designate multiple foreclosure trustees for different tracts of a secured property.

“(f) REMOVAL OF FORECLOSURE TRUSTEES; SUCCESSOR FORECLOSURE TRUSTEES.—An agency head may, with or without cause or notice, remove a foreclosure trustee and designate a successor trustee as provided in this section. The foreclosure sale shall continue without prejudice notwithstanding the removal of the foreclosure trustee and designation of a successor foreclosure trustee. Nothing in this section shall be construed to prohibit a successor foreclosure trustee from postponing the foreclosure sale in accordance with this subchapter.

#### “§ 3405. Notice of foreclosure sale: statute of limitations

“(a) IN GENERAL.—

“(1) Not earlier than 21 days nor later than ten years after acceleration of a debt instrument or demand on a guaranty, the foreclosure trustee shall serve a notice of foreclosure sale in accordance with this subchapter.

“(2) For purposes of computing the time period under paragraph (1), there shall be excluded all periods during which there is in effect—

“(A) a judicially imposed stay of foreclosure; or

“(B) a stay imposed by section 362 of title 11, United States Code.

“(3) In the event of partial payment or written acknowledgement of the debt after

acceleration of the debt instrument, the right to foreclose shall be deemed to accrue again at the time of each such payment or acknowledgement.

“(b) NOTICE OF FORECLOSURE SALE.—The notice of foreclosure sale shall include—

“(1) the name, title, and business address of the foreclosure trustee as of the date of the notice;

“(2) the names of the original parties to the debt instrument and the mortgage, and any assignees of the mortgagor of record;

“(3) the street address or location of the security property, and a generally accepted designation used to describe the security property, or so much thereof as is to be offered for sale, sufficient to identify the property to be sold;

“(4) the date of the mortgage, the office in which the mortgage is filed, and the location of the filing of the mortgage;

“(5) the default or defaults upon which foreclosure is based, and the date of the acceleration of the debt instrument;

“(6) the date, time, and place of the foreclosure sale;

“(7) a statement that the foreclosure is being conducted in accordance with this subchapter;

“(8) the types of costs, if any, to be paid by the purchaser upon transfer of title; and

“(9) the terms and conditions of sale, including the method and time of payment of the foreclosure purchase price.

#### “§ 3406. Service of notice of foreclosure sale

“(a) RECORD NOTICE.—At least 21 days prior to the date of the foreclosure sale, the notice of foreclosure sale required by section 3405 shall be filed in the manner authorized for filing a notice of an action concerning real property according to the law of the State where the security property is located or, if none, in the manner authorized by section 3201 of this chapter.

“(b) NOTICE BY MAIL.—

“(1) At least 21 days prior to the date of the foreclosure sale, the notice set forth in section 3405 shall be sent by registered or certified mail, return receipt requested—

“(A) to the current owner of record of the security property as the record appears on the date that the notice of foreclosure sale is recorded pursuant to subsection (a);

“(B) to all debtors, including the mortgagor, assignees of the mortgagor and guarantors of the debt instrument;

“(C) to all persons having liens, interests or encumbrances of record upon the security property, as the record appears on the date that the notice of foreclosure sale is recorded pursuant to subsection (a); and

“(D) to any occupants of the security property.

If the names of the occupants of the security property are not known to the agency, or the security property has more than one dwelling unit, the notice shall be posted at the security property.

“(2) The notice shall be sent to the debtor at the address, if any, set forth in the debt instrument or mortgage as the place to which notice is to be sent, and if different, to the debtor’s last known address as shown in the mortgage record of the agency. The notice shall be sent to any person other than the debtor to that person’s address of record or, if there is no address of record, to any address at which the agency in good faith believes the notice is likely to come to that person’s attention.

“(3) Notice by mail pursuant to this subsection shall be effective upon mailing.

“(c) NOTICE BY PUBLICATION.—The notice of the foreclosure sale shall be published at least once a week for each of three successive weeks prior to the sale in at least one newspaper of general circulation in any

county or counties in which the security property is located. If there is no newspaper published at least weekly that has a general circulation in at least one county in which the security property is located, copies of the notice of foreclosure sale shall instead be posted at least 21 days prior to the sale at the courthouse of any county or counties in which the property is located and the place where the sale is to be held.

#### "§3407. Cancellation of foreclosure sale

"(a) IN GENERAL.—At any time prior to the foreclosure sale, the foreclosure trustee shall cancel the sale—

"(1) if the debtor or the holder of any subordinate interest in the security property tenders the performance due under the debt instrument and mortgage, including any amounts due because of the exercise of the right to accelerate, and the expenses of proceeding to foreclosure incurred to the time of tender; or

"(2) if the security property is a dwelling of four units or fewer, and the debtor—

"(A) pays or tenders all sums which would have been due at the time of tender in the absence of any acceleration; or

"(B) performs any other obligation which would have been required in the absence of any acceleration; and

"(C) pays or tenders all costs of foreclosure incurred for which payment from the proceeds of the sale would be allowed; or

"(3) for any reason approved by the agency head.

"(b) LIMITATION.—The debtor may not, without the approval of the agency head, cure the default under subsection (a)(2) if, within the preceding 12 months, the debtor has cured a default after being served with a notice of foreclosure sale pursuant to this subchapter.

"(c) NOTICE OF CANCELLATION.—The foreclosure trustee shall file a notice of the cancellation in the same place and manner provided for the filing of the notice of foreclosure sale under section 3406(a).

#### "§3408. Stay

"If, prior to the time of sale, foreclosure proceedings under this subchapter are stayed in any manner, including the filing of bankruptcy, no person may thereafter cure the default under the provisions of section 3407(a)(2). If the default is not cured at the time a stay is terminated, the foreclosure trustee shall proceed to sell the security property as provided in this subchapter.

#### "§3409. Conduct of sale; postponement

"(a) SALE PROCEDURES.—Foreclosure shall pursuant to this subchapter shall be at public auction and shall be scheduled to begin at a time between the hours of 9:00 a.m. and 4:00 p.m. local time. The foreclosure sale shall be held at the location specified in the notice of foreclosure sale, which shall be a location where real estate foreclosure auctions are customarily held in the county or one of the counties in which the property to be sold is located or at a courthouse therein, or upon the property to be sold. Sale of security property situated in two or more counties may be held in any one of the counties in which any part of the security property is situated. The foreclosure trustee may designate the order in which multiple tracts of security property are sold.

"(b) BIDDING REQUIREMENTS.—Written one-price sealed bids shall be accepted by the foreclosure trustee, if submitted by the agency head or other persons for entry by announcement by the foreclosure trustee at the sale. The sealed bids shall be submitted in accordance with the terms set forth in the notice of foreclosure sale. The agency head or any other person may bid at the foreclosure sale, even if the agency head or other

person previously submitted a written one-price bid. The agency head may bid a credit against the debt due without the tender or payment of cash. The foreclosure trustee may serve as auctioneer, or may employ an auctioneer who may be paid from the sale proceeds. If an auctioneer is employed, the foreclosure trustee is not required to attend the sale. The foreclosure trustee or an auctioneer may bid as directed by the agency head.

"(c) POSTPONEMENT OF SALE.—The foreclosure trustee shall have discretion, prior to or at the time of sale, to postpone the foreclosure sale. The foreclosure trustee may postpone a sale to a later hour the same day by announcing or posting the new time and place of the foreclosure sale at the time and place originally scheduled for the foreclosure sale. The foreclosure trustee may instead postpone the foreclosure sale for not fewer than 9 nor more than 31 days, by serving notice that the foreclosure sale has been postponed to a specified date, and the notice may include any revisions the foreclosure trustee deems appropriate. The notice shall be served by publication, mailing, and posting in accordance with section 3406(b) and (c), except that publication may be made on any of three separate days prior to the new date of the foreclosure sale, and mailing may be made at any time at least 7 days prior to the new date of the foreclosure sale.

"(d) LIABILITY OF SUCCESSFUL BIDDER WHO FAILS TO COMPLY.—The foreclosure trustee may require a bidder to make a cash deposit before the bid is accepted. The amount or percentage of the cash deposit shall be stated by the foreclosure trustee in the notice of foreclosure sale. A successful bidder at the foreclosure sale who fails to comply with the terms of the sale shall forfeit the cash deposit or, at the election of the foreclosure trustee, shall be liable to the agency on a subsequent sale of the property for all net losses incurred by the agency as a result of such failure.

"(e) EFFECT OF SALE.—Any foreclosure sale held in accordance with this subchapter shall be conclusively presumed to have been conducted in a legal, fair, and commercially reasonable manner. The sale price shall be conclusively presumed to constitute the reasonably equivalent value of the security property.

#### "§3410. Transfer of title and possession

"(a) DEED.—After receipt of the purchase price in accordance with the terms of the sale as provided in the notice of foreclosure sale, the foreclosure trustee shall execute and deliver to the purchaser a deed conveying the security property to the purchaser that grants and conveys title to the security property without warranty or covenants to the purchaser. The execution of the foreclosure trustee's deed shall have the effect of conveying all of the right, title, and interest in the security property covered by the mortgage. Notwithstanding any other law to the contrary, the foreclosure trustee's deed shall be a conveyance of the security property and not a quitclaim. No judicial proceeding shall be required ancillary or supplementary to the procedures provided in this subchapter to establish the validity of the conveyance.

"(b) DEATH OF PURCHASER PRIOR TO CONSUMMATION OF SALE.—If a purchaser dies before execution and delivery of the deed conveying the security property to the purchaser, the foreclosure trustee shall execute and deliver the deed to the representative of the purchaser's estate upon payment of the purchase price in accordance with the terms of sale. Such delivery to the representative of the purchaser's estate shall have the same effect as if accomplished during the lifetime of the purchaser.

"(c) PURCHASER CONSIDERED BONA FIDE PURCHASER WITHOUT NOTICE.—The purchaser of property under this subchapter shall be presumed to be a bona fide purchaser without notice of defects, if any, in the title conveyed to the purchaser.

"(d) POSSESSION BY PURCHASER; CONTINUING INTERESTS.—A purchaser at a foreclosure sale conducted pursuant to this subchapter shall be entitled to possession upon passage of title to the security property, subject to any interest or interests senior to that of the mortgage. The right to possession of any person without an interest senior to the mortgage who is in possession of the property shall terminate immediately upon the passage of title to the security property, and the person shall vacate the security property immediately. The purchaser shall be entitled to take any steps available under Federal law or State law to obtain possession.

"(e) RIGHT OF REDEMPTION; RIGHT OF POSSESSION.—This subchapter shall preempt all Federal and State rights of redemption, statutory, or common law. Upon conclusion of the public auction of the security property, no person shall have a right of redemption.

"(f) PROHIBITION OF IMPOSITION OF TAX ON CONVEYANCE BY THE UNITED STATES OR AGENCY THEREOF.—No tax, or fee in the nature of a tax, for the transfer of title to the security property by the foreclosure trustee's deed shall be imposed upon or collected from the foreclosure trustee or the purchaser by any State or political subdivision thereof.

#### "§3411. Record of foreclosure and sale

"(a) RECITAL REQUIREMENTS.—The foreclosure trustee shall recite in the deed to the purchaser, or in an addendum to the foreclosure trustee's deed, or shall prepare an affidavit stating—

"(1) the date, time, and place of sale;

"(2) the date of the mortgage, the office in which the mortgage is filed, and the location of the filing of the mortgage;

"(3) the persons served with the notice of foreclosure sale;

"(4) the date and place of filing of the notice of foreclosure sale under section 3406(a);

"(5) that the foreclosure was conducted in accordance with the provisions of this subchapter; and

"(6) the sale amount.

"(b) EFFECT OF RECITALS.—The recitals set forth in subsection (a) shall be prima facie evidence of the truth of such recitals. Compliance with the requirements of subsection (a) shall create a conclusive presumption of the validity of the sale in favor of bona fide purchasers and encumbrancers for value without notice.

"(c) DEED TO BE ACCEPTED FOR FILING.—The register of deeds or other appropriate official of the county or counties where real estate deeds are regularly filed shall accept for filing and shall file the foreclosure trustee's deed and affidavit, if any, and any other instruments submitted for filing in relation to the foreclosure of the security property under this subchapter.

#### "§3412. Effect of sale

"A sale conducted under this subchapter to a bona fide purchaser shall bar all claims upon the security property by—

"(1) any person to whom the notice of foreclosure sale was mailed as provided in this subchapter who claims an interest in the property subordinate to that of the mortgage, and their heir, devisee, executor, administrator, successor, or assignee claiming under any such person;

"(2) any person claiming any interest in the property subordinate to that of the mortgage, if such person had actual knowledge of the sale;

"(3) any person so claiming, whose assignment, mortgage, or other conveyance was



not filed in the proper place for filing, or whose judgment or decree was not filed in the proper place for filing, prior to the date of filing of the notice of foreclosure sale as required by section 3406(a), and the heir, devisee, executor, administrator, successor, or assignee of such a person; or

“(4) any other person claiming under a statutory lien or encumbrance not required to be filed and attaching to the title or interest of any person designated in any of the foregoing subsections of this section.

#### §3413. Disposition of sale proceeds

“(a) DISTRIBUTION OF SALE PROCEEDS.—The foreclosure trustee shall distribute the proceeds of the foreclosure sale in the following order:

“(1)(A) First, to pay the commission of the foreclosure trustee, other than an agency employee, the greater of—

“(i) the sum of—

“(I) 3 percent of the first \$1,000 collected, plus

“(I) 1.5 percent on the excess of any sum collected over \$1,000; or

“(ii) \$250.

“(B) The amounts described in subparagraph (A)(i) shall be computed on the gross proceeds of all security property sold at a single sale.

“(2) Thereafter, to pay the expense of any auctioneer employed by the foreclosure trustee, if any, except that the commission payable to the foreclosure trustee pursuant to paragraph (1) shall be reduced by the amount paid to an auctioneer, unless the agency head determines that such reduction would adversely affect the ability of the agency head to retain qualified foreclosure trustees or auctioneers.

“(3) Thereafter, to pay for the costs of foreclosure, including—

“(A) reasonable and necessary advertising costs and postage incurred in giving notice pursuant to section 3406;

“(B) mileage for posting notices and for the foreclosure trustee's or auctioneer's attendance at the sale of the rate provided in section 1921 of title 28, United States Code, for mileage by the most reasonable road distance;

“(C) reasonable and necessary costs actually incurred in connection with any search of title and lien records; and

“(D) necessary costs incurred by the foreclosure trustee to file documents.

“(4) Thereafter, to pay valid real property tax liens or assessments, if required by the notice of foreclosure sale.

“(5) Thereafter, to pay any liens senior to the mortgage, if required by the notice of foreclosure sale.

“(6) Thereafter, to pay service charges and advancement for taxes, assessments, and property insurance premiums.

“(7) Thereafter, to pay late charges and other administrative costs and the principal and interest balances secured by the mortgage, including expenditures for the necessary protection, preservation, and repair of the security property as authorized under the debt instrument or mortgage and interest thereon if provided for in the debt instrument or mortgage, pursuant to the agency's procedure.

“(b) INSUFFICIENT PROCEEDS.—In the event there are no proceeds of sale or the proceeds are insufficient to pay the costs and expenses set forth in subsection (a), the agency head shall pay such costs and expenses as authorized by applicable law.

“(c) SURPLUS MONIES.—

“(1) After making the payments required by subsection (a), the foreclosure trustee shall—

“(A) distribute any surplus to pay liens in the order of priority under Federal law or the law of the State where the security property is located; and

“(B) pay to the person who was the owner of record on the date the notice of fore-

closure sale was filed the balance, if any, after any payments made pursuant to paragraph (1).

“(2) If the person to whom such surplus is to be paid cannot be located, or if the surplus available is insufficient to pay all claimants and the claimants cannot agree on the distribution of the surplus, that portion of the sale proceeds may be deposited by the foreclosure trustee with an appropriate official authorized under law to receive funds under such circumstances. If such a procedure for the deposit of disputed funds is not available, and the foreclosure trustee files a bill of interpleader or is sued as a stakeholder to determine entitlement to such funds, the foreclosure trustee's necessary costs in taking or defending such action shall be deducted first from the disputed funds.

#### §3414. Deficiency judgment

“(a) IN GENERAL.—If after deducting the disbursements described in section 3413, the price at which the security property is sold at a foreclosure sale is insufficient to pay the unpaid balance of the debt secured by the security property, counsel for the United States may commence an action or actions against any or all debtors to recover the deficiency, unless specifically prohibited by the mortgage. The United States is also entitled to recover any amount authorized by section 3011 and costs of the action.

“(b) LIMITATION.—Any action commenced to recover the deficiency shall be brought within 6 years of the last sale of security property.

“(c) CREDITS.—The amount payable by a private mortgage guaranty insurer shall be credited to the account of the debtor prior to the commencement of an action for any deficiency owed by the debtor. Nothing in this subsection shall curtail or limit the subrogation rights of a private mortgage guaranty insurer.”



ity to yield to other Members, and that the gentleman from Alabama [Mr. BROWDER] be allowed to control the following 10 minutes and have the authority to yield to other Members.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Chairman, I yield myself 10 minutes to begin.

Mr. Chairman, in a way, it almost seems anticlimactic to be on the floor today to talk about the most sweeping amount of change that we have seen in this country over the last 60 years. I want to kind of go back and set the foundation for this. Frankly, we have to go back all the way before the last election. The reason why it is important to go back there is it is all about promises made and promises kept.

My colleagues may recall that the Republican majority, at the time the Republican minority, has a program called a Contract With America. We laid out a number of things that we wanted to do to reestablish contact with the American people, including cutting the size of the Congress, the congressional staffs, applying the same laws that we pass on the American people to apply to us known as the Shays Act, the line-item veto, and, of course, the balanced budget amendment and family tax relief, designed to eliminate or ease the burden on the tax increase that the American people suffered in 1993.

We said that we would be able to give Americans tax relief; we said we would be able to balance the budget; we said that we would be able to provide for a strengthened national security situation, and we would get all of this accomplished. Then the horror stories started about what this would really mean for Americans.

My colleagues may remember some of the famous memos that were put out that talked about the fact that Republicans could not do it unless they robbed all of these programs.

Well, back last November we won an election, and a lot of it had to do with our Contract With America. Then in December it was said that there is simply no way we can balance the budget and give tax relief and provide for a stronger national defense and make government smaller; it could not be done. Well, last January or February, I came to the floor with a program to pay for the tax cuts, with a program to pay for less of a tax burden on Americans.

People said, "Well, you can do that, John, but you cannot pass a budget resolution that will enact this entire program." I then came back later that spring with the help and support of my colleagues in the Republican Party, and we then laid down a budget resolution that balanced the budget in 7

□ 1530

#### THE 7-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to the order of the House of Tuesday, October 24, 1995, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for consideration of the bill, H.R. 2491.

□ 1532

#### IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996, with Mr. BOEHNER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the order of the House of Tuesday, October 24, 1995, the bill is considered as having been read the first time.

The gentleman from Ohio [Mr. KASICH] will be recognized for 90 minutes, and the gentleman from Minnesota [Mr. SABO] will be recognized for 90 minutes.

Mr. SABO. Mr. Chairman, I ask unanimous consent that the gentleman from Florida [Mr. GIBBONS] be allowed to control the first 30 minutes of debate on our side, and have the author-

years, provided the tax relief we promised, brought about a smaller, more focused, more efficient Federal Government, and strengthened national defense.

People said, "Oh, well, we know you can do the budget resolution, that is the easy part. What you will not be able to do is reconciliation where the rubber meets the road."

So, Mr. Chairman, I come here today with a reconciliation bill that in fact keeps our word, provides tax relief to Americans, sharpens the focus of the Federal Government, strengthens national defense, and keeps all of the promises that we were making last fall.

Is it not a great thing in America that a group of elected officials are going to keep their promises? In fact, we are going to balance the budget over 7 years and save the next generation. Mr. Chairman, just to explain a little bit about it, probably the greatest misnomer or the greatest misunderstanding about this proposal, if we listen to the tenor of the debate, is that Federal spending is going to go down in this budget.

Well, let me just put a couple of things in perspective. JFK, John Kennedy, created the first \$100 billion budget in this country, and that occurred in 1962. We created our first \$100 billion budget in 1962. From 1962 to 1995, the Federal budget grew from \$100 billion to \$1.5 trillion in spending per year.

If a person started a business when Christ was on earth, if that person lost \$1 million a day, 7 days a week, he or she would have to lose \$1 million a day, 7 days a week for the next 700 years to create \$1 trillion. Our budget is \$1.5 trillion and our national debt is approaching \$5 trillion, and this November we are going to have to lay down a debt service payment paying interest on our national debt approaching \$25 billion.

Mr. Chairman, the gentleman from Mississippi, SONNY MONTGOMERY, one of the great gentlemen of this House, came to me almost in a panic saying, "John did you know, \$25 billion in interest payments?"

I say to my colleagues, with the national debt approaching \$5 trillion, the American people, the mothers and fathers, the mothers and fathers in this country know one thing, that if the Federal Government is unable to control its appetite, if we are unable to slow the growth in Federal spending, it is going to eat us alive.

Now, over the last 7 years in Washington, and we will get some charts out here later, we have spent cumulatively on Federal spending \$9.5 trillion. Remember what I said about how long it took to make \$1 trillion? We spent \$9.5 trillion. Over the next 7 years, in an effort to balance the budget, give Americans tax relief, strengthen national defense, shrink the size and scope of government and make it more focused, we are going to go from \$9.5 trillion in spending to \$12.2 trillion in spending.

Federal spending is going up by almost \$3 trillion.

Now, in Washington, they claim that only having a \$3 trillion increase in spending rather than a \$4 trillion increase in spending is a revolution. Frankly, on Main Street in every small town, in every large city in America, a \$3 trillion increase is not a revolution, it is barely an evolution.

The simple fact of the matter is that people who struggle every day in their families or people who struggle every day in their businesses do not view a \$3 trillion as opposed to a \$4 trillion increase something that would be impossible to do. Frankly, they wonder why it goes up so much.

Mr. Chairman, the bottom line is, we have a rational plan over time to slow the growth in Federal spending, to slow the growth in Federal spending while at the same time giving people some of their money back, so that they can spend it on things that they think are most important.

Do my colleagues know what the bottom line here is today? The bottom line here today is about the pendulum, it is about power, it is about money, and it is about influence. For 30 years we have sent an awful lot of power and an awful lot of money and a lot of influence to this city.

What we are trying to do is, in a commonsense way, bring the pendulum back so that the American people can be entrusted, so that the American people can be empowered, so that the American people can get their money, their power, and their influence back to fix problems and to show true compassion in the communities in which they live across this great country. Our belief is, it does not work best here; it works best when administered with common sense by people who live all across this country in Main Street, USA.

Mr. Chairman and Members, this is clearly a historic vote, a historic opportunity. This is our chance to restore fiscal sanity and to guarantee economic security for this country. If we are up to this job by slowing the growth in Federal spending, if we can live within a \$3 trillion increase rather than a \$4 trillion increase, do we know what? We have made the first down payment on guaranteeing the prosperity of the United States of America for another century. Mr. Chairman, let us pass the reconciliation bill.

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

(Mr. GIBBONS asked and was given permission to revise and extend his remarks.)

Mr. GIBBONS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from Ohio [Mr. KASICH] always makes such a nice speech. It is a pleasure to hear him. I get to dreaming when the gentleman speaks, but let us get back to reality, let us get back to reality.

Mr. Chairman, I would ask the gentleman from Ohio [Mr. KASICH], has the

gentleman read this bill? Has the gentleman read this bill? Has the gentleman from Ohio read the bill?

Mr. KASICH. Yes.

Mr. GIBBONS. When?

Mr. KASICH. Well, we wrote most of it.

Mr. GIBBONS. Mr. Chairman, the gentleman has not read it. He has not read it. Nobody has read it.

I can tell you one thing it does not contain. It does not contain a \$500-per-child tax cut, does it? Does this bill contain a \$500-per-child tax cut? Yes or no. The answer is no.

Mr. KASICH. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. No; the gentleman has plenty of time. You have 5 hours.

Mr. KASICH. Well, then, how am I supposed to answer the question?

Mr. GIBBONS. Does it contain a \$500 tax cut?

Mr. KASICH. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. Mr. Chairman, I yield to the gentleman from Ohio, very briefly.

Mr. KASICH. Mr. Chairman, of course the gentleman knows that we are going to have a \$500 tax cut. Contained actually in that bill, it is not there, but it is our full intent to do it, and the gentleman understands the purely technical grounds under which we do not have that in there right now.

Mr. GIBBONS. Mr. Chairman, reclaiming my time, the first thing we have established is that it does not contain any \$500 tax cut, so anybody that gets up and says that does not know what is in the bill.

Second, 33 percent of all of the children in families under 18 years of age do not get any tax cut of any sort in the Kasich bill, or should I say in the Gingrich reconciliation bill. Thirty-three percent of all of the children in the United States get nothing out of the Kasich-Gingrich bill. Another 10 percent get a minimal amount of the Kasich tax cut for children and families.

The bill is a fraud. There are so many outrages in this bill that it is impossible to state them all, but there are some real principles that everybody ought to understand. Most of the children and families in tax cuts are in upper income families. They get the tax cuts. The lower income families that really need the money, that have really suffered in all of this revolution, do not get a thing out of this bill, not a cotton-pickin' penny out of this bill.

□ 1545

It is obvious that what is happening in this huge reconciliation bill is that the budget balancing is coming on the backs of poor people, of sick people, of children, and of the working poor. The earned income credit, a bipartisan, partial solution to the problems of the working poor, is being decimated in this bill. That is just a part of the problems that are contained in this bill.

Mr. Chairman, I have a limited amount of time; and I want to be fair with Members on my side about this bill.

Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee [Mr. FORD].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, the reconciliation bill will harm average people just to give that huge tax cut to the wealthiest of people in this country. I would just like to point out, in several areas, some 15 million children in this country will be impacted with the welfare cuts that are being made to give that tax cut to the rich and wealthy of this country.

When we look at children who are receiving public assistance or those who are receiving some type of assistance under the welfare program, it punishes a child by denying cash aid when a State drags its feet on paternity establishment. It leaves children holding the bag if the State runs out of Federal money in any given time. It does not assure safe child care for children when their parents work. It allows children to die when in State care, and the only thing the State is required to do is to make notification to the family upon death.

It throws some medically disabled children off SSI because of the bureaucratic technicalities. It denies SSI benefits to children who did not become disabled soon enough. It cuts aid to poor children just to pay the tax cuts to the rich in this country. There is no guarantee of foster care for children who are abused or neglected under the welfare reform package.

Mr. Chairman, welfare reform that we are working on now with the conferees in the Committee on Ways and Means, the House version of that bill is cruel to children in this country. Just to pay for the huge tax cut, the \$245 billion, that we are going to say to 15 million children who live below the poverty threshold in this country, that we are going to take from the children of this nation to give to the rich and wealthy of this Nation.

The bill harms average people—to provide tax cut for the wealthiest. Reconciliation should focus on balancing the budget—not tax cuts for privileged class.

#### WELFARE

The Republicans have chafed at suggestions that their welfare reform bill—H.R. 4—is cruel to children. The truth hurts. Here are just ten examples of the cruel policies embedded in the Republican contract on America.

It punishes the child—until the mother is 18 years old—for being born out-of-wedlock to a young parent—title I. Number of children punished: 70,000.

It punishes a child—for his entire childhood—for the sin of being born to a family on welfare, even though the child didn't ask to be born—title I. Number of children punished: 2.2 million.

It punishes a child—by denying cash aid—when a State drags its feet on paternity establishment—title I. Number of children punished: 3.3 million.

It leaves children holding the bag if the State runs out of Federal money—title I. Number of children punished: ?

It does not assure safe child care for children when their parents work—title I. Number of children punished: 401,600.

It allows children to die while in State care without requiring any State accountability beyond reporting the death—title II. Number of children punished: ?

It throws some medically disabled children off SSI because of bureaucratic technicalities—title IV. Number of children punished: 75,943.

It denies SSI benefits to children who didn't become disabled soon enough—title IV. Number of children punished: 612,800.

There is no guarantee of foster care for children who are abused or neglected—title II. Number of children punished: ?

It cuts aid to poor children to pay for tax cuts for the rich. Number of children punished: 15 million.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I appreciate the gentleman yielding me the time.

As we go through this debate, I hope we will have an opportunity to talk about some of these issues and hopefully to respond to some of the things that were said here. I just want to respond to two of them.

The gentleman from Florida spoke about the fact that it does not have the \$500 tax cut. He knows full well what is going on here, the fact that the Contract With America, how the tax cut was passed, the fact that the Senate resolution is somewhat different, there is a haircut or a shave in here to reduce the amount.

The bottom line is, and we have been hearing from the other side, that there is a tax cut in here, that it is all going to the rich. We know there is going to be a tax cut in this bill. There is a tax cut. And it is going to be a tax cut that is going to benefit middle America. That is the second thing I wanted to respond to the gentleman from Florida, talking about this is all going to the wealthy.

Look at this. This chart here demonstrates that the vast majority of that goes to those of the income levels between \$30,000 and \$70,000. That is per family. That is not what, in my definition, is the wealthiest Americans.

Those at the very low end get less, yes, because they pay less, considerably less taxes. In fact, in terms of the tax burden, if you are to put this on the basis of where the tax burden goes, the vast majority of this tax relief, percentage-wise, goes to those who are paying the least amount of taxes. So it is distributed over income groups by giving more of it to those at the lower end of the scale.

In fact, the top 1 percent of income earners in this country pays 27.5 per-

cent of all the taxes. They do not get anywhere near that amount of the tax relief. The top 10 percent pay 57.5 percent of the tax. They do not get anywhere near that amount of the tax relief.

I hope as we go through this debate we will have the opportunity to realize that what we are talking about is a tax cut that is going to benefit families. It is saying we are not going to take that money out of your pocket, we are going to leave it in your pocket, and maybe the American family can figure out how to spend the money better than we in Washington can. Maybe they can decide what is best for their education, health care, clothing and feeding and housing their families. That is what this tax cut is all about, benefiting the American family.

Mr. GIBBONS. Mr. Chairman, I yield 2½ minutes to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Chairman, I have heard the gentleman from Ohio talk about keeping promises. Keeping promises is important. So is looking at the content of those promises. If the content is harmful, there is no great honor in keeping misguided promises. That is what is true here today.

Yesterday, this was said on the floor of the Senate:

As much as I want to reduce the size of government, I question spending cuts directed so disproportionately against the elderly, the young, and the infirm.

That did not come from a Democratic Senator. It came from a Republican Senator, ARLEN SPECTER.

There is a great unease in this country about this Republican package. I think it is the source of the low popularity ratings of the Speaker. It is because I think people in this country feel this budget is not so much courageous as it is callous, reducing by \$23 billion the earned income tax credit for working families, having a tax cut. Two-thirds of the tax cut go to those with incomes above \$75,000. That is what the Treasury Department says.

But I want to go beyond those figures, and I want to talk, for example, about SSI for handicapped kids. These are kids with serious handicaps in families that are low, middle and low income, earning \$28,000 and less. Mr. Chairman, this budget eliminates the cash payment for 700,000 families with seriously handicapped kids.

We have to get the budget under control. We have to eliminate this deficit. But I plead, how we do it is also important.

This is a budget that is a callous budget. It deserves to be rejected. I am sure it will be vetoed by the President, and then we will get down to a bipartisan negotiation as to how to turn around the budget deficit in America.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York [Ms. MOLINARI].

Ms. MOLINARI. I am proud, Mr. Chairman, to stand here with my colleagues on one of the most historic days in the last 30 years. We have today begun the process of shifting the very fabric of government from reckless spending and huge deficits toward responsible fiscal policy.

The last time Congress exhibited fiscal responsibility Sam Rayburn was Speaker. He told us something that some have forgotten. He said, "You'll never get mixed up if you simply tell the truth."

In November of 1994 and over the past 10 months, Republicans have been completely honest with the American people. We have told them the truth. The truth is, the Federal Government taxes too much. The truth is, the Government spends too much.

The national debt is nearing \$5 trillion, and if we continue on the course that the Democrats have proposed, the number will reach over \$8 trillion by 2010.

The truth is, the Republicans have the only certified plan to balance the budget. If you want to talk about caring about children, how much can you care about children if you are not willing to change a pattern of spending that will give to each baby born in 1995 over \$187,000 in taxes in their lifetime just for the interest on the debt?

The truth is, the President sent not just one but two budgets to the Hill; and he requested that Congress spend \$200 billion more than it takes in every year.

The truth is, a balanced budget means a lot to Americans and our children, not only because it is the right thing to do but because it sets us on the road to prosperity. Federal Reserve Chairman Alan Greenspan said that a balanced budget will lower interest rates by 2 percent.

On Election Day, we promised we would present a plan to balance the budget; and now we are delivering on that promise. Unlike the President, ladies and gentlemen, we will have no regrets a year from now. By telling the truth to the American people, we are making history, and we are keeping our commitment. We will deliver hope to a Nation that believed it never could happen again.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. STARK].

(Mr. STARK asked and was given permission to revise and extend his remarks.)

Mr. STARK. Mr. Chairman, the reconciliation bill before us today is an affront to American standards of fairness and decency. Of course the American people want to see the deficit reduced, but they do not want to do it by gutting Medicare, Medicaid, the earned income tax credit, child nutrition, student loans, and a host of other valuable Government programs; and they especially do not want to do it while giving huge tax cuts to those who do not need it.

The Democratic staff of the Joint Economic Committee looked into who is likely to get the tax cuts and who is likely to suffer from the presumed cuts the Republicans are proposing. The results are stunning.

The poorest 20 percent of American families, those making \$13,000 a year or less, those whose income represent only 3.5 percent of the total income in this country, will bear one-half the cuts in programs that help people directly. The poorest 20 percent get half the cuts of benefits, and they are going to get no tax cut whatsoever. Instead, they will see their taxes go up because of the change in the earned income tax credit.

Most middle-income American families get a bad deal as well. Some will get a tax cut, but many will lose benefits worth much more. What is going to be left is they are going to be holding the bag when the Medicaid money is no longer available. They get a net cut, if there is a tax cut, in their gross benefits of \$500 a year.

But under the Republican plan for deficit reduction, the richest 20 percent of American families come out way ahead. They are slated to get two-thirds of the tax cuts, and their tax breaks exceed their losses in program benefits. They get fewer program benefit cuts and more of the tax cuts.

Mr. Chairman, the shared sacrifice in reducing the deficit would look very different if we had a Democratic plan. I urge Members to oppose the obscene reconciliation package.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Maine [Mr. LONGLEY].

Mr. LONGLEY. Mr. Chairman, it is a pleasure to stand here in behalf of my own leadership and the gentleman from Ohio [Mr. KASICH], chairman of the Committee on the Budget, to compliment them for their yeoman work.

I want to share a little bit of a personal vignette that relates to this entire experience. My father served as Governor of Maine, but my father was also a former Democrat. In 1974, he left the Democratic Party because he was sick of the tax-and-spend philosophy and the attitude that there was no limit to what this Government can do.

There is an irony also because in 1976 he was the first national cochairman of the National Committee for a Balanced Budget Amendment. The irony was this: When his son was sworn in as a Member of this Congress, his two grandchildren, my son, Matthew, age 11, and my daughter, age 7, Sarah, were on the floor with me. It made me sick to think that after 20 years my two children were at a point where they are looking at paying hundreds of thousands of dollars in taxes on interest alone on the Federal debt without a single reduction of principal. That is what this is all about.

We have a plan today. There is no plan on the Democratic side. In fact, any plan that has been offered barely gets past any plan that has been offered

by our own leadership, barely passes the muster of your own caucus.

I have got another little secret to share with you today. Last November, the Republicans took control of the Congress by 13 seats. In that freshman class we have 14 former Democrats, myself included, who are sick of the tax-and-spend attitude that has been pushed.

The issue is, are we going to do it or not? Are we finally going to bite the bullet and pass a plan that gets us on a track to a balanced budget or are we going to continue the game, the charades, and the lack of honesty about an issue that is fundamental to the future of this country, including the future of my two children?

□ 1600

Mr. GIBBONS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I love all of this ethereal talk about the wonder-land that is being created by our Republican colleagues.

But when are we going to get down to business? When are we going to talk about what is in this monstrous bill they have got here? Let me just ask the gentleman on the other side if they can explain any of the language on pages 1296 and 1297? Just pick it up and read it, and if you can explain it, take your time and try to do it.

But, you know, that is what this debate is about. It is not about dreams. It is about reality. It is what is contained in here, and this is a bill that is going to be vetoed. It deserves to be vetoed. Then perhaps we can talk some common sense around here.

Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Chairman, the former speaker, I say, yes, we know you are going to do it, pass this bill. But it is the way you do it that we have the problem with.

I stand here in opposition to the part of this bill, the earned income tax credit, which is under attack. This is the one feature of the Tax Code generally designed to help working families. The majority side's runaway growth is justification for taking away \$23 billion from the earned income tax credit. This claim conveniently ignores the fact that this is the way the law was written on purpose.

President Reagan supported the earned income tax credit. President Bush expanded it, and then President Clinton embraced it, and that is where we are today: Working people get a tax credit.

The majority goes on to great lengths to point out that families with too much income are receiving this credit and uses this as the primary justification for phasing out the credit. However, the majority well knows the very structure of the credit results in families with incomes above the poverty line receiving the credit. Destruction of the credit so a family would

lose the entire working credit for earning 1 additional dollar above the base amount would destroy the work incentive.

Therefore, to phase out the credit faster, the majority raises the marginal rate on every family. This change is nothing less than \$8.7 billion tax relief on the 9.4 million families with children, earning between \$11,000 and \$28,000.

This is really beyond the beyond, and I do not see how anybody can defend it. This is an egregious example of paying for tax breaks by raising taxes on some of America's most hard-working families.

The tax credit was the first effort of bipartisanship to keep working families working, and then it was the first step in welfare reform, and now to attack it and say it does not work, it works. You need the \$23 billion, but it should not be taken from the tax credit.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. FRANKS].

Mr. FRANKS of New Jersey. Mr. Chairman, ladies and gentlemen, I think something is important to put into perspective. If we choose to allow this Government to run on the course it is currently taking, in 17 short years every single dollar that every individual taxpayer sends to this town, every tax dollar paid by every corporation in America will all be consumed by just five programs: Social Security, Medicare, Medicaid, Federal Employee Retirement Benefits, and the interest payment on the national debt. In just 17 short years we will not be talking about possible reductions in student financial assistance that will allow a child to help get to college. There will simply be no money available to help send children to college, because all of our tax revenues will be consumed by those five mandatory entitlement spending programs.

If we need to help put police on the streets in our neighborhoods that are high-crime areas, the Federal Government will be unable to help any of those communities, because all of our available revenue will be consumed by just those five programs.

If you are concerned about the quality of our air and our water, there will not be any Environmental Protection Agency, because all of the money will have been consumed by just those five mandatory entitlement spending programs; no money for infrastructure, for our roads, our bridges, our highways, our mass transit systems.

The bottom line is that the next generation will inherit an America with far fewer opportunities because the Government will have taken all of its available revenue, yet still be unable to meet some compelling needs of our citizens.

For 30 years, we have been deficit spending. We have lost sight of our fundamental responsibilities to make certain that we measure our commitment

to compassion with our ability to sustain programs financially.

It has gotten out of balance. Ladies and gentlemen, this is the hour to balance the budget.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Chairman, let me congratulate my Republican friends for making a promise and keeping it. People did not understand the contract. I did. I have known you for along time.

You said you were going to reduce the deficit. You said you were going to balance the budget. I knew darn well what you meant. You meant you were going to give back some taxes, tax cuts, because I understand what you were talking about.

If you give more money to the rich, they are smart enough to know what to do with it. They are going to invest it. Right? That is why most of it goes to rich people. They invest it, create jobs, and sooner or later, 10 or 15 years, it trickles down, the poor get something. I understand what you are talking about.

You say you want to help people with health care. The best way to help old folks with health care is take away what they have got, so you take away \$270 billion, give them a voucher, and tell them, "You are sick. Go out and find yourself a health maintenance program."

The previous speaker said we would not have money to fight crime. That is the cruelest thing of all, because you cut education, you cut job training, you cut the little cushion we have in the earned income tax credit to keep people working instead of having to go on welfare. And so what do we have in our cities that really cost us, not just in losing deficit but in losing lives, is that instead of giving job opportunities, you give us jails, instead of talking about having schools and educators and going into partnership, you allow drugs to come and provide the hope.

Let me say this, yes, you balanced the budget. Yes, you give the tax cut. But when you said you were reforming these programs, believe me, the American people can read the fine print in that contract.

You may have fulfilled the goal as you read it, but if you go to Catholic Charities, if you go to the Jewish Council Against Poverty, if you go to the Protestant Council, those people who provide the health care and try to help the poor among us, they will tell you you breached that contract with the American people and sooner or later when they come back you will soon know that America would not tolerate what you are doing to them today. They will pay you back tomorrow.

Mr. KASICH. Mr. chairman, I yield myself 2½ minutes.

Mr. Chairman, again to the total Federal spending, it is going from \$9.5 trillion to \$12.2 trillion. We want it to go up.

I mean, it is almost absurd to argue this because it shows you how modest we are being. We want it to go from \$9.5 trillion to \$12.1 trillion; total Federal spending will grow like this.

What do the big spenders want? They want to grow at \$13.3 trillion. If we keep doing this, the country is going bankrupt.

You want to talk about kids? They will have no chance. You want to talk about the rich? The rich will get richer and the poor will get poorer.

The fact is our Federal spending goes up.

Let us talk about the rest of the program. Medicare, we are going to go from \$926 billion to \$1.6 trillion. If we grow at \$1.8 trillion, guess what, Medicare goes bankrupt. We had that debate last week, and our senior citizens are going to be in wonderful shape if they want to stay in the current program, and, frankly, they ought to look at the private plans where they are going to get more.

But under any circumstance, Medicare grows from \$926 billion to \$1.6 trillion.

Now Medicaid, to listen to the other side, you would think we are going down. Medicaid is going from \$443 billion, you hear those numbers out there on main street, billion, to \$773 billion. The big spenders want to go to \$955 billion. Of course, the country will go bankrupt.

But it does not make for a good speech to talk about facts.

Welfare reform, in our welfare program, we are going to go from \$492 billion to \$838 billion. Some want it to grow to \$949 billion.

If we do this, you know what will happen. The country will go bankrupt.

The bottom line is, folks, can we, in fact, grow from \$9.5 trillion to \$12.1 trillion? Can we restrain ourselves from that extra trillion dollars? If we restrain ourselves, we will balance the budget. We will give tax relief, and the earned income tax credit is going to go up 40 percent under our plan. I think that is pretty good, a 40-percent increase over the next 7 years, and nobody will get less money in 1996 than they got in 1995.

These are the facts. This is what will save the country. Pass this reconciliation bill.

Mr. GIBBONS. Mr. Chairman, I yield myself such time as I may consume.

I always love the beautiful dreaming charts of the gentleman from Ohio [Mr. KASICH]. He overlooks two factors. One, the country as a whole grows in total number of people, as does the eligible population, for the types of things he was castigating.

Second, there is the impact of inflation that unfortunately is with us and has been with us for, well, for generations, really. So all of his figures are just make-believe.

Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN].



(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Chairman, I rise in strong opposition to a budget reconciliation package that violates every concept of truth in labeling and truth in advertising. If you believe this reconciliation bill is about balancing the budget and keeping promises, you believe Joe Camel was created to teach children about dangers of smoking.

The problems with this bill begin with the numerous horrendous provisions that betray the middle class, working Americans who pull the wagon. The attack on the middle class is broad and bold. This bill opens the door to those who would raid pension funds and put at risk the retirement benefits of working Americans. At the same time, it closes the door to higher education for millions of Americans by restricting access to student loans.

Elderly Americans also face a double-barreled attack. Two hundred seventy billion dollars of Medicare cuts threaten the availability and affordability of basic medical care. Another \$180 billion of cuts in Medicaid will tear at the family budgets of millions of elderly Americans, and their children, who are trying to cope with the costs of nursing care.

The promises broken in this bill are far too many to mention in just a few minutes. But one deserves special attention. The promise of the Contract With America—in the Speaker's term, the crown jewel—was a \$500-per-child tax credit. Under the bill before us today, the crown jewels have been devalued by 27 percent. This bill walks away from that promise and many more. But the bill does preserve the spirit of the contract in one important way—the elderly, the middle class, and the poor bear the burden of paying for tax cuts that overwhelmingly benefit wealthy taxpayers.

There will be an opportunity tomorrow to vote for a plan that will balance the budget in 7 years. We can vote for a plan that will borrow less money than the Republican plan, that will balance the budget without tax increases, and that does not require the harsh and unwise cuts proposed by the Republican budget.

I refer to the coalition budget. That substitute demonstrates you can balance the budget in 7 years without the extreme proposals of the Republicans, with less borrowing, if you only will give up the special-interest tax breaks that are included in the Republican bill.

□ 1615

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Oklahoma [Mr. LARGENT], a member of the Committee on the Budget.

Mr. LARGENT. Mr. Chairman, it was Robert Kennedy who said that progress is a nice word, but change is its motivator, and change has its enemies.

It should come as no surprise to anybody that our plan of change, that represents the most significant change within the Federal Government in the last 60 years, a truly historic vote that will occur on this floor tomorrow, has its enemies. That should come as no surprise.

We have the defenders of the status quo, that have said we need to spend more and more and more, and continue to load the debt on to our children and our grandchildren, arguing against this plan. In fact, I would submit to Members that had our plan come from on high on tablets of stone, that these same people would be voicing their opposition to these extreme measures that the Republican plan puts forth in the reconciliation bill.

Yes, change is difficult, but change is absolutely necessary. We cannot continue to add more and more debt on to the heads of our children and grandchildren. We cannot allow Medicare to go bankrupt. We cannot continue to overtax our families and our businesses. We cannot continue to allow government to grow and grow and grow.

No, Mr. Chairman, it is time to resist the enemies of change, to be courageous, something that has been lacking in Washington, DC for too long; to do the right thing, for our country and for our children.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. McDERMOTT].

Mr. McDERMOTT. Mr. Chairman, I would suggest to the gentleman from Oklahoma that if this bill had come down from on high, our good Lord would not be doing to the poor, sick, and disabled of this country what is in this bill.

We went through a charade here last week to convince the American people that there was no connection between Medicare and the tax cuts. We had speaker after speaker saying no, we are doing one this week, and we are doing one the next week, and there is no connection.

But if you take this bill, 724 pages, go to page 1324, and it says "H.R. 2425 as passed by the House of Representatives is hereby enacted into law." Medicare is mixed in with the tax breaks. Now, that is the essence of what this bill is all about.

There is no question that the Republican revolution is intended to give 1 percent of Americans who make more than \$200,000 annually a tax cut that averages \$12,600. But if you are in the 19 percent of the families in this country earning less than \$10,000, you will have a tax increase of \$25 a year. More than half of the cuts, 52 percent, go to 5.6 percent of the Americans at the top of the schedule.

Now, at the same time, this bill takes \$23 billion and puts it as a tax increase on the low-income families in this country who are trying to stay off welfare. These families will be hit doubly hard, first by the \$23 billion cut in

the earned income tax credit, and second by the complete or partial ineligibility they have for the nonrefundable \$500 tax cut.

We also see in this bill a paltry \$2 billion taken out of corporate welfare in this country. The question is, why are the poor people hit 11 times harder than the corporations of this country?

It is a bad bill. I urge Members to vote against it. It means that we are going to balance the budget on the backs of the poor, and that is wrong. I would say to the gentleman from Oklahoma [Mr. LARGENT], God would not have done that.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York [Mr. LAZIO], a member of the Committee on the Budget.

Mr. LAZIO of New York. Mr. Chairman, do you know what the fastest growing area of the Republican budget is? It is Medicare. We are taking care of older Americans. The rhetoric on the other side is that we are taking care of the rich. Is the family tax credit taking care of the rich? Is giving breaks for working families through an adoption tax credit taking care of the rich? Is giving families the ability to use an IRA for first-time home buying, for health care expenses, to encourage savings, is that taking care of the rich? I think not.

Let us call this what it is. Inherent in this question is the moral question of what type of world we will leave to the children of America.

There can be no serious question as to the two paths before us. We can stay on the path we have been on and deliver a future of unsustainable spending and crushing debt, huge increases in taxes that dash hopes and dreams, and in the end that promise fewer opportunities and a poorer quality of life for the smallest among us, who, incidentally, do not have the ability to vote.

Or we can take another path, a brighter path. It will require courage, but it represents the hopes and the aspirations of every parent for every child in America. It promises an America where our children can have better lives than we. It will make America stronger for our generation, for our children's generation, and for generations to come. It maps out a positive future for our country by beginning the tough task of balancing the Federal budget and beginning to pay off our national debt.

With the national debt approaching \$5 trillion and expected to reach almost \$8 trillion by 2010, and interested payments scheduled to surpass the money we now spend on our national defense, now is not the time for our political needs to buckle. A balanced budget is the surest strategy to increase American productivity and living standards. That is not according to some Republican rhetoric, that is according to Alan Greenspan, the Chairman of the Federal Reserve. A balanced budget



means 6 million new jobs, rising family income, making homes, cars, education, or starting a new business more affordable.

If we cave into 30-second sound bites, Mr. Speaker, if we fail to do the right thing because we do not agree with every single change that has been made in this pivotal package, will fail to do the right thing for our children.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Mr. Chairman, I thank the gentleman from Florida for yielding me this time.

Mr. Chairman, well, here we go again. Fifteen years after George Bush warned this Nation about voodoo economics, our friends on the other side of the aisle are up to their old tricks again. They are trying to tell the American people that a 7 year \$245 billion tax cut is an important step along the road to a balanced budget.

This time, the American people know better. They know that to cut taxes by \$245 billion, when you are \$5 trillion in debt and when you are experiencing deficits of more than \$160 billion annually, is not just bad economics, it also runs against simple common sense. It may please some, but it is bad public policy.

There is a better, more fiscally responsible course for us to follow. It will be on the floor tomorrow. This is a budget written by our Conservative Democratic Coalition, which takes this Nation straight to a balanced budget by the year 2002, and it does so without these costly tax cuts. It contains real budget reforms, and it cuts the budget faster and deeper than the Republican plan. Because our bill rejects tax cuts, it provides a more moderate glide path to the balanced budget.

We assure the solvency of the Medicare Program, but we do it fairly. Medicare will receive \$100 billion more than the Republican plan. Medicaid will receive \$100 billion more. The vulnerable rural hospitals in my district and elsewhere so dependent on Medicare and Medicaid will receive fair reimbursements under our program. We reject deep cuts in student loan programs, retain the earned income tax credit, and provide \$80 billion more in discretionary spending in the areas ranging from education to economic development, to agriculture and to conservation.

Mr. Chairman, let us reject this business as usual. We can and we should not cut taxes when we have to borrow this money from our children. Vote tomorrow for the Conservative Democratic Coalition alternative. Vote against the Republican reconciliation bill.

Mr. KASICH. Mr. Chairman, I yield 30 seconds to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I just want to respond to one thing said by the last speaker, and that is the implication of deep cuts in student loans.

That is just simply not true. Mr. Chairman, we are not cutting student loans. Student loans, the Pell grants are going to grow; there are going to be a higher amount of Pell grants than before. The total amount of student loans is going to grow. The only thing we are doing is saying when you graduate in college in the 6 months that the taxpayer, the working Americans, single parents and mothers, are subsidizing that loan, we are saying they are going to pay the interest. They are going to accumulate the interest for that 6 months. That is the only difference. That is the only change we are making.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from New Hampshire [Mr. BASS].

Mr. BASS. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I will start with a quote that I would like to bring to your attention: It goes as follows:

We have no right, frankly, to continue to finance a Government budget that is 20 percent debt-financed, and will be more debt-financed in the years ahead, and leave it to our children to figure out how to live with lower incomes than they otherwise would have. And believe me, it isn't just our children. We're going to be living with the consequence in the very near future.

Mr. Chairman, that is not NEWT GINGRICH, our Speaker. That is not DICK ARMEY. That is not our chairman, JOHN KASICH. In fact, it is not even you, Mr. Chairman. That is President Bill Clinton in 1993 talking about the budget.

Well, Mr. Chairman, I have 2 children, Lucy and Jonathan, ages 2 and 4. They owe the Federal Government today over \$18,000. As has been said before, if we do nothing, in their lifetimes they could owe as much as \$180,000. I am not going to leave this country to that kind of a destiny. The future of this country is indeed in our hands today, and indeed, one could say, the world.

Now, this reconciliation package is not perfect. There are problems with it. There are problems with any document that is developed as a result of consensus. But what is at stake today is the very institution of this Government and the country. We have spent beyond our means now for over 30 years, and if we fail to get this country on a path to a balanced budget starting today, I do not know where my children, Jonathan and Lucy, are going to be 20 years, from now.

Mr. Chairman, when all the rhetoric does down, the shrill rhetoric and Chicken Little discussion about how the sky is falling in is over, the American people will remember this Congress for many, many years after the rest of us are gone.

Please join me today in passing this reconciliation package. It is needed.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. MATSUI].

Mr. MATSUI. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, the gentleman, the prior speaker, said that this reconciliation proposal is not perfect. The gentleman is correct, and when imperfections are raised, the Members of this body should try to do something about it before Members are going to be asked to vote on it. I will give you one example: It is the pension reversion issue. Many of you know about it. Some do not know about it. You better get to know about it soon, because it is going to hit you in the first 6 months of 1996.

If you recall, in the eighties we had massive withdrawals of pension funds by companies, companies that were basically in trouble, \$20 billion, and the Pension Benefit Guaranty Corporation had to take over a lot of these pension programs. What we did in 1986, 1988, and 1990 under Reagan and Bush, on a bipartisan basis, is clean it up. So there is now an excise tax of 50 percent if you take pension fund moneys out of these pension programs, unless it goes to health care benefits for your retirees.

What the Committee on Ways and Means did, what the majority did, was put a provision in to allow companies to take money out of their pension funds without any restraint. They can use the money not only for health care, but they can use it to buy luxury cars, they can take the money out for bonuses for their executive employees, they can take the money out for leveraged buyouts.

In fact, the Pension Benefit Guaranty Corporation, which is a non-partisan group, says that over \$40 billion will be taken out of this fund over the next couple of years, probably in the first 6 months of 1996, when all of us are going to feel it, mainly because there is an incentive. There is no excise taxes for the first 6 months of 1996.

This is a provision that is going to do major damage to the average American worker, and this is a provision that is strictly special interest. We received reports written by companies that were special interests that basically supported this provision, but all objective outside groups have said this is going to do major damage, major damage, to the average American worker. I would just be aware of this, because we are going to feel this in the first 6 months of 1996.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Chairman, I thank the gentleman for yielding me time.

I think the question is to this side of the aisle, to the American people, do we want to balance this budget, or do we not? The American people are not too concerned about how we keep our books, but let me just make a couple of comments why it is so important to the American family, to our kids, and our grandkids.

If you had a stack of \$1,000 bills pushed tightly together, \$1 million

would be 4 inches high. Our debt in this country is over 300 miles into outer space of tightly stacked \$1,000 bills. Government has got its arm in the pot of available money that can be lent out in this country to the tune of borrowing 40 percent of all of the money lent out last year.

What does that mean as far as demand goes? Alan Greenspan, our top banker, Chairman of the Federal Reserve, says if we could end up with a balanced budget we would see a 1.5 to 2 percent lower interest rate. What do you think that means to somebody that is paying off a college loan?

□ 1630

I will tell Members what it means. It means on the average an individual would save \$2,000 over the payback period of their loan. What does it mean to a family paying off a \$100,000 home that they are buying on that mortgage? It means a \$2,000 savings. It means that we are going to expand jobs and the economy in this country.

The President sent us a budget. CBO says it is never going to balance. And yet right now, in his press conference, the President is announcing that with the growth in the economy we probably would not have to have any spending cuts.

Mr. Chairman, just let me finish by saying back in 1947 the Federal Government operated on 12 percent of the GDP. We used 12 percent of the GDP to operate this place. We know what it is now. It is almost double that. We have expanded this Government, spending 22 percent of our gross domestic product.

If we care about our kids and our grandkids, let us get back in focus, let us balance this budget.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. LEWIS].

Mr. LEWIS of Georgia. Mr. Chairman, this bill is really not a reconciliation bill, it is a wrecker ball bill on middle class families.

Mr. Chairman, an ugly spirit has risen in our Nation's Capital. A mean spirit. A cruel spirit. A spirit that gave rise to this Republican bill.

Republicans raise taxes on the working poor—and cut taxes for the idle rich. Republicans raise taxes on 30 million working families.

Republicans spend more on defense, but cut Head Start, school lunches, and student loans. They choose bombers over babies, defense contractors over children, star wars over schools.

Do you really want a welfare bill that would put children in orphanages? Do you want to return to the days when families put the disabled in back rooms. Do you want to send senior citizens to dilapidated hospitals and second rate medical care?

I cannot believe. I truly cannot believe what this bill does to our country. There are Americans who need our help. Children do not choose to go hungry. The elderly do not choose to become sick. The handicapped do not choose to be disabled.

Mr. colleagues—there, but for the grace of God, go I. Each and every Member of this body is blessed. We have a responsibility—a moral obligation—to do right by our children, our seniors, and our working families. This bill fails that test.

Two hundred and forty-five billion dollars can help a lot of families earn a livable wage. It can feed a lot of children. It can help a lot of students get through school. It can provide medical care for hundreds of thousands of seniors. With \$245 billion, you can do a lot of good for a lot of people.

Or you can squander it on a privileged few. You can pay for a tax cut for rich, political friends. That is the choice you make today. I urge you to look within your heart—to do what is right. Vote "no" on this proposal. It is cruel, it is mean, it is downright low-down.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Kentucky [Mr. BUNNING].

(Mr. BUNNING of Kentucky asked and was given permission to revise and extend his remarks.)

Mr. BUNNING of Kentucky. Mr. Chairman, I come to the floor with a great deal of pride today. We can and should take pride in the fact that for the first time in a very long time the House of Representatives is going to do what is right for the future of this great Nation—we are balancing the budget.

We will pass this balanced budget and set the country's finances back on the right path for the first time since 1969. It is a vote for the future and a vote for our children and grandchildren.

We are stemming the flow of red ink from the Federal Treasury so that my 28 grandchildren won't be stuck with bills run up by their grandfather's generation.

I am also proud of the fact that we listened to the American people and we are doing what we promised to do. We are delivering on the change that the people want.

The people want welfare reform; and, we are delivering. The people want tax relief; and, we are delivering. The people want us to save Medicare from going bankrupt; and, we are delivering. The people want more power returned to the States; and, we are delivering.

The baby boomers will be retiring soon and that means that they will be looking for Social Security and Medicare benefits. This budget helps to ensure that those benefits will be there when they need them.

This is a good budget. For a change, it shows that we can keep our promises and it shows the American people that we listened to what they want instead of acting like the national nanny.

There are many in this House who do not like the new way of doing things. But, I am willing to bet that the American people like knowing that we are doing things their way, for a change.

My friends, this is the opportunity to fulfill the vision that President Reagan

set forth in his first inaugural address when he said:

It is not my intention to do away with government. It is rather to make it work—work with us, not over us; stand by our side, not ride on our back. Government can and must provide opportunity, not smother it; foster productivity, not stifle it.

This budget meets the Reagan goals. We must pass it. We must show the American people that we can and will deliver the change that they want.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes and 30 seconds to the gentleman from Wisconsin [Mr. KLECZKA].

Mr. KLECZKA. Mr. Chairman, I want to thank the gentleman from Florida [Mr. GIBBONS] for yielding me the time. We have heard a lot of talk today about deficit reduction and, clearly, this bill is intended to do that. But as we talk about, like the former speaker, about reducing the deficit, very few of my Republican colleagues tell us how they are doing this.

We spent 1 day of debate last week talking about the Medicare cuts that are embodied in this bill. Also embodied in this bill are substantial tax cuts. Now, my friends, if we are trying to resolve a budget deficit and we have no money, where, I ask my colleagues, are the dollars coming from to fund a tax cut, one which, I have to tell Members, is purportedly going to the middle class.

Well, my Republican friends have a new definition of Republican middle class. I will share that with Members. Here is a quote from one of the Republican Members of the House, and he indicates "When I see someone who is making anywhere from \$300,000 a year to \$750,000 a year, that is middle class. When I see anyone above that, that is upper middle class." I think this indicates to us where the tax cuts are going and where this whole deficit reduction bill is going.

Mr. Chairman, I specifically want to address an issue which I think is very, very important to the working men and women of this country. My friend, the gentleman from California, BOB MATSUI, talked about this before. In this bill there is a provision which will permit corporations to raid their pension plans to the tune of \$40 billion. Corporations under this bill can take out of their pension plans, which is put there by workers, reserved for their workers' pension. This bill says they can take up to about \$40 billion out of that nationwide.

The problem with that policy, Mr. Chairman, is who will pick up the tab if these pension plans cannot meet their obligations? We have an answer. It is called the Pension Guaranty Corporation, a Federal agency ensuring pension plans. But they have their financial problems on their own even without this. So I say, and my other colleagues will say to Members, this will end up another savings and loan bailout. Because if the Pension Guaranty Corporation does not have the money after the corporation is

skimmed \$40 billion, it is the taxpayers who will have to shell out the money.

The CHAIRMAN. The Chair reminds all Members that they should direct their remarks to the Chair and not to the audience or anyone else outside of the Chamber.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from North Carolina [Mrs. MYRICK].

Mrs. MYRICK. Mr. Chairman, the national debt now stands at \$4.8 trillion, and this means that a child who is born today is going to have to pay \$180,000 just to pay the interest on the debt over their lifetime. That is \$3,500 in taxes every year of their working life. We are literally mortgaging our children's future and straddling them with a mountain of debt.

As a mother of five and grandmother of six, almost seven, I have a moral obligation to balance this budget for them because I want my kids and grandkids to have a better future, to have more opportunity than I have. But, how can that happen if they start out with this great mountain of debt on their backs?

Mr. Chairman, it has been stated if we balance the budget, interest rates will drop 2 percent. Now, that may not sound like a lot, but just consider the fact that that means, on a 30-year mortgage on a \$75,000 house, an individual would save \$37,000. That is enough to put our kids through college. It also means that an individual would save \$900 on a \$15,000 car loan. My goodness, look at what that would mean to a young person starting out or a young couple.

Mr. Chairman, the family is the most important part of society in America today and a balanced budget is good for the American family. On behalf of our children and our children's children we need to vote for a balanced budget and to do that so we will be sure that tomorrow's dream, the American dream, does not turn into tomorrow's nightmare.

Mr. GIBBONS. Mr. Chairman, I yield the balance of my time of the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL of Massachusetts. Mr. Chairman, I stand here before you today to oppose this budget reconciliation package. We are beginning this historic debate on the future direction of our country. This budget heads the country in the wrong direction. It is a shame that we could not be here today debating a bipartisan budget which has a sole purpose of meaningful deficit reduction.

This budget harms the American people. The Medicare cuts totaling \$270 billion go too far. These extreme cuts are needed in order to pay for \$245 billion in tax cuts to wealthy Americans. We debated this tax cut back in the spring and I still believe it is not needed.

I have been traveling throughout my district and I have heard angry com-

plaints about other aspects of this budget. Seniors are scared about drastic cuts to Medicare. They fear what will happen to them if they are struck with a catastrophic illness.

College students are afraid about the changes to student loans. Will they be able to afford to finish college? Parents are afraid they will not be able to pay for the college tuition of their children.

Individuals who have worked their way off of welfare are angry about changes to the earned income tax credit. The EITC has been an extremely successful incentive for work. Even President Reagan was supportive of the EITC. In 1986, he stated that EITC was "the best anti-poverty, the best pro-family, the best job-creation measure to come out of Congress."

Hard-working Americans do not understand the corporate pension reversal provision. Why should corporations be allowed to raid pension plans? I look at this provision and all I can see is the ghost of the S&L crisis. How do we explain this onerous provision to the American people? We cannot light a match to the pension funds of hard-working individuals.

The Citizens For Tax Justice's analysis of the tax cuts included in this reconciliation package indicates that 52.3 percent of the tax cuts go to 5.6 percent of Americans with incomes greater than \$100,000 a year. Less than 1 percent of these tax cuts would go to the 40 percent of families earning \$20,000 or less per year.

This budget heads the country in the wrong direction. We need to be responsible legislators. This legislation is not responsible. I urge you to vote against budget reconciliation.

We owe the American people more than this budget. It is our obligation to do better.

□ 1645

The CHAIRMAN (Mr. BOEHNER). All time has expired. Under the unanimous-consent agreement previously agreed to, the gentleman from Alabama [Mr. BROWDER] is recognized for 10 minutes.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Florida [Mr. MILLER].

Mr. MILLER of Florida. Mr. Chairman, this is an historic occasion as we get ready to vote on the budget reconciliation bill tomorrow. For those of us who have worked so hard to get to this point, it really is exciting.

Mr. Chairman, we have made some difficult choices getting to this point today, but I look at this as a moral issue that we are fighting today. Just as our parents and grandparents fought the war against fascism, and we recently had the war against communism, we won those; the moral fight we are having today is about balancing this budget. It is a moral issue. It is obscene what we are doing by overspending in the Federal Government by over \$600 for every man, woman, and child in the United States.

Today, the national debt is \$18,800 for every man, woman, and child in the United States, and is getting larger and larger every year.

We are spending more money on interest on the national debt than we do for the Army, Navy, Air Force, Marines, and the CIA combined. The greatest threat we have to all the good programs in this Government, like Medicare or Head Start, the threat is interest on the national debt. If we do not get that under control, we are going to make the future generations pay dearly.

Mr. Chairman, it only makes sense to balance our budget. I was home this weekend and talked to a city councilman from Venice, FL, and a city commissioner from Sarasota, and county commissioners and State legislators. They have to balance their budget. Everybody understands that. Why do we not understand it in Washington?

All we want to do is balance the Federal budget. It makes sense. No one can argue with that. We argue about all this we are cutting; we are increasing spending and we are doing it for the kids and the future generations.

Mr. Chairman, the cruelest thing we can do is to continue to overspend and leave this horrible debt with our kids and our future generations. We must pass this budget reconciliation tomorrow.

Mr. BROWDER. Mr. Chairman, I think we are going to give our colleagues a break and change the topic of the conversation around here because, frankly, the folks over to my right and my friends on the Republican side are right, and the folks to my left who have been discussing that budget are right.

The fact is, the reconciliation bill that the Republicans have presented does try to balance the budget by 2002. But the folks over here are right too, in that it goes too far.

Mr. Chairman, what we would like to do is take a few minutes and have a few of our colleagues talk about an alternative budget, an alternative reconciliation plan that was prepared by the coalition. We think that our alternative plan is better than what has been offered by the Republicans, because it achieves balance by the year 2002, as the Republicans' plan does, but ours does it in a way that is more responsible. It accumulates less debt for our Nation over that period, and it is fairer to the people such as senior citizens, farmers, and students and other people that we think the plan should be fair to.

What I would like to do is recognize a few of our coalition members, and a few Members of Congress who are not coalition members, to talk about the coalition budget.

Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Oklahoma [Mr. BREWSTER].

(Mr. BREWSTER asked and was given permission to revise and extend his remarks.)

Mr. BREWSTER. Mr. Chairman, I am proud to be speaking on the House floor today in what I feel is an historic debate. This Congress is finally considering plans to balance our Nation's budget in 7 years, and I think we should all be proud of that.

However, there are two plans that will be considered tomorrow that will achieve a balanced budget and I feel the coalition alternative is the most fair and honest approach to this goal.

The coalition budget reconciliation is a responsible budget alternative that meets all the deficit reduction requirements for a balanced budget by 2002.

In order to balance the budget, we must all support some cuts in valuable programs. However, cutting programs fairly and gutting them are two totally different alternatives. The coalition budget is much kinder on many programs important to all Americans than the Republican budget reconciliation.

First, we make no cuts in guaranteed student loans. The coalition understands the importance of education and will not make it more expensive for middle- and low-income families to obtain college loans like the Republican bill.

The coalition budget cuts \$80 billion less from education, Head Start, rural health care, and economic development than the Republican bill. And, we cut \$10 billion less from agriculture programs, preserving agriculture subsidies in a way that doesn't unilaterally disarm American farmers in a global marketplace.

We cut \$100 billion less from Medicare coverage for our Nation's seniors than the Republican budget. We cut \$100 billion less from Medicaid than the Republican bill. And, in addition to that, we accumulate much less debt than the Republican plan over 7 years, because we set a more responsible glidepath.

Mr. Chairman, this substitute reaches the same goal as the Republican budget—a balanced budget by 2002. And, yet the coalition substitute provides more money for those in need.

Mr. Chairman, whether or not you support tax cuts is not the issue today. Many of us in the coalition support tax cuts, however, we firmly believe you ought to cut spending first before you give the money out for tax cuts.

The coalition alternative also rewards work with a welfare plan that, according to the CBO, will put more people to work than the Republican plan. We preserve the earned income tax credit to reward those who are working to stay off welfare rolls. The Republican plan would cut drastically from this valuable work program.

Mr. Chairman, this alternative is the only reasonable solution to putting our Nation's fiscal house in order. The people of this country have asked us to do this, and I think this plan achieves that goal more quickly, and less painfully than the Republican plan. I urge my colleagues to take a long, hard, look at the coalition's alternative and

vote for the coalition budget reconciliation substitute tomorrow.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Texas [Mr. ARCHER], chairman of the Committee on Ways and Means.

Mr. ARCHER. Mr. Chairman, there has been a great deal of scare tactics here on the floor today about the pension reversion issue that is a part of this bill. Let me tell my colleagues that we should be interested in strengthening pension plans in this country.

Over the last 5 years, there have been no new defined benefit plans created in the United States of America. Many have been frozen or terminated. It is because of the very unwise policy that this country has conducted toward pension plans over the last 10 to 12 years.

Mr. Chairman, this bill turns that around. It includes pension simplification, and, yes, it includes the ability of employers to withdraw excess funding above 125 percent, of liability.

ERISA only requires that employers keep 100 percent of liability in the fund to qualify. But if they get 125 percent, they still cannot withdraw any of those funds. As a result, employers are not going to fund extra above the 100 percent, because they know they can never get their money back if they get above 125 percent.

Mr. Chairman, our bill encourages employers to fund more in the marginal plans, and that is what we should be doing. If ERISA was inadequate in having plans qualify with only 100 percent of accrued liability, ERISA needs to be changed. The plans that are vulnerable in the event of a decline in the market are the plans that are 90 to 100 percent, but which qualify under ERISA, not the plans that are funded above 125 percent of liability.

So, Mr. Chairman, we constructively and proudly move forward with this bill to encourage more defined benefit plans, adequately funded.

Mr. BROWDER. Mr. Chairman, I yield 1 minute to the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Mr. Chairman, I want to talk about the coalition's alternative budget for a minute, because on the floor earlier today there was a statement made that the Republicans had the only budget reconciliation plan that got to a balance in 2002. That simply is not the case.

Mr. Chairman, the coalition plan cuts spending first. We get to a balanced budget in 2002, borrowing about \$50 billion less than the Republican plan will borrow between now and then.

Mr. Chairman, we do something else that is responsible, fair, and wise. We send a signal to the military veterans of our country that we are going to keep their commitment. Our values are to keep the commitment from a grateful country to our Nation's veterans and we have military retiree substitution, so that they can use their

Medicare at military hospitals or any other facilities they so desire.

The important point to come out of this debate over the next 2 days, Mr. Chairman, is that our coalition budget gets to balance in 2002, in a more responsible, fair, and wise manner than does the Republican plan.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California [Mr. HERGER], a member of both the Committee on Ways and Means and the Committee on the Budget, and the great catcher for the Republican baseball team.

Mr. HERGER. Mr. Chairman, today we have embarked on a truly historic debate that will ultimately culminate in the passage of the first balanced budget in over a quarter of a century.

Mr. Chairman, the American voters sent Members of this Congress here to Washington to change business as usual and put our national fiscal house in order. Mr. Chairman, the American people understand how to balance a budget. They do it every day. Unlike Washington, small business owners have to meet budgets and payrolls or they will go out of business.

Local governments have to live within their means. Mr. Chairman, families across this Nation sit around their kitchen tables every month to figure out how to provide shelter, food, and clothing for their families with only the money they currently have. Indeed, the American people know how to balance a budget and, Mr. Chairman, it is time that Washington does the same.

Yet, ironically, the Americans that will benefit the most from this balanced budget are not even old enough to vote: our children.

Mr. Chairman, it is morally wrong to ask future generations to pay for the current excessive expenditures. For example, past spending has left a \$5 trillion legacy for a child born today, which faces \$187,000 in taxes just to pay their inherited share of interest on the national debt.

Mr. Chairman, the budget before us today is a fair one. It puts an end to frivolous expenditures by finally prioritizing spending and making the tough choices that previous Congresses refused to make.

Mr. Chairman, it is our moral obligation to pass this historic balanced budget.

Mr. BROWDER. Mr. Chairman, I yield 1 minute to the gentlewoman from Arkansas [Mrs. LINCOLN], an outstanding coalition member.

(Mrs. LINCOLN asked and was given permission to revise and extend her remarks.)

Mrs. LINCOLN. Mr. Chairman, there is a saying: Be careful what you wish for, because you may get it. I think as the Republicans embarked on this idea of balancing the budget, and under the auspices of balancing the budget presented this package, they thought there would not be any Democrats that actually honestly wanted to balance the budget.

Well, Mr. Chairman, there are. We have worked hard at coming up with a responsible, fair package that will actually do that. There is an old southern saying that, there is more than one way to skin a cat, and I think that is exactly what we have done.

Mr. Chairman, we have addressed agriculture here. We do not unilaterally disarm American farmers in a global agricultural marketplace where other nations are subsidizing far more than we are, and we are working hard to balance the budget on behalf of our children and our children's children. But, we also recognize that they need educational opportunities to be competitive in a global marketplace. We not only balance the budget for our children, but we give them the capability and the resources they need to be able to be independent and productive for themselves in years to come.

□ 1700

This is a fair, reasonable, and wise approach to making sure that we do balance the budget. We look at all aspects of it and do it in a fair way.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the very distinguished gentleman from the State of Louisiana [Mr. TAUZIN].

Mr. TAUZIN. Mr. Chairman, let me first pay my respects to my blue dog Democratic friends and acknowledge the effort they have made in presenting an alternative budget for us today. The fact that there is a second budget, which does promise us a balanced budget in 7 years, is encouraging.

Let me also congratulate the President for saying that he, too, believes that we can do this thing in 7 years and end this terrible debt we are creating for our children by balancing our budget over 7 years. Let me also acknowledge the fact that the President admitted that maybe he did raise taxes too much last Congress.

For all of my colleagues who believe that in this choice between the Republican balanced budget, which includes the capacity to reduce the tax burdens on Americans and the balanced budget proposed by my friends, the blue dog Democrats, let me suggest to them something: If my colleagues oppose those tax increases the President now regrets, if Members opposed that bill last year, then they ought to be for the Republican budget which promises that we are at least going to repeal about two-thirds of those awful tax increases that my colleague opposed last Congress.

Mr. KASICH. Mr. Chairman, will the gentleman yield?

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

Mr. KASICH. Mr. Chairman, would the gentleman say that again?

Mr. TAUZIN. Mr. Chairman, I will be happy to say it again. If anyone in this House voted against that tax increase bill that President Clinton gave us last Congress, if Members opposed it, they ought to this year be for repealing two-

thirds of it, which is what the Republican budget reconciliation bill promises. It promises both the balanced budget in 7 years, and it promises to repeal at least two-thirds of that awful tax increase in the last Congress.

Let me make one final pitch to my colleagues. I am going to try to put this in terms I think families understand. I was raised, I think most of my colleagues were raised, to believe that we ought to leave something good to our children. We ought to leave them some patrimony, something of an inheritance out of what we earn and do not spend.

If we were raised to believe that we ought to leave something to our children that they can build their future on, then I think members will understand what I am about to say. We talk about crime in America. If we take all the crime that is committed on the streets of America and lump them all together, they are a misdemeanor compared to the crime we commit here in Washington when we budget not only the income we make this year but the income or children have not yet earned. When we spend every year the unearned income of our children and grandchildren to satisfy whatever we think is important for our life this year, we violate the most sacred pledge I think we make as parents to our children.

We ought to be giving them something good to build on. Instead, we are giving them debt and mortgage. We are giving them a promise that they will spend 80 percent of their income in Federal taxes to pay this debt.

Can we not agree to end it now? Can we not agree to pass a balanced budget amendment, and can we not agree to repeal some of that awful tax increase of the last Congress?

Mr. BROWDER. Mr. Chairman, I am tempted to take time to remind the gentleman that I voted against that bill 2 years ago and ask him how he voted. But I do not think I will take that time.

Mr. Chairman, I yield 2 minutes and 30 seconds to the gentleman from Minnesota [Mr. MINGE].

Mr. MINGE. Mr. Chairman, I, too, am a member of the coalition and proud of the work that our group has done. I appreciate the opportunity to address the question of how do we balance the budget in the United States in the mid-1990's.

I specifically would like to address the topic of the tax cuts. All politicians support efforts to cut taxes. The question is, when can it be done responsibly? the people of this country recognize that it is not prudent to cut taxes at this time. It is not prudent. In fact, it is pandering.

I have talked to a number of county commissioners throughout my congressional district, and there are 27 counties in my district; there are many county commissioners. These are gentlemen and women that appreciate the value of the dollar in obtaining maxi-

mum value from that dollar in the operation of Government. They have said to me, if you cut programs as deeply as you must in order to offset the loss of tax revenue in Washington, these are programs that will be picked up in rural America. As these programs are picked up in rural America, you will be increasing the property taxes on farmers in order to pay for tax cuts for affluent people in urban areas.

This is a shift of taxes. It is not a cut in taxes. This is shift No. 1.

The previous speaker eloquently reminded us of our obligations to our children. In fact, by cutting taxes at this point in time, what we are doing is enjoying the opportunity to spend more, to have more, at the expense of our children. This is shift No. 2. We are not cutting taxes, we are shifting taxes to our children.

Third, we are cutting other taxes and we are cutting other benefits. We are cutting an earned income tax credit in order to offset the loss of revenue. Shift No. 3.

We, indeed, have a bloated spending policy in this country. We must correct it. But the coalition believes that we need a diet. We do not need a dessert at this point in time. That is what the Republicans are dishing up, a dessert of a tax cut.

The CHAIRMAN. The gentleman from Alabama [Mr. BROWDER] has 1 minute remaining.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Kansas [Mr. BROWNBAC], a member of the Committee on the Budget.

Mr. BROWNBAC. Mr. Chairman, today I can say I am proud to be a Member of this Congress. Since 1969, this body has rejected its responsibility to balance the Federal budget. Today we vote to accept that responsibility, and I am proud that we are accepting that responsibility.

We were elected to this Congress to balance the budget, and this bill does that. We were elected to Congress for another reason, too. That was to make the Federal Government smaller, more efficient and more focused. This bill starts that process as well.

For instance, it eliminates the Department of Commerce, an agency that leads the list of those providing corporate welfare. This will be the first time in the history of the Republic that we have actually eliminated a Cabinet-level agency. That is in this bill to do it. We save \$6 billion in the process of doing that.

This budget reconciliation bill balances the budget, makes the Federal Government smaller, more efficient, more focused. This makes it a proud day for me, a good day for this country and a great day for my children and your children.

Mr. BROWDER. Mr. Chairman, I yield 30 seconds to the gentleman from Indiana [Mr. VISCLOSKEY].

(Mr. VISCLOSKEY asked and was given permission to revise and extend his remarks.)



Mr. VISCLOSKY. Mr. Chairman, I rise in strong support of the coalition budget for four reasons. First of all, it looks towards the future first, not the past. Second, it does the heavy lifting first. Third, it borrows less money, leaves us with a surplus at the end of 2002 and again proves the prudence of doing the heavy lifting first. Finally, it is enforceable. It will do what it says it will do. It is not engaged in subverting other social policy goals such as robbing workers' pensions.

Mr. Chairman, I rise today in opposition to the Republican budget reconciliation bill and in support of the coalition alternative plan.

I believe the time has come to balance the budget. This is what my constituents want because they know that the economic futures of their children and grandchildren depend on it. They want us to balance the budget in a way that is both fair and effective, and this is what the coalition substitute would do.

While I do not endorse each of its provisions, the coalition substitute is fair because it asks everyone, regardless of age or circumstance in life, to share the sacrifice for the benefit of the common good. Unlike the Republican plan, it does not transfer funding for social programs, that benefit the old and poor, to subsidize tax cuts for the rich.

The coalition substitute would balance the budget in 7 years. It places deficit reduction first and does not borrow money to pay for up-front tax cuts, like the Republican plan. Further, the coalition substitute will work, and it takes a rational and responsible approach to balancing the budget. Not only would it restore sane spending priorities by adding back funding for education, health, and economic development programs, it also achieves a budget surplus in 2002.

Less pain with more gain—Why? Because this alternative reconciliation bill reaffirms the logic of achieving a balanced budget one step at a time. The coalition plan would provide about \$42 billion more in deficit reduction—and less total debt—than envisioned in the budget resolution conference report. This means holding off on enacting expensive tax cuts, which require slashing vital programs, until we are well on our way to ensuring a health national economy that can be enjoyed by generations to come.

In contrast, the Republican budget backloads deficit reduction until after the year 2000, when the spending cuts kick in and interest rates decline. In fact, nearly two-thirds of the deficit reduction in the Republican plan occurs in the final 3 years. This is an approach that was tested in the early 1980's under President Reagan and failed. When it came time to make the difficult cuts, they did not materialize. Remember, the 1980s was the decade when the debt tripled under Republican control of the White House. Therefore, as far as the effectiveness of the approach to deficit reduction is concerned, I would say, "Been there, done that, let's not do it again."

Further, I have grave concerns about the approach taken in the Republican budget reconciliation bill. One of the most egregious parts of the Republican plan is a misguided proposal to raid workers' pensions that could jeopardize up to \$100 billion in pension assets and the retirement security of almost 15 million American families. Specifically, this bad proposal would gut pension rules so that com-

panies would be able to remove the so-called excess money—defined as 125 percent of current liabilities—from their pension funds. Currently, if a company takes excess funds out of a pension plan, a 20 percent to 50 percent excise tax is levied on the withdrawal. In addition, the company must pay income tax on the amount removed. To raise revenue, the Republican proposal would eliminate the excise tax entirely, giving companies a strong incentive to dip into pension funds.

Pension plan assets represent deferred compensation for plan participants. As such, workers and retirees should benefit from the profitable investment of these funds. I believe that any surplus assets should be used to insure the soundness of workers' pensions, or to fund benefit increases for plan participants, rather than going into unrelated management ventures.

I am adamantly opposed to this proposal because it would leave workers' pensions vulnerable in the event of an economic downturn. It could create a pension raid similar to the 1980's when the Federal Government was forced to take over underfunded pension plans, paying out billions of dollars in the process.

It seems the new Republican majority has forgotten the old Republican rallying cry—"Cut Spending First!" Balancing the budget is like curing a cold, the longer you put off swallowing bad-tasting medicine, the longer it takes to return to good health.

Finally, I am pleased that the coalition substitute includes enforcement language similar to what is contained in legislation I introduced earlier this year, along with our colleagues, Representatives STENHOLM, DOOLEY, BARRETT, MINGE, and POSHARD. Like my bill, H.R. 1516, the coalition substitute would enact tough, new measures to reform the budget process and eliminate the Federal budget deficit by the year 2002. It would do so by setting spending caps and using across-the-board cuts if the targets, set and evaluated by a nonpartisan board of estimates, are not met.

In January, I supported a constitutional amendment to balance the budget for the first time because I finally lost faith that the President and the Congress have the resolve to balance the budget without a constitutional mandate. While this initiative failed, I still believe that we need to hold our feet to the fire and enforce our budgetary decisions.

In closing, Mr. Chairman, I believe that balancing the budget is our responsibility as Members of Congress. I have always supported a balanced budget, and the responsibility to achieve this is not one that I take lightly. Over the years, I have frequently taken the political road less traveled in the name of deficit reduction. When I am in northwest Indiana, I tell my constituents that I am opposed to cutting their taxes because it would undermine serious efforts to reduce the deficit. In March, I was one of only six Democrats to support the rescissions bill, H.R. 1158, because I believe we need to start making tough spending decisions now.

It is time to get serious about balancing the budget. I urge the adoption of the coalition substitute and the rejection of the Republican budget reconciliation bill.

Mr. KASICH. Mr. Chairman, I yield 2 minutes and 30 seconds to the distinguished gentleman from Ohio [Mr. HOBSON], a member of the Committee on

the Budget and the Committee on Appropriations.

Mr. HOBSON. Mr. Chairman, I turned 59 years old last week, and in an effort to remind me of the advanced age I'm reaching, one of my friends sent me a birthday card which displayed the prices of common household items in the year I was born. A gallon of gas was a dime, a new car was \$600, and a new home was \$6,000.

My second grandchild was born recently, and I think of these prices when I consider what kind of future he will face. How much will Jameson, David, my most recent grandchild, and Katie Marie, see prices rise during their lifetime? Will the country still be a place of opportunity? Will there still be a thriving economy to support their generation? When I think about the answers to these questions, it becomes increasingly clear to me that the best thing I can do for my new grandchild is to vote "yes" on the reconciliation package.

When they look back on this day, our own children and grandchildren will judge us—and judge us harshly—if we fail to do our duty, if we continue to rob future generations because we do not have enough backbone to control our spending in this Chamber. Every time we deficit-spend we are refusing to take responsibility for our actions. We know what needs to be done, we should follow through with what we know is right.

Many constituents I've talked to have had concerns about specific programs they benefit from, but without fail, they also remind me to follow through with the promise to balance the budget. People are willing to accept the changes necessary to preserve our country's fiscal security, but they want us to make sure that what we do is fair, and that we follow through on our commitment to balance the budget.

What we do in this bill impacts the full scope of Federal spending. It engages everyone in the task of balancing the budget. I know there are many here today whose parochial interests lead them to declare this plan unfair. To those people I ask them to consider this: Is it fair to take the money, future, and opportunity from generations of Americans who aren't even born yet, who don't have representation yet? That's what we do when we deficit-spend and run up the debt. Someone pays and it isn't those of us in this room, it is our children and grandchildren who trust us to look out for them.

Protect our children's and grandchildren's future, ensure a future of opportunity, hold Government to the same balanced budget standards of families and businesses: pass reconciliation.

Mr. BROWDER. Mr. Chairman, I yield the sum total of 30 seconds to the gentleman from Indiana [Mr. ROEMER] to conclude the discussion of the coalition reconciliation bill.

(Mr. ROEMER asked and was given permission to revise and extend his remarks.)

Mr. ROEMER. Mr. Chairman, balancing the budget is like trying to turn a blimp around in an alley. It is a tough task. Our coalition budget proposal balances the budget by the year 2002, and it is preferable to the Republican budget for two reasons:

First, because it has tough choices with fair outcomes. We keep children in Head Start. We do not buy B-2 bombers that the Defense Department does not even want.

Second, we say we should not pander to the electorate for tax cuts. Let us require shared sacrifice from all Americans to achieve a balanced budget. We do that. I encourage my colleagues to vote for the coalition budget.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona [Mr. SHADEGG], a member of the Committee on the Budget.

(Mr. SHADEGG asked and was given permission to revise and extend his remarks.)

Mr. SHADEGG. Mr. Chairman, we are here engaged in a debate, and a central issue of that debate is the question of tax cuts. I hear my colleagues on the other side say we should not be doing tax cuts for the wealthy. Yet at the heart of our tax cut is a tax cut for every American who pays taxes and has children. I do not think that is the definition of the wealthy.

But I take the issue of whether or not we ought to be doing tax cuts as a serious one. I have a theory. The theory is that those of us here in this Congress all too often go home and talk to people who attend our townhalls or Rotary clubs or Kiwanis clubs. We do not talk to real Americans. So this last weekend, I went home and spent 2 hours talking to real Americans in front of drug stores and grocery stores and discount stores. I had a staffer do it, too. The results will shock my colleagues, and I urge them to do the same thing.

□ 1715

I talked to 55 different real Americans in my district, women who walked up with one child in their arms and a second following along behind them, and I asked them, I said, The Congress is engaged in a debate about whether we need deficit reduction or tax cuts or both. Do my colleagues know how they responded? I will tell my colleagues how they responded. Eighty-two percent said they need real tax cuts in their lives. Of the 55 people I talked to, 8 said we ought to be focused on deficit reduction, just 8 of 55. Thirty-two of the fifty-five said they want to see us both do deficit reduction and tax cuts because they do feel overburdened by today's taxes. Thirteen said they wanted tax cuts only. The burden of Federal taxes in their lives is oppressive.

By the way, in 1950 it was 1 dollar out of 50. Today it is 1 dollar out of every 4 that an American family earns.

So a total of 45 of the 55 said they needed tax cuts in their families. That

is not wealthy Americans. That is not rich Americans. I was not standing in front of ritzy stores. I was standing in front of the grocery stores and the discount markets, the Kmart, in my district talking to real Americans.

This is not a tax cut for the wealthy. It is a tax cut for every single American, and why are we going to do it? Mr. Chairman, it is their money, and they can spend it better than we can.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. SABO], who, under a previous unanimous-consent agreement, has 50 minutes remaining.

Mr. SABO. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Connecticut [Mr. GEJDENSON].

Mr. GEJDENSON. Mr. Chairman, what is most troubling about this reconciliation proposal is tens of thousands of dollars of tax cuts will go to people who make \$300,000 and more. Working men and women will be hurt in numerous ways. Even Jack Kemp says that there is an increase in this proposal that the Republicans are offering on poor working families and the impact of dismantling the Commerce Department will leave them not just without a tax cut, a tax increase for these working families, it will leave them without a job.

Mr. Chairman, the Commerce Department over the last year and a half has been responsible for 300,000 new jobs in this country. Doing away with a Cabinet position of Commerce and replacing it with an agency head would be akin to taking the Secretary of Defense in the midst of the cold war and removing him from the Cabinet. As other countries increase their efforts at export promotion to make sure there are jobs for working Americans, this proposal from the Republican majority will undercut our country's ability to compete internationally, and it is, again, skewed illogically. While three-quarters of our exports are non-agricultural, three-quarters of the money in support of exports goes to agriculture and 25 percent, a cut of 25 percent, occurs on the manufactured side of exports, hurting our ability to compete further with Japan, with France, and other countries who take this competition very seriously.

One of the Republicans earlier called the middle-class people who make \$300,000 to \$700,000 a year. I only wish that was the middle class in America, but one thing the middle class wants more than anything is to make sure that their parents are safe with Medicare, if they need nursing home care, that is provided, and that they and their children have jobs and have the ability to work so that they can feed and pay for their family needs. That is central among what Americans want. Doing away with the Cabinet position of Secretary of Commerce saves no money and will cripple the Cabinet Secretary's ability to deal with Japan,

and France, and Germany and our other economic competitors.

Anyone who proposed after Pearl Harbor to do away with the Defense Department, to do away with the Secretary of Defense in the Cabinet, would have been run out of town. Today, as we have tens of billions of dollars of trade deficit with China and Japan, people who propose to diminish our ability to compete economically also ought to be run out of town.

Mr. Chairman, tax cuts do not do any good for working men and women who lose their jobs. This proposal will not only leave our mothers and fathers without adequate health care, it will leave them without jobs.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from South Carolina [Mr. INGLIS], a member of the Committee on the Budget.

Mr. INGLIS of South Carolina. Mr. Chairman, I thank the gentleman from Ohio for yielding this time to me, and I think everyone knows here, Mr. Chairman, that we have a problem. The problem is we spend more money than we have got. The American people know that, too, and they want a solution.

Now the one or two ways to do it. One of the ways that was tried here in 1993, and that is the President's approach, is to raise taxes. But, as we have all discovered, the American people are paying about 50 cents out of every dollar they make in taxes. Federal, State, and local; we add it all up, and it is 50 cents out of every dollar they make. Therefore on this side we have concluded that is an unacceptable approach. We cannot raise taxes. In fact, in order to lessen that crushing burden we need to reduce taxes and allow people to keep more of what they have got.

So, the only solution is the other one, and that is to cut spending. That is why I am excited about this reconciliation bill. It gives us the best opportunity we have had, in my time here surely, to get a handle on this problem and to deal with the fact that we are spending more money than we have got.

Mr. Chairman, this bill has the welfare reform proposals that we so desperately need, it has Medicare proposals that will keep the system from going broke, it has the appropriations bills that are on budget target. The result of all that is that we will be on the path to balancing the budget in the year 2002, something the American people desperately want us to do.

The only thing that I would urge my colleagues to avoid in all this process though is the danger of demagoguery, and there is a tremendous danger, we are all guilty of it at times on our side, maybe when we are talking about President Clinton's tax increase. They engage in a little bit of that on their side in this debate. There is a lot of demagoguery that scares a lot of people to death. There is only one difference: We did not scare many people

that were well-to-do with a fear about a tax increase. But if my colleagues continue the demagoguery on Medicare, they are going to scare a whole lot of people to death out there in America that are very worried about how they are going to make it. We intend to save the program so that they can make it.

Mr. SABO. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from California [Mr. BROWN].

(Mr. BROWN of California asked and was given permission to revise and extend his remarks.)

Mr. BROWN of California. Mr. Chairman, before I yield briefly to the distinguished gentleman from Alabama [Mr. CRAMER], let me set the scene. The Committee on Science has referred to this as the Commerce Dismantling Act because we have either full or partial jurisdiction over about two-thirds of the Commerce budget, particularly NOAA and NIST, and we considered that and took certain actions which basically were taken unanimously in the committee which would have protected to some degree the programs of NOAA and NIST, which includes some very important functions critical to the safety of the country. The amendments that we adopted unanimously in committee and reported out to the floor mysteriously disappeared on their way to the reconciliation bill, and therefore they do not appear, and we want to point some of these things out, and this chart shows what happened.

First of all, the programs under our jurisdiction were faced with an arbitrary cut of 25 percent. A considerable number of programs were transferred to other jurisdictions, and some of them were specifically cut or eliminated, particularly in NIST, where the Advanced Technology Program and the Manufacturing Extension Program were emasculated.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I yield briefly to the gentleman from Alabama [Mr. CRAMER] for some comments about the subject that he spent a lot of time on, the weather programs.

Mr. CRAMER. Mr. Chairman, I thank the ranking member for yielding to me, and I want to make a point, perhaps with the gentleman's help, about our Weather Service programs carried under the umbrella of NOAA, the National Weather Service.

Two weeks ago in the debate on the omnibus science bill, Mr. Chairman, we came to the floor with an issue that relates to the certification of the Weather Service offices, and a lot of us from both sides of the aisle were very concerned that unless this amendment, the amendment that I offered in the Cramer amendment, passed, that we could see the offices shut by a bureaucrat rather than going through the certification process that the existing law preserved.

I would ask the ranking member of the Committee on Science, if we passed

the Republican reconciliation plan today, the Cramer amendment that passed that preserved the certification process, that would be done away with; is that correct?

Mr. BROWN of California. Yes, that is correct, and that would be a serious blow to the efficacy of our weather system throughout the United States because we are going through a major transition. The law requires, and the gentleman's amendment required, that we do not close stations unless it is certified by appropriate authority, that this does not decrease the availability of service, and that is not a part of the language that is contained in this bill.

Mr. CRAMER. If the ranking member would continue to yield, that is a very important public safety issue that we would be giving up if we passed the Republican plan today.

Mr. BROWN of California. That is absolutely correct.

Now in the brief time that I have I am just going to make a couple of points, and I hope my colleagues can see this chart. What we were faced with, what we have in this bill, is the 25-percent mandatory reduction plus the elimination of the ATP program, the Manufacturing Extension Program, the NOAA Ocean Environmental Program. These have to be a part of the 25-percent cut, but they are not sufficient to make it all up. After we make all of these cuts which in effect destroy these technology programs, there is still a gap of \$203 million which has to be made up in order to meet the 25-percent requirement.

Mr. Chairman, I do not want to scare people by saying that we will utterly destroy the Nation's weather system or anything like that. On the other hand I want to rebut the statement that this does no harm to the weather system. We cannot take \$203 million, which is the amount that NOAA will have to absorb in a program which is largely weather-related, without doing severe damage to our existing weather reporting system which is undergoing a major transition at that time. We will undoubtedly have to close more stations and close them more rapidly than we would otherwise.

This is not what the committee voted to do when we had this bill before us, the Commerce Reorganization Act or dismantling act. We do not think it should be in this bill, and we suggest that this is another good reason to vote no on this reconciliation bill.

Mr. Chairman, I rise in opposition to H.R. 2517 and the process that has prevented Members on both sides of the aisle from making this a workable reconciliation process.

When the Rules Committee met, I offered two amendments relating to title XVII of the bill which abolishes the Department of Commerce. These, in fact, were similar to amendments successfully adopted when the Science Committee marked up this bill.

The first of these would delete the arbitrary funding cap which, we have found, would heavily impact the Government's ability to provide basic weather services for the protection of the public.

Section 17207(g) of the bill aims to reduce the funding for the remnants of the National Oceanic and Atmospheric Administration and the National Institute of Standards by 25 percent below fiscal year 1995 spending levels. The intent, I believe, was to eliminate administrative overhead. The problem here is that both agencies have depended heavily on departmental level administrative support since they have been a part of the Department of Commerce. Less than 10 percent of each agency's 1995 budget is related to program management at all, and only a fraction of that could be considered administrative overhead.

The chart before you shows how this arbitrary budget cap would affect the functions of the two agencies. For NOAA, over 70 percent of the agency funding is directly related or supports weather forecasting. This involves the weather offices around the country, the Doppler radars that are being installed to provide better severe weather tracking, and the satellites that have revolutionized hurricane tracking and overall weather predictions. The remainder of NOAA is related to coastal and fishery programs and supports a multibillion dollar industry.

The NIST supports the setting of standards, basic research, and of course, technology programs which the Republicans have found ideologically objectionable.

The formula contained in the bill requires a 25-percent reduction to these programs. The right-hand bar shows how these reductions will play out.

First, the bill would target investment programs such as the Advanced Technology Program and the Manufacturing Extension Program, which incidentally the House has voted on several occasions to support.

Next, the bill targets certain coastal and fishery programs and environmental programs which have been carried out by NOAA.

After all is said and done, the formula still requires over \$200 million in arbitrary reductions to ongoing programs which will have to come out of weather services within NOAA and basic research within NIST.

In advance of consideration of this bill today, I conducted a survey of State Governors to determine how they would cope with the possibility of a diminished level of services, especially for weather and fishery programs. In particular, I wanted to address the issue of how the States would pick up the slack and supplement any shortfall as a result of this provision. I would like to include in the record at the appropriate time a sample of the responses that I have received. I will also include a more detailed analysis of how this overall budget cap will affect the two agencies.

When the Chrysler bill was brought before the Science Committee, an amendment was offered to delete a similar budgetary provision. This amendment was strongly supported by both sides of the aisle and easily adopted. I want to acknowledge, however, that there is a technical difference in the base text compared to that we deleted in committee.

Rather than forcing an across-the-board reduction as the original Chrysler bill did, this bill makes a general reduction. The effect is the same, however. Both legislative forms mask the true impact of such budgetary reductions. Both seek to convey the impression that it is easy to make cuts—just pick a number. The reality is that when authorizing or appropriating committees look at the substance of these



programs, such cuts do not come so easily. This top down, arbitrary approach to budget cutting avoids our basic responsibility as an institution to conduct oversight and set priorities.

The details of how the cuts would be implemented are still lacking because of the magnitude of the changes that would have to be made. In a recent hearing before the Science Committee, Dr. Elbert Friday, Director of the National Weather Service, testified that such cuts would force a fundamental restructuring of the modernized weather forecasting system we are now more than half way through. There is no question that some and perhaps many weather offices would have to be closed. I am cognizant that the Republican leadership does not want to hear such talk and they have branded it as a scare tactic. I believe that we will find that it is the reality.

I would now like to speak briefly on another amendment I offered before the Rules Committee. That amendment would delete the provision in this bill that repeals the organic legislation establishing NIST's Manufacturing Extension Program. This is a back-door attempt to kill a program which has received bipartisan support every time it has come up for a vote this year for authorizations or appropriations.

The MEP is a proven program which has breathed new life into thousands of small businesses around the country, and in no small

measure, has contributed to the resurgence of American manufacturers. MEP often has been the only place that traditional small businesses, faced with extinction unless they learned how to become a just-in-time, high tech supplier for their traditional customers, could go for help in making the transition. MEP also is cost-effective; one independent review documented \$8 of direct benefit to small businesses for every Federal dollar going into the program. It clearly would be penny-wise, pound-foolish to use this bill to override the reasoned judgment about MEP of the committees of jurisdiction.

There are many matters in this bill that deserve far greater attention than has been given them in this process. I hope that my colleagues will join me in voting against this misguided bill.

IMPACT OF RECONCILIATION BILL ON SCIENCE AGENCIES

The Chrysler bill does three things: (a) it transfers certain functions to other agencies, (b) mandates the termination of certain functions, and (c) places a cap of 75% of F.Y. 95 spending for the sum of NOAA and NIST programs excluding the transferred programs.

All program transfers are related to NOAA and account for \$55 million. Thus the adjusted base for the combined total is:

NOAA F.Y. 95 level 1972 (-55) .....	1,917
NIST F.Y. 95 level .....	700
<b>Total .....</b>	<b>2,617</b>

The 75% limitation would allow a total spending of 1963.

The resulting reduction of \$654 million would, to some extent, be offset by mandated terminations which account for \$36 million in NOAA and \$415 million in NIST. This would leave \$203 million in net reductions that would need to be allocated to the remaining NOAA/NIST programs. The agencies would allocate this on a pro rated basis proportional to the remaining budget requirements.

NOAA 95—1972 less transfers/terminations equals 1881.

NIST 95—700 less transfers/terminations equals 285.

Total—2672 less transfers/terminations equals 2166.

Thus, of the remaining combined budgetary requirements, 87% are related to NOAA and 13% are related to NIST. Applying these to the \$203 million cut, assume that NOAA is cut by 177 and assume that NIST is cut by 26.

This will result in a NOAA budget of \$1,704 million and a NIST budget of \$259 million. The following table shows how this compares to other budgetary actions.

Agency	Fiscal year 1995	Fiscal year 1996				Budget re-quirement <sup>1</sup>	H.R. 2517
		Re-quest	Author-ization	House appro-pria-tion	Senate appro-pria-tion		
NOAA	1,972	2,094	1,725	1,817	1,993	1,881	1,704
NIST	701	1,023	338	404	351	285	259
<b>Total</b>	<b>2,673</b>	<b>3,117</b>	<b>2,063</b>	<b>2,221</b>	<b>2,344</b>	<b>2,166</b>	<b>1,963</b>

<sup>1</sup> The "Budgetary Requirements" is defined in this context as the 1995 spending level minus program transfers and terminations. That is, this is the remaining funding needed for NOAA and NIST from which the general reduction of \$203 million must be made.

Thus, NOAA would be cut by 11% below the F.Y. 95 baseline adjusted for program transfers and 9% below the baseline remaining after both transfers and terminations are subtracted from the base.

NIST would be cut by 63% below the F.Y. 95 baseline and 9% if terminations are subtracted from the base.

For the resulting NOAA/NIST conglomerate, the spending cap will cut below the House appropriations level by 11% and the Senate appropriations level by over 16%.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS, DEPARTMENT OF ENVIRONMENTAL MANAGEMENT,

Providence, RI, October 10, 1995.

Rep. GEORGE E. BROWN, JR.,  
House of Representatives,  
Washington, DC.

HON. GEORGE E. BROWN, JR., Thank you for your timely warning with regards to H.R. 1756, which would dismantle the Department of Commerce and terminate or severely reduce state fisheries and estuary research grant programs. The impacts on Rhode Island's programs of such actions would be devastating.

Our Division of Fish and Wildlife currently receives \$126,320 from NOAA, National Marine Fisheries Service via the Inter-jurisdictional Fisheries Act P.L. 99-659. Funding from this Act is used for support of the Rhode Island Marine Fisheries Council (\$37,500) and the Rhode Island Lobster Research and Management Program (\$88,740). Loss of funds would require that we terminate two biologists and reallocate funds to cover staff activities which support the Marine Fisheries Council, our state's lead fisheries management organization.

The Division also receives \$118,800 from the federal Atlantic Coastal Fisheries Cooperative Management Act. No state match is required. Currently the funding is utilized to provide support to the Atlantic States Marine Fisheries Council fisheries management process. It allows staff to provide input to ASMFC management boards and to collect field data in support of the ASMFC process. Half of the appropriation has been awarded to the Division of Enforcement to support species management plan mandates.

As you know, the ACFCMA gives the Secretary of Commerce the authority, through the ASMFC, to close fisheries in Atlantic Coast states if they fail to comply with fisheries management plans implemented under its authorization. This action would have a devastating impact on the Rhode Island fishing industry and its ability to participate in the management process. Our inability to provide timely fisheries regulations could further jeopardize the fishing industry's ability to survive during this era of depressed stock abundance and availability.

Reduction of the Narragansett Bay National Estuarine Reserve Grant by 25% or \$28,000 would require either eliminating the entire monitoring program or the entire education program, or reducing both by one half which would effectively be the same as elimination of both.

A final possible reduction would be to lay off the Reserve's part-time manager, which would render the Reserve non-operational and deprive the monitoring program of his substantial volunteer efforts. Any alternative would functionally shut down the Reserve.

If I can be of any assistance to you or your committee in defending NOAA's marine fish-

eries assistance programs as the valuable and cost-effective programs that they are, I would be most happy to do so.

Sincerely,

TIMOTHY R.E. KEENEY,

Director,

Department of Environmental Management.

STATE OF LOUISIANA, DEPARTMENT OF WILDLIFE AND FISHERIES

Baton Rouge, LA, October 11, 1995.

Hon. GEORGE E. BROWN, JR.,  
House of Representative, Committee on Science,  
Rayburn House Office Building, Wash-  
ington, DC.

DEAR CONGRESSMAN BROWN: This is in response to your letter of September 26, 1995 to Governor Edwin W. Edwards relative to proposed legislation, HR 1756 by Congressman Dick Chrysler, which intends to dismantle the Department of Commerce. It is our understanding that in its current form the bill would transfer many programs within the National Oceanic and Atmospheric Administration (NOAA) to other agencies, terminate state fisheries grants and promotions programs, terminate basic research programs, and severely reduce the budget for remaining NOAA programs. Our agency strongly supports the National Marine Fisheries Service (NMFS) and its parent, NOAA, and feel that these agencies should continue their mission unchanged. We have worked closely with the NMFS over the years on a wide variety of issues and have found this group to be effective in bringing together diverse interests to develop mid-ground solutions and create a fair balance among conflicting positions.

Repeal of NMFS' authority to provide fisheries related grants and substantial reductions in NMFS' research and management capabilities, would severely impede important Federal activities including the rebuilding of fish stocks, expansion of the economic benefits of the nation's marine fisheries, and the enhancement of the U.S.'s position in global trade. From a state's perspective it would also severely curtail our research and management activities for our important renewable marine resources.

While we agree with the overall goal of eliminating unnecessary programs and increasing governmental efficiency, we feel that NOAA and NMFS' have proven their effectiveness and respectively suggest that any reduction or dismembering of these important agencies would not be in our best interest.

Thanks for the opportunity to comment on this proposed legislation.

Sincerely,

JOE L. HERRING,  
*Secretary.*

□ 1730

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New Mexico [Mr. SCHIFF].

Mr. SCHIFF. Mr. Chairman, I thank the gentleman yielding time to me.

Mr. Chairman, I rise in support of the Budget Reconciliation Act. I support it because this is a true blueprint to reach a balanced budget for the Federal Government. Reaching a balance budget is not going to be easy. There are a number of decisions that were made in the Budget Reconciliation Act with which I do not agree. I hope they will be changed as this bill goes through the system to the other body, and then the conference.

Further, I want to acknowledge that some good programs are going to feel a pinch under this budget, but the fact is that we have to stop deficit spending. For 25 years in a row our Government has spent more than it has taken in. The first result of that is we have a national debt of almost \$5 trillion. That is an immoral legacy to leave to our children.

The problem with deficit spending is not just in the national debt that will have to be paid off some day by future generations. It affects us in today's budget. The interest on the national debt, and when the Federal Government borrows the Federal Government pays interest, like anyone else, any individual or business would do, the interest on the national debt for the last fiscal year that just ended September 30 will come in about at about \$235 billion. That is the third highest line item in Federal spending today, after Social Security and the military, but not by much.

The point is that \$235 billion is money that the taxpayers already send to Washington, but we throw it out the window in the sense that we take the taxpayers' money, write a check to pay interest on the national debt, and get nothing back in return, because interest buys nothing.

I think those that are emphasizing the effect of balancing the budget on various programs, and they may be

correct, should ask themselves, how much could we do for health care, how much could we do for other programs, for science, for example, if we had the use of \$235 billion that is lost in interest?

That is why I urge adoption of the Budget Reconciliation Act.

Mr. SABO. Mr. Chairman, I am pleased to yield 5 minutes to the distinguished gentlewoman from Illinois [Mrs. COLLINS].

(Mrs. COLLINS of Illinois asked and was given permission to revise and extend her remarks.)

Mrs. COLLINS of Illinois. Mr. Chairman, the majority once again bypassed the normal committee process by asking the Rules Committee to include in the reconciliation bill a package of civil service provisions which have never been approved by the Government Reform and Oversight Committee.

The majority proposes to make changes in the civil service retirement system, some of which have not even received the benefit of a hearing. They would delay retiree COLA's, increase agency and employee contributions into the retirement fund, and then, incredible as it may seem, establish a commission to study the retirement system and report recommendations for reforms, 7 months after the so-called reforms in this bill have already been made.

Both the General Accounting Office and the Congressional Research Service have said, contrary to what Republican leadership claims that there is no crisis affecting the solvency of the retirement system which necessitates passage of these reforms to resolve. Therefore, there is absolutely no need to require agencies and employees to pay more into the retirement trust fund to make it financially secure. Clearly, this is not an attempt at serious reform. There is another purpose.

With tax cuts for the rich being packaged into the reconciliation bill in a second attempt to get them enacted, the civil service pension system is once again being used by the Republican leadership as a source of offsetting revenue to pay for them. That's what this package is all about. I am opposed to it. For those rich folks who are not middle class, who earn more than \$100,000 a year, that is what this package is about. I am opposed to the manner in which it was brought forward. Our committee's work should not be done by the Rules Committee, but through the normal, open, and deliberative legislative process.

In addition, Mr. Chairman, the Rules Committee is also expected to include the Debt Collection Improvement Act in the reconciliation bill. While the bill had a number of good features, it also has many important flaws, which we Democrats has hoped to resolve when the bill would be marked up in the committee. It now appears that we will not have that chance.

Let me describe three of the worst features of the debt collection bill. The

first provision would allow private debt collection companies to collect debts owed to the Internal Revenue Service. While the Ways and Means Committee is working on a taxpayer bill of rights, this bill allows the IRS to give confidential tax information to private bill collectors, who could use all sorts of harassment to get the money.

The second provision would require our constituents who get Federal benefits, such as Social Security or veterans benefits, to receive their benefits through electronic funds transfers to a bank. Not everybody has a bank account. Not everybody has a checking account. I believe that particularly senior citizens and others who are disabled ought to be able to have the option to choose whether or not they want the check to go through an electronic process.

The third provision would allow the Federal Government to garnish Social Security checks to collect debts owed to the Government, and make deductions from Social Security checks even for individuals making just \$10,000 a year. If we want to improve debt collection, we shouldn't focus on people who need every nickel just to pay the rent, heat, and grocery bills.

Putting the debt collection bill on the reconciliation bill without committee consideration is an example of the sloppy, unthinking approach that has gone into this terrible reconciliation bill.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from the great State of Texas [Mr. SAM JOHNSON], a member of the Committee on Ways and Means.

Mr. SAM JOHNSON of Texas. Mr. Chairman, for 40 years the Democrats have tried to tax this Nation out of debt. Everyone knows you can't tax and spend your way out of debt, it's a failed policy, and it's time for change. Today, Republicans have a plan not only to balance the budget, but to return to our families, our workers, our seniors, and our businesses their hard-earned money by enacting much-needed tax relief.

Democrats must learn that taxes do nothing for our economy except slow its growth and stifle job creation. Just last week, in my home State of Texas, the President finally admitted that the Democrat policies of the past have failed, by admitting that his \$258 billion tax increase was a mistake. He was right.

We must end the Government thirst for taking America's tax dollars and spending it on more Government programs, more Government bureaucrats, and more Government waste. We must remember that it's the people and businesses of this country that produce the capital, the goods, and the jobs that make this country the most powerful economic Nation in the world.

If we keep the Democrat plan of higher taxes and higher Government spending we will finally collapse under the

weight of a tremendous debt. Our children will pay over \$187,000 in taxes just to pay the interest on that debt.

That is why it is so important for the Senate and the House to pass this balanced budget plan. And the President should sign it in the best interest of the American people. Unlike the President's unbalanced budget, this bill will balance the Nation's budget by the year 2002.

We must remember history. Every time this body has cut taxes in the past, we have experienced more growth, created more jobs, and brought more revenue into the Federal Government.

Each time we let the American people keep more of their money for investment and savings—we have induced a healthier, more robust economy. That's a fact.

Mr. Chairman, Republicans believe in the American people, not the Federal Government. A vote against this budget is a vote for more debt, more Government, and more taxes.

A vote for this balanced budget is a vote for a better, a freer Nation, vote for America's future. Put your faith in this Nation and vote for this bill.

Mr. SABO. Mr. Chairman, for accuracy in history, I yield 1 minute and 30 seconds to my friend, the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, it is important as we make the various statements, and my good friend, the gentleman from Texas, has just made an excellent statement regarding the political rhetoric to which I agree, but when we look back at the actual facts and go back to 1981, there is one thing that he conveniently leaves out. That is that we increased our national debt \$3.9 trillion during the 10-year period that followed the decisions of 1981.

Spending, and this is something we have been talking about today, spending, and spending in the 1993 budget agreement, there was one thing about the 1993 budget agreement that I would think most of us on both sides of the aisle would agree with. That is, when we look at spending. The 1993-based discretionary spending was \$542 billion. In 1997, it was \$553 billion that is a 2-percent increase since 1993 assumptions, baseline. In 1981, the base was \$308 billion. In 1985, 4 years later, \$416 billion, a 35-percent increase.

Mr. Chairman, our point is the Coalition budget that we submit is better than, better than the majority's budget. It gets to balance in 2002. We do not quarrel about the spending. We agree. However, we say do the spending first. Let us not repeat the mistakes of 1981, when we did the tax cuts first and the deficit exploded. Let us do the spending cuts, and do not be as critical of the 1993 budget as many of the people are if they are concerned about spending, because it has done much better than we were able to do in the early 1980's.

Mr. KASICH. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. WALKER], a member of the Committee on the Budget.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, I just want to make the point that the reason why Democrats are going to offer a budget on the floor tomorrow that they claim cuts the deficit is because they are increasing taxes again. Sure, we can continue to talk about all these things if we are willing to increase taxes, but the fact is what their budget does is increase taxes in 1996 for the average taxpayer by \$188, and in 1997, by about \$150 more. They do it by simply keeping in place what they passed back in 1993 in the President's proposal that raises taxes out through infinity. What they do is, instead of doing what we are trying to do, cut taxes for the American people, what they do is increase taxes. They continue to increase taxes indefinitely, and that is the reason why they have argued.

Democrats love taxes. They love to increase them, they love to spend them, and that is exactly what they are going to do here. They are going to increase taxes over the next couple of years by about \$300 or more on each individual taxpayer, and then tell us that we should not cut taxes and try to give those people a break.

The fact is that the budget they are going to bring on the floor is a tax increase budget.

Mr. SABO. Mr. Chairman, I yield 30 seconds to my friend, the gentleman from Utah [Mr. ORTON].

Mr. ORTON. Mr. Chairman, that argument we just heard is so ludicrous, to suggest that our budget is increasing taxes by failing to repeal taxes in existence. Under the same argument, the Republican budget is increasing taxes by failing to repeal many of the provisions of the 1993 tax increase, which they do not repeal in their budget. I voted against that, just as many of them voted against that. But to suggest that we are increasing taxes by failing to repeal taxes is ludicrous beyond belief.

Mr. KASICH. Mr. Chairman, I yield 5 minutes to the very distinguished gentleman from the great State of Texas [Mr. ARCHER], chairman of the Committee on Ways and Means.

Mr. ARCHER. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I am privileged to rise today and join a great debate at a turning point in this country's history. This debate is not only about balancing the budget to save our children. The debate is about ushering out the era of tax and spend and beginning a new era of smaller Government, less taxes, and less spending.

Mr. Chairman, when this bill is passed, the years of tax and spend will be buried on the ash heap of an unsuccessful history, and a new, more prosperous era marked by economic prosperity for all Americans will begin.

For too many years, Congress' first and last solution to every problem was to raise taxes. I am here to say that those days are over, and we are here to bring tax relief to the American people, especially to middle-income Americans who have paid the price and seen their taxes go up and up to support big Government solutions that fail to achieve their intended results. Our tax relief package has two goals. One is tax relief to strengthen the American family. The second is tax relief to create jobs and economic growth for all Americans.

Our centerpiece is a \$500 per child tax credit that will mainly benefit lower- and middle-income Americans. Twenty-seven million families with 51 million children will benefit from this credit. If you are a family with two children and you make \$30,000 a year, this credit will wipe out more than one-half of your income tax liability. It will give you a 15 percent total tax cut, including payroll taxes. You will get \$1,000 more in your pocket for you to use as you see fit, not for the Government to use on your behalf.

If you make \$50,000, your tax cut with two children will be 8 percent, including payroll taxes.

□ 1745

As a result of this credit, 2 million lower-income families will no longer pay any income tax. They will be removed from the income tax rolls.

Mr. Chairman, our bill provides relief from the marriage penalty; it provides a credit to help families adopt children; it provides help for those who care for their ailing parents in the loving environment of their own home. We provide a new American dream savings account; and yes, with a spousal IRA to go with it for the woman who stays in the home, to help families at the most important moment in their lives, the first time they purchase a home, or when they need to tap into their savings for medical expenses and for their educational needs. All of these provisions will help strengthen the heart and soul of the Nation: The American family.

Mr. Chairman, our second goal is to create an economic climate that includes good jobs for all of our workers. That is why we include a capital gains tax cut that fortifies America's private sector job-creating machine.

This week I realized two new studies indicating that more than 200,000 jobs will be created every year as a result of the Contract With America capital gains tax cut. Revenues to the Treasury will be increased, and GDP will increase by 1.7 percent. Mr. Chairman, cutting capital gains taxes is a winner for every American. We must also remember that 59 percent of the returns that declare capital gains are with Americans whose income is \$50,000 or less.

As we move ahead to balance the budget, it is appropriate that the middle-income taxpayers of this country,

who have worked so hard and paid so much, receive their share of the dividend that a balanced budget brings.

This is not our balanced budget bill, Mr. Chairman. This balanced budget belongs to the people of the United States, and it is high time that they get the tax relief they so rightfully deserve.

Ms. SLAUGHTER. Mr. Chairman, I yield 3 minutes to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Mr. Chairman, I thank the gentlewoman for yielding me this time.

Mr. Chairman, it was good to hear the distinguished chairman of the Committee on Ways and Means. The only problem is that 85 percent of the people in West Virginia, those earning under \$50,000 a year, will see significant benefit cuts, program cuts like student loans and other programs, so that 1.5 percent, those earning over \$100,000 a year, can get \$2,400 back in their envelope, which is not a very good deal by any means.

Mr. Chairman, I want to talk about the Economic Development Administration, and particularly, what the Kasich substitute does to that. Because what would happen with the EDA, it would be transferred to the Small Business Administration where it would be a block grant program administered by 25 employees.

Now, conversely, the bipartisan Committee on Transportation and Infrastructure-reported EDA bill provides meaningful reform for the same amount of money to the existing EDA program without jeopardizing the local, State, and Federal partnership critical to building distressed communities.

Our bill would launch the Nation's economic development programs on a new effort. It would remove much of the bureaucracy. It would remove archaic eligibility requirements. Gone would be the time-consuming and cumbersome approval process. This is not pie in the sky. It has been reported from the Committee on Transportation and Infrastructure by a unanimous vote, and yet the Kasich substitute would gut the EDA.

This bill saves every penny that the Kasich substitute saves. It authorizes, as the Kasich bill does, EDA programs at \$340 million per year, saving \$1.5 billion over 5 years. It has, as I mentioned, both unanimous support, and certainly the bipartisan support of the gentleman from Pennsylvania [Mr. SHUSTER], the gentleman from Maryland [Mr. GILCHREST], former ranking member of the subcommittee from California, Mr. Mineta, myself as ranking member of the subcommittee, and the Republican freshman class president.

This committee has repeatedly supported the EDA, despite what is in the Kasich substitute. It was unanimously reported the first time and readopted when the Commerce Department Dismantling Act included in the Kasich substitute was before the committee.

Indeed, on the floor of this House, by a 310 to 115 vote, this House supported, with the majority of Democrats, a majority of Republicans and a majority of the new Members, supported keeping the EDA.

Members know that the EDA works. In its 30-year history, EDA has created or retained 2.8 million jobs, invested \$15.6 billion in our distressed communities, and generated \$3 of private investment for every EDA dollar spent.

Just recently I was at a groundbreaking where I calculated that for the \$2 million to \$3 million of EDA funds that went into a water system that leveraged \$130 million of private investment, the Federal taxpayer would get back every penny that was invested in a 3.5-year period, and the result would be 800 new jobs. That is investment. That is growth, and that is how you really get about balancing the budget.

Mr. Chairman, I urge Members to help me strip this EDA-killer from this bill.

Mr. KASHICH. Mr. Chairman, I yield 3 minutes to the gentlewoman from Washington [Ms. DUNN], a very distinguished member of the Committee on Ways and Means.

Ms. DUNN of Washington. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I have been listening to debate on this reconciliation bill that we will be voting on here in the House tomorrow, and I am astounded at the lack of understanding that the other side continues to give to the idea of cutting taxes for American citizens. They still are telling us that cutting taxes is a dirty word. Mr. Chairman, I would like to know, what is so wrong with leaving money in the pockets of the American citizens?

Let us take a look at what we are really talking about here in the Budget Reconciliation Act. Twenty-five percent of the tax cuts that we are talking about are going to businesses, especially to small business. Seventy-five percent of the tax cuts focus specifically on building and strengthening and restoring the American family. We do not just give tax cuts to the rich. We give tax cuts to everybody, to individuals, to families, rich, poor, middle class. That is the strength of this plan. We give tax cuts to all Americans.

A couple of facts, Mr. Chairman. In 1950, the average American family with children paid 2 percent of its income in taxes to the Federal Government. Today, 45 years later, that very same family pays 24.5 percent, and adding State and local taxes, the total percentage adds up to 37.6 percent of their income in taxes to all levels of government. That means, Mr. Chairman, in families where both of the parents work, a very common situation today, two-thirds of the wife's earnings go to pay increased Federal taxes.

In fact, Mr. Chairman, the average American family literally spends more on total taxes than on food, clothing,

and housing combined. Shouldering heavy burdensome taxes is no way for an American family to achieve the American dream. We want to make it easier. We want to keep these dollars in the pockets of the American citizens.

Let us talk about some of the tax cuts that we believe make our bill unique that we are really getting done for the American people.

First of all, a \$500-per-child tax credit. This is the centerpiece of our efforts to give American families a little bit of a breakthrough tax relief, \$500 for each child under age 18.

The current tax systems penalized families with children because it does not properly reflect the very expensive cost of rearing children. According to the Census Bureau data, the cost of raising a child averages more than \$5,000 per year. By allowing families to keep a little bit more of what they earn, the family tax credit increases the resources available to parents to properly raise their children.

Second, the American dream savings account. Mr. Chairman, the American dream savings account is a unique, innovative use of the IRA concept to stimulate additional savings. The new proposal allows distributions to be made penalty-free and tax-free for worthwhile purposes like first-time home purchase, college or educational expenses, and medical expenses.

Lastly, the spousal IRA. This permits \$2,000 for the stay-at-home, just as a working spouse. I urge all of my colleagues to support reconciliation.

Ms. SLAUGHTER. Mr. Chairman, I yield 2½ minutes to the gentleman from Illinois [Mr. GUTIERREZ], a member of the Committee on Veterans' Affairs.

Mr. GUTIERREZ. Mr. Chairman, I hear my friends on the other side of the aisle say that they are making history. I see them patting each other on the back for devising a budget scam that protects the wealth of the powerful and the privileged. I hear them say that they are doing this because it takes a lot of courage on their part.

Well, I would like to ask them to put their own self-congratulations on hold for a moment and to think about the people who truly made history, who truly protected our Nation, and those who truly demonstrated courage. Who has the answer to that question? America's veterans.

With all of the grand rhetoric you hear, the Republicans would have you believe that they would never harm the men and women who have served our Nation. Well, let us listen to some of the facts instead. Let us start with the cuts proposed over the next 7 years to the VA.

One result, increased copayments for veterans who need a prescription. It might sound like a good example of self-sacrifice to some. Well, Members of this House have that luxury. We are not living on an income of \$12,000 or \$10,000 a year, but many veterans do.

Members of this House talk about how hard a job this is to be a Member of the U.S. Congress. Well, most of us do not have to sacrifice our health for the sake of serving our country, but many veterans did sacrifice their health. Yet this House will force the VA to care for 1 million fewer veterans by the year 2002. By the year 2002, it is estimated that over 175,000 veterans will lose coverage under Medicaid, one-third of whom are severely disabled, with crippling diseases or mental illnesses.

About 20,000 veterans a year depend on Medicaid, not the VA, not Medicare, but Medicaid, for their nursing home care. What do they have to look forward to during the next 7 years? The possibility that their spouses will have to give up their homes in order to retain eligibility for long-term care. The threat that a widow's VA pension gets counted against her in determining her eligibility for Medicare. The likelihood that in States like California, Florida, New York, and Illinois, thousands of veterans will have no alternatives for health care.

Let us keep in mind that just a few short years ago, one State, Tennessee, proposed denying health care to veterans.

More importantly, it is not the job of the States to take care of this issue. When I speak to veterans back in Chicago, they did not fight for the great State of Illinois, they fought for our Nation, our country. Veterans in the district of the gentleman from Ohio [Mr. KASICH], they did not fight for Ohio, they fought for our country, the United States of America.

If you are a Republican and you have not found a reason to oppose this budget, please make sure you have thought this through. This budget is antiveteran. Your tax cuts for millionaires are being paid for by millions of veterans. Instead of veterans' health, you have chosen to protect someone else's wealth. It is wrong. Vote against this proposal.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Florida [Mr. SHAW], one of the leading experts in the Nation on welfare reform.

Mr. SHAW. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, after expanding the welfare state for 60 years, President Clinton and the Democrat Party failed to deliver on the Clinton campaign promise to end welfare as we know it. Yet, while every lever of power was controlled by the Democrats, no one acted to save the millions of children that today remain trapped on welfare as we know it.

In the Democratic Congress, no Democrat welfare reform bill was approved in committee, none was advanced to the House and Senate floor, and none came to the President's desk for signature. Republican and bipartisan efforts to reform welfare were stymied.

In contrast, House Republicans today are taking another huge step to deliver

on our pledge to the American people to replace the failed welfare system. We promised to bring real welfare reform to the House floor for a vote, and we kept our word. We pledged to cut programs, to cut redtape, and to slow exploding welfare spending, and we did just that.

In the next few weeks, we will send a bill to President Clinton that will forever change welfare from a way of life into a way to help America's poor get work and free themselves from government handouts.

Mr. Chairman, everyone agrees that reforming welfare is necessary. Candidates in both parties have campaigned on the need to reform welfare and have won a lot of votes talking about change. But there is a big difference in this town between talk and action.

To Republicans, the options have been clear: Whether to save the failed welfare system or save the children it traps in poverty forever. We chose to save the children. That is why Members who want to reform the failed welfare system will vote for this reconciliation bill, because they know it is right for our children and it is particularly right for our children's future.

□ 1800

Ms. SLAUGHTER. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE. Mr. Chairman, I rise to oppose the Budget Reconciliation Act due to the fact that it opposes the dreams and aspirations of all Americans and wrecks health care for all Americans.

Mr. Chairman, I spoke last night about the devastation Republican budget cuts would inflict on children throughout the United States. Tonight, I rise to speak about the impact these cuts would have on children in my home State of Texas.

The Republican plan to balance the budget would eliminate Medicaid coverage for as many as 206,641 children in Texas and 4.4 million children nationwide in 2002. The Republican budget cuts Medicaid funding to Texas by \$7 billion over 7 years and by 20 percent in 2002 alone.

Currently, 20 percent of children in Texas rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular checkups, and intensive care in case of emergencies for about 1,407,000 children in Texas. Even if Texas could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 360,097 people, including 206,641 children in 2002.

Many of the children in Texas who would be denied coverage are disabled. Medicaid provides valuable services for many disabled children, often making the difference that allows them to live at home with their parents. Medicaid provides for items such as wheelchairs, communication devices, in-home therapy, respite care and home modifications. Without

these services, parents may be forced to give up their jobs or seek institutional placement for children. The cuts would also deny as many as 44,070 disabled children in Texas SSI cash benefits in 2002.

Republican cuts are terribly short-sighted. Cutting the debt today, Republicans argue, will save children from paying unbearable taxes in the future. But this only benefits those children who grow up to be job holders and taxpayers. Budget cuts would fall heavily on poor and lower-middle class children, leaving them less able to hold jobs in the years to come. Hungry, malnourished, nonimmunized children cannot be expected to concentrate in school. These children will prove less able to compete for good jobs with children from affluent families.

For example, Republican cuts would deny Head Start to 12,512 children in Texas and 180,000 children nationwide in 2002. The Republican budget repeals the Vaccines for Children Program, putting at risk at least \$1.5 billion over 7 years that would otherwise provide vaccinations for children in Texas and across the Nation. The Republicans would cut food stamp benefits for families with children in Texas by \$3,107 over 7 years. These cuts would jeopardize child nutrition programs on which 2,743 children in Texas depend. The House Republican budget block grants funding for the school lunch and WIC Program. Nationally, their budget reduces funding for child nutrition programs by more than \$10 billion over 7 years and 11 percent in 2002, compared with current law.

The Republican cuts in educational programs would have a devastating, long term effect on our Nation's youth. For example, Republicans would cut the Safe and Drug Free Schools Program, which 1,043 out of 1,053 school districts in Texas use to keep crime, violence, and drugs away from their children, schools, and communities. They would eliminate Goals 2000, denying improved teaching and learning for as many as 413,400, denying improved teaching and learning for as many as 413,400 school children in Texas in 1996, and 949,800 children in 2002. And they would eliminate both the AmeriCorps National Service Program, denying 3,171 young people in Texas the opportunity to serve their communities in 1996; and the summer jobs program for 42,491 youths in Texas in 1996 and 297,437 youths over 7 years.

The Republicans would scale back environmental protections which keep our children healthy and strong. The Republican budget would allow sewage to flow into waters where Texan children live and play. Texas will lose \$16.7 million used to treat water pollution and protect public health.

The Republican budget halts the President's effort to protect the health and safety of children living near the 32 oil refineries in Texas. These refineries emitted more than 27,141,998 pounds of toxic air pollution in 1993, putting children in surrounding communities at risk of serious health problems including cancer and respiratory illnesses such as asthma.

The Republican budget cuts spending on toxic waste cleanups by 36 percent. There are at least 4 toxic waste sites in Texas. The Republican cuts will stop, or slow the clean-up, of sites near Jasper, Texarkana, Arlington, and my district of Houston.



The Republican's proposed \$500-a-child tax credit would do little to help children in low-income households. Families that have no Federal income tax liability after other exemptions and deductions would not be eligible for refunds. In Texas, 2,466,000 children in working families would have their taxes raised by an average of \$430 in 2002. Families with two or more children in Texas will face an average tax increase of \$500.

Too many children in my district of Houston are in poverty, and too many are at risk of poverty. I find it hard to believe that this Congress would further cut the safety net for these children. But that is exactly what the Republican budget would do.

Cuts in the safety net would deny 30,540 children in Texas child care assistance in 2002 and would cut foster care and adoption for vulnerable Texas children by \$359.5 million over 7 years. The House welfare bill would erode the safety net further, cutting child protection for abused and neglected children in Texas by 24 percent in 2002. The Republican budget eliminates \$29.1 million that helps low-income families—and 22,325 children—in Texas with their home heating and cooling bills, and forces families of 204,700 children in Texas to pay more rent. The budget would also eliminate protection for 4,744 children in Texas from drugs and drug-related crimes in public housing and deny 5,092 children the opportunity to move from public housing to renting their own home. Finally, the Republican budget denies assistance to 1,143 homeless children in Texas. The budget cuts homeless assistance by 40 percent in 1996, cutting funding for the homeless in Texas by \$30.3 million in 1996.

Mr. Chairman, I stand here today in disbelief. Disbelief over the fact that Members of this Congress would deny assistance to homeless children, medical care to the disabled, and food to the hungry child. How can they look their children in the eyes, knowing what they are going to do to children like them across the Nation? I fear for the future and I can only hope that my Republican colleagues will come to their senses before it is too late for the children involved. Let there be no uncertainty: the damage they would inflict upon the children of this Nation will last a lifetime and its legacy will last even longer. Therefore, I oppose the Budget Reconciliation Act and will encourage the President to veto it.

Ms. SLAUGHTER. Mr. Chairman, I yield 2½ minutes to the gentlewoman from Colorado [Mrs. SCHROEDER], a member of the Committee on the Judiciary.

Mrs. SCHROEDER. Mr. Chairman, I thank the gentlewoman for yielding me the time.

Let me start off by just answering one of the charges made on the other side and that was that we Democrats did not know what was in here and that we really were all pro-taxes.

Let me just point out this chart that I borrowed from someone else—68.4 percent of middle-income families are going to get a tax increase if that bill passes, or they are going to pay the same. And 64.3 percent of the wealthy people are going to get a tax cut.

Yes, we know what is in it. And that is why we are upset. But let me go to my next chart which is what I planned,

to talk about representing the Committee on the Judiciary. That is, why we ought to call this WRECKconciliation with a "W."

Let me tell Members why. We are doing something to our economy in this bill that I find unconscionable. We are putting a tax on innovation. Innovation is as American as apple pie. What we have done, there was an agreement many years ago that we have really been abiding by and that was the patent and trademark office ought to run on its own fees, that the fees that come in from the inventors should pay for the services and that is it.

Well, guess what we are doing today? WRECKconciliation is tapping into those fees and pulling them out of the patent and trademark office. What that means is obviously the fees are either going to go up or the service is going to go down.

I happen to think that innovation is the basis of the growth of this economy. If we look at the Japanese, they spend \$1,500 for patents and they do not have as many as we do. We now have a fee of \$7,500. Heaven knows what it will be when we get done with WRECKconciliation because every little inventor is going to have to pay more or it is going to take them much longer to get that essential protection out there that they need, and both are wrong.

This is a hidden fee that those of us who sit on Judiciary on the Subcommittee on Courts and Intellectual Property on both sides of the aisle really resent. This is one of the many things that are in there.

I also resent the fact that people on the other side of the aisle stand up and say, we do not know what is in it. Does the other side of the aisle know this is in it? Do you know what you are doing here? Do you really want to choke off innovation and patents and the efficient service that we have been seeing? Is it really fair to raise their fees to pay for the debt that came out of general revenues? I do not think so. I hope that we talk about this some more.

Mr. KOLBE. Mr. Chairman, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a very distinguished member of the Committee on Ways and Means, an individual who has been very instrumental in drafting many provisions of the Medicare and Medicaid part of this legislation.

Mrs. JOHNSON of Connecticut. Mr. Chairman, some of my colleagues believe we should be discussing here today merely a budget bill. I believe that would be inadequate to meet today's demands or our Nation's needs over the next 7 years. I am proud that we are offering here today a budget plan that includes numerous tax reforms that together will help our companies compete in an intensely competitive international market and so assure the millions of jobs these companies provide. It will help small companies grow by providing them better

expensing rights, restore the home office deduction, and make it easier for them to provide pension plans for their employees. The tax provisions in this bill will help middle-class families and put in place the only solution through which we can guarantee our seniors, ourselves, and our children freedom from the fear of the catastrophic costs of long-term care.

This bill expands people's opportunity to gain the education they need to increase their economic power. We extend the right of employers to subsidize the education of their employees. We create the right to develop American dream saving accounts with its flexible rules allowing the use of these savings for education, tax-free. And we create a new research and development tax credit that will help start-up companies, collaborative research efforts, and old-line defense companies create the products of the future. These tax provisions are pro-education, pro-technology, pro-economic growth, pro-family, pro-health care reform.

These tax provisions are just as essential to the well-being of the Nation over the next 7 years as the specific budget provisions of our proposals. Together they plan a path for our Nation to reach a balanced budget by the year 2002 with a healthy economy, strong families and enlightened health and education policy.

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BENTSEN].

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Chairman, I rise in opposition to the Republican budget bill. We have heard a lot about the consequences of the \$270 billion in Medicare cuts, but the impact on our States and communities may be even more severe because of the \$182 billion cuts in Medicaid.

Our Nation already faces the challenge of providing health care to 40 million Americans who are uninsured. This Congress should be working on that problem. Instead, we are voting on a repeal of Medicaid that would add 8.8 million people to the list of the uninsured.

Texas will be one of the hardest hit States, and this bill makes matters worse because of a funding formula that does not adequately account for population growth and poverty levels. Altogether, Texas would lose \$11 billion over the next 7 years under this Medicaid repeal, a 29 percent reduction in 2002 alone. Even if Texas could absorb half the cuts by reducing services, it would still have to eliminate coverage for 687,000 people by the year 2002.

No formula will correct the inequity of the repeal of the individual entitlement of Medicaid. It is mathematically impossible.

This Republican plan would force Texas to eliminate coverage for about 43,000 elderly people needing long-term

care. Without Medicaid, families of the elderly and disabled could not afford nursing home care that costs an average of \$38,000 a year.

The Republican Medicaid repeal would force Texas to eliminate coverage for 394,000 children in the year 2002. Currently, 20 percent of children in Texas rely on Medicaid for their basic health needs, including immunizations, regular checkups and intensive care in case of emergencies. They get top-quality care at such facilities as Hermann Hospital and Texas Children's Hospital at the Texas Medical Center in my district. But this guarantee of care would be gone under the Republican plan.

Texas could avoid these difficulties but only by increasing its own spending on Medicaid by 48 percent by raising taxes and cutting other critical programs such as education.

Hospitals in my district would also be hard hit by this Medicaid repeal. The Harris County Hospital District, the Nation's sixth largest, will lose between \$350 million and \$422 million over the next 7 years. Hermann Hospital will lose \$112 million, and Texas Children's Hospital will lose \$100 million.

This plan is wrong. It is wrong to cut this plan to pay to tax cuts for the rich.

Mr. KOLBE. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. RAMSTAD], another distinguished member of the Committee on Ways and Means.

Mr. RAMSTAD. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, President Kennedy said it best back in 1961. "Our true choice is not between tax reductions on the one hand and the avoidance of large Federal deficits on the other. It is clear that an economy hampered by restrictive tax rates will never produce enough revenues to balance the budget, just as it will never produce enough jobs or profits."

Mr. Chairman, President Kennedy was right. The bill before us today is about two things: one, eliminating the deficit and balancing the budget for our children and grandchildren; and, two, providing jobs and opportunities for all Americans with the tax stimulus provisions of the bill.

Economist after economist came to our Committee on Ways and Means testifying about job creation. One economist testified 1.4 million new jobs will be created over the next 5 years from the capital gains tax cut. As he put it, the capital gains tax reductions will stimulate economic activity, increase jobs, capital spending and capital formation, improve national savings, increase entrepreneurship and raise economic output.

Mr. Chairman, we are hearing a lot from the other side about capital gains tax cuts being a tax break for the rich. Let us talk about the facts. An IRS analysis of 1993 tax returns found 77

percent of the tax returns reporting capital gains were filed by taxpayers with adjusted gross incomes of less than \$75,000, 77 percent; and 60 percent had adjusted gross incomes of less than \$50,000, hardly the rich in America.

But even more impressive than any of these statistics was a young man in my district. When I talked to a high school assembly, a 17-year-old young man from the least affluent part of my district came up to me afterward, and he said, "Ramstad, I liked what you said about capital gains."

I was not accustomed to such feedback from 17-year-old high school students. I asked him, "Young man, do you have any capital gains?" He looked back at me and his eyes got about this big and he said, "No, not now. Ramstad, but someday I hope to."

Mr. Chairman, that is the kind of incentive we have to restore to the Tax Code in this country.

All Americans, Mr. Chairman, will benefit from this bill. Let us keep faith with the American people. Let us balance the Federal budget. Let us pass budget reconciliation because the taxpayers of America deserve nothing less.

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. WOOLSEY].

Ms. WOOLSEY. I thank the gentlewoman from New York for yielding me the time.

Mr. Chairman, I am going to spend my brief time in talking about an area of this immense and devastating bill that I know firsthand, Medicaid. My ideas about Medicaid did not come from theory or books. I know it. I lived it.

Twenty-eight years ago, I went from being a married woman with complete health care coverage for my children to being a single mother with three small children receiving no child support and working at a job that initially provided no health care coverage for my three kids. Overnight, a simple checkup became an impossible luxury in our household. I will never, never forget what it was like, Mr. Chairman, to lie awake at night worried to death that one of my children would get sick.

Thankfully, I was able to turn to Medicaid and other forms of public assistance to add to my salary so I could provide my children with the health care, child care, and food they needed.

Mr. Chairman, that safety net is what helped my family get back on their feet. But I will never, not for 1 minute, think that just because my family made it, so can the millions of families who are in similar or worse situations than we were today.

That is why I am so outraged by Speaker GINGRICH's assault on Medicaid. The Speaker and his allies are taking health care from our children. In fact, they are cutting \$182 billion to help pay for \$245 billion in tax breaks to the wealthiest special interests.

In my home State of California alone, almost 470,000 children on Medicaid will lose their health care coverage

under this plan. Twenty-eight years ago, Mr. Chairman, that would have been my three children.

Mr. KOLBE. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. HANCOCK].

Mr. HANCOCK. I thank the gentleman from Arizona for yielding me the time.

Mr. Chairman, for 40 years, the Republicans in the House have been trying to demonstrate how they differ from Democrats on the role of government in the lives of the American people. The true difference between Republicans and the Democrats is that the Republicans want less government and for Americans to keep what they earn. Democrats want more government and as much tax money as they can get so they can run a social engineering experiment from Washington, DC.

Now, for the first time in many, many years, we have the opportunity to give back to the American people some of the hard-earned dollars they have been sending to the bureaucrats in Washington. That is exactly what the tax cuts in this reconciliation bill does, give something back to the taxpayers so that they can decide for themselves how best to spend and invest their hard-earned dollars.

The Democrats are not going to agree with me, but the vast majority of the American people agree that our Government taxes too much and spends too much.

□ 1815

Even the President recently said, after he pushed through the largest tax increase in history, it was too much. Now, with this bill, we have the chance to help the President by rolling back two-thirds of the tax revenues and the tax increase he started and started to put through on the American people in 1993, with the largest tax increase in history.

The main thing wrong with this bill is we should be rolling back President Clinton's 1993 tax increase in its entirety. Unlike the President, we are keeping our word by providing tax cuts for all Americans while the Democrats will proclaim their worn-out class warfare chant that these are tax cuts for the rich. The truth is the biggest individual tax income tax cuts as a percentage of taxes paid go to taxpayers earning \$30,000 to \$75,000 annually.

So when you hear the Democrats whine and complain about our tax cut and budget balancing bill, remember they are really opposed to our efforts to shift power from the Federal Government to individual Americans.

The American people should be proud of what we are about to do.

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. TORRES].

Mr. TORRES. Mr. Chairman, I am reminded of the words of the late Justice Hugo Black: "Great nations, like great men, should keep their word." A provision in the bill before us today makes

a mockery of this noble guiding principle.

The proposed tax on tribal gaming income breaks innumerable promises. It violates U.S. treaty obligations, ignores the U.S. Constitution, circumvents the new Republican rules of House procedure—and, it flies in the face of common sense.

Indian tribes are sovereign entities with the power to govern themselves. They have the right to engage in and regulate their own economic activity, and as such, are immune from Federal income tax. From the first days of this country's existence, Congress has recognized the sovereign status of Indian tribes. The U.S. Constitution recognizes tribal sovereignty. And the U.S. Government, in over 500 treaties, has recognized Indian tribes as sovereign entities.

How can the Ways and Means Committee presume to overturn 200 years of Federal law and policy by treating tribes, not as nations, but as corporations?

Further, how dare they do this without a single hearing, a single notice, or a single opportunity for public, administration, legislative, or tribal comment? This is not due process. This is not the democratic way. In fact, it's not even the Republican way. The new majority promised not to institute new taxes without careful study. They even passed a rule requiring a supermajority, three-fifths vote, to raise taxes. Is this new rule to be abandoned so soon? Mr. Chairman, this body's historical memory seems to be getting shorter by the day.

There is another reason Republicans should reject this proposed new tax. The provision will defeat the ability of tribes to become economically self-sufficient. Tribal gaming presents a singularly viable opportunity to eliminate the horrendous poverty on Indian lands. All profits from tribal gaming must go to meet the needs of tribal people. In other words, revenues can only be used for governmental or charitable purposes, such as: education, housing, health care, police, fire departments, child care, roadbuilding, and sanitation. Greater tribal self-sufficiency means less cost to the Federal Government. Indian gaming represents an opportunity to get tribal members off of welfare rolls. The proposed Republican tax is just plain bad economics.

Let me take this chance to correct a myth. The economic success of the Pequot Tribe's gaming operations in Connecticut is the exception, not the rule. The perception that all Indians are gaining great personal wealth from gaming could not be further from the truth. In fact, across the entire country, only one other tribe besides the Pequots are paying significant per capita payments to their members. These members already pay Federal income tax on every cent distributed.

To a degree, gaming has helped alleviate the long-term problems faced by

Indian nations. But most Indian people and children in the United States still live below the poverty line. This Congress has recommended serious reductions in appropriations for Federal programs for Indians. Imposing an illegal, reckless, and suffocating tax on top of these cuts is cruel. It is also self-defeating. We are obliged to treat tribes with due respect. We are obliged to meet our treaty and trust responsibilities. We ought to be helping tribes that help themselves. We must keep our promises. My colleagues, reject this bogus tax.

Mr. KOLBE. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Missouri [Mr. TALENT].

Mr. TALENT. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, we have heard a lot of comments tonight about how we cannot balance the budget while providing tax relief to the American people. You know, I think we cannot balance the budget without providing tax relief to the American people, because it is not just balancing the budget, it is reorienting the way the Federal Government relates to the rest of American society, lightening the burden of Government on people.

As we disempower the Federal Government to some extent, we have got to reempower the private institutions of society, families, so that they can raise their children, individuals, so that they can invest in their own future, small businesses, so that they can create jobs. But we hear tonight, well, we cannot, because that means we are going to have to cut the Federal budget.

Mr. Chairman, we are not cutting the Federal budget. It is growing under our plan over 7 years at 2.8 percent a year, at the rate of inflation. What people are saying who do not want the tax relief is we have to deny tax relief to the American people so that the Federal Government can grow faster than the rate of inflation over the next 7 years, as if the American people were undertaxed.

Mr. Chairman, in 1952, the average American family paid 2.5 percent of its income in Federal taxes of all kinds. That same average family today pays 25 percent, or 10 times as much, of its income in Federal taxes, and people are saying they do not need tax relief so the Federal Government can grow faster than the rate of inflation.

If people paid taxes at 1970 levels, they would have \$4,000; the average family earning in the \$40,000 range would have \$4,000 a year more in disposable income.

Mr. Chairman, the reconciliation bill which is before the House today is a good bill. It balances the budget in 7 years. It is the least that we ought to do, and we need tax relief for the American people so that they can do what they do so well for themselves, for their families, for their communities, and for this country.

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. OLVER].

Mr. OLVER. Mr. Chairman, I thank the gentlewoman for yielding me this time.

Mr. Chairman, the budget debate today is or really should be about people, and the whole purpose of government should be to help people.

So what does the Republican reconciliation bill do to people? First, children get hurt. Three million children will lose their health care coverage through Medicaid, 2 million children will have their school lunches cut, 1 million babies and their mothers lose Healthy Start, a prenatal health care, 700,000 disabled children will be denied SSI benefits, 180,000 preschool children will not get Head Start. That is for starters. Teenagers and students trying to get an education so they can be part of the American dream are hurt, too. Four million high school and college-age Americans will lose summer jobs; 50,000 young people will lose the opportunity to earn money for college through AmeriCorp's national service. Two million students will be denied Pell grants, and about 30 million students will have their college loans cut.

Finally, working families get hurt as well. Fourteen million working families will have their taxes raised directly, all of those families having \$25,000 a year or less of income, many of them working at minimum wage, many of them trying to raise their children on those kinds of incomes. And a real sleeper, an estimated 13 million workers will have their pensions raided by their employers, money that they paid out of their salaries to provide for their retirement.

So why are we then voting on such extreme and vicious legislation? Well, basically because all of those cuts taken together, all of them taken together allow the Republicans to provide more than \$100 billion of tax cuts for fewer than 5 percent of Americans, those people making more than \$100,000 per year. That is who the Republicans care about.

Well, the distinguished chairman of the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER], said earlier 59 percent of the people who report capital gains have income under \$50,000. What he did not bother to say was that that almost two-thirds of all Americans who are in families whose incomes are less than \$50,000 per year, that they get less than 10 percent of all the capital gains. That is typical of this bill. That is who the Republicans care about.

Mr. KOLBE. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Michigan [Mr. CAMP].

(Mr. CAMP asked and was given permission to revise and extend his remarks.)

Mr. CAMP. Mr. Chairman, when the earned income tax credit was enacted in 1975, its concept was to help families move from welfare to the work force by



increasing their after-tax earnings and providing relief from the burden of payroll taxes.

Since then, three legislative revisions have expanded the program's cost tenfold to almost \$25 billion a year and rising. The Democrat's philosophy, as usual, was if a little is good, than a whole lot must be better. As a result, the EITC is the fastest growing cash assistance program in the Federal budget. The current spending trends simply aren't sustainable.

If we are to preserve the EITC for working poor families who most need its benefits, we must reform it to slow down the program's fantastic growth rate. Even the Clinton administration knows this. In the budget President Clinton submitted to Congress this year, he proposed denying the EITC to families with more than \$2,500 in dividend and interest income. Why? because the EITC eligibility criteria excludes many sources of income that families now receive. As a result, some families with incomes as high as \$70,000 a year are eligible for the credit.

Also, we should not give the EITC to childless workers. For 18 of the EITC's 19-year existence, both Republicans and Democrats agreed its benefits should go to working families with dependent children, because the whole purpose of the EITC was to help working families with young children stay off the welfare rolls.

Under our proposal, low-income working parents who support their children will see their tax credit rise substantially. This increase, coupled with our \$500 per child tax credit, will go a long way to helping American families get back on their feet and provide for their children.

Even the Clinton administration agrees that in order to preserve and protect this program for the working families who need its benefits, we must reform it to slow down the rate of growth. I urge my fellow Members to help us preserve and protect the earned income tax credit for American families.

Ms. SLAUGHTER. Mr. Chairman, I yield the balance of my time on our side this evening to the gentleman from California [Mr. MILLER], who is the ranking Democrat member on the Committee on Resources, and I ask unanimous consent that he be permitted to manage that time and yield time to other Members.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mr. MILLER of California. Mr. Chairman, I yield myself 5 minutes.

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Chairman, already this evening Americans have begun to learn the tragic manner in which this legislation treats the elderly and treats our students and treats our children and the poor of this

country, and that is a shame, and it is tragic. It is embarrassing for the Congress to do that to its citizens.

But there is much more in this legislation, because this legislation is being used to hide a whole series of decisions by the Republicans in the Committee on Resources to just be lavish and to lard on taxpayer subsidies to a whole series of industries that cannot justify them, do not need them, and that this Congress has voted against extending those subsidies time and again.

So what have the Republicans chosen to do? They chose to fold them into the reconciliation bill so they will not be visible to the public, so the public will not be aware of the fact that the decision has been made by the Republicans to continue to give away public lands at essentially no cost to mining companies, to foreign-owned mining companies, and let them extract billions of dollars of gold, silver, and platinum from the public lands owned by the taxpayers.

The House of Representatives has voted time and again against that provision. It has voted twice this year not to allow that to happen. But that is in this reconciliation bill because the Republicans cannot tear themselves away from that type of corporate welfare.

We see that they do the same thing with the grazers, people using the public lands to graze cattle. In this legislation we are giving reduced fees when, in fact, the recommendation by GAO and others is that they should be increasing those fees for the use of those public lands, that they do not pay what people pay on private land, but this bill continues the subsidies to those individuals.

This bill sells off the forest lands of some of the largest ski resorts in this country, and it does not guarantee that the American public will continue to have access to areas like Aspen and Vail and other areas of recreation. No, it turns them into a private domain. That is what this bill does.

Why does it do it in this legislation? Because that legislation cannot win a majority of the vote on this House standing alone, just as the deepwater royalty subsidies that have been inserted into this legislation in the Senate were turned down in this House, turned down in the Senate. In this legislation, you cannot amend them out, take them out.

So they lavish hundreds of millions of dollars, hundreds of millions of dollars in subsidies to the largest and richest oil companies in the world.

Who pays for those subsidies? The children that you heard about earlier, the poor people in this country, the elderly with their health care. That is who pays for those subsidies.

We continue to see the Committee on Resources just go after and continue to lavish taxpayer subsidies on industry after industry where there is no demonstrated financial need for that subsidy but simply doing it because they did it.

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We could not even tear ourselves away from providing double subsidies, where we provide water subsidies to irrigators in the West, and they grow subsidized crops with the subsidized water. We tried to say pick one subsidy. Do not double dip us.

No, that was not good enough. Again, this House has voted numerous times to end that practice, but it is in this reconciliation bill, because they know that if it was brought to the House floor by itself, it in fact would be turned down by this Congress and by this House, because the water subsidies have been turned down, the grazing subsidies have been turned down, the royalty provisions have been turned down, on a bipartisan basis in the last several months in this House. So they put them all together, and then they put them into the bill, and there is no amendments allowed, it is up or down tomorrow.

Corporate welfare for the western extractive industries worth billions of dollars is maintained in this legislation, and it will be reported off of the House floor tomorrow.

Of course, then there is the granddaddy, and that is giving away the Arctic Wildlife Refuge in this legislation. Once again, that provision cannot pass on the floor of the House of Representatives as a freestanding bill. They say it is an emergency; that we must open up the Arctic Wildlife Refuge for oil drilling because America imports half of its oil.

Well, they also have legislation here to make sure that we allow the export of Alaskan oil to Japan and to other countries on the Pacific rim, so it is not for America, it is for their corporate clients.

It is for the opening up of these kinds of areas, and they cannot only do it in a reconciliation bill. They cannot do this in a freestanding bill, because these provisions, these provisions, cannot stand the light of day, they cannot stand the scrutiny of the taxpayers, they cannot stand the scrutiny of our constituents, and that is why they are in this legislation.

This legislation is an absolute Christmas tree. This is absolutely a Christmas tree of gifts to special interests in the form of corporate welfare. The tragedy is that every dollar that is given away to mining companies and to irrigators and to grazers and timber companies, is paid for by Mr. and Mrs. America. It is paid for by people paying the payroll taxes, paid for in reduced Medicare benefits, paid for in reduced Head Start and reduced education. That is the tragedy of this legislation.

Mr. Chairman, this legislation is supposed to reduce the deficit, cut the cost of Government, and protect taxpayers from waste.

But the resources portion of this bill is truly Christmas in October—a legislative rummage sale of valuable Federal assets at bargain basement prices that runs rampant over the environmental laws of our country.

Many of those who implore us to run Government like a business are leading the fight to give away these public resources.

The bill breaks with over 30 years of law and policy and opens the Arctic National Wildlife Refuge to oil development. And we may not even get the money. This bill breaks a legal agreement with Alaska that could reduce revenues to one-tenth the amount projected. And why are we doing this in reconciliation? Surely not because of the need for energy independence: this House just passed—at the urging of ANWR proponents—legislation to allow the export of Alaska oil.

This bill's phony mining reform package would make the Mineral Kings blush. Not 2 years ago, this House voted for real mining reform that would impose a real royalty for the first time, raising \$540 million over 7 years and initiating the cleanup of contaminated abandoned mine sites. This phony reform raises a total of \$76 million over 7 years, virtually none of it from a royalty, which is so laden with deductions and exemptions that any mining company that pays it should fire its accountant. The House voted three times this year to maintain the moratorium on giving away public mining lands to multinational mining conglomerates. This bill ignores those votes and instead charges the mining company the surface value only, which is like selling Fort Knox for the value of the roof.

This bill contains an absolute sham reform of national parks concessions, an irresponsible plan that makes a mockery of the true bipartisan concessions reform that was approved by the House of Representatives by a vote of 386-30 just last year. This sham reform locks in the current concessionaires—who have enjoyed bargain basement contracts.

This bill orders the Government to sell national forest lands used as ski resorts—places like Vail and Aspen—to monopoly bidders, promoting the intensive development of these lands and potentially closing access to millions of Americans. Why is this in reconciliation? It violates PAYGO by increasing direct spending and locks in place the ski industry's fee schedule that GAO says fails to provide a fair return to taxpayers.

This bill has a phony reform of Federal grazing policy that lets cattle graze for discount rates on public lands—far cheaper than on adjacent State or private lands. Antireform leaders pretend this has something to do with family ranching, but they know that just 25 percent of the permittees control 75 percent of the forage, including "wingtip cowboys" like J.R. Simplot, a national brewery, a Japanese land and livestock company, and a national oil company. The House has voted 5 times since 1990 to substantially raise the grazing fee, most recently, in 1993 by a vote of 317 to 106. This bill gives the victory—and the subsidies—to the ranchers.

This is a disgrace, and a very costly disgrace for the American taxpayer. The majority is using tiny so-called savings to qualify for the reconciliation process gigantic changes in resource and environmental law. On ANWR, on mining, on grazing, on concessions—they not only fail to pass stronger provisions, they undermine and repeal vast areas of existing public law before they turn the miners and the grazers and the drillers loose on the public lands.

Now, there is another way to do this: We can reform resource management, protect the

environment, strengthen competition and the free market—and raise serious money. But the majority would rather shill for the exploiters than vote for the taxpayers.

The majority failed to accept Democratic proposals to end below-cost timber sales by the Forest Service that would save \$315 million over 7 years.

The majority voted against ending double subsidies to farmers who receive Federal subsidized water, although the House has voted for this reform time after time. So, we will continue to pay farmers to grow crops we are paying other farmers not to grow—and cost the taxpayers a half billion dollars over 7 years.

Now, why are all these destructive, wasteful policies loaded into a budget reconciliation bill, especially when many of them do not really raise money? Why have the Republicans insisted on including phony reforms when it is readily apparent that, given a fair vote on the floor, the House would be willing—and has been anxious—to vote for real reform? After all, the House has voted against mining patents, against deep water royalty holidays—not under Democratic control, but this year.

I will tell you why this is all loaded into reconciliation.

It is to protect these outrageous, expensive giveaways to corporate interests from real debate and real review. These capitulations to corporate welfare are unacceptable to the American taxpayer and unacceptable to this House: But they can get loaded into a great big reconciliation bill, hidden away from scrutiny and amendment, and then strongarmed through without amendment.

These proposals are in this reconciliation bill because they could not survive on their own on this floor. They cannot stand taxpayer scrutiny. They cannot survive the light of day.

Giveaways to the mining corporations, the ranching corporations, the irrigation conglomerates, the recreation industry. Billions of dollars, our dollars, dollars that belong to the American people, given away without real scrutiny. And the environment gets devastated to boot.

This is a cynical and deceptive act of legislative sleight-of-hand. They are raising pennies, but giving away billions. These provisions alone more than justify a vote against corporate welfare, against the destruction of the environment, and against this bill.

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

Mr. KOLBE. Mr. Chairman, for purposes of a colloquy, I yield 2 minutes to the gentleman from Arkansas [Mr. HUTCHINSON].

Mr. HUTCHINSON. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I would like to ask the gentlewoman from Connecticut [Mrs. JOHNSON] and the gentleman from California [Mr. RIGGS] to join me in a colloquy on the earned income tax credit.

Mr. Chairman, first I would like to commend you and the members of the Committee on Ways and Means for your outstanding work on reforming the EITC. It is a program that has grown way beyond its original scope and intent, and is in dire need of review.

Having said that, I am very concerned that we have inadvertently devised a formula that could result in a number of low-income working families actually being a net loser compared to current law, even after the enactment of the \$500 per child tax credit.

I know that the gentlewoman from Connecticut [Mrs. JOHNSON] is strongly committed to helping the working poor in our country. The gentlewoman has labored diligently for some time now in welfare reform legislation, and I believe that reform of the EITC program goes hand in hand with this work. I believe this EITC problem can be fixed with a very slight modification of a technical change, and I would like to work with the gentlewoman and members of the committee to accomplish that.

Mr. RIGGS. Mr. Chairman, will the gentleman yield?

Mr. HUTCHINSON. I yield to the gentleman from California, who has worked very diligently on this problem.

Mr. RIGGS. Mr. Chairman, I thank my colleague for yielding and for his fine work in this area. I want to associate myself with his comments.

Mr. Chairman, I, too, want to express my concern over the potential negative effects that our much needed and long overdue efforts to reform the earned income tax credit could have on a small number of very low-income working families, and I want to let the gentlewoman from Connecticut [Mrs. JOHNSON] and her colleagues on the Committee on Ways and Means know we would very much like to work with them on correcting this problem when the budget reconciliation bill goes to conference.

Mrs. JOHNSON of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. HUTCHINSON. I yield to the gentlewoman from Connecticut.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I thank my colleagues for their support of our reforms of the earned income tax credit, reforms that are reasonable, that are fair, and that are needed; but also to their pointing to a problem that exists in that reform, in that it does actually disadvantage a small group of people who need that earned income tax credit. We are working on that problem. We are delighted to have the gentlemen work with us. We will have some of that problem before this becomes law. I thank the gentlemen for their interest, concern and leadership.

Mr. MILLER of California. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. VENTO].

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Chairman, I rise in opposition to the 1996 budget reconciliation bill. Someone said "wreckonciliation" is really what it is. But today I wanted to especially highlight the impact on the environment and the natural resource area.

This gives rise to a new era of robber barons that were in the 19th century. Now we have the robber barons in the 1990's. They act as if the only good tree is a horizontal tree, and that the creator endowed our Nation with a vast and wonderful resource so the special interests could make a profit.

This legislation sets in motion the wholesale exploitation, the subsidization and degradation of America's natural resource legacy, our children's heritage. We see the imprint of the special interests, including mining, timber, oil, and gas industries, throughout the Republican budget measure.

The decision totally destroyed the Arctic Natural Wildlife Refuge [ANWR], by permitting oil and gas exploration and drilling, stands out as the spirit in which this law is being written. This last great piece of arctic wilderness, the arctic plain, is the home to the 160,000 member porcupine caribou herd, where the calves are born, right on the Arctic plain. Beyond that, of course, the grizzlies, the polar bears, the arctic foxes, the conspicuous and inconspicuous fauna and flora abound in this area, an area that has been untouched since the ice age.

But that is not stopping the robber barons in 1995. The majority of the American people, both on CNN and other polls, two to one oppose this action. But that does not have any impact. We disregard the polls. We disregard the people when you take a policy like this forward. You disregard the scientific information. Everything is shunted aside. No consideration, no deliberation. The Republican policy makers know best, push instant gratification for oil development and speculative leasing.

That is what we need, a few more leases sitting, they are not doing anything with, but do not let that bother you. This does not stop with Alaska. It goes on to grazing, it goes on to timber. It lets the park concessionaires take over the park.

What we have here is a great new mountain, a mountain of special interest benefits, a new national monument to the greed and special interest is being built today.

Let us name it what it is, Mount GINGRICH, brought to you by the contract scheme in conjunction with the 1990 robber barons, who ride high in the saddle of the Republican Congress. That is what they are giving to you, the destruction of your legacy.

They are going to worry about the deficit. They are worried about the deficit? They are giving away the resources. They are selling the assets and then score it as if it is money in the bank. They are selling the future of this country, they are selling our natural resources, they are destroying the things that have been built and that have made this country what it is today. But the fact is that everything goes in the name of reconciliation. Well, reconciliation is named right, especially when you spell it w-r-e-c-k,

"wreckconciliation," wrecking the country and destroying our natural resource legacy.

Mr. Chairman, the 1996 budget reconciliation bill environmental provisions continue the tradition of 19th century robber barons who exploited our Nation natural resources and lands. From the bill, one would think the only good tree is a horizontal tree and that the Creator endowed our Nation with vast and wonderful resources so that the special few could make a profit. This legislation sets in motion the wholesale exploitation, subsidization, and degradation of America's natural resource legacy our children's heritage. We see the imprint of special interests, including the mining, timber, oil and gas industries, throughout the Republican budget measure.

The decision to destroy the Arctic National Wildlife Refuge [ANWR] by permitting oil and gas exploration and drilling stands out as the spirit in which this law is being written. The last great piece of American Arctic wilderness, the Arctic plain is home to the 160,000 Porcupine Caribou herd, where the calves are born. Beyond the caribou the grizzly and polar bears, arctic foxes, and numerous other species conspicuous and inconspicuous flora and fauna abound. Opening this refuge area to drilling will guarantee destruction of this Arctic desert wilderness.

The majority of the American people oppose drilling for oil in ANWR. A CNN poll conducted in September showed two-thirds of the respondents opposed opening up ANWR for exploration. A more recent poll conducted by Deardourff/The Media Group in mid-October confirmed the CNN findings. Those polled strongly believe ANWR is a unique area that must be protected and they opposed drilling in the Arctic Refuge by a margin of almost 4 to 1. Despite the overwhelming public support for protecting ANWR, the Republican leadership has refused to pull this specific provision from the reconciliation bill or permit a vote. The polls are disregarded. The scientific information is shunted aside no consideration—no deliberation. The GOP policy makers who know best push instant gratification for oil development, and speculative leasing takes priority over common sense.

The egregious provisions of this legislation do not end at the Alaska border. The bill gives private park concessionaires in our National Parks control over the National Park itself and the NPS stewards. Grazing permit fees on public lands are reduced below the already scandalously low prices. The so-called mining reform provisions are nothing but a sham. Selling the land at fair market value for the surface without consideration of the value of the minerals enshrines into law for the mining industry yet another subsidy at American taxpayer expense at the cost of our natural heritage. While the Republican majority leadership has determined to slash education, health care, and other social spending for the children, the poor and the elderly, they have piled on the corporate welfare in the natural resources provisions of this budget reconciliation bill into a new mountain of special interest benefits—a new national monument to greed and the special interests is being built today. Let's name it what it is, Mount GINGRICH, brought to you by the contract scheme in conjunction with the new 1990's robber barons who ride high in the saddle of this good Congress.

Mr. KOLBE. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. OXLEY].

(Mr. OXLEY asked and was given permission to revise and extend his remarks.)

Mr. OXLEY. Mr. Chairman, I rise in support of the reconciliation package.

Mr. Chairman, I rise today in strong support for the 7-year Balanced Budget Reconciliation Act of 1995. As the name implies, this package of reforms outlines a clear path to a balanced budget in the year 2002. We promised the American people that we would bring the budget to balance in 7 years and tomorrow we plan to deliver on that promise. While balancing the budget in itself is an admirable goal, our bill does much more, including: reforming our broken welfare system, providing needed tax relief for American families, saving Medicare from certain bankruptcy, restructuring Medicaid so States can meet their own specific needs, and many other reforms that ensure that the legacy we leave our children is debt free and full of opportunity, rather an ever increasing Federal deficit and a bloated, more intrusive Federal Government. Mr. Chairman, I would like to commend the various committee's that worked diligently to complete this package of long needed reforms. I look forward to a productive debate that will show the American people that their elected representatives can act in a responsible manner for the future of our country.

Mr. KOLBE. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Georgia [Mr. COLLINS].

Mr. COLLINS of Georgia. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, the greatest challenge to this Congress is its deficit and the greatest threat to this Nation is its national debt. I believe it was Mr. Jefferson, one of our Founding Fathers, that said a democracy is indefinite because those who are governed under a democracy will learn of the benefits it can reap from its treasury and it will vote for people who will enhance those benefits.

Well, our democracy is in jeopardy. We are spending some \$500 million a day now more than we take in to help pay for benefits that have been enhanced by this Congress. The reconciliation bill will change this. It will end the deficit spending by balancing the people's books. It will change welfare from the current welfare system, a system which is out of control, a system which has spent \$5 trillion over the last 30 years creating a dependency of benefits on the people's treasury, a welfare system that is anti-family and is anti-work.

The budget reconciliation bill will reduce welfare dependency. It will limit cash, cash for having children out of wedlock, cash for misbehavioral children, cash for drug addicts and alcoholics. Yes, Mr. Chairman, it limits cash to able-bodied, irresponsible parents. But it does one other thing; it still provides health care, nutrition and child care for unfortunate children.

Mr. Chairman, I urge the Members of this body, support ending the addiction

that we have created to the public's budget, the people's Treasury. Support balancing the people's books. Vote for the Budget Reconciliation Act.

Mr. MILLER of California. Mr. Chairman, I yield 2 minutes to the gentleman from Hawaii [Mr. ABERCROMBIE].

(Mr. ABERCOMBIE asked and was given permission to revise and extend his remarks.)

Mr. ABERCROMBIE. Mr. Chairman, I rise in vehement opposition to the reconciliation bill before us tonight, and in particular to the provisions of title IX as reported by the Resources Committee. As I am the ranking Democrat on the Mining Subcommittee, I will restrict my comments to the energy and mineral resources portions of the bill.

Let me start by saying that Jesse James never had it so good. The sham mining law reform package included in this bill will make it easier to steal gold—and oil and gas—from the American taxpayer than even Jesse, Butch Cassidy, and the Sundance Kid could have ever possibly hoped for or imagined.

Under the Mining Law of 1872, signed by President Ulysses S. Grant, gold miners can gain fee simple title to Federal gold, silver, and other minerals and the land containing them upon payment of a nominal sum: \$2.50 or \$5 an acre. Supporters of the bill before us will profess that their bill will change this situation. But instead it merely replaces a bad system with 1 which is no better.

The Republicans will boast that their proposal will require that mineral-rich lands be priced at fair market value. But, what they won't tell you is that, under their bill, the land will be sold for the value of the surface without consideration for mineral values. It makes no sense to sell our minerals for a pittance of their intrinsic value—it would be like selling a bottle of Dom Perignon for the price of the cork.

Under the Kasich substitute, the Department will be forced to fast track approval of the 233 patent applications in the pipeline, and give away as much as 15.5 billion dollars' worth of gold and silver and reserve no royalty whatsoever.

To be fair, we should note that the Republican bill would reserve a royalty on hard rock minerals mined on Federal lands for the first time in this Nation's history. Unfortunately, due to the way the Republican majority drafted the bill, it will not raise any money.

And, it didn't have to be that way. In the February 1995 budget estimates, CBO scored the 8-percent net smelter return royalty, previously passed by the House with a 3 to 1 margin, as raising \$90 million per year; over 7 years, that equals \$540 million—with one year for transition.

The Republicans will try to tell you that their royalty is the same as the Nevada net proceeds severance tax which raises a lot of money for the State—so their royalty will eventually raise revenues. But, the royalty in their bill is not the same as the Nevada sever-

ance tax. The Republican proposal would allow additional deductions to be made from gross revenues; such as engineering costs, costs of support services and support personnel, environmental compliance, permitting and other administrative costs. Obviously, by decreasing the gross, the royalty will be levied on a far smaller net and thus we will collect far less than is fair.

The Republicans will try to tell you that their royalty will raise revenues in the long term—that after everybody gets their patents and new claims are being staked on Federal lands, that their royalty will be in place and will raise money. But, they won't tell you that all other Federal royalties are charged on gross revenues because net royalties are notoriously difficult to administer and just don't raise all that much money in return. And they won't tell you that according to a review of the Nevada net proceeds tax report for 1992–1993, royalties paid by the Nevada mining industry to private interests averaged 3 percent of gross revenues and 11 percent of net proceeds. In the bill before you, the American taxpayer is getting the short end of the deal—combining the lowest rate with the least value—3.5 percent of net proceeds.

The bill would also change the current \$100 rental fee to a sliding scale fee starting at \$100 for the first years and ending with \$500 for years the claim is held beyond 20 years. But it also allows deduction of up to 75 percent of the costs of developing the claim for mining. In addition, the bill would give away the first year's rental fee. According to CBO, the Republican royalty and holding fee would raise about \$14 million over 5 years. By simply extending the \$100 holding fee, as the Democrats proposed, we would have raised \$33 million in each year—or twice as much in one year as the 5-year total in the Republican proposal.

CBO scores the Republican mining proposal—both royalties and holding fees at a meager \$14 million over 5-years—that averages out at less than \$3 million per year—that's less over 5 years than the royalty we proposed would raise in one year.

The mining reform bill passed by the House in 1993 would have raised real money and still protected vested mining rights on those claims that could not qualify for a patent. The Republican mining proposal before you today enables all 300,000 existing claims to get a patent. All claims that are able to qualify for a patent get out of paying any royalty to the taxpayer in the future.

It's evident to me that their intent is not to raise funds to meet reconciliation or deficit reduction goals, but rather to pass a sham mining law in order to quell the momentum for responsible reform.

#### FEDERAL OIL AND GAS ROYALTIES

The Republican bill also includes a giveaway for big oil. The Santa Fe Reporter said in its October 11 issue:

The result—of the Oil and Gas Royalty Fairness proposal—could be a slashing of untold millions of dollars the state normally uses for schools, highways, and social programs.

The Western States Land Commissioners and the conservative Republican Governor of Wyoming have come out against the proposal.

It doesn't even raise all that much money—in fact it was a money loser when it came out of the Resources Committee. So why include

it? Maybe it has something to do with a fact the bill's sponsors freely admit—that the oil and gas industry had a big hand in writing the bill.

The Republican oil and gas proposal is seriously defective. It would drastically modify the existing statute of limitations on the collection of royalties due taxpayers, and would create dangerous precedents that will diminish the government's ability to collect royalties.

The bill would limit Federal oversight of the lands companies lease for oil and gas. One section would allow marginal leases to operate without paying any royalties.

Also, the bill would change longstanding Federal policy and require the payment of interest to lessees who make overpayments. This change will cost, according to CBO, \$60 million over 7 years, hardly a suitable provision for a reconciliation bill intended to reduce, not expand, Federal deficits.

#### HELIUM PRIVATIZATION

Finally, the helium privatization section adopted by the committee would terminate the Federal helium program. While the ending of the archaic helium program is generally supported, the committee rejected an important amendment I offered to provide assistance to Federal helium employees such as extending life and health insurance, allowing the use of local employment agencies to help place employees, relocation assistance, and governmentwide priority rather than just departmentwide preference in hiring.

CBO advised the committee that the amendment would have had no budgetary effect. Even so, the committee refused to provide this additional assistance to the 200-plus employees and their families who will lose their jobs in Amarillo, TX in the next year. Although there is general agreement that we need to reduce unnecessary functions of government like the helium program, it is unfortunate that the majority was unwilling to provide this assistance to the employees, and their families, who have served their government and taxpayers for many years.

In conclusion, I would reiterate that this is a bad bill because it is abusive to the environment, because it deprives the taxpayers of the value of the resources that belong to them, and because it makes a mockery of the reconciliation and legislative processes. These provisions are illustrative of the willingness of the majority to bow to the special interests represented by lobbyist for resource consumptive corporations at the expense of the national interest and the taxpayers. Severe and in many cases irreparable damage will be done to our Treasury, to our Nation's legacy of natural resources, to our fish and wildlife resources, and to our public lands by passage of this legislation.

I urge my colleagues to vote "no" on H.R. 2517, the budget reconciliation bill.

Mr. KOLBE. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Alaska [Mr. YOUNG] chairman of the Committee on Resources.

(Mr. YOUNG of Alaska asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Chairman, I would like to address some of the things that have been said on this floor in the recent moments of this debate.

First, I want to stress one thing, in the reconciliation package that came

out of our committee, the Committee on Resources, we addressed the grazing provisions that were mentioned by the gentleman from California. We in fact raised the fees for grazing. I do not see that in their substitute.

The second thing, with what we call the hard rock mining provisions, for the first time we created a royalty provision for the taking of minerals from the so-called public lands. So we have addressed that. We just do not speak out in anger or frustration. We have really tried to do what we think is correct to help balance the budget. We are not giving anything away in this provision which came out of our bill that came to the Reconciliation Act.

I would also like to suggest that there has been more misinformation, more flat out dishonesty, about the Alaskan Oil Reserve in the past. I would say, 6 to 8 months than I have ever experienced in my 22 years here.

We have to keep a little bit of history in mind. In 1980 we set aside 147 million acres of land for single use purpose in the State of Alaska. But the Congress at that time said that we ought to look at the coastal plain, where the oil possibly could be, and then there would be a recommendation by the President whether we should drill. That recommendation came down after a period of time, a period of time, that said yes, the Congress should have leasing for oil on the oil reserve, the so-called ANWR area. There has been 40 days of hearings held since 1978 after the recommendation came down. It is estimated that there is between 3 billion and 30 billion barrels of oil 74 miles away from the existing pipeline.

□ 1845

This area is strongly supported to be leased by the native people of Alaska. Many Members might have had a chance to visit with them. These are people that had little or nothing before the development of oil and now have what they think is their right due off of their land. They have water and sewage and schools and health, which they did not have before.

But more than that, Mr. Chairman, we are now importing \$1 billion a week of foreign oils—\$1 billion per week. It is important that the truth of this matter comes forth. Do not look at the ads and the misinformation that has been conveyed to this body and to the general public. Let us look at this Reconciliation Act as a responsible resource development and protection of the environment.

Mr. MILLER of California. Mr. Chairman, if I might inquire of the Chair, am I correct that I have 10 minutes remaining?

The CHAIRMAN. The gentleman from California [Mr. MILLER] has 9½ minutes remaining, and the gentleman from Arizona [Mr. KOLBE] has 10 minutes remaining.

Mr. MILLER of California. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. FARR].

Mr. FARR. Mr. Chairman, I thank the gentleman from California [Mr. MILLER] for yielding me time.

Mr. Chairman, I hear from my constituents that those of us serving in Congress should give the three-way test to all bills. The three-way test that my district holds me accountable for is the three E's, which stand for education, economy, and the environment. This bill fails on all three accounts.

First, it hurts education. It eliminates the 6-month interest subsidy on student loans for new college graduates which will cost students \$3.5 billion. It also caps spending for school lunch and child nutrition programs which help students meet the basic nutritional need.

Second, it hurts the economy. It cuts \$13.4 billion from agricultural programs without reinvesting any of those savings into research or trade, threatening our Nation's critical agricultural industry. It cuts the earned income tax credit which gives millions of Americans incentive to be productive members of our work force. Above all, it cuts programs that encourage trade, research, and development which have the serious impact on our economic growth.

Finally, this bill hurts the environment. The Committee on Resources part of this bill are a fire sale on some of our most precious natural resources. It sells the Alaska National Wildlife Refuge to the oil companies. It sells mountains to the ski resorts, and sells the rivers to the water developers. It sells the trees to the timber cutters. It sells the precious minerals to the mining companies. None of the funds that are derived from these sales get reinvested into the environment. It grabs it all and hides it.

Mr. Chairman, this bill also eliminates dozens of programs from the National Oceanographic and Atmospheric Administration, NOAA, including those that study global warming and research on the ocean environment.

This bill does not answer our fiscal problems. Congress has already cut the deficit by \$130 billion and did so without hurting education, without hurting the economy, and without hurting the environment. It also did so without balancing the budget on the backs of the poor and the elderly, yet this bill does exactly that by increasing the cost of Medicare and giving tax relief to the very wealthy.

Mr. KOLBE. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Arkansas [Mr. HUTCHINSON].

Mr. HUTCHINSON. Mr. Chairman, the theme of this reconciliation bill is controlling spending. As Republicans have been saying for years, the Federal deficit is driven not by low tax revenues but by too much spending.

A 1992 study by the Joint Economic Committee demonstrated beautifully and tragically that over the last 30 years, every time Congress raised taxes

\$1 we increased spending \$1.59. That demonstrates the problem. So where is all the spending going? Some will argue that it is coming primarily in the defense area. But guess what? Ten years ago, in 1986, we spent \$273 billion on defense. This year we are spending \$272 billion on defense, a billion dollars less than in 1986. And if we factor in inflation, defense spending has actually declined by \$73 billion, or 27 percent in real terms in the last decade.

Mr. Chairman, if the spending increases are not in defense, where are they? A big part of the answer, as shown on this chart, is in the area of Federal spending on means-tested programs that increased dramatically for more than three decades. In constant dollars it grew from less than \$10 billion in 1950 to the incredible sum of \$262 billion this year. And, ladies and gentlemen, that is an increase of 2,600 percent. That is right, 2,600 percent.

Mr. Chairman, according to the bipartisan Kerrey Commission, in their report, they said unless we do something about entitlement spending, in just a few short years entitlement spending, plus interest from the national debt, will consume the entire Federal budget. That is right, not a penny for the three E's, as the gentlemen said. Not a penny for the environment. Not a penny for education. Not a penny for school loans. Not a penny for defense. Not a penny for our veterans. Not a penny for any of it in the discretionary area unless we deal with the explosion in entitlement spending.

The conclusion to be drawn from these numbers, Mr. Chairman, is understood by almost everyone in America. There are only a few on the other side of the aisle that still fail to appreciate it. The Nation's budget deficit is caused by wild spending increases. These increases have been going on for three decades and it is time to stop them.

This reconciliation vote and this bill is not about the future of the GOP, it is not about the future of the Democratic Party, it is not about the future of who will control this body, but it is about the future of our children. It is about the future of this country. It is about the future of our grandchildren and what kind of opportunity they are going to have and whether they will be saddled with debt. We have the opportunity in this bill to begin to control spending, to control our destiny once again. We have that opportunity within our grasp, let us not let it slip away.

Mr. MILLER of California. Mr. Chairman, for purposes of debate only, I yield 2 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Chairman, let me introduce a concept into this discussion that does not often get heard, and that is the concept of justice. Our Republican friends are right when they talk about the serious problem of the national debt and the interest on the



national debt. They are dead wrong in terms of their reconciliation package.

Mr. Chairman, what sense does it make and how are we moving toward a balanced budget when we give huge tax breaks to the wealthiest people in America? How does that help us move toward a balanced budget? How does it help us move toward a balanced budget when we repeal the alternative minimum corporate tax so that the largest corporations in America will end up paying nothing in taxes? Explain to the American people how that moves us toward a balanced budget.

This morning, Mr. Chairman, the Progressive Caucus held a press conference and we documented that if this Congress had the guts to stand up to the large corporations and the wealthiest people in this country and eliminated the \$125 billion a year in corporate welfare that we currently provide, we could move toward a balanced budget in 7 years, but we would not have to slash Medicare, we would not have to slash Medicaid, student loans, fuel assistance, or children's nutrition programs.

There is a way to move us toward a balanced budget which is fair. Mr. Chairman, which does not come down heavy on the poorest and most vulnerable people in this country. Let us have the guts to stand up to the big money interests and move toward a balanced budget in that way.

Mr. KOLBE, Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Missouri [Mr. TALENT].

(Mr. TALENT asked and was given permission to revise and extend his remarks.)

Mr. TALENT, Mr. Chairman, I appreciated my colleague, the gentleman from Vermont, Mr. SANDERS' remarks, and there have been a lot of suggestions in the last few minutes about how we should have balanced the budget, but none of those were incorporated in a plan from the other side when they had a chance to offer them.

Another reason to pass this reconciliation bill is because it incorporates the Personal Responsibility Act, the welfare reform bill this House passed in the spring, a bill designed to replace a failed system that is destroying families and neighborhoods in America with a system of assistance that is based on family, that is based on work, and that is based on responsibility.

Why do we need to do that, Mr. Chairman? Let us look at a couple of historical facts. In 1948 in the United States the poverty rate was about 30 percent. It declined steadily all throughout the postwar era until it reached about 15 percent in 1965. And a seminal event occurred in 1965. The Federal Government declared war on poverty.

In the 30 years since that date, Mr. Chairman, the Federal Government has spent, in means-tested entitlement programs, in Federal spending or Federally mandated State spending, \$5 trillion in transfer of payments from the

middle class to lower income America. And the poverty rate, which was 15 percent in 1965, after 20 years of going down, is 15 percent today. We have bought nothing in terms of a decrease in poverty. What we have bought is a six-fold increase in the out-of-wedlock birthrate.

In 1965, 6 percent of the children born in the United States were born out of wedlock. Today that figure is 32 percent. Why did this happen? Why no poverty decrease but an increase in the out-of-wedlock birthrate? Because, Mr. Chairman, the two most effective anti-poverty programs, proven through generations of experience, through all the scholarship, the two most effective programs are work and family, usually marriage.

The Federal welfare system conditions assistance to poor people on them doing neither of those things. If they work or if they get married, they get no assistance. That is why poverty has not gone down and illegitimacy has gone up. We have taken the dads away from millions of American children and we have given them the Government instead, and we are now living with the result.

Senator MOYNIHAN said, 30 years ago, that a society that does that asks for and gets chaos. And we have chaos in hundreds and hundreds of neighborhoods around the United States where this model predominates.

What do we do in this bill, Mr. Chairman? It is really pretty simple. We take the welfare system and we shift it so that instead of discouraging and penalizing work, we encourage it, and in many cases we require it for able-bodied people because it is good for them and their families. Instead of encouraging illegitimacy, we discourage it by removing the incentives in the welfare package that encourage people to make a decision that is terribly destructive for themselves and for their families. And then we return power over the administrative details of this system to the people, exercised through their State and local authorities.

Mr. Chairman, this is not the last step in welfare reform, it is the first step. We have a long way to go. This lesson has been hard to learn. It has taken us years. We have paid a lot to learn it, and now I hope we learn it. It is important that we pass this bill and the welfare reform in it.

Mr. MILLER of California, Mr. Chairman, I yield 3 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO, Mr. Chairman, we are past the debate about balancing the budget. Fiscal responsibility has come to Washington, DC. But the question is whose priorities will we use in balancing the budget?

The Republican majority says that we should start out by, first, reducing taxes on the largest most profitable corporations in America, reducing taxes on the wealthy; that we should increase military spending, buy weap-

ons that even the Pentagon does not want, like the B-2 bomber, at \$1.5 billion per copy, a weapon that does not work, has no earthly purpose and the Pentagon does not even want.

Now, Mr. Chairman, if we start there then we have to do what they are doing. That means \$10 billion out of student loans. The Republicans are going to cut \$10 billion out of student loans. Members of that party got student loans like I did to get here. The Speaker of the House got student loans to get here.

□ 1900

Now we are going to pull up the ladder and say, "Sorry, we do not have the money anymore." That is absurd. We have got to balance the budget with the right priorities.

Now, it is pathetic. We cannot even tax foreign corporations operating in America. American corporations operating overseas have to pay taxes, but no, the United States of America cannot levy a minimum tax against foreign corporations operating here. They take all their profits out and pay nothing in taxes to this country. That would raise \$25 billion a year. That would offset the cuts in student loans and in the low-income housing tax credit program.

Mr. Chairman, we have heard a lot about running the government like a business. If we are running the government like a business, look at the subject before us at this moment, the natural resource policy of the United States of America. Mining royalties, no one else gives away their precious natural resources. No other country on earth, no other landowner, no government; just the United States Government at \$2.50 an acre.

Mr. Chairman, we got \$10,000 last year for a \$20 billion gold mining claim, and we gave it away for \$10,000 to a Canadian company that does not pay taxes in the United States. Is that running Government like a business? This bill would not fix that problem. This bill has a phony, sham mining royalty clause that would raise \$14 million over 7 years. Hey, that is pretty stiff.

The Congressional Budget Office, and the gentleman from Ohio [Mr. KASICH], a Republican, says that we could do \$540 million without even drawing a breath, and we would still have plenty of mining activity in the western United States.

New loopholes for the poor and suffering oil and gas industry. You know, they have not been too profitable lately. Actually, they have been quite profitable, but they need new loopholes. Why? Because it is payoff time here. There was an election. There was an expensive election. There is going to be an election. That is going to be an expensive election. Do my colleagues know what? Those PACs, the banking PACs, the mining PACs, the oil and gas PACs, are dumping money into the new majority and they are getting their

payoff right here today. The Republicans are talking about cutting welfare. Cut corporate welfare first.

Mr. KOLBE. Mr. Chairman, I will close the debate on our side, and so I am the last speaker and would ask the gentleman from California [Mr. MILLER] to complete his time.

Mr. MILLER of California. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, I wanted to just speak briefly in opposition to the reconciliation bill in part because of the opening up of the Arctic National Wildlife Refuge for oil drilling.

Mr. Chairman, this is an example of the corporate handouts that the Republicans on the Committee on Resources included in the reconciliation bill. This bill gives away one of the last most valuable pieces of wilderness that the American taxpayer owns, in order to boost up falling revenues in the oil industry. In return we get nothing more than a few dollars we could get anyway if we reform our mining and grazing laws to guarantee a fair return to the American taxpayer.

Mr. Chairman, energy security is not the issue. I am a member of the Committee on Resources, but also the ranking Democrat on the Committee on Commerce Subcommittee on Energy and Power. I can tell my colleagues that oil consumption is on the rise, but we are not doing the things we need to do to ensure that security. We are not investing in mass transit or renewable fuels research or alternative fuel vehicles. That is the way to ensure our security.

Opening up ANWR will only prolong our addiction to oil. It does nothing to wean the United States of its oil addiction or to wean corporations from the welfare rolls.

Mr. Chairman, at a time when Republican Members are raising Medicare taxes on our seniors to provide a \$270 billion tax break to the wealthiest Americans, I really find it appalling, but not surprising, that the Republicans on the Committee on Resources would include this corporate welfare for the oil, mining, and cattle industries.

Mr. MILLER of California. Mr. Chairman, I yield 1½ minutes to the gentleman from New Mexico [Mr. RICHARDSON].

(Mr. RICHARDSON asked and was given permission to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Chairman this bill is the most obvious example yet of the long parade of far-right anti-environmental bills that we have had to consider in this Congress.

And this bill is probably the most damaging bill that we have yet to consider because it deals with many complex issues that should have been considered by authorizing committees, not rammed through in this giant bill which is being rammed through the House this week.

As I have said, there are many problems with this bill from the perspective of the environment. But, right now, I want to focus on two of the most important: The opening of the Arctic National Wildlife Refuge [ANWR] and the National Park Service concessions provisions.

ANWR—BUDGET BILL ASSUMES SAVINGS FROM ITS DEVELOPMENT

We have been told by the majority party that opening up ANWR is important because the American people support it and industry needs it to create jobs and cut the deficit.

But, this provision is not supported by the American public. As recently as July of this year, a national poll of 1,000 voters found that voters reject the idea of allowing oil drilling in ANWR by more than three to one. In fact, in that poll 57 percent of those surveyed opposed opening up ANWR while only 17 percent favored opening it up.

This same poll also found that when told that revenue from ANWR oil fees would be used to cut the deficit, the numbers went up: Seventy percent said protecting this area should be our first priority and only 20 percent said we should use the fees from oil drilling to reduce the deficit.

The American people do not support opening up the refuge, but it is also important to note that the oil we are told is supposed to be there may not be there after all.

An Interior Department study has found that there is only a 1 in 5 chance of there being any recoverable oil in ANWR at all.

And, even if there is oil there, it has been estimated that full production of this field would likely only provide enough oil to supply the United States for 200 days. How are we going to cut the deficit and create new jobs if there's no oil there? Is the price we'll pay in environmental protection worth that risk?

I ask the House, are we willing to trade away one of the most remarkable natural areas in North America for a few months worth of oil? Are we so desperate for a quick buck that we would sacrifice our natural heritage for a few drops of oil that may or may not be where it's supposed to be? I hope not and I urge a "no" vote on the legislation on these grounds alone.

PARK SERVICE CONCESSIONS GIVEAWAYS IN THE BUDGET RECONCILIATION BILL

The National Park Service concessions policies included in this reconciliation bill constitute a raid on the wallet of the American taxpayer: This bill specifically allows concessionaires to set their own prices and rates unless there is no competition in or near the parks.

This bill gives concessionaires greater protection than current law by severely limiting the ability of the Secretary of Interior from raising fees for concessionaires.

This bill writes a blank check to current Park Service concessionaires by setting the standards for contract re-

newal at such a simple level that competition for concessions will be effectively silenced.

I did not think that the lesson of the 1994 elections was less competition, reduced returns to the Treasury and a bigger backlog of park problems to deal with.

Mr. Chairman, the budget reconciliation bill is a sham for the Treasury, a travesty for the environment and a disaster for the American people. I urge a "no" vote on this dangerous legislation.

Mr. KOLBE. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, tomorrow we will come back and we will resume this debate, but perhaps it is a good point, at the midpoint of this debate, to stop and take stock of where we are and ask this basic fundamental question: Why do we do this?

Earlier it was pointed out, it was said in the words of the Contract With America, "Promises made, promises kept." But these were not promises that were made behind some closed door with some special interest group out of view of the American people, which is all too often the way it used to be done. These were promises that were made out there on the west steps of this Capitol; promises that were made in the full light of the American people.

They were promises that were put down on paper. They were promises that were made in a Contract With America that was printed in national publications.

They were promises that were repeated in town halls in stump speeches across the Nation. They were promises that were written down in campaign brochures. All of America could see them. They were there for all the world to see.

Mr. Chairman, there is a more fundamental reason for doing this than promises made, and promises kept. We do this, we do this reconciliation for the young people of America. The young people who have a right to their future, as my generation grew up knowing that we had a bright future for us.

We do it for the working Americans of this country who have a right to be able to provide for their families. And, yes, Mr. Chairman, we do it for the senior citizens of this country who have a right to live out their lives in dignity.

The sad fact is, Mr. Chairman, Washington has been lying to these people all too long. We have lied to senior citizens by telling them we could increase their benefits and their payments and the programs that were available to them without suffering the consequences of inflation.

We lied to working Americans by telling them we cared about their families, but then we denied them the wherewithal to provide for those families. Today, we see the evidence around us, the evidence litters the landscape with broken and shattered families.

We just plain lied to young people. We heaped debt on them and scorned them because by and large they did not vote and now the bill comes due for them.

The sad fact is that more Americans believe in unidentified flying objects and UFO's than believe that Generation X will ever see one dime out of their Social Security.

Mr. Chairman, this is a moral crisis. This is a moral obscenity. We have broken the link of trust between generations in this country. But today, tomorrow, we can begin to restore, to repair that link, to restore that trust.

Mr. Chairman, we can do it with this reconciliation bill, which makes deeper changes to Government than anything we have done on the floor of this House in the last 60 years. But it is not a wrecking ball, it is a mason's trowel, carefully reworking and rebuilding the walls and the floors, the doors and the windows of this edifice.

At the end, what we will see is a castle, a castle that is good to live in for all Americans; a castle built on a sound fiscal foundation; a castle that is lighted with the shining light of compassion and caring by all those who live within it; a castle that is filled with hope, because there is opportunity for all to grow, to have a better life.

This, Mr. Chairman, is what it is about. It is about our future. It is probably, the most important vote in the careers of any of us here, no matter how long we have been here or how many more years we will stay.

We are often accused of casting our votes for today's special interests and for tomorrow's votes, but today we have a historic opportunity to do something different; to cast our vote for the future.

Mr. Chairman, I know we will do the right thing. We will vote for the dignity of senior citizens. We will vote for the opportunity of working Americans. We will vote for our children's future. We will vote to pass this reconciliation bill tomorrow.

Mr. COYNE. Mr. Chairman, I rise today in opposition to this legislation. I do not disagree with the goal of reducing the Federal deficit. I do, however, disagree with the way in which this legislation attempts to achieve that goal.

Some changes in Federal programs are necessary in order to control Federal spending and bring the budget under control, but this legislation makes deep cuts in programs that help average Americans—programs like Medicare, Medicaid, the earned income tax credit, and the low-income housing credit—in order to pay for \$245 billion in tax cuts that will disproportionately benefit the wealthy. I find such a trade-off totally unacceptable.

Last week the House passed legislation cutting \$270 billion from the Medicare Program. This legislation has since been incorporated into the reconciliation bill before us today. This legislation makes cuts that are much deeper than those necessary to keep Medicare viable over the next 10 years. Most Democrats, myself included, supported an alternative Medicare reform package that would have made only \$90 billion in cuts in Medicare, but which

would have kept the program solvent for the same period of time. The reason the Republicans want to make \$180 billion in additional Medicare cuts is that they need the extra savings if they are going to balance the budget and pay for their tax cuts.

For the same reason, they plan to cut Medicaid by \$180 billion over the next 7 years. The Republican plan would block grant Medicaid and transfer control over the program to the States. While the bill before us today does increase spending on Medicaid, it does so at a rate that is not sufficient to keep up with the program's anticipated increases in caseload and health care costs. The net result will most likely be an increase in the number of uninsured people in this country, a lower quality of health care for those who are still covered by Medicaid, and an increase in cost-shifting—transferring the burden of paying for health care for the poor from the Federal Government to other patients with private health insurance.

This legislation also makes \$22 billion in cuts to the earned income tax credit. These cuts will affect 14 million working families—three quarters of all current recipients of the EITC. These people need tax relief more than most families, and yet, they will have less disposable income than under current law if this legislation is adopted in its current form. Marginal tax rates for many of these families will increase by more than 2 percentage points if this legislation is passed. This appears to be the only case where Republicans are unconcerned about the effect of increased marginal tax rates on work decisions; apparently, if you do not make much money, you do not deserve their sympathy.

The impact of the proposed changes in the EITC would be compounded by the welfare reform provisions contained in this legislation. Taken together, these provisions would have a devastating impact on people on the margins of the work force, many of whom are already working full-time at minimum wage and are still unable to make ends meet. The welfare reform bill passed by the House earlier this year would force single mothers off welfare after 2 years without adequate health care or child care assistance in many cases. Thanks to the cuts in the EITC, welfare mothers who eventually manage to find a job—or several jobs—and earn less than \$30,000 would have less disposable income than under current law. Are these policies the mark of a family friendly Congress? I do not think so. The EITC provides a positive alternative to welfare by making work pay. Apparently, now that the Republicans have succeeded in cutting welfare dramatically, they no longer see any need to maintain such a generous work incentive. Social Darwinism has returned with a vengeance.

And, of course, that is not all. The Republican reconciliation bill would phase out the low-income housing credit as well. This credit has helped provide affordable housing for more than 800,000 low-income families. Without the continuation of this credit, less affordable housing will be available for these families, and they will have to spend more of their meager income on housing.

And to make matters even worse, the Republican reconciliation bill contains language that would allow companies to withdraw to \$40 billion from their employees' pension funds over the next 5 years. This action could jeop-

ardize or reduce the pension benefits of millions of working-class families. It looks as if the Republicans want to make certain that if families do work hard, struggle to get ahead, and manage to land a job with a pension, they would not enjoy the fruits of their labors when they retire.

All of the cuts I have mentioned would fall disproportionately on the working poor, the elderly, and poor children. Are these really the groups we want to bear the burden of deficit reduction? Are these folks really failing to hold up their end of our social contract? Are the affluent families that will benefit most from this reconciliation bill's tax cuts the families most in need of assistance?

By all means, Congress should address the deficit, and the Federal Government should provide the most hard-pressed American families with a little tax relief. What amazes me is that the Republican party believes that the 10 or 20 percent of households in this country with the highest incomes are the families most in need of government assistance. It seems as if the Republicans consistently attempt to solve society's problems at the expense of the most vulnerable members of our communities.

I find such actions reprehensible and shortsighted. They certainly undermine Republican professions of concern for children and the family. The policies in this bill will do more to destroy communities and hurt children than all the excesses—real and imagined—of the New Deal and the Great Society combined. I urge my colleagues to oppose this legislation.

The CHAIRMAN. Pursuant to the order of the House of Tuesday, October 24, 1995, all time for general debate has expired.

Pursuant to the order of the House of that day, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WELDON of Florida) having assumed the chair, Mr. BOEHNER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, (H.R. 2491), to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996, had come to no resolution thereon.

#### GENERAL LEAVE

Mr. KOLBE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material in the RECORD on H.R. 2491, the bill just considered.

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

There was no objection.

#### SPECIAL ORDERS

The SPEAKER pro tempore (Mr. WELDON of Florida). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.





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PROVIDING FOR CONSIDERATION  
OF HOUSE CONCURRENT RESO-  
LUTION 109, SENSE OF CONGRESS  
REGARDING SOCIAL SECURITY  
EARNINGS TEST REFORM, AND  
FURTHER CONSIDERATION OF  
H.R. 2491, SEVEN-YEAR BAL-  
ANCED BUDGET RECONCILIATION  
ACT OF 1995

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 245 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 245

*Resolved*, That at any time after the adoption of this resolution it shall be in order to consider in the House the concurrent resolution (H. Con. Res. 109) expressing the sense of the Congress regarding the need for reform of the social security earnings limit, if called up by the majority leader or his designee. The concurrent resolution shall be debatable for twenty minutes equally divided and controlled by the majority leader and the minority leader or their designees. The previous question shall be considered as ordered on the concurrent resolution to final adoption without intervening motion.

SEC. 2. At any time after the adoption of this resolution, the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for further consideration of the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996. All time for general debate under the terms of the order of the House of October 24, 1995, shall be considered as expired. Further general debate shall be confined to the bill and amendments specified in this resolution and shall not exceed three hours equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget. After general debate the bill shall be considered for amendment under the five-minute rule. An amendment in the nature of a substitute consisting of the text of H.R. 2517, modified by the amendments printed in the report of the Committee on Rules accompanying this resolution, shall be considered as adopted in the House and in the Committee of the Whole. The bill, as amended, shall be considered as the original bill for the purpose of further amendment under the five-minute rule. The bill, as amended, shall be considered as read. All points of order against provisions in the bill, as amended, are waived. No further amendment shall be in order except the further amendment in the nature of a substitute consisting of the text of H.R. 2530, which may be offered only by the minority leader or his designee, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against the further amendment in the nature of a substitute are waived. After a motion that the Committee rise has been rejected on a day, the Chair may entertain another such motion on that day only if offered by the chairman of the Committee on the Budget or

the majority leader or a designee of either. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill, as amended, to the House with such further amendment as may have been adopted. The previous question shall be considered as ordered on the bill, as amended, and any amendment thereto to final passage without intervening motion except one motion to recommit with or without instructions. The motion to recommit may include instructions only if offered by the minority leader or his designee. The yeas and nays shall be considered as ordered on the question of passage of the bill and on any conference report thereon. Clause 5(c) of rule XXI shall not apply to the bill, amendments thereof, or conference reports thereon.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the distinguished gentleman from California [Mr. BEIL-ENSON], pending which I yield myself such time as I may consume. During consideration of the resolution, all time yielded is for purposes of debate only.

(Mr. SOLOMON asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. SOLOMON. Mr. Speaker, House Resolution 245 is the customary restrictive rule for considering reconciliation legislation.

In this case the rule first makes in order the consideration in the House of a sense of the Congress resolution, House Congress Resolution 109, introduced by Mr. HASTERT. That resolution expresses the intent of Congress to pass legislation before the end of this year to raise the Social Security earnings limit for working seniors aged 65 through 69.

That is an important commitment we made in our Contract With America and we intend to keep that commitment to America's senior citizens.

Unfortunately, the Budget Act prohibits the consideration of legislation amending the Social Security Act as part of reconciliation. But we will vote on and pass this as a separate bill before this session adjourns.

Mr. Speaker, following 20 minutes of debate on that resolution, and a vote on its adoption, the rule provides for the further consideration of H.R. 2491, the Seven Year Balanced Budget Reconciliation Act of 1995.

And, oh, how the title of this bill says it all—the "Seven-Year Balanced Budget Reconciliation Act of 1995." Today we are bringing to final fruition our efforts of the past 10 months to deliver to the American people on our promise to balance the budget in 7 years.

Yesterday, we had a full 3 hours of general debate on that bill pursuant to a unanimous-consent request that was granted in consultation with the minority leadership.

Today this rule provides for another 3 hours of general debate before we

consider for 1 hour a Democrat substitute that will be offered by the minority leader or his designee.

Those 6 hours are three times as much general debate time as we had on the Clinton reconciliation bill in 1993. That is as it should be, though, on a bill this important.

The rule provides for the adoption in the House and the Committee of the Whole of that amendment in the nature of a substitute which consists of the text of H.R. 2517, introduced by the Budget Committee chairman, as modified by the amendments printed in the Rules Committee's report on this rule.

That substitute is made base text for the purpose of further amendment. That further amendment is the so-called coalition substitute which is the text of H.R. 2530, introduced by Representative ORTON and others yesterday.

It will be debated for 1 hour. The House will then vote on it after which the Committee of the Whole will rise and report the bill back to the House.

Before final passage, the minority leader or a designee may offer one motion to recommit, with or without instructions. That is something that was denied us in the minority on reconciliation bills in recent years, but is something we guaranteed to the minority in our House rules reforms at the beginning of this Congress. So, the minority will have twice as many amendments as we were allowed when we were in the minority.

Finally, the rule orders the yeas and nays on passage of the bill, and suspends the application of clause 5(c) of rule XXI, which requires a three-fifths vote on any bill, amendment or conference report containing a Federal income tax rate increase, against the passage of the bill or the adoption of any amendment or conference report thereon.

Mr. Speaker, let me hasten to add that the Ways and Means Committee has certified that there are no Federal income tax rate increases contained in this measure we are making in order by this rule.

The three-fifths vote requirement is being waived, nevertheless, as a precautionary measure to avoid any unnecessary points that might be made out of a misunderstanding of the rule.

When we adopted this rule back on January 4 of this year, we placed an analysis in the CONGRESSIONAL RECORD at page H34. That analysis made clear that the term only applies to increases in the income tax rates contained in sections 1 and 11 of the Internal Revenue Code for individuals and corporations, respectively.

These are the commonly understood marginal or bracket rates with which most Americans are well familiar. That is the interpretation which still applies today. And this bill does not increase those rates one iota.

Mr. Speaker, today is not really about today's vote, as historic as it is, or about the past 10 months during which we struggled to develop this

glide-path to a balanced budget by the year 2002.

Today is really about the future—the future of the economy, the future of this country, and the futures of our children and grandchildren and the better world we will bestow on them by putting our fiscal house in order today.

An overwhelming majority of the American people favor balancing the Federal budget—of ensuring that we spend no more than we take in. As the last election demonstrated, they fully expect us to make good our promises to balance the budget by making the hard choices necessary to achieve that goal.

Yes, it will involve some sacrifices on the part of everyone. But today's temporary pain will be tomorrow's great gain for our country as we build a strong economic base on which to create new jobs and prosperity for all Americans.

We can no longer be content to rest on the laurels of our past achievements. They are behind us and we are now literally drowning in a sea of red ink we have created by our past actions.

We have overpromised, overspent, and underdelivered on what the Government alone is capable of doing. In so doing, we have stifled rather than promoted individual initiative and opportunity in the private sector which is the key to new jobs and our future growth and survival as a country.

Our annual interest payments on the national debt alone are consuming and crowding out the capital necessary to build the kind of private sector growth that is so critical to our country's competing in this global economy.

By our actions here today we are recognizing the need to restrain the voracious appetite of the Government that is devouring the hard-earned dollars of American workers rather than allowing them to be put to more productive use in the private sector to create new and better paying jobs.

The time has come to put an end to the fiscal madness and insanity that is driving us deeper and deeper into debt. The bill before us reverses that trend.

It is called a reconciliation bill because in a narrow sense it reconciles our spending practices with our balanced budgetary goals adopted last spring.

But, in a larger sense it is a grander kind of reconciliation because it reconciles the grim realities of today with our hopes and dreams for a brighter and more prosperous future.

We cannot achieve that glorious reconciliation with the America we want to leave to our posterity if we do not make the hard choices and votes we must confront today. We can no longer get by on espousing the rhetoric of a balanced budget while avoiding taking the tough but necessary steps to get there.

We can no longer get by on blaming others for our failed dreams of balancing the budget when we have the duty and ability today by our votes on

this bill to make those dreams a reality.

Today, that dream is within our grasp—indeed, the vote is at our very fingertips. We can either vote "yes" for the dream of a brighter future, or "no" for a long nightmare of economic stagnation, failure, and collapse.

It's in our hands; the choice is ours. Support this rule and the balanced budget reconciliation bill it makes in order.

Mr. Speaker, I include for the RECORD information regarding this rule, and previous rules and other pertinent material:

H. RES 245—SUMMARY OF PROVISIONS OF THE RULE FOR CONSIDERATION OF: HOUSE CONCURRENT RESOLUTION 109—SOCIAL SECURITY EARNINGS TEST REFORM: H.R. 2491—SEVEN YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995

1. Provides for consideration in the House of a concurrent resolution (H. Con. Res. 109) Social Security earnings test reform, debatable for 20 minutes, divided between the Majority and Minority Leaders or their designees.

2. Provides three hours of additional general debate on H.R. 2491, divided equally between the chairman and ranking minority member of the Committee on the Budget.

3. Provides that an amendment in the nature of a substitute consisting of the text of H.R. 2517 modified by the amendments printed in the Rules Committee's report on the rule shall be considered as adopted in the House and the Committee of the Whole: that the bill as amended shall be considered as an original bill for the purpose of further amendment; and that all points of order against provisions of the bill as amended are waived.

4. Provides that no amendment shall be in order to the bill as amended except an amendment in the nature of a substitute consisting of the text of H.R. 2530, which may only be offered by the Minority Leader or his designee.

5. Provides that the amendment in the nature of a substitute shall be considered as read, shall not be subject to amendment, and shall be debatable for one hour equally divided and controlled by the proponent and an opponent.

6. Waives all points of order against the amendment in the nature of a substitute.

7. Provides after a motion to rise has been rejected on any day, another such motion may only be offered by the Majority Leader or Budget Committee chairman.

8. Provides one motion to recommit which, if containing instructions, may only be offered by the Minority Leader or a designee.

9. Provides that the yeas and nays are ordered on final passage and that the provisions of clause 5(c) of Rule XXI (requiring a three-fifths vote on any amendment or measure containing a Federal income tax rate increase) shall not apply to the votes on the bill, amendments thereto or conference reports thereon.

SUMMARY OF AMENDMENTS MODIFYING THE TEXT OF H.R. 2517 TO FORM THE NEW BASE TEXT FOR AMENDMENT PURPOSES

Upton (MI): Amend Food, Drug and Cosmetic Act to authorize the export of new drugs if approved in recipient country. (p. 275, after line 11, insert new Subtitle F— "FDA Export Reform and Enhancement Act")

Horn (CA)/Davis (VA) (modified): Add new tools for Federal agencies to collect debts

owed to the United States to enhance debt collection and improve financial management. (Inserts new Subtitle B to Title V, "Debt Collection Improvement Act of 1995," at page 333, line 15)

Barr (GA): Strike section 7002. "Civil Monetary Penalty Surcharge and Telecommunications Carrier Compliance Payments." (p. 416, line 3 through p. 419, line 6)

Davis (VA): Strike section 10404, "Collection of Parking Fees," requiring each Executive agency to collect parking fees at all Federal parking facilities. (p. 700, line 23 through page 701, line 19)

Davis (VA) (modified): Amend sec. 17201(c). National Technical Information Service, to provide that if an appropriate arrangement for the privatization of the functions of the NTI Service has not been made before the end of the 18-month period, the Service shall be transferred to the National Institute for Science and Technology. (p. 1588, lines 3 through 7)

Bliley (VA): Change the Medicaid allocation and lower the statutory caps for discretionary spending accordingly.

[Excerpted from the Rules Committee's report on H. Res. 245, the reconciliation rule] EXPLANATION AND DISCUSSION OF CLAUSE 5(C), RULE XXI WAIVER

As indicated in the preceding paragraph, the Committee has provided in this rule that the provisions of clause 5(c) of House Rule XXI, which require a three-fifths vote on any bill, joint resolution, amendment or conference report "carrying a Federal income tax rate increase," shall not apply to the

votes on passage of H.R. 2491, or to the votes any amendment thereto or conference report thereon.

The suspension of clause 5(c) of rule XXI is not being done because there are any Federal income tax rate increases contained in the reconciliation substitute being made in order as base text by this rule. As the Committee on Ways and Means has pointed out in its portion of the report on the reconciliation bill—

"The Committee has carefully reviewed the provisions of Titles XIII and XIV of the revenue reconciliation provisions approved by the Committee to determine whether any of these provisions constitute a Federal income tax rate increase within the meaning of the House Rules. It is the opinion of the Committee that there is no provision of Titles XIII and XIV of the revenue reconciliation provisions that constitutes a Federal income tax rate increase within the meaning of House Rule XXI, 5(c) or (d)."

Nevertheless, the Committee on Rules has suspended the application of clause 5(c) as a precautionary measure to avoid unnecessary points of order that might otherwise arise over confusion or misinterpretations of what is meant by an income tax rate increase.

Such a point of order was raised and overruled on the final passage vote of H.R. 1215, the omnibus tax bill, on April 15, 1995. The ranking minority member of the Rules Committee subsequently wrote to the chairman of this Committee requesting a clarification of the rule. An exchange of correspondence with the Parliamentarian and the Counsel of the Joint Tax Committee was subsequently

released by the chairman of this Committee on June 13, 1995, regarding the ruling and the provisions of the bill which gave rise to the point of order.

The Committee would simply conclude this discussion by citing from the section-by-section analysis of H. Res. 6, adopting House Rules for the 104th Congress, placed in the Congressional Record at the time the rules were adopted on January 4, 1995. With respect to clauses 5(c) and (d) which require a three-fifths vote on any income tax rate increase and prohibit consideration of any retroactive income tax rate increase, respectively:

"For purposes of these rules, the term 'Federal income tax rate increase' is, for example, an increase in the individual income tax rates established in section 1, and the corporate income tax rates established in section 11, respectively, of the Internal Revenue Code of 1986." (Congressional Record, Jan. 4, 1995, p. H-34)

The rates established by those sections are the commonly understood "marginal" tax rates or income "bracket" tax rates applicable to various minimum and maximum income dollar amounts for individuals and corporations. It is the intent of this committee that the term "Federal income tax rate increase" should be narrowly construed and confined to the rates specified in those two sections. As indicated in the Ways and Means Committee's report, those rates have not been increased by any provision contained in H.R. 2491 as made in order as base text by this resolution.

HOUSE RECONCILIATION RULES, 1980-93

Congress year	Bill No.	Rule	Terms of rules
96th (1980)	H.R. 7765	H. Res. 776	10-hours general debate (1-hr. ea. to 8 comms., 2-hrs. Ways and Means); 4 amendments allowed: (1) Budget Comm.; (2) Strike subtitle; (3) Rep. Vanik (D); (4) Rep. Bauman (R); one motion to recommit.
97th (1981)	H.R. 3982	H. Res. 169	8-hrs. general debate, comms. of juris.; amendment in nature of substitute by chairman of Budget Comm.; 6 amendments by Rep. Latta; 1-hr. on motion to recommit.
98th (1983)	H.R. 4169	H. Res. 344	1-hr. gen. debate, Budget Comm.; amendment in nature of substitute made in order; 1 amendment by chmn. Budget Comm.; one motion to recommit, with or without instructions.
98th (1984)	H.R. 5394	H. Res. 483	6-hrs. gen. debate, Budget Comm.; (1) amend. by W&M Comm., 1-hr; (2) amend. by Rep. Pepper, 30-mins.; one motion to recommit.
99th (1985)	H.R. 3500	H. Res. 296	4-hrs. gen. debate, Budget Comm.; self-execute amend.; (1) Rep. Fazio, 30-mins; (2) Rep. Latta, 1-hr.; (3) Rep. Florio, 30-mins; one motion to recommit.
99th (1986)	H.R. 5300	H. Res. 558	3-hrs. gen. debate, Budget Comm.; self-execute amend.; (1) Rep. Rodino, 30-mins.; (2) Rep. Rodino, 30-mins.; (3) Rep. Wyjcie, 30-mins.; one motion to recommit without instructions.
100th (1987)	H.R. 3545	H. Res. 296/298	3-hrs. gen. debate, Budget Comm.; self-execute amend.; (1) Rep. Michel, 1-hr.; one motion to recommit without instructions.
101st (1989)	H.R. 3299	H. Res. 245/249	6-hrs. gen. debate, Budget Comm.; self-execute amend.; 10 amendments (D-7;R-3), debatable from 30-mins. to 2-hrs. ea. (varies by amendment); one motion to recommit.
101st (1990)	H.R. 5835	H. Res. 509	3-hrs. gen. debate, Budget Comm.; self-execute amends.; (1) Rep. Rostenkowski, 1-hr.; one motion to recommit without instructions.
103d (1993)	H.R. 2264	H. Res. 186	2-hrs. gen. debate; self-execute amend. (54 page); (1) Rep. Kasich substitute, (290 pages), 1-hr.; one motion to recommit without instructions.

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,<sup>1</sup> 103D CONGRESS V. 104TH CONGRESS

(As of October 25, 1995)

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-open <sup>2</sup>	46	44	51	70
Modified Closed <sup>3</sup>	49	47	18	25
Closed <sup>4</sup>	9	9	4	5
Total	104	100	73	100

<sup>1</sup> This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.

<sup>2</sup> An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.

<sup>3</sup> A modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.

<sup>4</sup> A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS

(As of October 25, 1995)

H. Res. No. (Date rept)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	0	H.R. 5	Unfunded Mandate Reform	A: 350-71 (1/19/95).
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255-172 (1/25/95).
		H.J. Res. 1	Balanced Budget Amdt	
H. Res. 51 (1/31/95)	0	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95).
H. Res. 52 (1/31/95)	0	H.R. 400	Land Exchange, Arctic Nat'l Park and Preserve	A: voice vote (2/1/95).
H. Res. 53 (1/31/95)	0	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/1/95).
H. Res. 55 (2/1/95)	0	H.R. 2	Line Item Veto	A: voice vote (2/2/95).
H. Res. 60 (2/6/95)	0	H.R. 665	Victim Restitution	A: voice vote (2/7/95).
H. Res. 61 (2/6/95)	0	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/7/95).
H. Res. 63 (2/8/95)	MO	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/9/95).
H. Res. 69 (2/9/95)	0	H.R. 668	Criminal Alien Deportation	A: voice vote (2/10/95).
H. Res. 79 (2/10/95)	MO	H.R. 728	Law Enforcement Block Grants	A: voice vote (2/13/95).
H. Res. 83 (2/13/95)	MO	H.R. 7	National Security Revitalization	PQ: 229-100; A: 227-127 (2/15/95).
H. Res. 88 (2/16/95)	MC	H.R. 831	Health Insurance Deductibility	PQ: 230-191; A: 229-188 (2/21/95).
H. Res. 91 (2/21/95)	0	H.R. 830	Paperwork Reduction Act	A: voice vote (2/22/95).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS—Continued

(As of October 25, 1995)

Table with columns: H. Res. No. (Date rept.), Rule type, Bill No., Subject, Disposition of rule. Lists various resolutions and bills such as H.R. 889, H.R. 450, H.R. 1022, etc., with their respective subjects and dispositions.

Codes: O-open rule; MD-modified open rule; MC-modified closed rule; C-closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

CORRECTION OF VOTES IN COMMITTEE REPORT OCTOBER 26, 1995

The Rules Committee's report, House Report 104-292 on House Resolution 245, the rule for the consideration of House Concurrent Resolution 109 and H.R. 2491, contains three erroneously reported rollcall votes due to typographical errors during the printing process. The votes were correctly reported in the original report filed with the Clerk.

Below is a correct version of those votes as contained in the Rules Committee report as filed with the House. The amendment numbers referred to in the motions are to amendments filed with the Rules Committee—a summary of which are contained following the listing of votes in the committee report.

The corrected votes for Rollcall Nos. 215, 228, and 229 are as follows:

RULES COMMITTEE ROLLCALL NO. 215

Date: October 25, 1995.

Measure: House Concurrent Resolution 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Beilenson.

Summary of Motion: Motions No. 12, No. 13, and No. 35.

Results: Rejected, 5 to 8.

Table for Rollcall No. 215 showing votes by member (QUILLEN, DREIER, GOSS, LINDER, PRYCE, DIAZ-BALART, McINNIS, WALDHOLTZ, MOAKLEY, BEILENSON, FROST, HALL, SOLOMON) with columns for Yes, Nay, Present.

RULES COMMITTEE ROLLCALL NO. 228

Date: October 25, 1995.

Measure: House Concurrent Resolution 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Hall.

Summary of Motion: No. 30 and No. 38.

Results: Rejected, 4 to 9.

Table for Rollcall No. 228 showing votes by member (QUILLEN, DREIER, GOSS, LINDER, PRYCE, DIAZ-BALART, McINNIS) with columns for Yes, Nay, Present.

Table for Rollcall No. 229 showing votes by member (WALDHOLTZ, MOAKLEY, BEILENSON, FROST, HALL, SOLOMON) with columns for Yes, Nay, Present.

RULES COMMITTEE ROLLCALL NO. 229

Date: October 25, 1995.

Measure: House Concurrent Resolution 109, Sense of Congress on Social Security Earnings Test Reform, and H.R. 2491, The Seven Year Balanced Budget Reconciliation Act of 1995.

Motion By: Mr. Frost.

Summary of Motion: No. 39.

Results: Rejected, 4 to 8.

Table for Rollcall No. 229 showing votes by member (QUILLEN, DREIER, GOSS, LINDER, PRYCE, DIAZ-BALART, McINNIS, WALDHOLTZ, MOAKLEY, BEILENSON, FROST, HALL, SOLOMON) with columns for Yes, Nay, Present.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE BUDGET,  
Washington, DC, October 26, 1995.

Hon. GERALD B.H. SOLOMON,  
Chairman of the Committee on Rules, U.S. Capitol, Washington, DC.

DEAR CHAIRMAN SOLOMON: Pursuant to authority provided to me by the Committee Report accompanying the Concurrent Resolution on the Budget for Fiscal Year 1996, H. Con. Res. 67, I hereby certify the amendment in the nature of a substitute made in order by H. Res. 245 would result in a balanced budget by Fiscal Year 2002.

Section 210(a)(2)(C) of H. Con. Res. 67 authorized the Chairman of the Committee on the Budget to certify an amendment in the nature of a substitute, made in order by the Committee on Rules, consisting of the text of the reported bill, as modified by any amendments necessary to balance the budget and achieve compliance with reconciliation instructions. Section 210(l) further specified that the certification is to be based upon an estimate provided by the Director of the Congressional Budget Office.

According to the attached estimate by the Director of the Congressional Budget Office, the substitute as amended by H. Res. 245 would result in the following deficit or surplus levels: \$-158 billion in Fiscal Year 1996, \$-180 billion in Fiscal Year 1997, \$-146 bil-

lion in Fiscal Year 1998, \$-120 billion in Fiscal Year 1999, \$-96 billion in Fiscal Year 2000, \$-40 billion in Fiscal Year 2001, and \$+1 billion in Fiscal Year 2002.

The consideration of H.R. 2491 is an historic step as Congress moves to balance the Federal budget for the first time in over 30 years. The future of our nation depends upon bringing our fiscal affairs in order. It has been an honor for me to participate in this exciting process.

Sincerely,

JOHN R. KASICH,  
Chairman, Committee on the Budget.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, October 26, 1995.

Hon. JOHN R. KASICH,  
Chairman, Committee on the Budget, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed the amendment in the nature of a substitute to H.R. 2491, the Seven-Year Balanced Budget Reconciliation Act of 1995, considered as adopted under the terms of the rule providing for further consideration of H.R. 2491. As provided by section 210 of the budget resolution for fiscal year 1996 (H. Con. Res. 67), CBO has projected the deficits that will result if the substitute is enacted. As specified in section 210, these

projections use the economic and technical assumptions underlying the budget resolution, assume the level of discretionary spending allowed under the new statutory caps on appropriations that are contained in the substitute, and include changes in outlays and revenues estimated to result from the economic impact of balancing the budget by fiscal year 2002 as estimated by CBO in its April 1995 "An Analysis of the President's Budgetary Proposals for Fiscal Year 1996." On that basis, CBO projects that enactment of the reconciliation legislation embodied in the substitute would produce a small budget surplus in 2002. The estimated federal spending, revenues and deficits that would occur if the proposal is enacted are shown in Table 1. The resulting differences from CBO's April 1995 baseline are summarized in Table 2, which includes the adjustments to the baseline assumed by the budget resolution. The estimated savings from changes in direct spending and revenues that would result from enactment of each title of the substitute are summarized in Table 3 and described in more detail in an attachment.

If you wish further details on this projection, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL

Attachment.

TABLE 1.—PROPOSED HOUSE OUTLAYS, REVENUES, AND DEFICITS  
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002
<b>Outlays:</b>							
Discretionary .....							
Mandatory .....	536	525	518	517	521	517	516
Medicare <sup>1</sup> .....	194	209	217	228	247	266	288
Medicaid .....	97	103	108	112	117	122	127
Other .....	501	525	553	583	614	638	671
Subtotal .....	792	837	878	923	978	1,026	1,086
Net Interest .....	257	260	260	260	258	252	247
Total outlays .....	1,584	1,623	1,656	1,700	1,758	1,795	1,849
Revenues .....	1,426	1,442	1,510	1,580	1,662	1,755	1,849
Deficit .....	158	180	146	120	96	40	-1

<sup>1</sup> Medicare benefit payments only. Excludes medicare premiums and graduate medical education spending.

Source.—Congressional Budget Office.

Notes.—The fiscal dividend expected to result from balancing the budget is reflected in these figures. Numbers may not add to totals because of rounding.

TABLE 2.—PROPOSED HOUSE BUDGETARY CHANGES FROM CBO'S APRIL BASELINE  
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	Total 1996-2002
CBO April baseline deficit <sup>1</sup> .....	210	230	232	266	299	316	349	NA
Baseline adjustments <sup>2</sup> :								
CPI rebenchmarking <sup>3</sup> .....	0	0	0	-1	-3	-6	-9	-18
Other adjustments <sup>4</sup> .....	1	1	1	2	2	1	1	10
Subtotal .....	1	1	1	1	-1	-4	-8	-9
<b>Policy Changes:</b>								
Outlays, discretionary:								
Freeze <sup>5</sup> .....	-8	-9	-12	-35	-55	-75	-96	-289
Additional savings .....	-10	-22	-29	-26	-22	-26	-28	-162
Welfare reform <sup>6</sup> .....	2	2	2	3	3	3	3	19
Subtotal .....	-16	-28	-38	-58	-74	-98	-120	-432
Outlays, mandatory:								
Medicare .....	-8	-15	-27	-40	-49	-60	-71	-270
Medicaid .....	-3	-7	-14	-23	-31	-41	-51	-169
Other .....	-14	-22	-22	-27	-29	-29	-31	-174
Subtotal .....	-25	-44	-63	-89	-109	-130	-153	-614
Net Interest .....	-2	-5	-9	-16	-27	-41	-60	-161
Total outlays .....	-42	-77	-111	-164	-210	-269	-333	-1,207
Revenues <sup>7</sup> .....	-8	33	38	40	39	39	41	223
Total policy changes .....	-50	-44	-73	-124	-171	-231	-292	-985
Adjustment for fiscal dividend <sup>8</sup> .....	-3	-7	-14	-23	-32	-41	-50	-170
Total adjustments and policy changes .....	-52	-50	-86	-146	-204	-276	-350	-1,163
House policy deficit .....	158	180	146	120	96	40	-1	NA

<sup>1</sup> Projections assume that discretionary spending is equal to the spending limits that are in effect through 1998 and will increase with inflation after 1998.

<sup>2</sup> The budget resolution was based on CBO's April 1995 baseline projections of mandatory spending and revenues, except for a limited number of adjustments.

<sup>3</sup> The budget resolution baseline assumed that the 1998 rebenchmarking of the CPI by the Bureau of Labor Statistics will result in a 0.2 percentage point reduction in the CPI compared with CBO's December 1994 economic projections.

<sup>4</sup> The budget resolution baseline made adjustments related to revised accounting of direct student loan costs, expiration of excise taxes dedicated to the Superfund trust fund as provided under current law, the effects of enacted legislation, and technical corrections.

<sup>5</sup> Savings from freezing 1996-2002 appropriations at the nominal level appropriated for 1995.

<sup>6</sup> Increases in statutory caps on discretionary spending to reflect shifts from mandatory spending to discretionary spending embodied in welfare reform provisions included in reconciliation bills. The cap adjustments are specified in Title XX of the bill.

<sup>7</sup> Revenue increases are shown with a negative sign because they reduce the deficit.

<sup>8</sup> CBO has estimated that balancing the budget by 2002 would result in lower interest rates and slightly higher real growth that could lower federal interest payments and increase revenues by \$170 billion over the fiscal year 1996-2002 period. See Appendix B of CBO's April 1995 report, "An Analysis of the President's Budgetary Proposals for Fiscal Year 1996."

Source.—Congressional Budget Office.

Notes.—NA=not applicable; CPI=consumer price index. Numbers may not add to totals because of rounding.

TABLE 3.—HOUSE RECONCILIATION MANDATORY SPENDING AND REVENUE CHANGES BY TITLE

[By fiscal year, in billions of dollars]

Title	1996	1997	1998	1999	2000	2001	2002	1996-2002
I—Agriculture:								
Outlays								
II—Banking and Financial Services:	-0.9	-1.9	-1.9	-1.9	-1.9	-2.5	-2.5	-13.3
Outlays	-6.4	( <sup>1</sup> )	0.3	0.3	0.2	0.2	0.2	-5.3
Revenues <sup>2</sup>	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Deficit	-6.4	( <sup>1</sup> )	0.3	0.3	0.2	0.2	0.2	-5.3
III—Commerce:								
Outlays	-0.3	-2.9	-2.7	-4.0	-3.7	-3.2	-1.9	-18.7
IV—Economic and Educational Opportunities:								
Outlays	-1.4	-1.1	-1.3	-1.5	-1.6	-1.7	-1.7	-10.2
V—Government Reform and Oversight:								
Outlays	-0.5	-1.0	-1.0	-1.0	-1.0	-1.0	-0.9	-6.5
Revenues <sup>2</sup>	-0.2	-0.4	-0.6	-0.6	-0.6	-0.6	-0.7	-3.7
Deficit	-0.8	-1.4	-1.6	-1.6	-1.6	-1.6	-1.6	-10.2
VI—International Relations:								
Outlays	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	-0.1
VII—Judiciary:								
Outlays	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.5
VIII—National Security:								
Outlays	0.4	-0.6	1.1	0.4	0.3	0.2	0.2	2.1
IX—Resources:								
Outlays	-0.1	-0.9	-0.2	-0.1	-0.6	-0.1	-0.1	-2.1
Revenues <sup>2</sup>	0.0	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Deficit	-0.1	-0.9	-0.2	-0.1	-0.6	-0.1	-0.1	-2.1
X—Transportation and Infrastructure:								
Outlays	( <sup>1</sup> )	-0.1	( <sup>1</sup> )	-0.6	-0.1	-0.1	-0.1	-0.8
XI—Veterans' Affairs:								
Outlays	-0.3	-0.3	-0.5	-1.2	-1.4	-1.3	-1.4	-6.4
XII—Ways and Means Trade:								
Outlays	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	0.0	0.0	0.0	0.0	( <sup>1</sup> )
Revenues <sup>2</sup>	0.5	0.3	0.1	0.0	0.0	0.0	0.0	0.9
XIII—Ways and Means Revenues:								
Outlays	-0.1	-2.6	-2.8	-2.9	-3.1	-3.2	-3.3	-18.0
Revenues <sup>2</sup>	-0.6	-1.4	-3.1	-4.0	-4.5	-5.1	-6.1	-24.9
Deficit	-0.8	-4.1	-5.9	-6.9	-7.5	-8.3	-9.4	-42.9
XIV—Ways and Means Tax Simplification:								
Revenues <sup>2</sup>	0.2	0.6	0.9	0.7	0.7	0.8	0.8	4.7
XV—Medicare:								
Outlays:								
Medicare	-7.9	-15.1	-26.9	-39.9	-49.2	-59.9	-71.3	-270.2
Graduate medical education	0.0	1.3	1.5	2.3	3.1	3.6	4.0	15.8
Subtotal	-7.9	-13.8	-25.4	-37.6	-46.1	-56.3	-67.3	-254.4
XVI—Transformation of Medicaid:								
Outlays	-2.7	-6.9	-14.3	-22.6	-31.2	-40.8	-50.9	-169.5
XVII—Abolishment of Department of Commerce:								
Outlays	0.0	( <sup>1</sup> )	0.0	0.0	0.0	0.0	0.0	( <sup>1</sup> )
XVIII—Welfare reform:								
Outlays	-4.3	-13.4	-15.2	-18.4	-21.0	-22.1	25.2	120.6
XIX—Contract with America Tax Cut:								
Revenues <sup>2</sup>	-7.8	34.1	40.3	44.3	43.6	43.8	47.2	245.7
XX—Budget Process:								
Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals:								
Outlays	-24.7	-45.6	-64.8	-91.2	-111.1	-131.9	-155.0	-624.4
Revenues <sup>2</sup>	-7.9	33.3	37.6	40.4	39.3	38.8	41.3	222.7
Deficit	-32.7	-12.3	-27.2	-50.8	-71.8	-93.1	-113.7	-401.7
Interactive effects:								
Outlays	0.1	1.4	1.7	1.8	1.9	1.9	2.0	10.6
Totals:								
Outlays	-24.7	-44.2	-63.2	-89.5	-109.2	-130.0	-153.0	-613.8
Revenues	-7.9	33.3	37.6	40.4	39.3	38.8	41.3	222.7
Deficit	-32.6	-11.0	-25.6	-49.1	-69.9	-91.2	-111.7	-391.1

<sup>1</sup> Less than \$50 million.

<sup>2</sup> Revenue increases are shown with a negative sign because they reduce the deficit.

Note.—Numbers may not add to totals because of rounding.

Sources.—Congressional Budget Office; Joint Committee on Taxation.

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

□ 0945

Mr. BEILENSEN. Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON] for yielding me the customary 30 minutes of debate time, and I yield myself such time as I may consume.

Mr. Speaker, we strongly oppose the rule, and the legislation it makes in order—the budget reconciliation bill drafted by the Republican leadership.

The importance of the legislation before us cannot be overstated. It is a measure that makes drastic changes in a huge number of Federal programs and services; a measure that will directly affect virtually every American. Yet the rule for its consideration allows the House to consider only one substitute, and one motion to recommend. And the rule limits the remaining time for general debate to just 3 hours, plus 1 hour for debate on the substitute.

It is true, as our friends on the other side of the aisle have pointed out, that this is a typical rule for a budget reconciliation bill. But this is not a typical reconciliation bill; it is not a bill that has been developed through the normal reconciliation process but, rather, one that has been brought to the House floor through actions of the Republican leadership that constitute an extremely serious abuse of the legislative process.

In years past, reconciliation bills were drafted in open committee meetings. When committees acted on their reconciliation instructions, Members of both parties had the opportunity to debate the issues and offer amendments. After committees acted, the Budget Committee reviewed and reported the final bill, and after that, the Rules Committee issued a rule for its consideration. All this was done in full view of the press and the public. In other words, reconciliation bills were the products of an open, democratic, deliberative, and accountable process.

We knew what the bills contained, and who had agreed to the provisions in them.

The bill before us now, however, contains critical changes in agriculture programs, in the civil service retirement system, in tax policy, in the structure of a Federal department, and other important provisions that were not considered by the committees of jurisdiction, nor reviewed by the Budget Committee. Some of the provisions were not even finalized until last night.

These portions of the bill were drafted behind the closed doors of the Speaker's office, where decisions were also made to drop certain provisions from the committee reported version of the bill. Even as the Rules Committee was conducting its hearing yesterday—and even as general debate on the bill had begun on the floor—decisions were still being made by the Republican leadership about the contents of the plan we would be asked to vote on today.

We find the disregard for the normal legislative process that has been demonstrated by this process profoundly disturbing. We believe it is a huge injustice to the Members of the House and, far more important, to the people we represent.

And we, the Democratic minority, are not alone in our view of what is happening here. A recent editorial in *Roll Call* described what is going on by saying:

Speaker Newt Gingrich is indisputably providing strong direction for the House, but in the process he and his hand-picked leadership are running roughshod over the congressional committee system and depriving minority Democrats, rank-and-file Republicans, and even committee chairmen of the power to shape legislation. The question arises: Is this democracy or rule by politico?

That's not a Democratic sympathizer speaking; that's a newspaper that was equally, if not more, critical of the way the Democratic Party ran the House.

The point is, the bill before us did not arrive through the typical process, and therefore the highly restrictive rule for its consideration cannot be justified on the basis of the restrictive rules used for reconciliation bills in the past. At the very least, the rule for this particular reconciliation bill should provide the House with the opportunity to consider amendments to those sections of the bill that were drafted outside of the normal committee process.

We also object to the rule's waiver of clause 5(c) of rule XXI, which requires a three-fifths vote for any bill which contains a Federal income tax rate increase. That rule, as Members recall, was adopted at the beginning of this Congress to make it more difficult to pass an income tax rate increase.

We believe that the Republican reconciliation bill would raise income taxes on 8 million American working families because of the bill's change in the earned income tax credit. Members on the other side of the aisle have tried to assure us that, no, this bill does not raise income taxes. If that, in fact, is the case, we see no reason for the protection this rule provides against the three-fifths vote requirement for a bill that raises income taxes.

Mr. Speaker, of even greater concern to us than the procedural abuse we have seen in this year's reconciliation process is the actual legislation that process has produced.

Many of us applaud the fact that the Republican leadership set a goal of 7 years for bringing the Federal budget into balance. But we think that this particular plan reaches that goal the wrong way, and that the Republican leadership is misleading the American people by justifying the drastic spending cuts in their plan as necessary to reach a balanced budget. The fact is, it is not necessary to make such extreme spending cuts in order to balance the budget, and that will be clearly demonstrated by the Stenholm-Orton-Peterson plan that will be offered as an alternative to the Republican plan.

Furthermore, contrary to the rhetoric surrounding the Republican plan, the greatest significance of this measure is not its role in producing a balanced budget. Of far greater consequence is the fact that it will result in a monumental shift of resources from poor and middle-income Americans to the wealthiest Americans. It is a cruel, meanspirited, and misguided measure that will reward well-to-do Americans and special interests, and punish the poor.

What else but cruel can you consider a measure that provides a tax credit worth several hundred dollars per child for families earning \$200,000, but not for families earning \$20,000? That cuts taxes for the top 1 percent of earners by an average of \$14,000, while raising taxes for millions of working families? What is fair about requiring hard-working, but low-wage American workers to foot the bill for a tax cut for doctors and lawyers and corporate executives and—yes—Members of Congress?

What else but meanspirited can you consider a bill that pulls the rug out from under working families by cutting not only the earned income tax credit, but also Medicaid, food stamps, child care assistance—the support that parents working in low-wage jobs need to stay off welfare?

What else but misguided can you consider a bill that raises the cost of student loans—the primary means available to moderate-income families to give their children a leg up in life? A bill that jeopardizes the retirement security of millions of working Americans by allowing corporations to raid workers' pension funds? And yet, at the same time, abolishes the alternative minimum tax that ensures that profitable corporations are not able to use multiple tax loopholes to escape paying taxes?

What else but wrongheaded can you consider a bill that provides special deals for industries that want to use the natural resources that belong to all Americans—giveaways of Federal resources for mining, timber, ranching, and oil and gas interests? And special deals for concessionaires in our national parks, and for ski operators in our national forests?

Mr. Speaker, this is a bad rule for a terrible bill. I urge Members to vote "no" on the previous question, "no" on the rule, and "no" on the bill.

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

Mr. SOLOMON. Mr. Speaker, I yield 4 minutes to the gentleman from Florida [Mr. GOSS], one of the Members of this House who has done more to bring about some fiscal sanity than others that I know and is a member of the Committee on Rules.

(Mr. GOSS asked and was given permission to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, I thank the distinguished gentleman from Glens Falls, NY [Mr. SOLOMON], the chairman of the Committee on Rules, for yielding

me this time. I did want to underscore some of the points that he made in his excellent opening remarks.

This truly is a momentous day and certainly one of the most noteworthy in my short tenure as a member of this body. Before the sun sets today, we actually are going to pass a 7-year balanced budget plan that wipes out our national deficits and allows us to begin the process of paying down our enormous Federal debt. That is a major accomplishment and major good news for America.

We will deliver this product to the American people, because it is the right thing to do and because they have asked us to do it. No doubt we will continue to hear the words of doom, gloom, and fear from those on the other side who are still imprisoned in the status quo. Given the dire predictions and the red hot rhetoric we have already heard from the naysayers, some people might conclude that this is just about cuts, that we are gutting all that is great and good about America, instead of what we are really doing, which is excising layers of government fat that have grown up over the past 40 years.

In fact, it may surprise people to know that Federal spending under this proposal is actually slated to grow, I said grow, significantly in each of the 7 years ahead. In fact, this plan starts with an annual Federal spending program of \$1.5 trillion and ends with an annual spending program that is a full \$300 billion more than that. Yet in that 7th year, 2002, we will have also balanced the budget.

Now, how do we do that? It is possible because we are allowing our economy to grow. We are creating jobs, opportunities for Americans to work, opportunities to expand our economy, while at the same time we control the cancerous growth of rampant, runaway Federal spending which so many have closed their eyes to for so long.

Two years ago I stood in staunch opposition to President Clinton's budget reconciliation bill, the largest tax hike in history. Three years before that I opposed the deal worked out between President Bush and congressional Democrats. Both of these budgets had two basic flaws. They allowed for continued deficits as far as the eye could see, and they raised taxes at a time when we should have been addressing our chronic spending problem.

This year is different. We are eliminating redundant and wasteful spending. We are preserving and strengthening our vital health care programs, Medicare and Medicaid. We are reforming welfare, and we are allowing all Americans to keep more of what they earn by lowering taxes. It is their money, not Washington's.

Mr. Speaker, as one would expect, given a change of this magnitude, there have been disagreements on individual items within the package. Indeed,



there are several elements of this bill that remain troubling to me, but I have concluded that the fundamental and overriding interest of balancing the Federal books while unshackling the American people from the grip of excessive Federal Government far outweighs the drawbacks of certain of the items. In fact, Washington does not know it all.

Mr. Speaker, with all the rhetoric surrounding this debate, I recall the words of President Theodore Roosevelt who said, "Aggressive fighting for the right is the noblest sport the world affords." We are today engaged in such a noble sport. We are preserving the integrity of the U.S. Government and the viability of America for our children, our grandchildren, our parents, and ourselves. I am proud of that effort, and I obviously support this rule to get us started along this 7-year path to balance the budget.

Notwithstanding the points from my good friend and colleague from California, Mr. BEILENSEN, about management procedures, I believe that this is a fair rule and an appropriate rule for the reconciliation budget process, and I certainly think it is fairer than the one we saw in the previous year. I urge support for the rule and support for the bill.

Mr. BEILENSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], our distinguished friend and the ranking Democratic member of the Committee on Rules.

Mr. MOAKLEY. Mr. Speaker, I thank my colleague from California for yielding.

Mr. Speaker, The more I look at this bill, the more horrified I become.

This bill is an enormous collection of heartless attacks on American children, senior citizens, and working families.

And the worst part, the most disappointing aspect of this whole horrible collection of mean-spirited cuts—is that they are made in order to lower taxes for the very, very rich.

Mr. Speaker, that is not why we were sent to Congress.

We were not sent here to cut \$270 billion from Medicare on which 40 million seniors rely: We were not sent here to cut \$182 billion from Medicaid, a program 4.4 million American children desperately need but will not get.

We were not sent here to cut \$54 billion from energy assistance for working families. And we certainly were not sent here to do all of that, in order to parcel out goodies to the very rich.

Mr. Speaker, I know it is too outrageous to believe but it is true without these Medicare cuts, this supposedly balanced budget has an \$82 billion deficit.

Last week's Medicare vote and this vote are the same thing. Any one of my colleagues who votes for this bill is voting to put the squeeze on grandmothers, grandfathers, children, and working families, in order to give a tax break to the very rich.

This is an outrageous excuse for a bill and if it becomes law, it will mean some very dark days for many Americans.

This bill, takes from the mouths of babes, from the health care of seniors, from the education of students, and gives straight to the pockets of the rich.

I urge my colleagues to defeat the previous question.

□ 1000

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentlewoman from Ohio [Ms. PRYCE], a new member of the Committee on Rules this year who brought wisdom and common sense to our Committee on Rules and our Congress, a former judge from Columbus, OH.

Ms. PRYCE. Mr. Speaker, I am pleased to rise in support of this rule. Once again, this House faces an historic opportunity to choose between the policies of the status quo or to chart a bold new path for the future.

The Democrats argue that we are going too far too fast. Yet many on our side of the aisle believe we have not gone nearly far enough. The truth is the Republican Congress has worked long and hard to bring us to this moment in time when we are about to pass legislation to end years of rapidly expanding Government and to start this pendulum swinging the other way. Very simply, the bill before us will shift the focus of Government from quantity to quality and from spending to service.

Mr. Speaker, our national debt is nearly \$5 trillion. It is very hard for mere mortals to comprehend \$5 trillion. So here is an example paraphrased from the Wall Street Journal that can help us understand. Let us say Congress will try to pay the \$5 trillion national debt by putting \$1 every second into a special account. If 1 million seconds adds up to 12 days, then 1 billion seconds is roughly 32 years. And 1 trillion seconds is nearly 32,000 years.

In order to pay off the debt, Congress would have to deposit \$1 into the account every second for the next 160,000 years. That is more time than the amount of time that has passed since the Ice Age.

As our author of this legislation, the gentleman from Ohio [Mr. KASICH] told the Committee on Rules yesterday, if you had a business which lost a million dollars a day since the time that Christ walked on this earth, your business still would be far better off than this country is now.

Mr. Speaker, we have to get this under control. Lately many of my friends on the other side of the aisle have accused Republicans of being heartless, saying our budget is an attack on children. Yet a child born today will have to pay \$187,000 in his or her lifetime just to pay the interest on this national debt.

So I ask, Mr. Speaker, what is so compassionate about spending money we simply do not have and then sad-

dling our children and grandchildren with this enormous debt? Is it compassionate to condemn our children to a lower standard of living than we enjoy? The answer is clearly no. Further, it simply is arrogant to believe that Washington has a monopoly on compassion, that only Federal solutions can address problems on the State and local level.

Our plan, Mr. Speaker, suggests that there is more compassion at the level of local government with our Governors, with our mayors, with our city councils than there is in nameless, faceless Federal bureaucrats.

In closing, let me say that House Resolution 245 is a responsible rule. I urge my colleagues to adopt it and the underlying legislation so that we can begin to swing the pendulum back to an era of growth, productivity and financial security for our children and for future generations.

Mr. BEILENSEN. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky [Mr. WARD].

Mr. WARD. Mr. Speaker, when the budget resolution upon which today's bill is being based was considered by this body, I stood in this very spot to challenge it based on House rule XXI, which requires a three-fifths vote of the House in order to increase taxes, a measure that was supported by the gentleman from Texas [Mr. ARMEY] and the gentleman from Georgia [Mr. GINGRICH], and a rule that I wholeheartedly supported as a freshman on my first day here.

Speaker GINGRICH ruled me out of order by saying that the budget was a resolution, not a bill. He advised me to study the rules. Well, Mr. Speaker, I have studied the rules. I find that the issue before us today is a bill, and it should have this rule applied to it. But now I am told that after midnight, last night, today's debate was arranged in such a way that, although Speaker GINGRICH said on January 4 that no tax increase would take place without a three-fifths majority, that this bill would be exempt from that rule. If it is a tax increase, it should require a three-fifths majority; and, if the rule is being waived today, it must be a tax increase.

Mr. BEILENSEN. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Speaker, our Republican budget chairman is correct. The pendulum of power has swung. It has swung smack-dab into the faces of American seniors, smack-dab into the faces of students trying to get a full education and into the faces of working Americans who want to claim a share of the American dream.

They give us a new sick tax for the old. They raise new barriers to education for the young and more taxes on working Americans. That is why we call this Republican bill wreckonciliation; it is a wreck for working American families.

Of course, they spell it different. They leave off the W. They call it reconciliation, like after a divorce. But you know, they are still so divorced from reality in America, the reality of what it is to work hard, to try to make ends meet for a family, the reality of what it is to survive on a Social Security check and rely on America, so divorced from a reality that their spokesman, our Republican colleague from North Carolina, thinks \$183,000 is lower middle class.

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

Mr. Speaker, I sit here in amazement when I listen to this. We are supposed to be responsible people. When you look at what we are doing with this budget, my colleagues, we are not cutting WIC. We are not cutting Head Start. We are not cutting Green Thumb. We are not cutting the RSV programs which are such good programs. We are not cutting school lunch programs.

Let me tell Members what we are doing. We are reconstructing this Federal Government. Do Members know how we are doing it? We are doing it the same way that business and industry are forced to do it in order to survive, to make a profit.

I want Members to listen to some of these words because if they read these bills here, this is what this contains. This does not contain cuts for the truly needy. My colleagues will not hear me mention one word about it.

This is what we are doing. We are merging. Ever hear that word before? We are consolidating. We are eliminating. We are privatizing. We are defunding, and we are outright abolishing dozens of antiquated, duplicative, and unnecessary bureaus, agencies, administrations, offices, commissions, and for the first time whole departments.

Do my colleagues know who is squealing like stuck pigs? It is the bureaucrats inside Washington, the taxers, the spenders, the regulators. These are the people that are being cut, and we are going to balance this budget no matter what because what is compassionate about piling this kind of irresponsible debt on our children and our grandchildren?

Mr. Speaker, you have grandchildren. I have four of them now. We are going to have some fiscal sanity in this body starting here today. This bill is going to pass with overwhelming support in this body, and we will bring about fiscal sanity.

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

Mr. BEILENSEN. Mr. Speaker, I yield 1 minute to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Mr. Speaker, after all the distinguished chairman of the Committee on Rules has said about merging and acquisition and all that, they are cutting. They are not only cutting; they are gutting.

Balancing the budget is about balancing sacrifice. There is no balance of

sacrifice here. People get to keep their own money. I hear. Let me tell you: who is keeping their own money. Earn over \$100,000 a year, you are about 1 percent of the population, you get to keep \$2,400. Earn \$350,000, you get to keep \$14,000.

If you are in West Virginia and you are one of the 85 percent of our State that earns less than \$50,000, you will pay \$530 more out of pocket either in increased taxes or lost program benefits such as student loans and Medicare. Why is it that Medicare has to be cut \$270 billion, when the Medicare trustees themselves, the stewards of the fund, say only \$90 billion is sufficient? The reason is for a tax cut, a tax cut that goes to the wealthiest individuals in this country.

We are talking about balancing budgets. But we are not talking here about balancing sacrifice. West Virginians say we all know we have to come to the table. We all know we have to give something. But when 85 percent of the people are having to give directly out of their pockets, directly out of their middle class and middle income abilities to make sure that those over \$100,000 are able to keep far more of their money, that is not balanced sacrifice.

Mr. Speaker, we must, oppose this resolution and this bill. This is about tax breaks for the wealthiest individuals, not about balancing budgets.

Mr. SOLOMON. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. ARMEY], the distinguished majority leader.

Mr. ARMEY. Mr. Speaker, I would like to just take a moment to point out that the previous speaker who opposes tax relief in this bill opposes tax relief for 155,000 working families in his home State of West Virginia, including 13,392 families who would have their entire Federal income tax burden eliminated by the budget bill that he opposes today.

Mr. BEILENSEN. Mr. Speaker, I yield 30 seconds to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Mr. Speaker, the majority leader does not point out that he raises taxes on 70,000 working lower income West Virginians, those under \$24,000 a year. He does not point out that the tax bill he supported 2 years ago would have greatly given the wealthiest a tax break while the lowest income West Virginians would have received a tax increase. He does not point out that he is taking money out of 300,000 senior West Virginians, 400,000 of those on Medicaid, 700,000 total.

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

Mr. WISE. I yield to the gentleman from Texas.

Mr. DOGGETT. Mr. Speaker, nor does he point out that every Texas grandmother and young child is worth half as much as one in New York under his bill.

Mr. BEILENSEN. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Utah [Mr. ORTON].

Mr. ORTON. Mr. Speaker, I rise to reluctantly oppose the rule. I am reluctant because at least we will have an opportunity to present the coalition budget. But I oppose the rule because we only get 30 minutes to explain it, which simply is not enough. So let me take 45 minutes to point out one change in our budget.

We assume a change in the Consumer Price Index. The Consumer Price Index is an assumption, an economic assumption. Virtually all of the economists, including Alan Greenspan, have indicated that the CPI formula overstates inflation by up to a percentage point. Ours is not the only budget to make this assumption or make this change. In the Republican budget originally there was a six-tenths of a percentage change. There is now a two-tenths of a percentage change.

Let me simply say, I hope that we can really debate issues and we will not be attacked as raising taxes or cutting Social Security as a result of this. We have got virtually all of the Republicans on record who spoke in the debate of the original resolution saying that this is not any such tax increase. It is simply an economic formula change. I hope we will not get into that.

The Speaker has indicated that he in fact would support such a change if the President would, but somebody has got to step forward and propose it. We are doing that.

Mr. BEILENSEN. Mr. Speaker, I yield 1 minute to our friend, the gentleman from Massachusetts [Mr. KENNEDY].

(Mr. KENNEDY of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. KENNEDY of Massachusetts. Mr. Speaker, in the words of the great movie "Cool Hand Luke," what we have here is a failure to communicate.

We have Republicans accusing Democrats of being stuck in the old FDR policies, but the truth of the matter is, it is the Republicans that are stuck in the FDR era. Anybody that has benefited in any way from Government spending is the target of their cuts.

They go about providing a phenomenal tax cut to the richest people in this country, providing literally \$20,000 a year to people with incomes above \$350,000 and, at the same time, go about raising taxes on the some of the poorest people and the working families of this country. They cut off student loans. They go after the nursing home standards. They go after a \$450 billion cut on Medicare and the Medicaid and senior citizens of this country.

Why not ask everybody to participate? Why increase the defense spending this year? Why provide a tax cut to the wealthiest people in the country? Why not ask corporate America to participate instead of lavishing on corporate American additional tax bennies? Why not ask us to stand up to Gallo Wine, to stand up to McDonald's hamburgers, to stand up to the mining

industry, the lumber industry, and all of the industries that have so many benefits that are sprinkled throughout this bill?

Let us come up with a balanced budget but let us do it with equity and equanimity in terms of this country's policies.

Mr. SOLOMON. Mr. Speaker. I yield 30 seconds to the distinguished gentleman from California [Mr. DREIER] a member of the Committee on Rules from Claremont, CA.

□ 1015

Mr. DREIER. Mr. Speaker. I appreciate the 30 seconds from the distinguished gentleman from New York [Mr. SOLOMON], my chairman, and I do so to simply point out that my very good friend, the gentleman from Massachusetts [Mr. KENNEDY], who appears to have left the floor here, opposes tax relief to 656,736 working families in his State of Massachusetts including 77,225 families who would have their entire Federal tax burden eliminated under the budget bill that he is opposing today, and I think it is a sad commentary.

Mr. BEILENSON. Mr. Speaker. I yield 1 minute to the gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE. Mr. Speaker, I am here this morning to tell the truth, and I appreciate the gentleman from California, my Republican colleague's unwavering support of \$270 billion in Medicare cuts, but I am not sure if he realizes that 1,200 families in his district will be cut off the earned income tax credit and will be paying more taxes or not getting the benefit of the earned income tax credit by this budget reconciliation proposal.

Since I have come this morning to the part of the truth squad, I know my Republican colleagues realize what the Budget Reconciliation Act means to Americans. It means they are going to be locked up and hauled off to jail as this picture reflects of a senior citizen in handcuffs taken away from the one Republican held hearing on Medicare. That is what happened in the U.S. Congress when someone came, an elderly citizen, to protest the Medicare cuts. The truth should be told on how severe these cuts will be on seniors, working families, children, and our youth.

We do not have a budget deficit problem which has been misrepresented by the Republican majority. What we have is a U.S. budget deficit that has fallen for the last three years. From a high of almost \$300 billion to much lower and it is going down every year. We have the best economy in the Western World. Other nations, like Japan and Germany, are wondering how we do it. We have the lowest unemployment, but, as my colleagues know, what we need in America is for working men and women, to have higher incomes, we need to make sure Medicare is in place and we certainly do not need \$270 bil-

lion in tax cuts, eliminating student loans and health care for our children. We need student loans for our children. We need health care through Medicare and Medicaid. This budget can be balanced with cuts that do not hurt working men and women.

This is what is happening to the American people. Stop the untruths, this debate today should be on how this budget should be for America not against America.

My Speaker, I add quotes from the following article for the RECORD:

U.S. BUDGET DEFICIT FALLS FOR 3D YEAR

(By John M. Berry)

The deficit hit a record \$290 billion in fiscal 1992 before dropping to \$255 billion in 1993 and \$203 billion in 1994. Strong economic growth as well as the spending cuts and tax increases in Clinton's 1993 legislation have been responsible for bringing the deficit to its lowest level since 1989.

Mr. SOLOMON. Mr. Speaker. I yield 15 seconds to the gentleman from Claremont, CA [Mr. DREIER].

Mr. DREIER. Mr. Speaker. I thank the distinguished gentleman from New York [Mr. SOLOMON], the distinguished chairman, once again for being extraordinarily generous with his time, and I would like to simply point out that the gentlewoman from Texas [Ms. JACKSON-LEE], my friend, in opposing this bill is opposing tax relief to 2,016,767 Texans including 285,572 hard-working Texans who will be taken completely off the Federal income tax roll, and it is a very sad commentary on the representation made.

Mr. BEILENSON. Mr. Speaker. I yield 30 seconds to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE. Mr. Speaker, I thank the gentleman from California [Mr. DREIER] for his dutiful comment on my representation. Let say to him that I am proud of my representation because I know that the people in Texas will lose \$24 million in Medicare over 7 years by this cut. Texas will see over 200,000 children lose Medicaid coverage. Many of our Texas students who get student loans will also not get those student loans. Local health services for those using the Harris County Hospital District and those in need of mental health services being lost! And let me tell my Republican colleagues it is more important for me to stand for my constituents. They will be hurt by this budget reconciliation bill. This is an absolute travesty.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I just wanted to point out that in the gentleman from California's district 22,750 taxpayers will see their taxes increased under this proposal.

Basically what we are seeing here are huge cuts in Medicare/Medicaid and other programs for middle-income Americans and low-income Americans in order to pay for tax breaks for the wealthy. I wanted to just talk briefly about those low-income seniors, mostly widows, which were discussed last

week on the Medicare bill, and how they are going to be negatively impacted by this Medicaid bill and the refusal of the committee on Rules to include a provision, an amendment, today that would have protected them.

Right now those seniors who are eligible for Medicaid have Medicaid pay for their part B premium under Medicare which means that that \$46 per month, which will go up to and double under the Republican proposal to almost \$90 per month that these low-income seniors have to pay in order to get their part B Medicare premium, that pays for their doctor's bill. Right now that is paid for by Medicaid, but this bill would eliminate that guarantee for those people, for those millions of widows and other low-income seniors, who right now have their doctor bills and their doctor benefits paid for by Medicaid.

Mr. Speaker, I went before the Committee on Rules yesterday, and I asked that that amendment be considered that would provide that guarantee, and we were denied that even though last week on the floor of this House at the conclusion of the Medicare debate the Speaker, Speaker GINGRICH, said that this legislation was going to provide that guarantee for those widows and for those low-income seniors. Mr. Speaker, I want all my colleagues to know that there is no guarantee in this bill for those individuals, particularly those widows. The Speaker said that he was going to provide the guarantee. There is no guarantee. When we went before the Committee On Rules and asked that that be placed in order today, we were told, no, it would not be considered.

I think it is really terrible that in a context where it is suggested and it is being implemented that all these major tax cuts for wealthy Americans and those low-income seniors will not have their physician's bills paid under this legislation.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, today's historic vote will have a profound impact on the people we were sent here to represent. As the debate draws to a close, Members must stand and be counted on a fundamental question, will we provide lavish tax breaks for wealthy people and for multinational corporations or will we protect Medicare for America's seniors. The Gingrich plan that the House will vote on today is a shameful payoff for the rich and well-connected special interests paid for by a \$270 billion raid on Medicare, and the American people know it.

Thirty years ago another Congress took another historic vote to create a health care system for our Nation's seniors. Not a single Republican voted for that creation of Medicare, including the majority leader of the other body, and yesterday he bragged of that

vote saying that we knew it would not work.

On this side of the street Speaker GINGRICH joined the trashing of Medicare, and on Tuesday he revealed the real GOP plan to destroy Medicare. Speaker GINGRICH said that we did not get rid of it in the first round because we do not think that that is politically smart, and he further said that we believe that it will. Medicare will wither on the vine.

Mr. Speaker, those comments to that extent are sour grapes for seniors in this country.

Today Republicans are closing in on their 30-year goal to end Medicare, but while Republican leaders say that Medicare does not work, America's seniors know that it does work, and for 30 years it has worked. It has stood for generations as a sacred compact between our Government and our seniors. It represents a core value system that has made this country great. It embodies the principle that citizens who work hard all their lives, raise their children, pay their bills, and play by the rules will not be thrown out onto the street in their sunset years.

This budget has nothing to do with saving Medicare or with paying off our debt. It has everything to do with tax cuts for the rich, and health care for the seniors is an easy target. When the bells sound for Members to record their votes, I hope my colleagues will put the American people before the special interests. The American people deserve no less.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, it pains me to get up here and have to talk about this subject, but it needs to be said.

I served here in the House in 1965 when Mr. DOLE voted against Medicare. I saw him do it. I heard him do it, and it pains me to hear that Speaker GINGRICH now says, yes, we have a plan to get rid of Medicare, but we cannot do it right now because, if we do, the seniors will get mad at us.

Mr. Speaker, let me tell the seniors this. This bill contains the Medicare cuts. The bill contains the end of Medicare. Let me tell the seniors where it is in this bill. It is in the fail-safe device that the Republicans put in this Medicare bill. It is tucked in their where we cannot see. We do not know it is going to hit us, but it requires the Secretary of HEW to make the cuts in Medicare, particularly in the fee-for-service part of Medicare, if all of their wonderful, dreamy goals are not met to cut \$270 billion out of Medicare.

Mr. Speaker, it is all in this bill today, and Members of Congress should realize that when they vote for this today, particularly Republican Members of Congress ought to realize, that when they vote on this today, and listen to me, Mr. SOLOMON, listen to me, listen to me:

When you vote for this today, you're voting to end Medicare. You're voting

to end Medicare. Don't be hoodwinked. It is in your proposal. It is in there, in the fail-safe device that will put an end to Medicare, and the Gingrich-Dole plan to end Medicare is in this vote today.

This is a serious, serious matter. This is not just about balancing the budget. This is putting an end, this proposal that DOLE and GINGRICH have cooked up, to get rid of Medicare.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the gentleman from Loveland, CO [Mr. ALLARD], a very distinguished Member of this body.

Mr. ALLARD. Mr. Speaker, today, the 104th Congress will make history. We will enact a 7-year program that will balance the Federal budget for the first time in 33 years. For far too long, the Federal Government has lived too well. It has done so at the expense of hard-working Americans.

Deficits became a way of life for the Federal Government in the 1960's, 1970's, and 1980's. Unfortunately, they have continued into the 1990's. This plan marks a fundamental departure from the past by finally putting Uncle Sam on a diet.

This new Congress has kept its commitment to our children and grandchildren. We said we would balance the budget, and we will do it.

Last spring, defenders of the status quo defeated a balanced budget constitutional amendment. This was a setback, and many observers felt that Republicans would then simply abandon the hard work of actually balancing the budget. The skeptics were wrong. They misjudged our resolve.

Those of us elected to Congress in recent years have been particularly committed to changing the way the Federal Government does business. For years, as a veterinarian, small business owner, and State legislator, I watched one Congress after another squander our children's economic future. I grew sick of it.

Even when the American people elected Ronald Reagan as President in two successive landslides, the Congress ignored his desire to slow the growth of Federal spending. President Reagan was fond of saying that "we could say they [Congress] spend money like drunken sailors, but that would be unfair to drunken sailors." At least "the sailors are spending their own money."

When I ran for Congress in 1990, I made one principle commitment to the people of Colorado, I would do everything I could to balance the Federal budget. That is why I am so proud to stand here today and cast what will surely be one of the most important votes I will ever cast.

Judging by the rhetoric of those who oppose this plan one might get the impression that it contains devastating cuts. This charge indicates how far removed from reality the defenders of deficits have drifted. This budget does not cut spending at all, it simply slows the rate of increase.

Let me review some very important numbers. Over the last 7 years Federal

spending totaled \$9.5 trillion. Over the 7 years of this balanced budget plan, 1996-2002, the Federal Government will spend a total of over \$12 trillion. Where I come from that is an increase, and it is a very substantial one.

Similarly, for those who seem to think the family and business tax cuts are excessive, I point out that over the last 7 years total Federal tax receipts were just under \$8 trillion, while over the next 7 years Federal tax receipts will total \$11.2 trillion. That also is an increase. In fact, our tax cut reduces projected tax receipts over the next 7 years by only 2 percent. That's right, 2 percent less revenue. And we give the money back to the hard-working families who earned it in the first place.

The modest tax cut makes particular sense in light of President Clinton's revelation that even he believes the 1993 tax hike was excessive.

It is important to keep in mind why we must balance the budget. This endeavor is about much more than numbers. It is about the future standard of living for our children.

Much focus has been placed on the supposed pain of the budget restraint in our plan. This ignores the vast benefits of balancing the budget.

Federal Reserve Chairman Alan Greenspan has stated repeatedly that balancing the budget will have a dramatic positive impact on the confidence of American families. He has also made clear his belief that interest rates would drop significantly. This view is confirmed by a recent DRI/McGraw-Hill analysis for the National Association of Realtors. According to their data, the average 30-year mortgage will drop 2.7 percentage points. On a 30-year \$50,000 mortgage at 8¼-percent interest, families would save over \$1,000 a year in interest payments. Now that is a real difference in people's lives.

Similarly, college loans would be much more manageable. A college student who borrows \$11,000 at 8-percent interest will pay more than \$2,000 less in total interest payments if rates drop just 2 percent.

Another example comes with the farm sector. While this budget reduces farm payments by \$13 billion over 7 years, the Agriculture Committee estimates that a 1.5-percent reduction in interest rates will save farmers over \$15 billion in payments on the outstanding farm debt over the next 7 years. And under our Freedom to Farm plan those farmers will have much more freedom to plant the crops they wish. They will also run their farms with fewer Agriculture Department bureaucrats lending a helping hand.

These are just a few examples of how lower interest rates will help families and our economy. Younger generations will benefit from lower rates for decades to come.

But it is not just the young who benefit from this budget, it is also seniors. This is a senior friendly budget. We do not touch Social Security, and we still increase Medicare spending by 6.5 percent a year. In the process we give seniors much greater freedom and control over the expenditure of their health care dollars.

I have been particularly gratified by the large number of letters I have received from seniors who say "just do it!" They realize that some sacrifice will be required of them, but

they want the budget balanced, and they know that we strengthen Social Security and Medicare by getting our fiscal house in order.

Last year, we made a contract with America. This balanced budget represents the very essence of that contract—a Federal Government that will be smaller, less intrusive, and more efficient. We have kept our contract, and in so doing we have done more to restore faith in our form of government than has been done in many years.

□ 1030

Mr. BEILENSEN. Mr. Speaker, I yield 1 minute to the gentleman from New Mexico [Mr. RICHARDSON].

(Mr. RICHARDSON asked and was given permission to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, although I support a balanced budget, this Republican bill is too extreme. It takes our country in the wrong direction.

I want to make it clear to the American people exactly what is wrong with this bill.

The Republican bill cuts student loans and forces students and their parents to bear the burden of paying even more for a college education.

It makes excessive cuts to Medicare by increasing the average senior's out-of-pocket cost by nearly \$400 per year in order to give a tax break for the wealthy.

It makes deep cuts in long term care that will raise the cost for nursing homes and will force seniors out of nursing homes, or bankrupt their families who are trying to care for their parents and grandparents.

It eliminates the guarantee of Medicaid by threatening the health care of over 36 million low-income children, elderly, and disabled Americans—our most vulnerable Americans.

It curbs the quality of nursing homes for elderly Americans by repealing the minimum Federal requirements.

And it cuts the earned income tax credit which provides a modest tax break for the lowest-income families. These EITC cuts are a tax increase on the lowest-income working families in our country.

I am pleased that there will be a strong democratic alternative that has been praised by the Washington Post as a respectable, disciplined alternative that is easily the best horse in the race. It will balance the budget by 2002 without the extreme cuts in Medicare, it gets rid of any tax cut until the budget is balanced, it preserves the tax credit for the working poor, and it does not cut education.

Mr. Speaker, it is time to get our House in order, yet it should be done the smart way. The Republican bill only burdens hard-working, middle class Americans for the benefit of the wealthy and it must be defeated.

Mr. BEILENSEN. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN. Mr. Speaker, when the Republican Contract With America tax act came to the floor a few months ago, I raised the point that that was in violation of the law that was passed at the very beginning of this session, that any

tax increase required a three-fifths vote of this Congress. At the time, the Parliamentarian accepted what was certainly a specious judgment on the part of the Joint Tax Committee, that it did not in fact increase taxes. Subsequently, the Parliamentarian has conceded that it did, and in fact should have been required to have a three-fifths vote of this Congress in order to pass the House.

What has occurred subsequently, Mr. Speaker, is a recognition that much of our tax legislation does in fact violate that law that we chose to apply to ourselves, at least the Republican side of the aisle chose to apply it, but I think the vast majority of us agree, and what is most troubling is that in the biggest bills, for example, in the Medicare bill that we just took up, a \$270 billion bill, the rule waived this three-fifths requirement.

There are some taxpayers who will in fact pay a 50 percent tax increase on the part B Medicare insurance premium. They are not aware of that. Most Members in the Congress are not. Certainly, it is in gross violation of the three-fifths requirement. That is why it was waived.

Again today, this rule waives that three-fifths requirement. I understand the argument that was raised, although I certainly cannot agree with it. Essentially what we are saying is it is inconvenient to apply it. There are several ways in which we violate the law that we earlier enacted. We passed a law that said that we ought to abide by the laws we apply to the private sector. Certainly, we ought to comply with the laws that we pass for ourselves. We ought not waive it when in fact it is inconvenient. That is what we are doing today.

I could cite several instances where there is, in fact, an income tax increase in this bill that in fact does require that there ought to be a three-fifths rule in order to pass it. I grant you, we will lose the vote on this rule, but the American public needs to know that a rule that they thought was going to protect them is being waived as part of this rule.

The biggest one is an income tax increase that will apply to low-income citizens. I have a long list of every one of the leadership of the Republican side of the aisle here saying that this three-fifths vote was going to protect all Americans. It did not say "all Americans of higher income," it did not say "all Americans except those of low-income." It said all Americans, but today low-income Americans will pay much more in taxes that they cannot afford if we were to pass this bill.

Mr. BEILENSEN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Michigan [Mr. BONIOR], the Democratic whip.

Mr. BONIOR. Mr. Speaker, we've heard talk about this budget. But there's one thing that supporters of this budget have never understood.

They've never understood the soul of this Nation.

They've never understood the poetry that is America.

The dignity of a senior who doesn't have to beg to see a doctor.

The grace of a woman with a disability able to live on her own.

The pride of a student who's earned the grades to go to college.

The self-respect of a mother working her way out of poverty.

People who just need a chance. Who just need someone to believe in them.

This budget doesn't reward the best in us. It appeals to the worst in us.

It doesn't reward our best instincts. It tramples our most basic values.

We're told that this is a courageous budget. But there's nothing courageous about cutting Medicare, Medicaid, and student loans just to pay for tax breaks for the wealthy.

We're told that Medicare is being saved. But Tuesday, the Senate majority leader bragged he was proud of his 1965 vote against Medicare saying "we knew it wouldn't work."

And yesterday Speaker GINGRICH himself told an insurance group, quote, "We don't get rid of (Medicare) in round one because we don't think that that's smart politically but we believe it's going to whither on the vine."

This budget doesn't save Medicare, it destroys it. And now we have it straight from the horse's mouth.

This budget is nothing but the biggest transfer of wealth from seniors and working families to the wealthy in the history of America.

I say to my Republican friends: don't come to this floor today and tell us that this isn't a tax break for the wealthy. Because 106 members of your own conference once signed a letter that said it was a tax break for the wealthy.

And don't tell us that families will pay less under this budget. Because the bipartisan Committee on Taxation says that 7 out of 10 families will pay the same or more.

It wasn't a Democrat who said, and I quote, "this is a tax increase on low income workers and the poor which is unconscionable at this time." That was Jack Kemp—a Republican.

If this isn't a tax increase then why did you have to wave the rule that says all tax increases require a vote of three-fifths of this House?

Mr. Speaker, the American people deserve better. We may not have the votes to beat this rule. We may not have the votes to beat this budget. But we do have the votes to sustain a veto.

I urge my colleagues: Stop this tax increase on families. Stop this destruction of Medicare. Stop this war on our kids. And say no to this shameful budget.

Mr. SOLOMON. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. DREIER], a member of the Committee on Rules and one of the most fiscally conservative Members of this body.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, 3 years ago next month I had the opportunity, having worked hard in his campaign, to vote for the reelection of George Bush. Like most Republicans, I was saddened

that he was not reelected, but it really began a new day for me. I was elected in 1980 and had served for 12 years with Republican Presidents. I was ready to take on this new experience of serving with a Member of the opposing political party down at 1600 Pennsylvania Avenue.

A few weeks after the election I wrote an Op-Ed piece in the Los Angeles Times. The L.A. Times has been held up here this morning. In that piece I talked about the fact that if Bill Clinton remained a new kind of Democrat, as he said he was throughout his campaign, I would do everything that I possibly could to support him.

In fact, throughout his campaign, remember, he talked about a balanced budget. That is exactly what we are pursuing with this legislation. He talked about health care reform. We are going at it a slightly different way than he probably had envisaged in his campaign in dealing with Medicare, but he nonetheless did talk about health care reform. He talked about welfare reform, individual initiative, and responsibility. That is exactly what we are working on in this legislation.

He also talked about the need for us to move ahead with reducing the tax burden on middle-income working Americans. We know that 75 percent of the tax reduction in this package goes to people earning less than \$60,000 a year. He also talked about reducing the capital gains tax rate. Why? Because he knew that encouraging savings and investment and productivity would be key to economic growth.

It seems to me that, as we look at these items, along with his desire to reduce the regulatory burden that he outlined in his campaign, we, with this reconciliation package, are in fact helping him keep his campaign promises of 1992.

Mr. Speaker, I believe that while the gentleman from New York [Mr. SOLOMON] and the gentleman from Florida [Mr. GOSS] and I were yesterday in the Committee on Rules saying "Gosh, if you look at the fact that over the next 7 years we are going to see a 24-percent increase, a 24-percent increase in the level of Federal spending," that gives some of us a little concern. What it does is it shows that we are willing to recognize that there is a Democrat in the White House, there are Democrats in both Houses of Congress, and we are trying to do this in a bipartisan way.

Tragically, rather than recognizing that it is a 24-percent increase, all they do is describe it as draconian cuts. We are working to protect, preserve, and strengthen the Medicare system, contrary to anything that has been said on the other side of the aisle. Actually, this package does just that.

One of the great concerns in my State of California happens to be the issue of illegal immigration. While we are working toward a balanced budget

we are actually including three times as much as the President does in his budget to deal with the issue of illegal immigration.

Reimbursement for Medicaid. We also, in this package, are looking at reimbursement to the States for the incarceration of illegals. This rule will deal with that issue, the Bliley amendment.

It seems to me that we have a great responsibility as Members of Congress to try to come together in a bipartisan way. I am very happy to say that our party does have the majority that we need to pass this very important measure, so we can get on that glidepath toward a balanced budget, so we can in fact reduce the tax burden on working Americans, and so we can, as a byproduct of that, decrease interest rates and put into place the kind of government that the American people desperately want.

Mr. Speaker, I urge an "aye" vote on this rule, and an "aye" vote for the reconciliation package.

Mr. BEILENSEN. Mr. Speaker, I yield myself the remainder of my time.

The SPEAKER pro tempore. The gentleman from California [Mr. BEILENSEN] is recognized for 30 seconds.

Mr. BEILENSEN. Mr. Speaker, I would say first of all to my friend, the gentleman from California, that 22,750 working families in his own district will have their taxes raised by this bill that they are so strongly supporting.

Mr. Speaker, I urge defeat of the previous question. If the previous question is defeated we shall offer an amendment which would do two things: Strike the increase on taxes on 8 million American working families that the bill causes by cutting the earned income tax credit; and it would, second, strike the provision in the rule waiving the requirement for a three-fifths vote on any measure carrying a Federal income tax increase.

Mr. Speaker, I include our amendment for the RECORD, and I urge a "no" vote on the previous question.

The amendment referred to is as follows:

On page 3, lines 1 and 2, strike "modified by the amendments printed in the report" and insert "modified by the amendments printed in section 3 of this resolution and in the report".

On page 4, lines 7 through 9, strike "Clause 5(c) of rule XXI shall not apply to the bill, amendments thereto, or conference reports thereon."

At the end of the resolution, add the following new section:

"SEC. 3. Strike sections 13701 and 13702 (relating to earned income tax credit) and redesignate succeeding sections accordingly."

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

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] is recognized for 3¾ minutes.

Mr. SOLOMON. Mr. Speaker, I just have sat here for an hour in total amazement, because I have heard speaker after speaker after speaker stand up and say "We

need to spend more money here, we need to spend more money there." Mr. Speaker, we have been spending more money here and more money there for years and years. We have just about ruined this country.

It means so much to young people today to be able to have a job and to be able to take home enough pay to save a little bit of money each week in order to accumulate a downpayment on a home, and then to have enough money in their take home pay to meet a mortgage, and then to have children. That is what I did with my family many years ago. We had five children almost right in a row, and then we had to educate them all and put them in college at one time, but we were able to accumulate a little bit of money in order to buy that home and to educate those children. Today, they cannot do that, because the Government takes so much money out of their pocket. I hear that we are cutting this budget.

When some of our colleagues were going to the Speaker, the gentleman from Georgia [Mr. GINGRICH] and complaining that we were cutting too much, or they wanted to spend more here, I went to him and said "Mr. Speaker, I don't think we are cutting enough. We are going to spend \$3 trillion more over the next 7 years than we spent in the last 7 years. That is an increase in spending almost across the board. It is not enough."

□ 1045

Mr. Speaker, I say to my colleagues, it is a giant step in the right direction.

We have a \$5 trillion debt today, and that costs the taxpayers \$250 billion in interest just to pay the Netherlands and Great Britain and the foreign countries that hold our debt. \$250 billion that we cannot use to spend on truly needed programs. When President Clinton gave us a budget this year, it called for \$1 additional trillion added to the national debt. Mr. Speaker, I ask my colleagues what that would have done to that interest payment. It would have increased it by another \$100 billion.

God forbid in inflation had set back in like it did in the late 1970's under President Jimmy Carter at 10 and 11 and 12 percent. That interest payment annually would have grown to \$600 billion. Every time you spend more money on interest, you have less money to help the truly needy.

The fiscally responsible thing to do is to support this rule and support this bill. We have to do it for the future of this country, and I urge support for the rule and the bill.

Mrs. COLLINS of Illinois. Mr. Speaker, I oppose this rule for a number of reasons.

This rule would send to the floor provisions which increase payroll taxes on Federal employees and increase agency pension costs which have never been reported by any committee. It does so for one simple reason: to finance tax cuts for the wealthy.



You can forget all of our chairman's talk about shoring up the fiscal stability of the Federal retirement system. Both the General Accounting Office and the Congressional Research Service have confirmed that the system is sound and that it will always have sufficient assets to cover benefit payments to future and current retirees. There is no retirement crisis. These increases are unnecessary.

With respect to the Department of Commerce, the Republican leadership has chosen to ignore the work of at least five committees that marked-up this legislation. By doing so, the leadership also trashed the rules and procedures which are in place to ensure that this body functions as a democratic institution.

I find it disingenuous that the Republican leadership abolishes the Minority Business Development Agency. They are still funding the Market Promotion Program to promote hamburgers overseas, but they abolish the only agency willing to help minority-owned business get access to markets.

Third, Mr. Speaker, I strongly oppose any effort to include the Debt Collection Improvement Act as part of reconciliation. This is a violation of committee procedure, and a violation of good faith.

Take my word for it: Members on both sides will regret passing this bill that takes money from the checks of poor Social Security recipients, and requires our elderly constituents to use automatic funds transfers at a bank to collect their Social Security.

Mr. NEAL. Mr. Speaker, I oppose this rule. This budget includes many provisions that harm hardworking Americans. Several of these provisions do not belong in reconciliation. They deserve a separate vote. The House should have a conversation on these provisions.

An example of these provisions is the earned income tax credit [EITC]. The EITC will be drastically cut. The incentive to get off welfare and to work will be gutted. Jack Kemp testified on October 19 before the Senate Small Business Committee and stated

"I hope you guys do not go too far on removing the EITC because that is a tax increase on low income workers and the poor which is unconscionable at this time."

Another example is the corporate pension reversion provision. I went to the Rules Committee with several of my colleagues and requested that we have a separate debate on this provision. We were denied. Corporations should not be allowed to raid pension funds.

There are many provisions in this budget that are unconscionable. Let's go back to the drawing board and come up with a budget that we can be proud to present to the people we represent.

Mr. SOLOMON. Mr. Speaker, I yield back the balance of my time, and I move the previous question.

#### PARLIAMENTARY INQUIRIES

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

The SPEAKER pro tempore (Mr. BURTON of Indiana). The gentleman will state it.

Mr. MORAN. Mr. Speaker, am I correct that the rule that we are about to vote on waives the requirement of a 60-percent majority for a bill carrying an income tax rate increase?

The SPEAKER pro tempore. That is correct.

Mr. MORAN. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MORAN. On April 5, more than 6 months ago, I came to this well and raised a point of order on a provision of the Contract With America Tax Relief Act. It was H.R. 1215 that repealed section 1(h) of the Internal Revenue Code affecting the maximum rate for long-term capital gains.

While the intent of this provision was to lower the capital gains rate, it actually increased the tax rate on the sale of certain small business stocks from 14 percent under current law to 19.8 percent. At that time, the Speaker ruled that this tax increase was not subject to the three-fifth rule.

In a June 12 letter, however, from House Parliamentarian Charles Johnson, it appears that the ruling was made in error, and the original point of order should have been sustained.

Mr. Speaker, am I correct in my summation?

The SPEAKER pro tempore. Traditionally, the Chair does not rule on hypothetical questions or rule in advance on questions not yet presented. The Chair so responded to a parliamentary inquiry on October 19 during the consideration of a special order waiving the precise rule proposed to be waived by the pending special order. In other words, the Chair will not presume to respond to a question that is not presented as a matter in which the Chair might be required to hear argument and render a decision.

Mr. MORAN. Mr. Speaker, a further parliamentary inquiry then.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MORAN. Is it possible to waive this rule by a simple majority which was advertised by its sponsors as requiring a 60-percent majority for income tax rate increases, or does this rule need a 60-percent majority for its adoption?

The SPEAKER pro tempore. Adoption of this rule only requires a majority vote.

Mr. MORAN. Despite the fact that it is waiving a rule that required a 60-percent majority?

The SPEAKER pro tempore. That is correct.

Mr. MORAN. Mr. Speaker, I have a further parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MORAN. Is it true that the bill before us today contains other tax increases that would make this bill subject to a three-fifths vote?

These additional taxes include a 50-percent tax penalty on Medicare-plus medical savings accounts withdrawals for any purpose other than medical care.

Mr. SOLOMON. Mr. Speaker, regular order. The gentleman is making a speech.

Mr. MORAN. Mr. Speaker, I am explaining the parliamentary inquiry.

The SPEAKER pro tempore. The Chair cannot rule on a bill that is not yet before the House.

Mr. MORAN. Mr. Speaker, the parliamentary inquiry applies to the rule that is before us and is about to be voted on.

The SPEAKER pro tempore. The Chair has already ruled on that.

Mr. MORAN. Mr. Speaker, I am itemizing six tax rate increases that should have required a three-fifths vote, and I want to clarify that it would trigger a three-fifths vote.

The SPEAKER pro tempore. The Chair would point out that what the gentleman is referring to may be in a bill that is not yet before the body, and the Chair cannot rule on that until it is before the body, and the Chair has already ruled on the matter before us.

Mr. MORAN. Mr. Speaker, if I may further clarify my intent, this is establishing a precedent.

Mr. SOLOMON. Mr. Speaker, regular order. This is not a parliamentary inquiry. Let us get on with it. Come on.

The SPEAKER pro tempore. The adoption of this rule will waive the rule that the gentleman is currently citing. The gentleman's questions are hypothetical at this point.

Mr. MORAN. Mr. Speaker, I would ask unanimous consent that the very real six tax increases that are contained in this bill be put into the RECORD at this point.

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

Mr. SOLOMON. Mr. Speaker, I object.

The SPEAKER pro tempore. The objection is heard.

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

The SPEAKER pro tempore. The gentleman will state it.

Mr. DOGGETT. Mr. Speaker, is the supermajority, the alleged taxpayer protection provision rule that is being suspended here the same rule that was suspended last week in the Medicare debate?

The SPEAKER pro tempore. The Chair has just cited that it is clause 5(c) of rule XXI that is being waived.

Mr. DOGGETT. So it was waived last week and waived this week.

Mr. Speaker, is this supermajority protection for taxpayers as alleged in permanent suspension, or will it ever be applied?

The SPEAKER pro tempore. That is not a correct parliamentary inquiry.

Mr. MORAN. Mr. Speaker, may I inquire of my friend from New York, Mr. SOLOMON, the chairman of the Committee on Rules, if he understands that I was only attempting to put information into the RECORD.

Mr. SOLOMON. Mr. Speaker, the previous question has been moved. If the gentleman wants to do it during the debate on the bill, that is one thing, but we have moved the previous question and we want to get on with the business. The gentleman knows that.

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

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

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

The SPEAKER pro tempore. Evidently a quorum is not present.

Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 228, nays 191, not voting 13, as follows:

[Roll No. 738]

YEAS—228

Allard	Ensign	Laughlin
Archer	Everett	Lazio
Army	Ewing	Leach
Bachus	Fawell	Lewis (CA)
Baker (CA)	Fields (TX)	Lewis (KY)
Baker (LA)	Flanagan	Lightfoot
Ballenger	Foley	Linder
Barr	Forbes	Livingston
Barrett (NE)	Fowler	LoBiondo
Bartlett	Fox	Longley
Bass	Franks (CT)	Lucas
Bateman	Franks (NJ)	Manzullo
Bereuter	Frelinghuysen	Martini
Bilbray	Frisa	McCollum
Bilirakis	Funderburk	McCrery
Bliley	Galleghy	McDade
Blute	Ganske	McHugh
Boehlert	Gekas	McInnis
Boehner	Gilchrist	McKeon
Bonilla	Gillmor	Metcalf
Bono	Gilman	Meyers
Brownback	Goodlatte	Mica
Bryant (TN)	Goodling	Miller (FL)
Bunn	Gordon	Molinari
Bunning	Goss	Moorhead
Burr	Graham	Morella
Burton	Gunderson	Packer
Buyer	Gutknecht	Paxon
Callahan	Hancock	Petri
Calvert	Hansen	Pombo
Camp	Hastert	Porter
Canady	Hastings (WA)	Portman
Castle	Hayworth	Pryce
Chabot	Heffley	Quillen
Chambliss	Heineman	Quinn
Chenoweth	Herger	Radanovich
Christensen	Hillcary	Ramstad
Chrysler	Hobson	Regula
Clinger	Hockstra	Riggs
Coble	Hoke	Roberts
Coburn	Horn	Rogers
Collins (GA)	Hostettler	Rohrabacher
Combest	Houghton	Ros-Lehtinen
Cooley	Hunter	Roth
Cox	Hutchinson	Roukema
Crapo	Hyde	Royce
Cremean	Inglis	Salmon
Cubin	Istook	Sanford
Cunningham	Johnson (CT)	Saxton
Davis	Johnson, Sam	Scarborough
Deal	Jones	Schaefer
DeLay	Kasich	Schiff
Diaz-Balart	Kelly	Schiff
Dickey	Kim	Scastrand
Doolittle	King	Sensenbrenner
Dornan	Kingston	
Dreier	Klug	
Duncan	Knollenberg	
Dunn	Kolbe	
Ehlers	LaHood	
Ehrlich	Largent	
Emerson	Latham	
English	LaTourette	

Shadegg  
Shaw  
Shays  
Shuster  
Skeen  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Solomon  
Souder  
Spence  
Stearns

Stockman  
Stump  
Tate  
Tauzin  
Taylor (NC)  
Thomas  
Thornberry  
Tiahrt  
Torkildsen  
Upton  
Vucanovich  
Waldholtz  
Walker

Walsh  
Wamp  
Watts (OK)  
Weldon (FL)  
Weller  
White  
Whitfield  
Wicker  
Wolf  
Young (AK)  
Young (FL)  
Zcliff  
Zimmer

NAYS—191

Abercrombie  
Ackerman  
Andrews  
Baesler  
Baldacci  
Barcia  
Barrett (WI)  
Barton  
Becerra  
Beilenson  
Bentsen  
Berman  
Bevill  
Bishop  
Bonior  
Borski  
Boucher  
Brewster  
Browder  
Brown (CA)  
Brown (FL)  
Brown (OH)  
Bryant (TX)  
Cardin  
Chapman  
Clay  
Clayton  
Clement  
Clyburn  
Coleman  
Collins (IL)  
Collins (MI)  
Condit  
Conyers  
Costello  
Coyne  
Cramer  
Danner  
de la Garza  
DeFazio  
DeLauro  
Dellums  
Deutsch  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Doyle  
Durbin  
Edwards  
Engel  
Eshoo  
Evans  
Farr  
Fazio  
Filner  
Flake  
Foglietta  
Ford  
Frank (MA)  
Frost  
Furse  
Gejdenson

NOT VOTING—13

Crane  
Fattah  
Fields (LA)  
Greenwood  
McIntosh

□ 1112

Mr. BARCIA changed his vote from "yea" to "nay."

Messrs. DELAY, HEINEMAN, and GORDON changed their vote from "nay" to "yea."

So the previous question was ordered. The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BURTON of Indiana). The question is on the resolution.

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

RECORDED VOTE

Mr. BEILENSEN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 235, nays 185, not voting 12, as follows:

[Roll No. 739]

AYES—235

Allard	Frelinghuysen	Molinari
Archer	Frisa	Montgomery
Army	Funderburk	Moorhead
Bachus	Galleghy	Morella
Baker (CA)	Ganske	Myers
Baker (LA)	Gekas	Myrick
Ballenger	Gilchrist	Nethercutt
Barr	Gillmor	Neumann
Barrett (NE)	Gilman	Ney
Bartlett	Goodlatte	Norwood
Barton	Goodling	Nussle
Bass	Goss	Oxley
Bateman	Graham	Packard
Bereuter	Gunderson	Parker
Bilbray	Gutknecht	Paxon
Bilirakis	Hall (TX)	Petri
Bliley	Hancock	Pombo
Blute	Hansen	Porter
Boehlert	Hastert	Portman
Boehner	Hastings (WA)	Pryce
Bonilla	Hayes	Quillen
Bono	Hayworth	Quinn
Brownback	Heffley	Radanovich
Bryant (TN)	Heineman	Ramstad
Bunn	Herger	Regula
Bunning	Hilleary	Riggs
Burr	Hobson	Roberts
Burton	Hockstra	Rogers
Buyer	Hoke	Rohrabacher
Callahan	Horn	Ros-Lehtinen
Calvert	Hostettler	Roth
Camp	Houghton	Roukema
Canady	Hunter	Royce
Castle	Hutchinson	Salmon
Chabot	Hyde	Sanford
Chambliss	Inglis	Saxton
Chenoweth	Istook	Scarborough
Christensen	Johnson (CT)	Schaefer
Chrysler	Johnson, Sam	Schiff
Clinger	Jones	Scastrand
Coble	Kasich	Sensenbrenner
Coburn	Kelly	Shadegg
Collins (GA)	Kim	Shaw
Combest	King	Shays
Cooley	Kingston	Shuster
Cox	Klug	Skeen
Crapo	Knollenberg	Skelton
Cremean	Kolbe	Smith (MI)
Cubin	LaHood	Smith (NJ)
Cunningham	Largent	Smith (TX)
Davis	Latham	Smith (WA)
Deal	LaTourette	Solomon
DeLay	Laughlin	Souder
Diaz-Balart	Lazio	Spence
Dickey	Leach	Stearns
Doolittle	Lewis (CA)	Stockman
Dornan	Lewis (KY)	Stump
Dreier	Lightfoot	Tanner
Duncan	Linder	Tate
Dunn	Livingston	Tauzin
Ehlers	LoBiondo	Taylor (MS)
Ehrlich	Longley	Taylor (NC)
Emerson	Lucas	Thomas
English	Manzullo	Thornberry
Ensign	Martini	Tiahrt
Everett	McCollum	Torkildsen
Ewing	McCrery	Upton
Foley	McDade	Vucanovich
Forbes	McHugh	Waldholtz
Fowler	McInnis	Walker
Fox	McIntosh	Walsh
Franks (CT)	McKeon	Wamp
Franks (NJ)	Metcalf	Watts (OK)
	Meyers	Weldon (FL)
	Mica	Weller
	Miller (FL)	White



Whitfield	Young (AK)	Zimmer
Wicker	Young (FL)	
Wolf	Zeliff	

NOES—185

Abercrombie	Gejdenson	Oberstar
Ackerman	Gephardt	Obcy
Andrews	Geran	Olver
Baesler	Gibbons	Ortiz
Baldacci	Gonzalez	Orton
Barcia	Gordon	Owens
Barrett (WI)	Green	Pallone
Becerra	Gutierrez	Pastor
Beilenson	Hall (OH)	Payne (NJ)
Bentsen	Hamilton	Payne (VA)
Berman	Harman	Pelosi
Bevill	Hastings (FL)	Peterson (FL)
Bishop	Hefner	Peterson (MN)
Bonior	Hilliard	Pickett
Borski	Hinchey	Pomeroy
Boucher	Holden	Poshard
Brewster	Hoyer	Rahall
Browder	Jackson-Lee	Rangel
Brown (CA)	Jacobs	Reed
Brown (OH)	Jefferson	Richardson
Bryant (TX)	Johnson (SD)	Rivers
Cardin	Johnson, E. B.	Roemer
Chapman	Johnston	Rose
Clay	Kanjorski	Roybal-Allard
Clayton	Kaptur	Rush
Clement	Kennedy (MA)	Sabo
Clyburn	Kennedy (RI)	Sanders
Coleman	Kennelly	Sawyer
Collins (IL)	Kildee	Schroeder
Collins (MI)	Kiecicka	Schumer
Conyers	Klink	Scott
Costello	LaFalce	Serrano
Coyne	Lantos	Skaggs
Cramer	Levin	Slaughter
Danner	Lewis (GA)	Spratt
de la Garza	Lincoln	Stark
DeFazio	Lipinski	Stenholm
DeLauro	Lofgren	Stokes
Dellums	Lowey	Studds
Deutsch	Luther	Stupak
Dicks	Maloney	Tejeda
Dingell	Manton	Thompson
Dixon	Markey	Thornton
Doggett	Martinez	Thurman
Dooley	Mascara	Torres
Doyle	Matsui	Torrice
Durbin	McCarthy	Trafficant
Edwards	McDermott	Velazquez
Engel	McHale	Vento
Eshoo	McKinney	Visclosky
Evans	McNulty	Ward
Farr	Meehan	Waters
Fattah	Meek	Watt (NC)
Fazio	Menendez	Waxman
Filner	Minge	Williams
Flake	Mink	Wilson
Flanagan	Moakley	Wise
Foglietta	Mollohan	Woolsey
Ford	Moran	Wyden
Frank (MA)	Murtha	Wynn
Frost	Nadler	Yates
Furse	Neal	

NOT VOTING—12

Brown (FL)	Mfume	Towns
Crane	Miller (CA)	Tucker
Fields (LA)	Sisisky	Volkmer
Greenwood	Talent	Weldon (PA)

□ 1121

Mr. BAESLER changed his vote from "aye" to "no."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. WALDHOLTZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just adopted.

The SPEAKER pro tempore (Mr. BURTON of Indiana). Is there objection to the request of the gentlewoman from Utah?

There was no objection.

LIST OF TAX INCREASES WHICH SHOULD REQUIRE A THREE-FIFTHS VOTE FOR PASSAGE

Mr. MORAN. Mr. Speaker, I ask unanimous consent to include a list of the six tax increases that require a waiver of the three-fifths vote into the RECORD at this point.

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

There was no objection.

The list referred to is as follows:

These are a total of six tax increases in this bill. These increases are in direct violation of a law enacted on the first day of this session, which should require a three-fifths vote for passage. These tax increases are the following:

First, a 50 percent tax penalty on Medicare Plus Medical Savings Accounts for any purpose other than medical care;

Second, the Medicare Part B income contingent premium;

Third, repeal of the 5-year income averaging rule on lump sum pension distributions;

Fourth, increase in the phase-out rate for the Earned Income Tax Credit;

Fifth, the new rates applied to expatriates; and

Sixth, the new tax imposed on gambling income of Indian tribes.

Mr. Speaker, would any or all of these tax increases trigger the celebrated rule requiring a three-fifths vote majority for approval? Since your answer is yes, but for the waiver of the rule by the Republican leadership, it is important to note Mr. Speaker, when the history of this Congress is written, the main theme will be about the majority's unrelenting attack on the poor and defenseless in our society, but a chapter, however, should be reserved for its hypocrisy which is clearly evident today.

PERSONAL EXPLANATION

Mr. RANGEL. Mr. Speaker, travel delays last Tuesday, October 24, prevented me from casting my vote on H.R. 1595, the bill to move the U.S. Embassy to Jerusalem.

I would have voted "yes" on the bill had I been present for the vote.

SENSE OF CONGRESS REGARDING SOCIAL SECURITY EARNINGS TEST REFORM

Mr. HASTERT. Mr. Speaker, pursuant to House Resolution 245, I call up the concurrent resolution (H. Con. Res. 109) expressing the sense of the Congress regarding the need for raising the Social Security earnings limit, and ask for its immediate consideration.

The SPEAKER pro tempore. Is the gentleman the designee of the majority leader?

Mr. HASTERT. Yes, Mr. Speaker.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois [Mr. HASTERT] will be recognized for 10 minutes, and the gentleman from

Indiana [Mr. JACOBS], who I presume is the designee of the minority leader, will be recognized for 10 minutes.

The Chair recognizes the gentleman from Illinois [Mr. HASTERT].

Mr. HASTERT. Mr. Speaker, I yield myself 1½ minutes.

Mr. Speaker, the purpose of this resolution, which Senator DOLE and Senator MCCAIN will be introducing in the other body, is very straightforward. Because of the unique rules of the other body, it is not possible for us to lift the Social Security earnings limit in the reconciliation bill before this House today.

But an overwhelming majority of this House and of the other body favor such a move. In fact, the President of the United States, in his 1992 campaign platform "Putting People First" also expressed his commitment to lifting the Social Security earnings limit.

We all agree that it is simply wrong to penalize low and middle income seniors who must work, with a tax rate equal to that of millionaires. These seniors are some of our most productive and responsible workers. They are working to provide for themselves. They do not want to be a burden to their families or the taxpayers of this Nation. We should be rewarding such behavior, not penalizing it.

Mr. Speaker, my resolution is intended to do two things. First, it restates the commitment of this House to lift the Social Security earnings limit this year. We have already passed a measure in this House to lift the earnings limit on Social Security and we expect our colleagues in the other body to take it up shortly.

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

Mr. JACOBS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, I rise because I support increasing the Social Security earnings test. I believe that we should be encouraging work for all Americans, especially those who have a lifetime of experience. The current annual Social Security earnings limit of \$11,000 penalizes too many who want to work after 65.

I know that many workings seniors will be disappointed today that the increase in the Social Security earnings test passed earlier this year by the House is going to be dropped by the reconciliation bill. Instead, we are voting today on a resolution which merely states that Congress intends to address this issue and I thank the gentleman for this resolution, but when we do raise the earnings test, let us make sure we do so without adversely impacting the Social Security trust funds.

We do not want to reduce the solvency of the funds that guarantee every retiree a return on the money they paid into the system. Let us again find a responsible, sensible way to increase the earnings test, so that all

[Roll No. 740]  
YEAS—414

Abercrombie	Dingell	Johnson (CT)
Ackerman	Dixon	Johnson (SD)
Allard	Doggett	Johnson, E. B.
Andrews	Dooley	Johnson, Sam
Archer	Doolittle	Jones
Armey	Dornan	Kanjorski
Bachus	Doyle	Kaptur
Baesler	Dreier	Kasich
Baker (CA)	Duncan	Kelly
Baker (LA)	Dunn	Kennedy (MA)
Baldacci	Durbin	Kennedy (RI)
Ballenger	Edwards	Kennelly
Barcia	Ehlers	Kildee
Barr	Ehrlich	Kim
Barrett (NE)	Emerson	King
Barrett (WI)	Engel	Kingston
Bartlett	English	Klaczka
Barton	Ensign	Klink
Bass	Eshoo	Klug
Bateman	Evans	Knollenberg
Becerra	Everett	Kolbe
Bentsen	Ewing	LaFalce
Bereuter	Farr	LaHood
Berman	Fawell	Lantos
Bevill	Fazio	Largent
Bilbray	Fields (LA)	Latham
Bilirakis	Fields (TX)	LaTourette
Bishop	Filner	Laughlin
Bliley	Flake	Lazio
Blute	Flanagan	Leach
Boehlert	Foglietta	Levin
Boehner	Foley	Lewis (CA)
Bonilla	Forbes	Lewis (CA)
Bonior	Ford	Lewis (KY)
Bono	Fowler	Lightfoot
Borski	Fox	Lincoln
Boucher	Frank (MA)	Linder
Brewster	Franks (CT)	Lipinski
Browder	Franks (NJ)	Livingston
Brown (CA)	Frelinghuysen	LoBiondo
Brown (FL)	Frisa	Lofgren
Brown (OH)	Frost	Longley
Brownback	Funderburk	Lowey
Bryant (TN)	Furse	Lucas
Bryant (TX)	Gallegly	Luther
Bunn	Ganske	Maloney
Bunning	Gejdenson	Manton
Burr	Cekas	Manzullo
Burton	Cephardt	Markey
Buyer	Geren	Martinez
Callahan	Gibbons	Martini
Calvert	Gilchrest	Mascara
Camp	Gillmor	Matsui
Canady	Gilman	McCarthy
Cardin	Gonzalez	McCollum
Castle	Coodiatte	McCrery
Chabot	Coodling	McDade
Chambliss	Gordon	McDermott
Chapman	Goss	McHale
Chenoweth	Graham	McHugh
Christensen	Green	McInnis
Chrysler	Gunderson	McIntosh
Clay	Cutierrez	McKeon
Clayton	Cutknecht	McKinney
Clement	Hall (OH)	McNulty
Clinger	Hall (TX)	Meehan
Clyburn	Hamilton	Menendez
Coble	Hancock	Metcalf
Coburn	Hansen	Meyers
Colman	Harman	Mica
Collins (GA)	Hastert	Miller (FL)
Collins (IL)	Hastings (FL)	Minge
Collins (MI)	Hastings (WA)	Mink
Combest	Hayworth	Moakley
Condit	Hefley	Molinari
Conyers	Hefner	Mollohan
Cooley	Heineman	Montgomery
Costello	Herger	Moorhead
Cox	Hilleary	Moran
Coyne	Hilliard	Morella
Cramer	Hinchey	Murtha
Crapo	Hobson	Myers
Creameans	Hoekstra	Myrick
Cubin	Hoke	Nadler
Cunningham	Holden	Neal
Danner	Horn	Nethercutt
Davis	Hostettler	Neumann
de la Garza	Houghton	Ney
Deal	Hoyer	Norwood
DeFazio	Hunter	Nussle
DeLauro	Hutchinson	Oberstar
DeLay	Hyde	Obey
DeLums	Inglis	Oliver
Deutsch	Istook	Ortiz
Diaz-Balart	Jackson-Lee	Orton
Dickey	Jacobs	Owens
Dicks	Jefferson	Oxley

Packard	Salmon	Taylor (MS)
Pallone	Sanders	Taylor (NC)
Parker	Sanford	Tejeda
Pastor	Sawyer	Thomas
Paxon	Saxton	Thompson
Payne (NJ)	Scarborough	Thornberry
Payne (VA)	Schaefer	Thornton
Pelosi	Schiff	Thurman
Peterson (FL)	Schroeder	Tiahrt
Peterson (MN)	Schumer	Torkildsen
Petri	Scott	Torres
Pickett	Seastrand	Toricelli
Pombo	Sensenbrenner	Traficant
Pomeroy	Serrano	Upton
Porter	Shadeegg	Vento
Portman	Shaw	Vucanovich
Poshard	Shays	Waldholtz
Pryce	Shuster	Walker
Quillen	Skeen	Walsh
Quinn	Skelton	Wamp
Radanovich	Slaughter	Ward
Rahall	Smith (MI)	Waters
Ramstad	Smith (NJ)	Watts (OK)
Rangel	Smith (TX)	Waxman
Reed	Smith (WA)	Weldon (FL)
Regula	Solomon	Weller
Richardson	Souder	White
Riggs	Spence	Whitfield
Rivers	Spratt	Wicker
Roberts	Stark	Williams
Roemer	Stearns	Wilson
Rogers	Stenholm	Wise
Rohrabacher	Stockman	Wolf
Ros-Lehtinen	Stokes	Woolsey
Rose	Studds	Wyden
Roth	Stump	Wynn
Roukema	Stupak	Yates
Roybal-Allard	Talent	Young (AK)
Royce	Tanner	Young (FL)
Rush	Tate	Zeliff
Sabo	Tauzin	Zimmer

Taylor (MS)	Watt (NC)
Taylor (NC)	Watt (NC)
Tejeda	Watt (NC)
Thomas	Watt (NC)
Thompson	Watt (NC)
Thornberry	Watt (NC)
Thornton	Watt (NC)
Thurman	Watt (NC)
Tiahrt	Watt (NC)
Torkildsen	Watt (NC)
Torres	Watt (NC)
Toricelli	Watt (NC)
Traficant	Watt (NC)
Upton	Watt (NC)
Vento	Watt (NC)
Vucanovich	Watt (NC)
Waldholtz	Watt (NC)
Walker	Watt (NC)
Walsh	Watt (NC)
Wamp	Watt (NC)
Ward	Watt (NC)
Waters	Watt (NC)
Watts (OK)	Watt (NC)
Waxman	Watt (NC)
Weldon (FL)	Watt (NC)
Weller	Watt (NC)
White	Watt (NC)
Whitfield	Watt (NC)
Wicker	Watt (NC)
Williams	Watt (NC)
Wilson	Watt (NC)
Wise	Watt (NC)
Wolf	Watt (NC)
Woolsey	Watt (NC)
Wyden	Watt (NC)
Wynn	Watt (NC)
Yates	Watt (NC)
Young (AK)	Watt (NC)
Young (FL)	Watt (NC)
Zeliff	Watt (NC)
Zimmer	Watt (NC)

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. WARD. My inquiry is, I have studied the rules and rule XXI applies to bills. This is a bill, and it is a tax increase. Why does rule XXI not apply to this bill?

The SPEAKER pro tempore. The Chair will state that the House, by adopting House Resolution 245, has waived that requirement of the rule. Therefore, the Chair's response at this point would be purely hypothetical, and the Chair cannot respond further at this point.

Mr. WARD. But the House resolution to which you refer is the rule that the Republican Committee on Rules has brought forth for this bill. So as I understand it, what you are saying is that Speaker GINGRICH says that you can change the rules on rule XXI when it suits your purposes, when you want to raise taxes?

The SPEAKER pro tempore. That is a statement by the gentleman and not a parliamentary inquiry.

Mr. WARD. I thank the Speaker.

SEVEN-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995

The SPEAKER pro tempore. Pursuant to House Resolution 245 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2491.

□ 1212

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996, with Mr. BOEHNER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, October 25, 1995, all time for general debate pursuant to the order of the House of Tuesday, October 24, 1995, and expired.

Pursuant to House Resolution 245, there will be an additional 3 hours of further general debate.

The gentleman from Ohio [Mr. KASICH] and the gentleman from Minnesota [Mr. SABO] each will be recognized for 1 hour and 30 minutes.

The Chair recognizes the gentleman from Ohio [Mr. KASICH].

□ 1215

Mr. KASICH. Mr. Chairman, I yield myself such time as I may consume.

Well, we start the second day's worth of discussion and debate in regard to our plan to provide Americans with tax relief and also to balance the budget using real numbers over 7 years.

I just heard today that apparently a poll just came out within the last 24

NAYS—5

Beilenson	Skaggs	Watt (NC)
Johnston	Visclosky	

NOT VOTING—13

Crane	Mfume	Velazquez
Fattah	Miller (CA)	Volkmer
Greenwood	Sisisky	Weldon (PA)
Hayes	Towns	
Meek	Tucker	

□ 1211

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HASTERT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the concurrent resolution just agreed to.

The SPEAKER pro tempore (Mr. BURTON of Indiana). Is there objection to the request of the gentleman from Illinois?

There was no objection.

PARLIAMENTARY INQUIRY

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

The SPEAKER pro tempore. The gentleman will state it.

Mr. WARD. Mr. Speaker, this bill contains an enormous tax increase. I need it explained to me why, when I made this same parliamentary inquiry on the budget resolution back when the budget resolution was before us, Speaker GINGRICH told me I needed to learn the rules.

hours where the American people apparently registered their doubt as to whether we in fact can balance the budget. Frankly, if I was not in this Chamber or in this Congress and I was out in America watching the operation of this place. I would have my doubts for this reason: For about 25 or 30 years we have been promising the people a balanced budget. I think every candidate who has run for President has promised a balanced budget. President Clinton said he would propose and execute a balanced budget within the first 4 years.

The President before him indicated we would have a balanced budget. We have been hearing this over and over and over again. But frankly, folks, we are going to have a balanced budget for two fundamental reasons. The No. 1 reason why we are going to have a balanced budget and we are going to have the discipline to execute and maintain a balanced budget over the next 7 years has to do with the American people.

Frankly, we hear a lot about polls, but I want to tell you about the poll that I follow. That poll is not just the reaction that I get in my own district, but it is the reaction among the Members when they come back from being in their districts. We heard when we came back, after the last recess, that Americans were going south on this plan, that the Republicans were starting to shake. Well, frankly, I have not seen it.

In fact, I think we have a rededicated sense of purpose to get this job done. The reason why it is working is that this House of Representatives is truly a reflection of the attitudes, the moods and the opinion of the American people.

Frankly, we are usually behind where the American people are. I believe the American people for a number of years have said it is time to give us some of our power, money and influence back. Finally we are getting the message, which is why, when Members go home, they are being positively reinforced and they are all hearing one simple message from their constituents. Just put the country first, put politics second. Balance the budget and save this country for the next generation.

Now, let me just suggest to my colleagues that I, again, have to keep going back to the reasonableness of this plan. When we look at what we have done over the period of the last 7 years, we have spent a cumulative total of \$9.5 trillion. My colleagues are going to hear this from me two or three times today, \$9.5 trillion. If you started a business when Christ was on earth, if you lost \$1 million a day 7 days a week, you would have to lose \$1 million a day 7 days a week for the next 700 years to get to one trillion. We spent 9.5 trillion over the last 7 years, and under our plan to balance the budget we are going to spend 12.1 trillion.

I mean, the revolution that we are hearing about, my colleagues, does not

mean we spend less money over the next 7 years but almost \$3 trillion more. Do Members know what the fight is about in this Chamber? Do my colleagues know what the fight is all about in this whole capital, Washington, DC, area? Whether we can go from 9.5 trillion to 12.1 trillion or whether we should increase that to 13.3 trillion.

The question we have to ask the American people is, can we save \$1 trillion for the next generation? Nothing is more tragic than to go to the settling of an estate and have the children sit in the room and have it told to them by the lawyers that your mother and father put you in debt. We would consider that to be not a good thing to do, a bad thing to do, to tell your children that they have big bills. I mean all the creditors come into the room and you start paying it out. There goes mom and dad's house. There go their savings because they ran up all these bills.

The same is true with the Federal budget. We do not have a right to tell the next generation that we cannot stop ourselves from spending that extra trillion, because if we can just responsibly, rationally, using common sense, hold our spending increases to \$3 trillion over the next 7 years, we can ensure a strong economic future.

Now, look, folks, I do not believe all these studies. I believe some of them, but let us forget the think tanks. Let us talk about the guy who sits down here at the Federal Reserve who decides what interest rates are going to be, and that is what drives this economy. He says, if for once this Congress can make the hard choice, the hard choice, folks, to spend \$3 trillion rather than 4, if we can make the hard choice, we rescue the country. I mean that is really what it is all about.

When we look at the specific programs like welfare, welfare goes up by almost 400 billion. When you combine all the programs, it is interesting to note that in many States in this country, welfare recipients are getting about equal to \$8 an hour. I mean that is not being skimpy. That is being pretty darn generous.

Medicaid, Medicaid is going to grow up to 443 to \$773 billion. We added another \$12 billion. Why? We want to do a little better. The debate is not whether it should go up, it is how much should it go up and then of course Medicare. I will tell Members on Medicare that, any way you want to cut it or slice it, our Medicare recipients will have far more, they ought to have far more. The spending is going to go from 926 to 1.6 trillion. The average senior citizen is going to go from 4,700 bucks to 6,800 bucks in spending over the next 7 years.

My colleagues, we can in fact rein this spending in, but it does not involve a nose dive. It involves a more gentle climb, rational thinking, application of common sense. If we do it, we, in fact, can save the next generation.

Tax cuts? Well, below \$75,000, 74 percent of the benefits go. But I do not even want to get into this business of dividing rich and poor. We do need reconciliation in this country from a whole host of divisive claims. Let me just suggest that in 1993 the President raised taxes by \$250 billion over 5 years. What is this all about? It is really all about the size and the scope of the Federal Government.

We do not think that we need to solve our problem by raising taxes. We did not think we needed to solve our problems in 1993 by raising taxes. What we are about is taking that money that was taken from the American people's pockets in 1993. We took money from their pockets. Republicans did not want to do it. We said we can do it without a tax increase. Now we are taking that money and we are putting it back into the pockets of Americans. In order to do that, Federal spending is still going to go up almost \$3 trillion.

So, my colleagues, we have got the common sense plan. This plan is going to pass this House today. I will compliment one group of Democrats will compliment one group of Democrats coming forward with a balanced budget plan. I understand, although I have not read the editorial, that the New York Times and the Washington Post have both complimented them. That is a sea change, folks. We are the ones that said we could do it in 7 years. Now some of the major newspapers in this country are saying, well, we do not like the Republican plan but we can do it in 7 years. That is an incredible sea change in America.

When all is said and done, guess what? we are going to get there. We are going to have a balanced budget in 7 years. We are going to have tax relief for Americans. We are going to save the future, and we are going to restore the country for 100 additional years. At the end of the day, we will do it on a bipartisan basis. But today we have to do our job. Our job is about putting America first, putting the politics of parochialism second and just looking out for the next generation.

That little vision, we are going to look over all the swamp and all the muck and all the nasty rhetoric and the shrill rhetoric that exists on both sides. We are going to look beyond that, and we are going to look to the next generation. We are going to get this done for our precious Nation.

Support the reconciliation bill.

Mr. Chairman I reserve the balance of my time.

Mr. SABO. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. CLEMENT].

(Mr. CLEMENT asked and was given permission to revise and extend his remarks.)

Mr. CLEMENT. Mr. Chairman, I rise in opposition to the GOP plan.

Mr. Chairman, much of the debate I have heard today does not concern whether we should balance the budget. Of course we

should. The debate I have heard today does not concern when we should balance the budget. Most of my colleagues will agree that balancing the budget by the year 2002 is a reasonable goal.

The center of the debate today is how we will balance the budget. The Republicans propose to balance the budget with steep cuts in education, health, farm, and seniors programs. They also propose outrageously huge tax cuts up front which must be paid for with even deeper spending cuts.

Mr. Chairman, I must object to this bill, as well as to the legislative process, which has been highly unusual and chaotic. Medicare cuts were voted on separately, while the Medicaid cuts are rolled into the reconciliation bill with no separate vote. Many committees have failed to report their recommendations as called for in the budget resolution, and large parts of the bill have been drafted behind closed doors and are being added to the bill at the last minute without any scrutiny or debate.

I have here what I believe represents the bill and the process. This is a bucket of zoo doo. That's right—zoo doo. It's like a zoo around here and all are producing is doo. Elephant doo. This is what this bill is—elephant zoo doo. It stinks.

This legislation will have a financial impact on all Americans and there are winners and losers. The wealthiest Americans receive a tax cut, while the working poor receive a tax increase. Fifty-two percent of the tax cuts go to 5.6 percent of Americans with incomes greater than \$100,000 a year. Less than 1 percent of the tax cuts could go to 40 percent of the families earning \$20,000 or less. I think we have our priorities out of wack.

I support providing a \$500 tax cut to families with children, but we can't afford to give this cut to families earning up to \$200,000. This threshold needs to be lowered to \$90,000.

This bill is too generous with tax cuts, which leads to the deep spending cuts in other programs. While middle-income families would benefit from the proposed tax cuts, they will suffer, for example, from the deep spending cuts in the student loan program. The cuts proposed in this bill would raise the cost of the average undergraduate student loan by almost \$2,500 over 4 years.

To pay for these tax cuts, the Republican budget plan proposes to eliminate the earned income tax credit—a program supported by President Reagan—for 5 million working families. Nine million working families would see their tax credit reduced on this plan.

The GOP plan includes a provision to allow corporations to raid pension plans for millions of workers. The retirement savings of working families could be jeopardized if the economy sours of the company makes bad investment decisions. I can't understand why my colleagues would want to do this.

I also have concerns with the Medicare and Medicaid reforms included in the bill. Let me be clear: I wholeheartedly support efforts to make adjustments to the Medicare and Medicaid programs. However, I stand strongly opposed to raiding the pockets of low-income seniors, disabled recipients, and health care providers in order to pay for Republican corporate loopholes and tax cuts for the wealthy. Not only does this bill make severe reductions in Medicare's growth, it also overturns significant consumer standards designed to protect seniors from fraud and abuse. It is clear to me

what lies behind this Medicare bill: The special interests, not the people's interests.

Finally, I oppose the Republican budget reconciliation bill because it eliminates the Medicaid Program, handing over these funds to the States as a block grant with little or no standards to protect the vulnerable citizens this program insures. While I am concerned about the Nation's Medicaid recipients, I am especially opposed to the Medicaid legislation because it will devastate Tennessee's 1115 waiver TennCare Program with a \$4.5 billion cut over 7 years. Tennessee is the Nation's leader in experimenting with managed care for Medicaid recipients, and now we are being punished for our success. Though some may vote today to destroy TennCare because of their party loyalty, I will stand strong against this bill's destructive provisions.

In closing, this misdirected legislation would actually make economic life more difficult for a vast majority of Americans because of the steep cuts needed to pay for the tax giveaway. I must object to this legislation and hope that a reasonable compromise can be worked out before the bill is sent to the President.

Mr. SABO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, before I speak to the substance, let me congratulate my friend from Ohio on his job of chairing the Committee on the Budget and working with the Republican leadership. I was one at the beginning who thought he would do what he said. He has put a package together that I expect will pass the House today that does reflect the values and priorities of the majority. I strongly disagree with those values and priorities, but he has done it with grace. He has done it with skill. I know it is not easy to put a package together. We will talk about the substance of that package today, but his job that is his responsibility within his caucus, we should not give him praise. He has done it too well. They should give him significant praise because he has accomplished the goals of his caucus.

We disagree with that, and in time we will move on.

Mr. Chairman, what the House is undertaking today is not simply a debate about balancing the Federal budget. This is a debate much more profound. It is about two very different visions for America's future and what those visions mean for America's families, workers, and the most vulnerable among us.

The Republican vision is clear. Yesterday, on the same day we began debate on this massive budget bill, the Republican leaders in both the House and Senate voiced pride in their desire to dismantle the Medicare Program.

The Speaker of the House sees the Medicare Program only in terms of politics. He says that Republicans could not eliminate Medicare right now because it is not politically smart. But he then hastens to add that he would like to see Medicare eventually wither on the vine.

This is not a vision to renew America. And it is one that we should all reject.

On the same day, the leading Republican Presidential candidate declared that he was one of only 12 to vote against the creation of the Medicare Program 30 years ago. With pride he said he was "fighting the fight, voting against Medicare."

And so we now move to the budget package to be voted on in the House today. The choices are clear. My Republican colleagues will put forward a vision that rewards the wealthiest and most powerful interests in our society at the expense of the most vulnerable Americans.

They will raise taxes on low-income working families while lavishing massive tax breaks on the affluent. They will make it difficult, if not impossible, for millions of citizens to obtain adequate health care.

They will cut funding for nutrition, education, transportation and scientific research even though we have many years of evidence that these investments enhance our society and our economic future.

They will ask people to move from welfare to work at the same time they are eliminating work incentives and reducing work opportunities, and child care benefits.

And, at a time investment in education is becoming increasingly important to the health of our economy, they will cut job training and increase college costs for millions of Americans seeking to better themselves.

One of the most troubling aspects of the Republican vision is that it will escalate the 20-year trend that has pushed income inequality in this country to its highest level ever—all so that wealthy Americans can enjoy large tax breaks they don't need.

In short, throughout this budget process, Republicans have engaged in a one-sided attack on lower and middle-income Americans which will ultimately close the doors of opportunity that lead to a prosperous Nation and a higher standard of living for everyone.

So, Mr. Chairman, I call upon my colleagues to reject a vision of America that seeks to reward those who have already prospered in our economy while imposing burdens on those who have not.

□ 1230

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from the State of Iowa [Mr. GANSKE].

Mr. GANSKE. Mr. Chairman, there are three reasons why I am going to vote for this reconciliation bill: their names are Ingrid, Bridget, and Karl, my children.

There is so much in a bill like this that it is easy to lose sight of the forest for the trees. Is this legislation exactly the way that I would have written it? Of course, not. This bill is the product of the push and shove, the battle of competing interests, the art of

compromise that is characteristic of democracy.

As you vote for this historic measure, remember Edmund Burke's praise of political courage two centuries ago:

You well know what snares are spread about your path . . . but you have put to hazard your ease, your security, your interest, your power, even your popularity . . . you will remember that public censure is a necessary ingredient in the composition of true glory; you will remember . . . that calumny and abuse are essential parts of triumph . . . you may live long, you may do much. But here is the summit. You may never exceed what you do this day.

But to portray this bill as unworthy because it has gone through the democratic political process that all our laws go through would be unfair. I, like all 435 Members of this House, have to judge this important piece of legislation on its overall thrust. It does reform welfare, it does preserve Medicare, it does cut taxes, and most important, it does balance the budget.

I will take courage for you, my colleagues, to vote for this bill exactly because it is so big and not perfect as you would will it. But I ask you to do it for your children as I am doing it for mine.

Mr. SABO. Mr. Chairman, I yield myself 10 seconds.

Mr. Chairman, I would only say that the children of Members of Congress probably will do fine, but the 20,000 families in the district of the gentleman from Iowa [Mr. GANSKE] who get the EITC, the earned income tax credit, will do much worse.

Mr. Chairman, I yield 2 minutes to the gentlewoman from New York [Ms. SLAUGHTER].

Ms. SLAUGHTER. Mr. Chairman, I rise in strong opposition to the Republican budget reconciliation package. I have listened to the debate on the floor and in the Rules Committee, and can't help but remember 1981, 1983, and more important, 1993. In the early 1980's we saw two tax bills that were sold on the basis that massive tax cuts for the very wealthy would spur the economy. In the late 1970's the top marginal tax rate was close to 70 percent, and by the end of the 1980's it had been cut to almost 30 percent; did this spur economic growth and end deficit spending? Well, we started the decade with a \$1 trillion debt and ended it at \$4 trillion. In addition, we headed into the 1990's with an economy in deep recession.

In 1993, in response to the growing deficit and deepening economic recession, we came to the floor to bring a budget reconciliation package to control spending and return some progressive policies to our Tax Code. A little over 2 years ago we heard the cries of economic desperation. Our package was called smoke and mirrors and I quote, "it's our bet that this is a job killer." The current Speaker predicted, and I quote, "I believe that this will lead to a recession next year. This is the Democrat machines' recession, and each one of them will be held personally accountable." The current majority leader predicted, and I quote, "the impact

on job creation is going to be devastating." Well, we passed the package without one Republican vote. Now let's discuss the results and the ability of the Republican leadership to predict economic outcomes.

The deficit came down for 3 consecutive years. Our deficit is now the lowest as a percentage of national income of any major industrial country in the world. After one of the slowest 4-year periods of job growth since the Great Depression, the economy is now enjoying a solid growth, with strong private sector job creation and low inflation. The economy has created well over 3 million private sector jobs. The Republicans were wrong then, and they are wrong now.

Today, we will be asked to cast one vote on a package that will dramatically change our Government. With one vote, we will dismantle the Department of Commerce; an agency entrusted with two critically important constitutional functions; that of the census and the filing and protection of patents. We will dismantle an agency that every day impacts millions of Americans. All done without the benefit of any comprehensive committee action. We will forever change health care for millions of low-income women, children, and senior citizens. We will end Federal, uniform nursing home standards implemented less than 10 years ago; we will force more working families into poverty and end any hope of a higher education for thousands of our children. We will forever end Medicare as we know it. It does not surprise me that the Republicans want to end Medicare, as the leader of the Republican Party in the other body has stated, "I was there fighting the fight, working against Medicare—because we knew it wouldn't work in 1965." We will close many rural hospitals; cut WIC, Headstart, and significantly reduce our investment in research and development. All in the hope of economic growth and tax cuts for the very affluent. Once again, our Republican colleagues are asking Members of this body to take a leap of faith on failed economic and budget policies based on failed and misguided predictions.

I am hopeful that many of these radical changes will be dropped in conference. It is the only hope we have. I ask all of my colleagues to oppose this package.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Texas [Mr. SMITH], a member of the Committee on the Budget, and an expert on immigration in America.

Mr. SMITH of Texas. Mr. Chairman, in the last election, the American people told us to balance the budget, cut the taxes, and end the gimmicks.

They wanted an end to Alice in Budgetland: to the rising tide of red ink that destroys jobs, makes housing and education more expensive, and encourages our addiction to big government.

They wanted an end to Alice in Budgetland: to the constant tax increases that take more and more money and decisions away from the American people.

They wanted an end to the Alice in Budgetland rosy scenarios, bogus growth numbers, and magic asterisks,

the ponzi scheme by which Congress kept spending more of the people's money.

Today we keep our word. We have a plan to balance the budget. Our balanced budget plan will mean 1.2 million additional jobs by 2002. Our balanced budget will reduce interest rates, making new homes, college education and start-up businesses more plentiful and affordable.

Our plan also increases the power and decision-making of families. It's not just important to balance the budget. It matters how we balance the budget. The family and small business tax relief provisions contained in our plan are essential to returning power and money back home.

Without tax relief, we won't return decisions where they belong—to the people who do the work, pay the taxes, raise the children. Without tax relief, we aren't putting people first.

Last week in Houston President Clinton stated, "I think I raised your taxes too much." We agree that the President was wrong, and that's why Republicans unanimously opposed the largest tax increase in history. That's why our plan is the only plan that returns some of the money that President Clinton took in 1993.

It's the family's money to keep. It's not Washington's money to spend. And only our balanced budget honors hard-working Americans by letting them keep more of what they earn and by spending their money with great care.

I urge my colleagues to support this balanced budget.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the gentleman from my native State of North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, I thank the gentleman from Minnesota [Mr. SABO] for yielding this time to me.

The budget before us is truly historic in its dimensions, and perhaps that is the only thing we will all agree about in the course of this debate today. As I see it, the debate between us is not about whether we ought to balance the budget. I think there is broad agreement we ought to move towards that goal. The debate is how we do it, and here is where the conflicting priorities of the parties become very clear.

This budget plan is built on a fundamentally flawed premise, that we can balance the budget while financing a tax cut primarily benefiting the most privileged among us. This makes as much sense as a family resolving to get their household's finances in order just as soon as they spend the weekend in Paris once more on that old MasterCard.

The consequences of the Republican tax plan are enormous. The wealthiest people in this country get a windfall while working and middle-income Americans lose ground. The tax cut reflects that the driving priority in this budget is to assist the wealthy in becoming even wealthier, and to this end,

they have sacrificed health programs for seniors, nutrition programs for kids, the safety net for family farmers, pension security for millions and millions of Americans. In order to accommodate the agenda of the privileged this budget makes devastating trade-offs that pull support from those who need it and opportunity and hope from millions and millions of middle-class Americans.

Make no mistake about it. The bottom line on this budget is more wealth for the richest, less help for the neediest, and reduced hope and opportunity for middle-income families.

This bill is more than an historic budget, it is an historic and tragic mistake, on which if enacted will change the character of our great country.

Mr. KASICH. Mr. Chairman, I yield such time as he may consume to the gentleman from Mississippi [Mr. PARKER]

Mr. PARKER. Mr. Chairman, for purposes of clarification I would like to engage the gentleman from Ohio [Mr. KASICH] in a colloquy.

First let me thank the gentleman for his willingness to work with those of us who have been concerned about the public auction of the facilities in the Power Marketing Administration. It is my belief that the study provision contained in this legislation is superior to an outright sale. In fact, this non-biased study will hopefully provide our committee with the needed facts to determine whether or not a sale of the PMA's will be in the best interest of the Government in the long run.

Mr. KASICH. Mr. Chairman, if the gentleman will yield, it better end up being better in the long run. I would say to the gentleman I wanted to do it this year, and he said we got to study it for a while, make sure we do the right thing. I agree with the gentleman.

Mr. PARKER. However, Mr. Chairman, I would like to seek clarification to determine whether or not the evaluation or study will look at the impact, if there is a sale of the PMA's, on the wholesale and retail electricity rates of the current customers in the affected areas.

Mr. KASICH. I think that the gentleman makes a good point, and obviously we want to make sure that, when we do this, we do it right and everybody understands what the impact will be.

Mr. PARKER. Mr. Chairman, I thank the gentleman from Ohio for having yielded to me. The clarification is appreciated.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Wisconsin [Mr. NEUMANN], a brand-spanking new, fiery member of the Committee on the Budget.

Mr. NEUMANN. Mr. Chairman, I rise today in strong support of this. We have spent a full generation. Now the last time we balanced our budget I was a sophomore in high school. My children are now out of high school and

heading on to college. I have got a daughter who is a junior in high school. It has been a full generation since we have balanced our budget. It is time we get it done.

Congratulations to the Committee on the Budget, to the gentleman from Ohio [Mr. KASICH], for bringing us a bill that is going to allow us to not only keep our promises, but, more importantly, do what is right for the American people.

As my colleagues know, not enough has been made about what happens after we balance the budget. I just heard about the hopes and the dreams of the future of the middle-class America. When we balance the budget, what that means is the Federal Government stops borrowing hundreds of billions of dollars out of the private sector, and when the Federal Government stops borrowing that money, that money is now available for real people to borrow, and when real people have the opportunity to borrow that money, that means they can buy homes, and they can buy cars, and they can get college loans to go to college, and when they get those loans, the interest rate is going to be lower because there is more access to the money. This is good news for the future of the middle class.

As a matter of fact, if somebody were to go out and buy a house today, and they were to borrow \$50,000, and we had balanced the budget sooner so the interest rate was 2 points lower, they would save over \$1,000 a year in the interest on the payments in that \$50,000 loan.

□ 1245

If they borrowed \$100,000 to buy a house, they would save \$2,000. Almost \$200 a month remains in the pockets of the working people of this country because we are about to balance the budget. This is good news for the hopes, for the dreams, for the future of this country.

Also, it puts this Nation back on track, that the Nation will be preserved for the next generation. Instead of giving them a legacy of growing debts, we can give our children the hopes and dreams of the future, like we received from our forefathers.

In the budget resolution we passed earlier this year, it sets some 7-year targets and it sets some 1-year targets. Again, I commend the Committee on the Budget. This proposal that we have before us today not only hits the 7-year targets, it also hits the first-year targets, and a lot of other political groups would not have done that. I commend the chairman of the committee, the gentleman from Ohio [Mr. KASICH], and the committee for their tireless work at helping us keep our promises to the American people, and strongly urge support of this bill.

Mr. SABO. Mr. Chairman, I yield 10 seconds to the gentleman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Chairman, I rise just to let our colleague, the gen-

tleman from Wisconsin, know that in his district 17,179 working families will have their taxes increased by this Republican bill.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. LUCILLE ROYBAL-ALLARD], a distinguished member of our committee.

Ms. ROYBAL-ALLARD. Mr. Chairman, the Republican budget is morally wrong. It does nothing to improve national living standards.

Except for the very wealthy, it hurts the majority of hard-working Americans. Three areas illustrate my point.

First, the Republican bill cuts taxes for the rich, but raises taxes on the poor. It cuts the earned income tax credit which helps keep 14 million low-paid working families earning \$9,500 to \$25,000 dollars a year out of poverty.

The GOP tax plan will give families earning \$350,000 dollars a year a \$14,000 tax cut. While the struggling, lowest paid worker must lose an additional \$300 to \$324 annually. That is wrong.

Second, the Republicans cut child and prenatal nutrition programs proven to be good national investments. For every \$1 spent on prenatal nutrition, the WIC Program saves the American taxpayer \$3.50 in special education and Medicaid expenses. To cut such programs is wrong.

Finally, the Republican plan unbelievably repeals the Nursing Home Standards Act of 1987. This act was enacted as a direct response to congressional hearings which revealed widespread abuses in State and privately run nursing homes. Abuses resulting from unsanitary conditions, malnutrition, overmedication, neglect, sexual and physical abuse.

Our current law has helped to eliminate these abuses and to improve the quality of life for nursing home seniors.

If these standards are eliminated, Republicans condemn our seniors to suffer the horrible abuses of the past. That is wrong.

Under the Republican budget reconciliation bill, the rich will be richer, but the living standard of our Nation will be made much poorer.

The only good thing about the Republican budget is that it is so extreme and unfair that the President must veto it.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. MARTINI], the courageous young freshman who is from the State of Bruce Springsteen.

Mr. MARTINI. Mr. Chairman, I thank the gentleman from Ohio. I first would like to compliment him and his committee for the outstanding work he has done on this budget this year.

Today we are debating and are about to consider a Budget Reconciliation Act. It struck me coming over here that reconciliation, the very nature of the word itself, suggests a coming together, a solving of differences, and a



going forward. I believe that the American people today know that the Federal Government has had extreme problems with its fiscal matters over the years. I think the Americans also know that this majority of Congress has been set to correct those wrongs, but I suspect that the Americans out there still do not know if this Congress has the resolve to do that today. It is no wonder, in my opinion, Mr. Chairman, because over the last several weeks all they have heard are distortions and scares, scares intended to stop people in their tracks from going forward.

It strikes me as sad that the party whose former leader, Franklin Delano Roosevelt, once gave us the phrase "We have nothing to fear but fear itself" now offers us only fear itself and no solutions. Let us just look at the record for a moment, if we may.

On June 4, 1992, President Clinton promised a balanced budget. He never delivered. He promised a tax cut for middle-class families. He never delivered. Worse than never delivering, he actually implemented the biggest tax increase in the history of our Nation. Now he has even admitted he raised our taxes too much. He failed to offer a plan to end welfare as we know it, and he stayed on the sidelines as we saved Medicare from going bankrupt.

In contrast, this Congress is about keeping promises. We understand the importance of fulfilling our promises to our elderly and our children, and we will do just that. Today, for me, Mr. Chairman, it is indeed humbling to take part in such a historic vote in favor of a more fiscally sound America and a brighter America, and I urge all of my colleagues to support this bill.

Mr. SABO. Mr. Chairman, I yield 10 seconds to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Chairman, 27,641 working families in the district of the gentleman who just spoke will have their taxes increased by this Republican tax increase bill they are approving today.

Mr. SABO. Mr. Chairman, I yield 2 minutes to my good friend, the gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Chairman, I join my ranking Member in emphasizing that putting all substance aside, the logistics of bringing this bill to the floor have been an abhorrence not only to the usual committee process but of any democratic process.

I want to add a word or two today about the role which the Budget Committee has, or rather could have had, in today's reconciliation bill. Having spent a great deal of my career looking at budget process issues, and in fact, having enjoyed working on a number of those issues with Chairman KASICH, that is what I would like to examine now. I was both surprised and disappointed that this reconciliation bill took a minimalist approach to process reform.

Needless to say, this bill is expansive in every other regard. No one single bill has ever entailed such a comprehensive overhaul of Federal Government policy. The other side likes to speak of the Republican revolution and I would, in no way, dispute that this is a revolutionary document.

That is why I am disappointed that process reforms which could bring meaningful budget enforcement, greater integrity in the process, and a sense of openness and honesty were left out of the revolution.

Two year's ago when we were battling over the 1993 budget reconciliation bill, I engaged in intense negotiations with my leadership to move us closer to enforcement language which would guarantee the deficit reduction promises being made. In particular, we were trying to remove "uncontrollable" as an adjective for entitlement spending.

The agreement that we reached in 1993 was far less than I wanted, especially with regard to guaranteeing control over the Medicare Program. But do you know what? That agreement showed a lot more enforcement muscle than appears any where in this budget. I received all sorts of Republican lecturing for failing to bring my party to the stronger entitlement control I wanted and yet even that compromise language is missing in this revolution. This bill allows "uncontrollable" to continue accurately describing entitlement spending.

What else could have been included? Well, the substitute which I am supporting today includes deficit reduction guarantees enforced by sequestration. It has 10 year scorekeeping to make sure that things like grossly ballooning tax cuts start showing up beyond the curtains on current budget windows.

Our substitute has process reforms like line item veto and a deficit reduction lock box, which the majority of this House has said it supports. It also adopts numerous provisions borrowed from previously bipartisan bills which many people standing on the other side of the floor right now not only supported but co-authored—things like baseline reform, controlling emergency spending, continuing resolution reform.

Where are those provisions today? How did they get left out of the revolution? For a party which has made a mantra of "Promises Made—Promises Kept" why were not some of the promise-keepers built into this bill?

I urge my colleagues to vote no on the base bill and vote yes on the substitute which actually has a chance of maintaining the many promises being made today.

Ms. HARMAN. Mr. Chairman, will the gentleman yield?

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

Ms. HARMAN. Mr. Chairman, I thank the gentleman for yielding to me.

This is a defining time and a defining vote. Very few here have made every

vote in the last two Congresses to achieve significant and fair deficit reduction—beginning with support of the 1993 budget which has halved our deficit to the lowest level in a generation and decreased it for 3 years straight. I have made each of those tough deficit cutting votes.

And today I will continue to stand up for fairness, for balance, for deficit reduction, and for bipartisanship.

In this spirit, I strongly oppose H.R. 2491 as drafted because it funds ill-timed tax cuts by raising the deficit in the short-term and hurting our most vulnerable populations—seniors and children—with devastating Medicare cuts and the termination of Medicaid as a guaranteed safety net for nursing home residents.

I strongly support the bipartisan coalition substitute which defers tax cuts until we have achieved a balanced budget, treats cost-of-living increases in a non-inflationary manner, and preserves Medicaid, including regulations against nursing home abuse.

In my view, the Medicare cuts in the coalition substitute are deeper than what I would like to see, but this bipartisan effort sets a marker for further discussion. I have met with hundreds of seniors in my district, and will stand with them as we work for the fairest compromise within tough budgetary constraints.

Had H.R. 2491 been drafted with real public input, I believe its contents would be different. Now with its expected passage and its expected veto by the President, the real debate must start.

Every Federal program, every Federal dollar should be on the table as we debate—openly and in a bipartisan manner—how to share sacrifice and how to share benefits. Every program. Every person.

But the operative word is balance—a balanced budget, balanced sacrifice, balanced benefit, and an open and balanced process. Let's begin anew.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, the first thing I want to say is I would not vote for the plan described by the gentleman from Minnesota [Mr. SABO], and I do not think anybody on this side of the aisle would, but that is not our plan. That does not seem to matter to the gentleman from Minnesota and others.

We have had a budget deficit that has gone up and up and up, a debt that has gone from \$385 billion 25 years ago to \$4,900 billion, or \$4.9 trillion. Our colleagues on that side of the aisle who have been in power for 40 years have had a chance to deal with that issue. We need to get our financial house in order, and we need to balance our Federal budget. We need to save our trust funds, particularly Medicare, and we need to transform our social and corporate welfare State into an opportunity society.

The bottom line and the most difficult part is saving our trust funds. We know what the board of trustees of the Federal hospital insurance trust fund have said, they have said that in basically 7 years the Medicare part A trust fund literally goes bankrupt, but nobody on that side of the aisle even wanted to address it until a few weeks ago.

We are addressing that fund. We are making sure that \$333 billion benefits the Medicare part A trust fund, and \$137 billion benefits the Medicare part B trust fund. We have extended its insolvency and its ultimate bankruptcy from the year 2002 to the year 2010.

What is so important about the year 2010? That is when the baby boomers start to get into this fund. At that point, we have the baby boomers from year 2010 to the year 2030. By the year 2030, baby boomers from the age 65 to 85 will be in the fund. What does that mean? We have workers right now, three and one-half workers are working for each individual in the trust fund. Right now three and one-third workers work for every person in the Social Security trust fund. By the year 2030, 35 years from now, there will only be two workers.

We are talking about what has happened over the last 40 years, and particularly, the last 25. Our Congresses and, regretfully, our Presidents have mortgaged the farm, and now we are trying to buy it back for our kids, this is about kids. It is about saving this country. I could not be more proud to be part of this reconciliation act. My only regret is that the President has not joined in in this effort.

Mr. SABO. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, looking at the numbers as the gentleman referred to, I discovered he only has 11,000 families eligible for low-income tax credit, one of the lowest in the country. They are going to be hurt, but let me assure the gentleman from Connecticut, all the rich constituents he has are not going to be hurt. They are going to prosper. They are going to do well. His district does not resemble America.

Mr. Chairman, I yield 2 minutes to the gentlewoman from Florida [Mrs. MEEK].

(Mrs. MEEK of Florida asked and was given permission to revise and extend her remarks.)

Mrs. MEEK of Florida. Mr. Chairman, I want to thank the gentleman from Ohio [Mr. KASICH], the chairman of the Committee on the Budget, and the ranking member, the gentleman from Minnesota [Mr. SABO]. I served under them this session on the Committee on the Budget.

Mr. Chairman, I strongly oppose the reconciliation bill we will consider today.

Why are poor Americans being asked to shoulder most of the pain in balancing the Federal budget and paying for tax breaks for the wealthy? The answer is that they are a convenient tar-

get. Poor people can't afford to hire lobbyists to protect their interests.

We all know that cutting the Federal budget deficit is painful, but this debate isn't about pain and suffering. It is about fairness. Most of the cuts in the reconciliation bill reported by the Committee on the Budget fall on low-income Americans. The reported bill cuts \$221 billion from entitlements, and \$192 billion of these—87 percent—are in two Federal programs that help poor and low income Americans: Medicaid and student loans.

The Budget Committee also approved \$53 billion in increased taxes, and \$27 billion—51 percent—are reductions in the earned income tax credit for working Americans and low-income housing credits.

The chairman of the Committee on Ways and Means recently justified the changes in the earned income tax credit by arguing, and I quote, "Simply put, the EITC is going to people with incomes that are too high." Too high? Should a single hard-working person with no children earning \$8,200 a year, or \$4 an hour, have her Federal income tax raised by \$101 a year? Should working people struggling to get by help pay for a tax cut that goes mainly to the small minority—12 percent of all families—that earn over \$100,000 a year? This bill is simply unfair.

What happened to the Republican pledge in January that it would require a three-fifths vote to raise income taxes because the Republicans said they wanted to "help" working Americans? Today the Republicans are waiving this requirement. People are going to bear the burden for these false promises.

The Republicans' plan to cut Florida's Medicaid payments by 26 percent over the next 7 years will have a devastating effect on Miami. Jackson Memorial Hospital accounts for 30 percent of all hospital admissions in Miami. This year Medicaid will supply \$438 million to Jackson Memorial, or about 40 percent of its total revenues.

What will happen to health care for the poor if Jackson Memorial runs out of Medicaid money in October under the Republican scheme? Will they stop delivering babies? Will they stop vaccinating children in November and December? Is this fair?

Last week the Republicans voted to increase part B Medicare premiums. This week they are cutting Medicaid. What will happen to the elderly when Florida runs out of Medicaid money and can no longer pay for the Medicare part B premiums of the elderly?

What will happen to the elderly who are now in nursing homes when Florida runs out of Medicaid money? Will the elderly be put out in the street?

The Republicans opposed my efforts to make the Medicaid formula fairer. Twice I tried to have the entire House decide whether to accept the Medicaid formula adopted by the Senate Finance Committee, which is fairer and helps ease the burden of these cuts on States like Florida. But twice every Repub-

lican voted "no" even though my amendment would have helped a majority of the Republican Members.

Mr. KASICH. Mr. Chairman, I yield myself 15 seconds.

Mr. Chairman, the simple fact of the matter is under the House plan the earned income tax credit is going to go up by 40 percent. Forty percent may not be enough for some that want to drive it up 60, 70, 80 percent. Forty percent is a generous increase.

Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HOKE].

Mr. HOKE. Mr. Chairman, I thank the chairman of the Committee on the Budget and my fellow Buckeye for yielding time to me.

Mr. Chairman, I listen to this debate and I just cannot conceive of how Americans watching it in their homes could be anything but confused, because we bandy about the word "cut" in such a disgraceful, shameless, and such a completely inaccurate way. The fact is we are going to increase the spending on the earned income tax credit from \$22 billion in 1995 to \$32 billion in 2002. Overall, this budget goes from one trillion five hundred billion to one trillion eight hundred billion; Medicare goes up from \$170 billion to \$244 billion; education and student loans goes up from \$24 billion to \$36 billion. That is a 50 percent increase. Yet all we hear from the other side is cut, cut, cut.

□ 1300

Where is the cut? It is that kind of abusive language that makes it so impossible for average Americans to decipher what the heck is going on and to make the kind of judgments that they need to be able to make in order to evaluate their representatives. In fact, the only cut that I am aware of, the only real cut in this budget has to do with foreign aid, and that is a real cut.

What is the good side, what is the upside of all of this? The upside of all of this in terms of balancing the budget, the biggest impact on American families will be with respect to what it does to interest rates, and that is a profound impact. It is not just a fog of numbers, it is not just accounting, it really makes a difference in terms of what those dollars mean to the average American working family.

DRI/McGraw Hill has said that it is a 2.7 percentage point difference as a result of balancing the budget. On a \$100,000 mortgage, on a \$100,000 mortgage, that amounts to about \$225 per month more in the hands of the people that earn that money. That has a profound impact on a student loan. There is a tremendous difference, as well as on a car payment.

The good news is that balancing the budget puts more money in the pockets of the people that make it.

Mr. SABO. Mr. Chairman, I yield 10 seconds to the gentleman from Texas. Mr. GENE GREEN.

Mr. GENE GREEN of Texas. Mr. Chairman, in response to my colleague



from Ohio [Mr. HOKE], the last speaker, does the gentleman know that in his district 22,659 working families will have their taxes increased by this bill?

Mr. SABO. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, our Republican budget chief is exactly right. This is a debate about promises, and how you feel about the promises depends on where you are sitting on the economic ladder of this country.

If you are way up there on top, at the apex of the American economy, sitting on a cushion sipping champagne, you got your promise fulfilled by in Republican Party bountifully, because the better off are going to get a little more better off today. If you are one of the great corporations of America that back in the days of yesteryear never paid a dime of taxes on billions of dollars of profit, you also can smile. You are better off today. You will pay zero, zip, not a dime under the repeal of the minimum tax credit.

Mr. Chairman, but what if you are not way up there on top? What if you are down on the lower rungs, just trying to struggle and make ends meet and get your kids through school? Well, those people on the economic ladder have a broken promise. If you are on Medicare, well, you get the new Republican sick tax. Yesterday, BOB DOLE was boasting, he voted against Medicare, and NEWT GINGRICH said, well, we will just let it wither on the vine. The Republicans lever a hefty sick tax because they want to help those who are well. Very well. Well off.

If you make \$30,000 or less, these Republicans are going to raise your taxes, plain and simple. To the many who are trying to climb up that economic ladder and share in the American dream, they stomp on their working fingers as they try to climb up that ladder. That is why we call it Wreckconciliation, because it wrecks working families that are trying to make a go of it. It wrecks seniors who are going to have to pay that Republican sick tax.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. HOEKSTRA], a member of the Committee on the Budget.

Mr. HOEKSTRA. Mr. Chairman, I thank the chairman for yielding me this time.

Mr. Chairman, the only thing that we will wreck if we do not pass this reconciliation bill is the American family. Let us talk about exactly what is going to happen to spending over the next 7 years. If we do nothing, Federal spending will rise by 37 percent. If we pass reconciliation, which we will do later on today, Federal spending, we are really going to tighten our belts for the next 7 years. We are only going to allow Federal spending to increase by 27 percent.

I came out of the private sector, and I would have loved any budget that

over 7 years would have allowed me to increase spending by 27 percent. We are asking the Federal Government to get spending under control and have a gentle slope toward balancing the budget.

Spending goes up in every category. Total spending goes up. Welfare reform, welfare spending goes up. Medicare spending goes up. Per beneficiary on Medicare goes from \$4,800 to \$6,700. We are trying to manage health care growth to 5 percent per year. Medicaid spending goes up. Spending on student loans. Student loan spending goes by 37 percent over the next 7 years. School lunches. We heard that those were gone. Spending on school lunches goes up by 4.5 percent per year.

This is a reasonable budget; this is a commonsense reconciliation. Common people, on the street every day would love to have a budget at their house that would go up by 3 percent per year and be asked to manage to that. This makes sense. This is reform that we can manage too.

Mr. SABO. Mr. Chairman, I yield 10 seconds to the gentleman from Pennsylvania [Mr. KLINK].

Mr. KLINK. Mr. Chairman, to my dear friend, the gentleman from Michigan [Mr. HOEKSTRA], I just wonder if he knew that in his district 23,679 working families will have their taxes increase by their Republican reconciliation.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Chairman, I rise in strong opposition to the omnibus bill that I believe is a major step backwards for our Nation. I am committed to ensure our Nation's fiscal integrity. Our obligation to our future and our children demands decisive and decidedly different action to effect a disciplined conduct in our fiscal business. But the Republican package is not the answer. It is an attack on the middle class and poor Americans.

Mr. Chairman, I supported the Balanced Budget Amendment. I voted for the Stenholm budget, which would have achieved a surplus by 2002, and I will support the Orton alternative that also puts us on a path to a balanced budget by 2002. But I do not support tax cuts until we get our fiscal House in order. Balance the budget first and then consider tax reductions.

Half of the bill's tax breaks go to those who make more than \$100,000 a year, while the lowest 20 percent of income earners will see their taxes go up. That is not right. If the Republicans were not so committed to tax breaks for the wealthy, this legislation would not include the draconian cuts that I oppose so strongly.

One example of the bill's attack on the middle class is provisions on Federal employees. While I am pleased that the parking provision has been dropped, what remains is still unfair and unwarranted.

In addition to the dramatic reductions in the earned income tax credit which has been spoken of, this bill

makes very serious cuts in Medicare and Medicaid. Over \$450 billion in health care cuts for seniors families and children.

Furthermore, the Republican proposals for welfare reform are weak on work and tough on kids; they are tougher on kids than they are on the deadbeat dads who walk out on those kids. The Orton substitute will effect real welfare change and require those who can work to work regularly.

These are just a few examples of what I believe our priorities must be. Not tax cuts in the face of deficits, but fiscally responsible policies that serve our Nation's needs, promote the American economy, and effect a balanced budget by the year 2002. I urge defeat of the Gingrich-Kasich budget.

Mr. FRANKS of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. CHRYSLER].

(Mr. CHRYSLER asked and was given permission to revise and extend his remarks.)

Mr. CHRYSLER. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I am proud to stand in this House today in support of our plan to balance the Federal budget over the next 7 years. It is the most compassionate thing that we can do for the children of America. One of the best ways to help the children in America is to help their mom and dad, and let them have the basic human dignity and pride that comes from bringing home a paycheck. We need less government and lower taxes; we need to let people keep more of what they earn and save, and we need to let people make their own decisions on how they spend their money, not government.

As the head of the task force to dismantle the Commerce Department, I know we found a good place to start in rightsizing the Federal Government. Former Commerce Secretary Robert Mosbacher put it best when he recently called his old department, "Nothing more than a hall closet where you throw everything that you don't know what to do with." In fact, 60 percent of the Department has nothing to do with commerce.

In a recent Business Week poll, senior business executives said to eliminate the Department of Commerce by a two-to-one margin. Why? Because if the Commerce Department were truly the voice of business, they would be supporting a cut in capital gains tax; they would be supporting tort reform and regulatory reform, and balancing the Federal budget. In fact, the Department of Commerce is diametrically opposed to all of them.

Our plan simply makes more sense than current hodgepodge programs huddled at the agency that some now call the Department of Miscellaneous Affairs.

Mr. Chairman, our efforts to dismantle the Department of Commerce will

streamline and improve Federal efforts on behalf of American businesses and save billions of dollars, giving taxpayers and their children their money's worth. Everyone in my district, in my State, and America are better off, and 88 percent of them say, balance the Federal budget.

Last week, House Republicans unveiled their final plan to dismantle one of least defensible Departments in government: the Department of Commerce. As Majority Leader Dick Armey noted, for the first time in history, the American people will see a Cabinet chair carried out of the Cabinet Room at the White House and placed in a museum with other artifacts from American history.

Our plan to dismantle the Commerce Department is the first step in our mission to downsize a bloated Federal government that is too big and spends too much money. It will begin to put out-of-control government growth in reverse and will save taxpayers at least \$6 billion over the next 7 years, a significant down payment on our plan to balance the Federal budget.

Nothing so clearly demonstrates the need to streamline the Federal Government more than the Commerce Department. Accordingly to the Department's own inspector general, this agency is a loose collection of over 100 unrelated programs. In fact, today's Department is involved in everything from managing fish farms to predicting the weather to promoting new technology.

What Commerce officials describe as "synergy" among Commerce's wide-ranging functions, most reasonable people simply call confusion.

What most people believe is the real mission of the Department of Commerce, promoting the interests of American business throughout the global marketplace, is actually only a fragment of what the Department actually does. Only 5 percent of Commerce's budget is devoted to trade promotion, a responsibility the Department shares with numerous other Federal agencies.

While Commerce Secretary Ron Brown continues his defense of his beleaguered Department, the business community remains notably silent. A recent Business Week poll of senior business executives illustrated their support for eliminating the Department of Commerce by a margin of two to one.

Secretary Brown insists the Department is "the only effective Cabinet-level voice of U.S. business," yet industry remains skeptical. Recently, the respected Journal of Commerce quoted Willard Workman, a vice-president at the U.S. Chamber of Commerce saying, "I've only received four phone calls from member companies asking that we lead the effort to save the Department." The U.S. Chamber of Commerce represents over 200,000 businesses throughout the nation.

A Wall Street Journal article earlier this year about Republican calls for the elimination of the Commerce Department was headlined "Business Sheds Few Tears." The article went on to quote Clinton administration ally C. Fred Bergsten, director of the Institute for International Economics, as noting "I don't think much would be lost" if the Department of Commerce were eliminated.

Karen Kerrigan, president of the Small Business Survival Committee, recently rejected Secretary Brown's assertion that the business community would face dire consequences if

the Department at the Commerce were dismantled: "Having the Commerce Department at the Cabinet table has accomplished little in the past few years—in fact, taxes have risen and the regulatory burden has grown."

Despite this resounding vote of no-confidence from the business community, Secretary Brown tries to claim credit for encouraging billions of dollars in U.S. exports and for creating hundreds of thousands of American jobs. Secretary Brown fails to understand that it is the spirit of American enterprise and entrepreneurship that drives the American economy, not government bureaucrats in Washington.

Steve Moore, director of fiscal policy studies at the Cato Institute, wryly answers the Secretary's exaggerated claims, "Right. And if we could just find 10 more Ron Browns, the American trade deficit and unemployment would magically vanish."

We are not, however, disputing the importance of many of the trade functions currently performed by the Commerce Department. We must aggressively pursue foreign markets and provide in-roads for American business. But to huddle these beneficial trade functions under the same administrative umbrella as the Weather Service, the Census Bureau, and the Economic Development Administration does not make sense. Our plan would change that.

That said, Mr. Brown's argument that Commerce has been a "proven business ally at the Cabinet table" holds little weight with America's business community and the American taxpayers who foot the bill.

Our plan provides a blueprint for what the Federal Government should be doing for American business: aggressively promoting opportunities and opening avenues for free and open trade for all industries.

Our plan will strengthen the important trade functions of the Federal Government. Currently, over 19 federal offices or agencies play some role in developing Federal trade policy. Our plan begins to consolidate this fragmented system, avoiding the confusion and missed opportunities that this scattered system often creates.

We will consolidate the trade programs of the Commerce Department, including the U.S. Foreign and Commercial Service and the Import Administration, into the Office of the United States Trade Representative, which already takes the lead in trade policy.

Secretary Brown has claimed that eliminating the Commerce Department will be tantamount to unilateral disarmament, gutting the ability of the United States to compete in world markets through aggressive export promotion and sensible trade policies. I don't think the American people buy that argument for a minute.

Mr. Brown's argument assumes that it is a good thing for the U.S. to have trade functions housed in an agency in which they are swallowed up. Do our trading partners think we are serious about trade when functions directly related to trade account for just 5 percent of the budget for the Department we call Commerce? Mr. Brown implies that our trade policy and promotion efforts will only work if they are carried out by lots and lots of people sitting in a very big building. I know the people of my district sent me here to challenge that kind of assumption.

The fact is, we can conduct a much more effective trade policy by restructuring and downsizing the trade bureaucracy. The current

U.S. structure for trade policy—USTR as the leader, Commerce's International Trade Administration as the poor cousin—is an anomaly. It is wasteful, duplicative, and it reduces our effectiveness vis-a-vis our major trading partners, like Canada, Japan, France, and the United Kingdom, which have single, unified trade agencies.

I am absolutely convinced that, by breaking Commerce's trade functions out of a hide-bound bureaucracy, by streamlining those functions, and by eliminating the senseless division that exists between USTR and the International Trade Administration, U.S. business will end up with a much more effective advocate, and our trading partners will face a much more formidable presence across the negotiating table. Our plan moves us toward that goal. We're not disarming—we're rethinking, retooling, consolidating and learning from the successes of our trading partners.

The Commerce dismantling plan will also consolidate the beneficial science and technology programs of the Commerce Department into the new National Institute for Science and Technology [NIST]. The General Accounting Office recently reported that Commerce Department efforts comprise only a tiny fraction of overall Federal scientific endeavors. Most of the Federal science and technology programs are carried out elsewhere in government.

Many of the Commerce Department's technology programs have become notorious as the golden geese of what Labor Secretary Robert Reich calls corporate welfare. A prime example is the Advanced Technology Program [ATP], which provides multi-million dollar hand-outs to some of the Nation's industry giants. In most cases, ATP grants amount to nothing more than pork gone high-tech.

T.J. Rogers, the CEO of Cyprus Semiconductor, recently offered these thoughts about corporate welfare:

Corporate welfare burdens successful companies and individuals with higher taxes and higher interest rates. And, as with social welfare, corporate welfare often hurts the intended beneficiary. The Department of Commerce is one of the primary vehicles for corporate welfare.

Our plan puts an immediate stop to these taxpayer funded giveaways.

Here again, we are moving closer to a government that makes more sense, where similar functions are housed together and the waste and duplication eliminated. The useful programs of the National Oceanic and Atmospheric Administration, including the National Weather Service, and the standards functions and labs of the National Bureau of Standards, are merged into the new NIST.

We consolidate Federal statistical functions, merging the Bureau of Economic Analysis [BEA] with the Bureau of Labor Statistics [BLS]. The Bureau of the Census will be held in the Office of Management and Budget for up to 6 months, in anticipation of the creation of a unified Federal Statistical Agency.

Our plan to dismantle the Department of Commerce will clean out the bureaucratic clutter from this attic of the Federal Government, eliminating over 40 unnecessary agencies and programs and shrinking those that have grown too big. For example, the plan terminates the U.S. Travel and Tourism Administration, the Technology Administration, the Economic and

Statistics Administration, the Economic Development Administration, and the Minority Business Development Administration.

We eliminate the Office of Technology Policy, the Advanced Technology Program, the Manufacturing Extension Partnership, the Federal Laboratory Consortium for Technology Transfer, and numerous other duplicative or wasteful programs.

Our plan will also free two agencies from the burden of government red tap. The National Technical Information Service will be privatized and the Patent and Trademark Office will be made into a government corporation.

Our efforts to dismantle the Department of Commerce are an important first step in downsizing the Federal Government and letting the American people keep more of what they earn and save.

Mr. SABO. Mr. Chairman, I yield 10 seconds to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, in response to the last speaker from Michigan, did you know that in your district 19,170 working families will have their taxes increased by this Republican bill, and in Michigan, students will have to pay \$211 million more for student loans because of this bill.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Chairman, the driving force behind today's vote on the budget reconciliation is the goal to balance the budget by the year 2002. I believe most of us in Congress support the goal of balancing the budget. The question is, how, by what means, who makes the sacrifice, who will balance the budget on whose back?

Every citizen has the goal of balancing their personal budget. We make decisions, we make choices. We can decide to purchase a luxury automobile if we wish, but if an average American purchases a luxury automobile, they may have to sacrifice paying for their house, providing their children nutritious food. They may have to sacrifice providing their children with good health.

Most Americans, I believe, would forgo a luxury automobile in favor of choosing to do the right thing, supporting their family, supporting their elderly, supporting their children, providing for the basics.

We have a choice today. We can decide to pay the luxury tax of \$245 billion for the most wealthy Americans and for those who do not need it, or we can decide to provide for the health care of our seniors, provide for the housing of our poor, provide for education of our children. We can forgo giving the 1 percent of our citizens, those who earn over \$100,000, a tax cut that they have not even asked for.

Let us balance the budget, I say. I am for that, and so are many of my colleagues on the Democratic side. For that reason, we should reject the notion that the only way to balance the budget is to accept the Gingrich proposal of balancing the budget.

I support the Democratic substitute. Why? Because they balance priorities. They protect the poor. They make sure that Medicaid is there as an entitlement, and they fund the welfare program. If we are going to balance the budget, make sure we balance the priorities for all Americans, the poor Americans, which are the majority. We do have choices. Let us make the right decision for all Americans.

□ 1315

Mr. FRANKS of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. RADANOVICH].

Mr. RADANOVICH. Mr. Chairman, today is a great day in America. As you all know, it is fall. Back in my hometown of Mariposa in California it is also fall, and what appears about this time of year is something that is known as a face fly. Why they call it a face fly is because if you are outside and you try to do some work, you are trying to get something done, you get this tiny bunch of flies that are in your eyes, in your mouth and buzzing in your ears, and they are a major distraction.

Ladies and gentlemen, the Federal Government has become a face fly in the faces of the American people. I believe that we were sent here by the American people last November 8 to get American Government out of our faces.

This budget gives that face fly a good swat. It gives freedom to the American people and freedom from a body in this Congress for the last 40 years that has tried to be America's mother, tried to be America's father, tried to be America's pastor, tried to be America's employer. We are giving freedom back to the American people to live their own lives.

I would imagine that I have got working poor in my district and their message to you is, get out of my face.

Mr. SABO. Mr. Chairman, I yield 10 seconds to the gentleman from California [Mr. BECERRA].

Mr. BECERRA. Mr. Chairman, I would ask my colleague, the gentleman from California, to take a closer look at this budget, because he may not know this but 52,385 working families in his district in California will have their taxes raised through this Republican reconciliation bill.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. MFUME].

Mr. MFUME. Mr. Chairman, I rise in opposition to this legislation and I urge my colleagues to do the same. The bill before us represents bad policy; it is bad for America on several fronts, and I frankly fear for the future of our Nation should this legislation become law.

Supporters of this legislation are likely to talk about the future. They will say that over the next 7 years this bill will lead us toward a balance budget, and that they are doing this for their children and grandchildren.

Yet what kind of a world will these future generations be inheriting?

They will be living among seniors who do not receive adequate medical care or enough income to survive, despite having worked all their lives.

They will be surrounded by under-educated people, who were bought up in public schools that were plagued by drugs and violence and out-of-date books. Most of these people will then be relegated to menial jobs because they cannot afford a college education.

Everywhere they look, there will be whole families without adequate housing and without adequate help. Entire communities will be subject to decimation by crime, the lack of viable businesses, and by abject poverty.

Mr. Chairman, if this bill becomes law our children and grandchildren will be living in a world where hard work is not rewarded unless it reaps more than \$100,000 per year.

This bill is rife with problems. In almost every area that this bill touches, it has the potential to wreak havoc on millions of Americans.

To add insult to injury—and there will be injury to millions of this Nation's most vulnerable citizens—this bill then gives aid and comfort to those who need it the least.

Let us look at just two unrelated areas which demonstrate the pain that this bill will inflict on millions of hard working Americans—the provisions addressing Federal employees and those addressing the Community Reinvestment Act.

Under this bill, Federal employees' contributions to their Federal retirement system will be increased and their cost-of-living adjustments will be delayed. In other words, Federal employees will be paying more and receiving less under this plan.

On another issue, this bill dilutes the effectiveness of the Community Reinvestment Act [CRA], which has been essential in past years in assuring that banks return some of the money they earn to the communities in which they are located. Through several provisions, this bill effectively exempts close to 90 percent of the banks and thrifts from CRA coverage. The bill also eliminates the sole enforcement mechanism in CRA.

While these two issues may not appear to be related, they are both in this bill and they are demonstrative of the destructiveness this legislation will cause to average Americans.

While I will not claim that this Congress under Democratic rule was able to resolve all of this Nation's problems, at least we attempted to address them. This bill is simply saying to the old, the infirm, the middle class, the working poor, the students, and the children, that Congress no longer cares about their pain.

With this bill, we are saying that Congress has new priorities, and the average American is not one of them.

Mr. Chairman, I oppose this bill.

Mr. SABO. Mr. Chairman, I ask unanimous consent that the gentleman from Missouri [Mr. CLAY], the ranking Democratic member of the Committee on Economic and Educational Opportunities, be permitted to control the next

16 minutes of time on our side and that he be permitted to yield portions of that time.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. FRANKS of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Chairman, let us talk in realistic terms about the middle class in America. The fact is the middle class carries the huge working burden for this entire country. The fact is that what has happened over the last few years is that the middle class, in order to survive, has had to go from one-earner families to two-earner families and sometimes now to three- and four-earner families just to keep pace.

What has Government done along the way as we have taken on the middle class? Well, what we have done is literally taken them on by raising their taxes. We have raised their Social Security taxes, we have raised their Medicare taxes, we have raised their income taxes, and over the last 20 years more and more we have undermined their ability to keep what they earn for themselves and use it for their families.

The coup de grace was literally put in place a couple of years ago when this administration, and this Congress raised taxes enormously, the biggest single tax increase in history. Even the President now says it was too much tax. It was a huge tax increase. What it did was literally programmed in tax increases now and well into the future.

What we are trying to do in our budget is give back a little bit of that money to those people, to take away some of the tax increase that was imposed on them 2 years ago.

What do we hear? Oh, it is a tax cut for the rich. No, what is really does is goes to average middle-class Americans in a \$500 per child tax credit and gives them back some of what was taken away from them by this Congress and by this administration.

Democrats do not like that. But the fact is that that is what has to be done if middle-class America is going to get back that which they earned for themselves.

What is the plan that we are offered in opposition to what we are doing? They want to continue those programmed tax cuts right on into the future. This year it will be \$188 more the average family. Next year it will be \$159 more for the average family. They continue those tax increases right out into the future. That is wrong. Middle-class America deserves the tax break that is contained in this budget.

Mr. CLAY. Mr. Chairman, I yield 10 seconds to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. In response to the last speaker from Pennsylvania, did the gentleman know that in his district 12,921 working families will have their

taxes increased by this Republican bill and in Pennsylvania college students getting loans will have to pay \$400 million more?

Mr. CLAY. Mr. Chairman, I yield myself 2 minutes.

(Mr. CLAY asked and was given permission to revise and extend his remarks.)

Mr. CLAY. Mr. Chairman, for almost a year, the Republican party has been making extravagant promises to the American people in the form of their contract on America.

A lot of well-meaning, sensible people bought into this charade. In street language, the Republicans are pulling off a classic bait and switch; they made a set of promises to the voters in order to gain power, but now they are delivering a different bill of goods that will smother the aspirations of middle-class families. Republicans are rewarding their rich supporters by hurting those who simply want to pursue the American dream through higher education.

To help finance their tax cuts for the rich, the Republicans propose to cut \$10 billion from the student loan program. For many middle class, hardworking families, student loans have done more to open the doors of opportunity for their children than any other program established by the Federal Government.

The American people did not ask the Republicans to give a multi-billion dollar tax cut to the rich. The American people did not ask the Republicans to make it harder for their children to attend college by increasing the cost of student loans.

Mr. Chairman, for 50 years, our national investment in higher education has had an extraordinary rate of return. But, obviously, such generosity is too liberal and too progressive for the Republican party. On the eve of another Halloween season, this House is haunted by the ghosts of society past, when a college education was a privilege reserved for the children of the elite.

I urge my colleagues to defeat this wretched reconciliation bill.

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

Mr. FRANKS of New Jersey. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. BONILLA].

Mr. BONILLA. Mr. Chairman, this is a great day for America. We have a real chance to vote on a balanced budget today using real money, real numbers, and real cuts.

It is wrong to live beyond our means. We do not do it in our homes. We do not do it in our small businesses. We do not do it in our churches. It is wrong to continue to indebt future generations. Most of all, it is wrong and dead wrong to reject this one best opportunity to reverse the growth of Government, restore individual freedom, and lower the present and future tax burden for all Americans.

This budget bill puts America on track to a balanced budget and higher

standard of living for all Americans in years ahead. This bill saves Medicare and the earned income tax credit, which is very important, while reforming welfare and providing American families with a much needed tax credit.

My colleagues, this is not a perfect bill. The agriculture section of this bill must be improved, and I am hopeful that it will be. It is a bill that must better address reimbursement for federally mandated Medicaid treatment. Also lost will be an opportunity to repeal a big boondoggle, the Davis-Bacon Act. But we can make these improvements.

I urge Members to vote "yes" on this bill.

Mr. CLAY. Mr. Chairman, I yield 10 seconds to the gentleman from Texas, [Mr. GENE GREEN].

Mr. GENE GREEN of Texas. Mr. Chairman, does my colleague, the gentleman from Texas, know that in his district, if this bill passes, 51,213 taxpayers will pay in increased taxes because of changes in the earned income tax credit and in Texas he will lose \$337 million in student loans?

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. ANDREWS].

(Mr. ANDREWS asked and was given permission to revise and extend his remarks.)

Mr. ANDREWS. Mr. Chairman, I thank the ranking member for yielding me the time.

Mr. Chairman, I rise today in opposition to the Republican bill and in support of the coalition alternative. Today I believe that there is a majority of principle for a balanced budget but only a partisan majority for the balanced budget plan offered by the Republican majority. That is because the Republican majority asked those who are best able to help themselves to do the least and those who are least able to help themselves to do the most. Nowhere in this budget is that more evident than in the field of education, and nowhere is that more evident than in the direct lending program which is abolished by the Republican bill.

My friends, the Republicans are abolishing the direct lending program because it works so well, because it shows American students and American taxpayers that this program works better than the billion-dollar-a-year corporate welfare giveaway to the banking industry, than to the hundreds of bureaucracies that have sprung up around the country wasting the money of students and taxpayers and families.

Direct lending will be preserved after the President vetoes this bill and we come together as a principled majority for a balanced budget. But none of us should vote for a bill that says to a janitor that we will raise your taxes while we lower the taxes of the person whose office you clean at night. No one should vote for a bill that says to the salespeople working for that company president, your children will pay more to go to college or will not go at all, at

the same time that the largest argibusiness in America walk off scot-free. It is the right principle. It is the wrong path to get there.

Our principled majority will join together after our President has spoken and pass a 7-year balanced budget the right way. This is not it.

Mr. FRANKS of New Jersey. Mr. Chairman, I yield 1½ minutes to the distinguished gentleman from Florida [Mr. BILIRAKIS].

(Mr. BILIRAKIS asked and was given permission to revise and extend his remarks.)

Mr. BILIRAKIS, Mr. Chairman, we all want America to remain the strongest country in the world. We want our children to grow up healthy, well-educated, drug free, and prosperous. And we want to reduce the burgeoning Federal deficit.

However, we on this side of the aisle recognize that we cannot achieve our first two goals without first addressing the deficit. We simply must get control of escalating Federal spending.

Former Senator Paul Tsongas made this clear when, appearing before my Health and Environment Subcommittee earlier this year, he testified:

The bipartisan commission on entitlement and tax reform shocked even cynical inside-the-beltway types by pointing out that, on the current path, entitlement programs plus interest will exceed all Federal revenues by the year 2012.

Mr. Chairman, that is just 17 years away.

We do not like having to say, over and over, that Federal Government spending must be contained, that waste must be eliminated, that the bloated bureaucracy must be deflated and that all programs must be examined with an eye toward cutting. We do not like to argue, over and over again, that we need a balanced budget amendment and a line-item veto.

It would be much easier to just keep piling money on every program year after year. But it would not be responsible. Unwarranted scare tactics and false information to score cheap political points do not help.

Mr. Chairman, we must pass this landmark budget reconciliation bill to balance our Federal budget and begin to honestly address our Nation's problems.

Support this bill.

□ 1330

Mr. CLAY. Mr. chairman, I yield 10 seconds to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, in response to the last speaker, did you know that in your district, 32,028 working families will have their taxes increased by this Republican bill, and in Florida college students getting loans will have to pay \$276 million more?

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Rhode Island [Mr. REED].

Mr. REED. Mr. Chairman, I rise in opposition to this budget reconciliation before us today.

At the very time in our history when we need to invest more in education, this bill takes a step backwards. It goes after important programs that will help improve our education, like setting higher standards for our schools, providing for safe and drug-free schools, providing technology for our schools. These are devastating cuts to education.

When you look at the reality and get beyond the rhetoric, for working families in Rhode Island, this is even worse than the educational cuts. When you look at the Medicare proposals and the Medicaid proposals, you will see working families in Rhode Island have the cruel choice of saving more money to take care of aging parents or saving money to invest in their young children, indeed probably choosing between which fortunate child will go to college and which will be forced into the world, a complex world, without benefit of higher education. We can and must do better to ensure all of our citizens, all of our citizens have access to quality education.

Indeed, this whole proposal rests on very, very shallow grounds. The direct loan program is an example of a program that works for America, that saves money for taxpayers, is universally accepted and applauded by students and colleges alike, yet targeted for extinction. Why? Because it works too well, because it displaces bank-subsidized loans rather than providing direct loans to American students. This gimmick was employed in this new bill by changing the budget rules so we could make this efficient program look more expensive rather than more efficient as it in reality is.

These types of gimmicks underscore the cruel cuts imposed on this bill. We have to invest in education. Our economic prowess today is a result of consistent Federal policies, beginning with the GI bill, stretching through Pell grants, all of them aimed to improve human capital, the ability of our citizens to be the most educated, the most productive in the world. Yet we turn our back on that proud history and condemn our Nation to ignorance.

I reject this measure.

Mr. KASICH. Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. HOSTETTLER].

(Mr. HOSTETTLER asked and was given permission to revise and extend his remarks.)

Mr. HOSTETTLER. Mr. Chairman, while I come to the floor to express my overwhelming support for this reconciliation bill, I want to make a very important point. This debate today is about so much more than the nuts and bolts of achieving a balanced budget, about accusations that Republicans are giving a tax break to the wealthy or about irresponsible individuals calling an almost \$2,000-per-person increase in Medicare, a spending cut.

This is about doing what is right, what is decent, and what is required of us to do if our children and grandchildren and our parents have any

chance of surviving the failure of past generations of lawmakers to exercise any kind of fiscal responsibility. This is plainly and simply the right thing to do.

Mr. Chairman, in conclusion, as I know when I sit down we are going to hear some remarks about those people in my district impacted by this bill, but these are from the same folks that said they were concerned about health care for the elderly but when faced with Medicare's imminent bankruptcy, they chose bankruptcy. We said we want to cut taxes for working families, but they did not. We said we want to balance the budget, but they did not.

Mr. Chairman, I think it just goes to show that adage, you can fool the country once, shame on us, fool the country more than once, shame on those.

Mr. CLAY. Mr. Chairman, I yield 10 seconds to the gentleman from California [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Chairman, I would like to respond to the speaker from Indiana, wondering if he knows that in his district 31,695 working families will have their taxes increased by this Republican bill.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. ROEMER].

(Mr. ROEMER asked and was given permission to revise and extend his remarks.)

Mr. ROEMER. Mr. Chairman, there is no doubt that we need to cut spending and balance the budget. The debate is not about whether we have a balanced budget, especially with our coalition budget that we Democrats will offer today. It is a question of fairness to the American people and to the children and the students of this country.

The big difference between the Republican plan and the coalition plan is cutting taxes. The Republican plan cuts taxes by \$250 billion, so it takes money out of very important programs like Head Start for children, where they kick children out of Head Start programs and student aid for student loans. Now, what are the American people saying about these tax cuts? When I read about the people who testified before the Committee on the Budget and their testimony, all across this country, in Arizona, New Jersey, they said things such as Mr. Frank Ramsey in Arizona, "We here feel in Prescott what needs to be done first is cut spending long before cutting taxes."

In Montana, Greg Pearson said, "I think it is absolutely foolish for Congress to talk about reducing taxes at all." Lynn Dill in Delaware said, "Gentlemen, I am not looking for a tax cut. I want the best thing for the country and for the children."

The second major difference between the Republican plan and the coalition plan is that that cuts \$10 billion out of student loans. I have Indiana University at South Bend [I.U.S.B.] in my district. The average age is 28. We have

factory workers going back to school to get new skills so that they can continue to earn money for their families. We have people 55 changing their careers, going to I.U.S.B. This proposal will say to so many of these students that are 28, 38, and 48 years old, no more educational opportunities for you.

Mr. Chairman, let us sacrifice together equally. Let us not do the tax cuts at this time. It is inappropriate and unfair.

Mr. KASICH. Mr. Chairman, I yield 1 minute to the gentleman from Kentucky [Mr. LEWIS].

Mr. LEWIS of Kentucky. Mr. Chairman, for 40 years we had a tax-and-spend Congress. In 1965, the war on poverty; for 30 years there has been a war on poverty. \$5 trillion has been spent. And what have we got? We have more in poverty, we have more welfare, more illegitimacy, lower education, higher crime, more poverty, more drugs.

It is time to reform. It is time to balance our budget.

That Congress for 40 years spent us into a \$5 trillion debt. Now, I am not going to pretend that today is going to be easy to vote on this bill, but it is time that we balance our budget.

If a House run by Democrats for 40 years had not spent the American people into the ground, we would have more resources, but we do not. Today we vote on whether to stop the bleeding or whether to continue down a path that will lead our Nation, our seniors, and our children to economic disaster.

Mr. CLAY. Mr. Chairman, I yield 10 seconds to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, in response to the gentleman from Kentucky, did you know that in your district 34,543 working families will have their taxes increased by this Republican bill, and in the State of Kentucky students will have \$75 million less for student loans?

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. GENE GREEN].

Mr. GENE GREEN of Texas. Mr. Chairman, I thank the gentleman for yielding me this time.

I want to know how many Members on the Republican side have had a chance to read this bill. Maybe if they had, they would notice two things in the bill. One of them is that it cuts student loans, but also that in relation to that, the quote from our majority leader on the Senate side that said, "I was there fighting the fight, voting against Medicare in 1965," and now he is proud to be doing it again. I hope they would look at that bill in relation to these quotes from this week.

There is an old saying that only the ignorant fear education. I rise today to urge my colleagues to vote "no" against ignorance and to vote "no" against this careless and irresponsible bill we have today.

The Republicans, in their zeal to balance the budget, eliminate the stafford

student loan 6-month grace period. This attack on students will increase college loan costs by \$3.5 billion nationwide and \$331 million in the State of Texas alone. College students will have to take out additional loans just to pay the interest.

This shows the Republicans' commitment to education, in addition, the commitment on the plus loan, or raise the interest rates for parents.

Mr. CLAY. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New York [Ms. VELÁZQUEZ].

(Ms. VELÁZQUEZ asked and was given permission to revise and extend her remarks.)

Ms. VELÁZQUEZ. Mr. Chairman, I rise in opposition to the Republican budget proposal.

Mr. Chairman, I rise in opposition to the current Republican budget proposal and urge a vote against this attack on working men and women.

My colleagues, what we have before us today is the naked shift of wealth at its very worst. We are robbing working class Americans to pay for tax breaks for the wealthy. In the past we have talked about changing spending priorities and investing in working America. This legislation is nothing more than a debate on de-investing in working America.

In today's society when the top 4 percent of the population's total earnings already exceed that of 50 million working class Americans—something is very wrong. Where is the fairness in giving more to those who already have so much, while taking so many desperately needed programs from those that have so little.

With reductions ranging from the earned-income tax credit, and the low-income housing tax credit, to cutting support for education, job training, and infrastructure, this budget finishes the Republicans' goal of removing society's safety net, and ending many working American's dream of a better life.

In the future we will still see groups of very prosperous people. But they will be flanked by larger groups of working poor. Sandwiched in between will be an unstable middle class, struggling just to hang on. This new polarized society will make America look more like a third world country than a world leader.

Today's vote marks the end of an era. Gone will be the world in which mothers and fathers hoped and dreamed that their children's lives would be better than their own. Today with this vote that dream will cease to exist. My colleagues, before you vote ask yourself—is balancing the budget on some arbitrary date, worth the price of our children's future? I think not.

Mr. KASICH. Mr. Chairman, I yield 30 seconds to the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Chairman, I would like to ask the gentleman from Texas a question. Does the gentleman from Texas know how much money he is depriving his constituents by voting against the \$500 tax credit?

Mr. GENE GREEN of Texas. Mr. Chairman, will the gentleman yield?

Mr. SHAYS. I yield to the gentleman from Texas.

Mr. GENE GREEN of Texas. I do not have that information. But I would

imagine in my district, to my colleague and my friend, who is chairman of my committee, my district has a \$25,000 median income, and they will not even be eligible.

Mr. SHAYS. Reclaiming my time, I say to the gentleman from Texas, you have given statistics. I want you to know that your vote against the \$500 tax credit is going to cost your constituents \$60 million.

Mr. KASICH. Mr. Chairman, I yield myself such time as I may consume and yield to the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. Mr. Chairman, I am really confused on this. I thought I heard the gentleman from Florida [Mr. GIBBONS] yesterday ask you if the \$500 tax break was actually in this bill. I thought I heard you say it is not. Now I am asking for a clarification. Is it or is it not?

Mr. KASICH. Since I yielded to the gentleman, the actual \$500 tax credit is not contained in this bill, because we went from a bill that had 350 billion dollars' worth of tax relief to \$245 billion. And now, the simple fact of the matter is that at the end of the day we will march on this floor in a conference report on reconciliation with a \$500 tax credit contained in the final product.

Mr. TAYLOR of Mississippi. But it is not in this bill?

Mr. KASICH. I control the time.

Mr. TAYLOR of Mississippi. I am sorry.

Mr. KASICH. I cannot tell you what the ratio adjustment would be, but I would hope that nobody would attempt to distort or try to deceive people that it is somehow not the intention of the Members in this House to deliver a \$500 tax credit.

Now, you cannot have it both ways. Out of one side of your mouth you cannot say we want to have it, we do not want to have any tax relief for Americans, and then on the other side of your mouth berate us because we do not technically have it done because of the way in which we do our scoring rules.

So the bottom line is we will have a \$500 tax credit, and as the gentleman from Connecticut just pointed out, one of the last speakers is going to lose about \$60 million from his district because he opposes the \$500 tax credit.

Mr. Chairman, I yield 2 minutes to the—

Mr. GENE GREEN of Texas. Mr. Chairman, will the gentleman yield?

Mr. KASICH. Mr. Chairman, can the Chairman maintain order in the House? Regular order.

Mr. GENE GREEN of Texas. Parliamentary inquiry.

The CHAIRMAN pro tempore (Mr. BILIRAKIS). The time is controlled by the gentleman from Ohio.

Mr. GENE GREEN of Texas. Parliamentary inquiry. Mr. Chairman.

The CHAIRMAN pro tempore. The gentleman from Ohio has chosen at this point in time to yield to the gentleman from Wisconsin.



Mr. GENE GREEN of Texas. Mr. Chairman, I am not asking the gentleman from Ohio for a parliamentary inquiry. I am asking you for a parliamentary inquiry.

The CHAIRMAN pro tempore. The time is controlled at this point.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Wisconsin [Mr. KLUG].

Mr. KLUG. Mr. Chairman, I thank the gentleman, my colleague on the Committee on the Budget, and congratulate him for all the terrific work he has done.

Friends, last month, a close friend of mine, Rick Raemisch, sheriff of Dane County, had a baby with his wife, Colleen. My family sent him off, as you might expect, a present and said, "Congratulations."

This place managed to send, along with our President, a tab for \$190,000. That is the interest that little baby now owes this country because of the national debt this Congress has run up over the last 30 years.

I have got three boys at home, ages 3, 6, and 10, and combined, all of them now owe a half-million in interest payments because this Congress has not been able to control spending over the last three decades.

We have to balance the budget because this plan does it over the next 7 years, and it saves the promise of America for Rick and Colleen's little baby and for my three little boys.

It also saves Medicare for my 78-year-old mom, who lives in Milwaukee and who is scared to death if Congress does not do something that Medicare is gone completely, that it vanishes in the year 2002. We have to live up to our promises to our constituents to balance the budget. That is why I came here in the first place, and that is what this vote is all about this afternoon.

It is about a newborn baby in Madison, WI, and it is about my 78-year-old mom, moms and grandparents and fathers all across this country.

I urge my colleagues to vote "yes" to finally manage to balance the budget in this place over the next 7 years.

□ 1345

Mr. CLAY. Mr. Chairman, I yield 15 seconds to the gentleman from Texas [Mr. GENE GREEN].

Mr. GENE GREEN of Texas. Mr. Chairman, the gentleman, who is a good friend of mine, did he know that in his district, 19,900 more working families would have their taxes increase if this bill passes? And in my own district, 57,757 families would have their taxes increased if this bill passes today, 57,757 in my district in the State of Texas.

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentlewoman from Hawaii [Mrs. MINK].

(Mrs. MINK of Hawaii asked and was given permission to revise and extend her remarks.)

Mrs. MINK of Hawaii. Mr. Chairman, I thank the ranking member of my committee for yielding me this time. I rise in strong opposition to this bill.

It is called a reconciliation bill, but under my definition, reconciliation means bringing people together and trying to reconcile differences. The majority party has made no such attempt, and we find in this bill crushing destruction of bills that have brought so much progress to our country. In Medicare and Medicaid, they are going to cut \$455 billion.

We have already seen devastating cuts in the appropriations bill for this year in education, and this bill brings another \$10 billion of cuts in student programs to enable them to go to college. We have always talked about the importance of education for our future, for our ability to compete globally and how important it is to support our young people in going to college. This bill that we are being asked to vote on today crushes that opportunity, denies millions of students the opportunity to go to college. This is a backward moving bill. I urge that it be defeated.

Mr. Chairman, I rise in strong opposition to H.R. 2491, the Seven Year Balanced Budget Reconciliation Act of 1995, because it breaks faith with the promises made to millions of Americans who have trusted the Government to provide certain basic services which safeguard their and their family's health, education, and welfare.

This reconciliation bill is a process gone amok. It was initially intended to coordinate the work of all the committees and enable the Congress at the end of the session to know what the total budget spending was and in addition provide for the needed legislative action required to implement actions taken by the appropriations committee. The budget process was intended to bring greater collaboration and cohesiveness in the work of the Congress.

This bill attempts to implant a 7-year budget restriction by enacting in one bill thousands of changes in statutory law intended to achieve cuts in spending in order to reach a balanced budget by the year 2002. It has created chaos and literally abandoned sunshine and open government.

I do not believe that this budget process was created to foist upon an unsuspecting public, who scarcely understands what we are doing, these monstrous changes in current law that could affect so many lives, so drastically, without open discussion and due debate.

Imagine a Medicaid and Medicare reconciliation which cuts \$455 billion over a period of 7 years. These cuts were devised somewhere in the back room in secret. There were no public hearings on the thousands of sections containing these devastating cuts. These are not just pages in a bill. These cuts sever the life connection for our elderly and for many it will be disastrous choices and heavier burdens on their already hard pressed children.

On page 1242 of this bill, title XI Medicare states, "text to be supplied." We have to presume that the 1,000 page bill that we voted on October 19, 1995 is what is intended to be inserted. This bill cut \$270 billion of the Medicare Program without even 1 day of hearings. We know that various sections of the bill were changed during last minute negotiations, and one wonders what other changes were added to Medicare, and all the other sections.

Reconciliation means putting together the annual spending bills and making certain that

statutory changes were made to align the spending with the law. That is what reconciliation should mean.

Instead this reconciliation has evolved into a demolition process in which wholesale massive destruction of programs are hastily included under the guise that it is necessary today under time targets set in the law for entirely different purposes.

One could argue about the necessity of various programs. One could differ about its efficacy. But these differences need to be discussed in the light of the day with full and open disclosure in public hearings and only after thorough and complete understanding about what is being proposed should they be brought to the floor for a vote.

There is no justification that we vote to eliminate the Department of Commerce without opportunity to debate what happens to all of the programs contained within it. This process is a disgrace and demeans this institution. There is no reason for this haste. This is deliberate chaos.

The budget resolution we passed in the spring called for the committees to report their recommendations. The Agriculture Committee did not report their recommendations. Nonetheless a recommendation is being added to this reconciliation bill by edict of the Speaker. This bypass of a standing committee is unprecedented. It is a derogation of authority and threatens the constitutional basis upon which we stand.

The 245 billion dollars' worth of tax cuts are supposed to be included in this reconciliation bill. Yet on page 1563 of the bill H.R. 2491, it still says, "Text to be provided". What changes are we voting on compared to the bill that the House passed in the spring?

The page where the welfare reform bill is supposed to be is also blank. We are told that it is intended that the House passed welfare reform bill is to be inserted.

It is clear to me that the thrust of this 7-year plan is to abandon the poorest, neediest, and most helpless of our population. It is definitely a plan that balances the budget on the backs of our children, our poor, our sick, and our elderly and disabled population.

Furthermore the size of the deficit is increased under their plan by the \$240 billion tax cut, half of which goes to the 1 percent of our wealthiest people. Imagine giving these huge tax breaks, and on top of that repealing the alternative minimum tax which currently imposes tax on the super rich who otherwise would escape any payment whatsoever.

The tax benefits given the rich, is paid for by the poor, the ill, the elderly, the unemployed, and the disabled. It's simple mathematics. If you give away a tax dollar you should have collected, in order to still have a zero deficit, you have to take away a dollar's worth of benefit from someone.

No matter what the majority party says, the 245 billion dollars' worth of tax cuts, has to be paid for in order to have a balanced budget.

Let me outline the most egregious of all the cuts in programs that will result if this Reconciliation bill is enacted.

#### EDUCATION

You recall that in this year's appropriations bill for fiscal year 1996 we already cut education spending by \$4.1 billion. A long list of programs were eliminated and many were cut

back badly. Our education spending priority is gone.

This reconciliation bill proposes an additional \$10.1 billion of cuts over the next 7 years in various aspects of the student loan program. This is a crushing blow to thousands of students who could not make it through college without this help. The numerous changes in the program will enable the financial institutions to toughen the eligibility requirements freezing many students from getting their loans.

H.R. 2491 seriously undermines the ability of parents and students to get loans, increases the costs of these loans, and jeopardizes the structure and integrity of the program.

Eliminating the Federal interest payment during the 6-month grace period is expected to cost students \$3.5 billion over 7 years. The grace period was instituted because the greatest number of defaults occurred in the first few months of repayment, when students often had difficulty finding jobs and establishing a steady income.

Republicans have also reduced the amount of money parents can borrow under the PLUS loan program and increased the interest rate charged to parents.

Perhaps the greatest harm to students and parents will come indirectly from the new costs imposed on lenders, guaranty agencies and secondary markets. The impact of these new fees and costs will increase costs on lenders and guaranty agencies causing many to leave the program, limiting access to student aid and result in redlining. This will take us back to a time which only the well-to-do had access to higher education.

These problems in gaining access to student aid will also be compounded by the elimination of the direct loan program. While Republicans insist that they support student aid, their recent actions speak otherwise. The direct loan program is the second student aid program that the House Republicans have voted to eliminate this year. The other program, the State student incentive grant program was zeroed-out in the appropriations bill.

#### TAXES

With respect to the \$245 billion package of tax cuts, the House GOP would direct 52 percent of the package's benefits to families with incomes of over \$100,000, of which 28 percent would go to families with incomes over \$200,000. The proposed reduction in taxes would range from a meager \$53 per year for families with incomes of \$10,000 to \$20,000 up to a whopping \$10,362 for families with incomes of over \$200,000.

The House GOP reduces the earned income tax credit by \$32 billion, by rescinding the credit to families without children, broadening the definition of income used to calculate eligibility, and reducing the income level at which families can receive the EITC.

#### WELFARE

Although not printed in H.R. 2491, I presume the House-passed welfare reform bill has been made a part of this bill. These measures would desert low-income families in times of greatest need and punish children just because they are poor.

Most of those receiving welfare—Aid to families with dependent children, [AFDC] are children—approximately 10 out of 14 million recipients. The arbitrary lifetime limit of 5 years for cash assistance with cut off benefits to families while ignoring special circumstances

these families endure. This time limit is punitive because most recipients are cyclers, unable to sustain employment and support their families continuously because at least one vital element is missing: child care, job assistance, education, health care, housing assistance or transportation.

By refusing to provide all elements of this necessary safety net, this bill denies welfare families true opportunity at self-sufficiency. Stringent work requirements as conditions of cash assistance are unreasonable without job creation. It is unrealistic to expect welfare recipients—mostly single mothers—to be able to find a good job paying a living wage while the country's unemployment rate remains high.

Low-income families will be further punished through the discontinuation of entitlement status for several programs and establishment of various block grants to States in this bill. By capping spending for these programs, States in times of fiscal hardship would be deserted, unable to receive additional Federal assistance despite the fact that the number of individuals relying on government assistance would grow. By placing programs for low-income families into block grants, the bill carries no assurance that States will use funds for these needy families.

Funding reductions and benefits caps in the Food Stamp Program, as well as the elimination and block-granting of the school lunch and breakfast programs, will severely threaten child nutrition in America. In Hawaii alone by 2002, nutrition assistance for 50,000 children would be cut; school lunch, the Supplemental Nutrition Program for Women, Infants and Children [WIC] and other child nutrition programs serving 184,000 children would be jeopardized. Nationwide, 14 million children in 2002 would lose nutrition assistance, and 32 million children could lose nutritional support.

Among other impacts of these welfare provisions, the administration estimates that more than 400,000 American children will lose child care assistance in 2002—1,450 children in Hawaii by cutting \$10.6 million over 7 years. Foster care and adoption for vulnerable children will be cut by \$6.3 billion over 7 years—by \$32.9 million from children in Hawaii. Child protection for abused and neglected children will decrease by 19 percent in 2002—24 percent in Hawaii. Furthermore, because their paternity has not been established 3.3 million American children will be ineligible for cash assistance—12,000 in Hawaii—by the time the House bill is implemented in 2005.

Just as disagreeable in this legislation are measures to deny Federal benefits to legal immigrants—those who have followed the letter of the law and paid taxes. Most legal immigrants would be denied by assistance from Supplemental Security Income [SSI], Medicaid, food stamps, temporary assistance for needy families block grant and social services block grant programs.

Finally, the bill before us would change eligibility requirements for SSI and reduce spending by \$17.6 billion over 7 years. It is appalling that this bill would allow only those low-income children to receive SSI who are severely disabled so as to require institutionalization if they are without continuous personal assistance. As many as half of the disabled children in Hawaii projected to receive SSI in 2002 under current law would be denied benefits; the figure is as many as 55 percent nationwide.

#### MEDICAID

Once again it is our children, low-income families, and the elderly that will feel the brunt of the Republican Medicaid plan. The Republican Medicaid plan wipes out guaranteed health care coverage for 36 million Americans, most of whom are children and cuts the program by \$182 billion over the next 7 years.

Under the Republican plan no one is entitled to coverage for any services, regardless of how basic—even prenatal care, immunization for children, and care for the disabled. Instead of the current Federal guarantee of care, States will now be able to decide eligibility requirements, the level of benefits and services, and with at least 20 percent less funding they will have no choice but to cut off people or cut services.

Children will be among the most vulnerable to suffer from these cuts. The U.S. Department of Health and Human Services estimates that as many as 15,161 children in Hawaii could lose Medicaid coverage under this plan. Currently 15 percent of Hawaii's children rely on Medicaid for the basic health needs. But the Republican plan will cut Federal Medicaid dollars to Hawaii by \$443 million over 7 years.

The Urban Institute estimates that even if Hawaii could make up half of these cuts by reducing services and provided payments, it would still have to eliminate coverage for 29,557 people, including 15,161 children in the year 2002.

The other primary group of people who will be hurt by the Medicaid cuts is the elderly and disabled who depend upon Medicaid for long-term care. The majority of Medicaid funds goes to pay for long-term care—institutional and home care—for the elderly and disabled. In Hawaii Medicaid currently pays 60% of the costs of elderly in nursing homes. 74% of Hawaii's 3,289 nursing home patients rely on Medicaid to pay their bills.

Under this bill Hawaii's elderly and disabled will no longer have the assurance of Medicaid assistance for their long-term care. The program has been converted to a block grant to states under an inflexible, potentially inequitable formula. In addition, the bill repeals federal quality standards for nursing home residents. The bill also allows states to place liens on assets of adult children before their parents can be eligible for Medicaid.

#### HOUSING

With respect to housing, the Budget Reconciliation Act makes numerous reckless cuts. H.R. 2491 terminates the Resolution Trust Corporation [RTC] and Federal Deposit Insurance Corporation's [FDIC] affordable housing programs. Under the RTC affordable housing program, more than 104,000 residences have been sold for \$1.5 billion while eliminating these programs will save a mere \$32 million. These relatively meager savings will abolish these sensible and necessary services.

HUD's multifamily property disposition would be practically wiped out. This bill authorizes HUD to sell its multifamily housing projects and HUD-held mortgages without restriction. There will be no protections for displaced low-income tenants forced to enter the market and locate suitable housing that will honor a voucher. Tenants will not be guarded from rent increases and will be required to pay the difference when rents rise above the value of their voucher.

The Rural Housing and Community Development Service will be required to recapture



Federal subsidies from rural housing borrowers when a home is refinanced or a single family direct loan mortgage is paid off. A low-income family that has spent years saving their scarce resources to purchase a home will be further burdened with repaying principal and interest on a refinanced first mortgage as well as the interest credit subsidy recaptured upon refinancing. This policy goes contrary to helping families obtain the American dream; delaying efforts of low-income families to purchase their own homes.

Despite weighty testimony that many low- and moderate-income individuals are not currently assisted adequately, this bill eliminates all enforcement mechanisms of the Community Reinvestment Act [CRA]. The responsibility of financial institutions to meet the credit needs of their communities will not be monitored. Institutions could invest more outside of their communities thereby slowing the growth of these already distressed areas and make it increasingly difficult for its citizens to obtain loans.

#### MEDICARE

Last week this House passed Medicare cuts of \$270 billion. Medicare is not about cold pieces of metal fastened together to create a space station or a stealth bomber. It is about people's standard of living. It is about having the comfort and security to know that if you become ill in your years of twilight, or disabled at any age there will be a safety net.

There are already 41 million people in this country without health insurance. Does anyone in this room believe that this number will decrease as a direct result of these provisions to cut Medicare?

The majority claims that seniors will have more choice with their Medicare plan. Sure they will have new choices but in addition, I caution you to be aware that old choices will be eliminated. Among the new choices will be the option to select a medical savings account that could have a \$10,000 per year deductible; the choice to stay with a skeleton of the traditional Medicare system that will not pay for all the services it did before; and to select a provider service organization that will be unregulated, unsafe, and financially vulnerable, until States are able to implement their own regulations.

Meanwhile, old choices will be abolished. This bill includes provisions that would remove a patient's legal right to sue for malpractice more than 5 years after damages were sustained even if damages were not discovered until after this period of time; patients would not have the choice to select a nursing home that maintains federally regulated standards; and beneficiaries who exercise their choice and select a Medicare-plus option could later find that they do not have the choice to select their family doctor under their new plan.

Why are we rushing these catastrophic cuts when we have 7 years at the earliest before the Medicare trust fund will become insolvent. The Medicare trustees have not stated that we need Medicare cuts of \$270 billion to make the trust fund solvent. One Trustee stated that \$89 billion is all that is needed. We have 7 years to plan these changes and we have done it 8 times before.

#### DEPARTMENT OF COMMERCE

The reconciliation bill eliminates the Commerce Department causing needless shuffling of governmental functions while eliminating successful activities that clearly benefit the

American people especially in areas that promote economic growth, increase the international competitiveness of U.S. firms in global markets, and advance U.S. technology.

H.R. 2491 eliminates four agencies, the Minority Business Development Agency, U.S. Travel and Tourism Administration, Technology Administration and the Economic Development Administration. The remaining Commerce programs not eliminated are transferred to existing agencies or departments or consolidated in newly created agencies.

The U.S. Travel and Tourism Administration and the Economic Development Administration have been particularly important to economic and business development in Hawaii. These two key agencies were major contributors to the economic recovery of Kauai following Hurricane Iniki.

It is highly contradictory that Republicans who pride themselves as supporters of private enterprise would eliminate a whole agency dedicated to improving business and economic development.

The transfer of the National Oceanic and Atmospheric Administration [NOAA] to a new agency threatens weather services, State grants, fisheries, research, navigation, and sanctuaries nationwide. Negative effects of this provision will be felt the hardest in Hawaii as numerous programs lose funding or are terminated.

Finally this bill contains a provision to lift the ban on export of Alaska North Slope [ANS] crude oil which would have disastrous effects on Hawaii's consumers, who already pay the highest gas prices in the Nation. According to industry experts, this measure could increase wellhead prices for ANS by more than \$2 per barrel, which would translate directly into skyrocketing gas costs for Hawaii, whose refineries run on 60-percent crude oil. The 22-year-old export ban on ANS has enabled Hawaii's refineries to hold costs down.

Should the ban be lifted, as gas prices start to rise, Hawaii and the U.S. territories would begin to receive less ANS crude. According to the State's largest refinery—BHP petroleum Americas—removal of the export ban would make exports to Pacific rim countries more attractive. The ANS provision is terribly irresponsible, at a time when the United States is importing nearly half of its petroleum, to allow domestic oil to go to foreign countries.

This is just a brief description of the thousands of harmful consequences of this bill. This bill must not become law. It destroys America's belief in what Government stands for.

Mr. KASICH. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Chairman, I would like to just have a very calm dialog with my good friend; he truly is a good friend and someone I respect from Texas. I would just ask the gentleman to share that the gentleman says in my district. What?

Mr. GENE GREEN of Texas. Mr. Chairman, will the gentleman yield?

Mr. SHAYS. I yield to the gentleman from Texas.

Mr. GENE GREEN of Texas. Mr. Chairman, 11,207 would see increases in taxes from earned income tax credit, but also your district would benefit from the increased taxes.

Mr. SHAYS. Mr. Chairman, so the gentleman is talking about the earned

income tax credit. Is it the gentleman's point on the floor of the House that any of my constituents who get the earned income tax credit will get less next year?

Mr. GENE GREEN of Texas. Mr. Chairman, if the gentleman will continue to yield, the number, the 11,000 number is based on the number of constituents you have that are eligible for the earned income tax credit.

Mr. SHAYS. Nobody will be taking any earned income tax away. They will not get an increase.

Mr. GENE GREEN of Texas. They will. Under this bill, there will be less earned income tax credit.

Mr. SHAYS. Mr. Chairman, reclaiming my time, I just think the numbers you all are using are bogus. I am fed up with it. These are not accurate numbers. You are not disclosing that it is to be increased. There is no cut to a constituent in my district because of the earned income tax credit. It has got to end.

Mr. CLAY. Mr. Chairman, I yield 1½ minutes to the gentleman from New York [Mr. OWENS].

[Mr. OWENS asked and was given permission to revise and extend his remarks.]

Mr. OWENS. Mr. Chairman, I rise in strong opposition to two provisions in this mean-spirited attack on educational opportunity and on the lowest paid workers in America, the people who are covered by the Service Contract Act. There is no need to go after the workers in the Service Contract Act, it does not have anything to do with increasing revenues for this country. It will not cost us anything in tax expenditures; however, it may cost a great deal in food stamps and unemployment insurance if we end the service contract and lower the wages of the lowest paid workers in the country.

Wage determinations under the Service Contract Act in 30 cities come out to \$6.07 per hour for janitors, \$5.42 for food service workers, \$5.59 for guards. Why are we going after these lowest paid workers in America? Why is the mean-spirited attack on workers continuing through the Reconciliation Act? It does not save any money. It will cost us money in the end.

We will also lose money by not investing more in education in America. Educational opportunity is an investment. It is not an expenditure. We need to widen the amount of money available in discretionary programs so that we can restore many of the cuts made in education. We want to restore the cuts in title I. We want to restore the summer youth employment grant. We also want to make certain that the job training programs which are defunded have money restored. If we extend this attempt to balance the budget over a 10-year period instead of a 7-year period, we can gain back many of the dollars that are needed to restore these educational cuts in the budget.

Mr. Chairman, I rise in strong opposition to this mean-spirited attack on educational opportunity in America and on the lowest paid workers in America.

Education has become a matter of individual economic survival in this country. You cannot succeed, you cannot earn enough to support a family, you cannot achieve the American dream, without postsecondary education. Americans understand this and they now make enormous sacrifices to obtain access to the halls of higher education, working extra hours, taking second jobs, scrimping, saving, and, inevitably, assume crushing debt burdens.

Instead of honoring the determination and the responsibility of these Americans, today this House is about to make their struggle that much harder, piling on aid cuts of more than \$10 billion. Many families will not be able to afford cuts of these magnitude. More importantly, no family should be asked to shoulder this additional burden. There is no high purpose behind all this; the only reason we are savaging these programs is to free up money for the Republican tax cut payoff.

This bill also wages a parallel assault on elementary and secondary education and job training, threatening both the availability and the quality of educational and training opportunities for millions of American children. The dramatic reduction in permissible discretionary spending that would be imposed by this bill between now and the year 2002 will savage Federal assistance for elementary and secondary education. The Labor-HHS-Education appropriations legislation passed by the House earlier this year offers just a preview of the carnage to come.

The title I program, which supports tutoring and remedial educational services for low-income children and others who are falling behind in school, is cut by \$1.1 billion, or 17 percent, throwing 1.1 million educationally disadvantaged students out of the program. The Safe and Drug-Free School Program, which provides support to nearly every school district in the country for drug abuse education programming and anti-violence activities, is slashed by 60 percent, eliminating services to 23 million schoolchildren. Cuts in funding for the Adult Education Act will deny services to 125,000 illiterate adults next year. Cuts in Head Start will toss nearly 50,000 preschool children out of that acclaimed program. Support for training for disadvantaged youth is cut in half and the entire summer youth employment program is eliminated, denying 600,000 young people job and education opportunities next summer.

These draconian reductions, I emphasize, are just the beginning; this is just the first year, the first cinching of the garotte on educational funding imposed by this legislation. More than \$36 billion will be bled from educational programs over the next 7 years.

The debate today is not about deficit reduction and balancing the budget. The issue is how we go about reaching the balanced budget and what programs should be given priority for funding. Earlier this year, the Congressional Black Caucus put forward a budget proposal which, like the Republican plan, balanced the budget over 7 years. We did not cut Federal support for education by one dime. Indeed, we nearly doubled spending for education, training, and other human investment programs. We expanded and improved edu-

cational opportunity in America and, at the same time, eliminated the deficit, balanced the Federal budget, and provided a tax cut to working families as well. It is not necessary to attack education in order to achieve the professed goals of the majority.

But attack education is what this legislation does, virtually and violently. Key Federal investments in education which make the American dream possible for all of our citizens are blotted out. Key Federal investments in education which make the American dream possible for all our citizens are blotted out. Key Federal investments in education which make our economy thrive are extinguished. This legislation does not provide for the future of our children and youth—it destroys it.

I oppose the repeal of the Service Contract Act because it is nothing more than an assault on the standard of living of some of the hardest working men and women in our Nation; and it is an assault which will deprive workers and their families of a fair wage, health insurance, and pension protections for their senior years.

The Service Contract Act has enjoyed bipartisan support since it was enacted in 1965 and amended in 1972. The law has been virtually without controversy because it protects some of our most exploited and victimized workers in our Nation. Today, 30 years later, the Service Contract Act continues to protect almost 1 million workers—most of whom are minority and female workers in low-wage occupations. For example, service contract workers include cooks, bakers, cashiers, mess attendants, cleaners, custodians, janitors, housekeeping aides, window washers, trash collectors, mechanics, clerks, small equipment mechanics, cafeteria workers, food preparation workers, machinery and furniture repair workers, landscapers, keypunchers, and laundry workers, to name but a few.

The single largest occupation covered by the Service Contract Act is janitor, porter, cleaner which, in 1986, accounted for 18 percent of the total SCA-covered work force. The other largest categories are housekeeping aid, security guard, mess attendant, and food service worker. These occupations are ones in which the employment of women, African-Americans, and Hispanics predominates. According to the Bureau of Labor Statistics of all employed janitors, porters, and cleaners, 34 percent are women, 24 percent are African-American, and 11 percent are Hispanic. In housekeeping occupations—performed outside private homes—84 percent of such workers are women, 31 percent are African-Americans, and 13 percent are Hispanic. The food preparation and service occupations also consist of high proportions of women and minorities. Fifty-seven percent of these jobs are held by women; 12 percent are held by African-Americans, and 13 percent are held by Hispanic workers. Thus, the repeal of the Service Contract Act will injure, in particular, low-wage workers and primarily women, African-Americans, and Hispanic workers.

Repeal of the SCA would shred the safety net, as modest as it is, for these service contract workers, many of whom earn a very modest wage even with the Service Contract Act. For example, janitors in Atlanta, GA, receive \$12,730 under the Service Contract Act. In St. Louis, MO, janitors make \$12,860 annually and in a high-wage area like Boston, janitors make \$17,200 annually. When the Fed-

eral poverty line of \$14,754 for a family of four is considered, it is clear that even with the protections of the Service Contract Act, workers still need the protection of the act.

One of the myths about the Service Contract Act is that it no longer protects low-wage employees, but rather protects high technology professional and managerial employees. But the act contains numerous exemptions for many types of service contracts under which so-called high technology, high wage workers are employed. There are three major categories of highly skilled and highly compensated workers who Congress specifically excluded from the Service Contract Act when it amended the law in 1976 including professional employees, executive employees, and administrative employees. Another major category of high technology workers who have been exempted from coverage includes technicians who repair and maintain computers, scientific and medical equipment, and office and business machines when those services are provided by the manufacturer.

The wage determinations issued under the Service Contract Act are not inflationary. In 30 cities, SCA wages averaged \$6.07 for janitors, \$5.42 for food service workers, and \$5.59 for guards. Even in a high-cost metropolitan area such as Washington, DC, the prevailing wage for SCA-covered janitors is \$6.35 per hour—plus \$9.1 per hour in benefit contributions. In Boston, janitors receive \$8.60 per hour; in Memphis, janitors receive \$5.60 per hour; and in Salt Lake City, janitors receive \$5.85 per hour. Thus, despite the act's protection, even those earnings are quite modest. Without SCA coverage, the work force of low-skilled, predominantly minority and female workers, would quickly drop to \$4.25 per hour under the pressure of the procurement system.

In summary, the Service Contract Act has allowed workers to earn a living wage. It has enabled millions of workers to enjoy the benefits of fair wages and fringe benefits such as health insurance and a pension typically unavailable in this industry. Also, many service contractors on Federal service contract jobs maintain jointly administered labor-management training programs. Many workers have participated in these training programs and have been allowed to improve their job skills and move up the economic ladder. Improved job skills for many who might otherwise have little or no job training has benefited all service contract workers and it also has benefited their employers and the Federal Government—the ultimate consumer of their services. It is for all these reasons that I oppose repeal of the Service Contract Act.

Mr. CLAY. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California [Ms. LOFGREN].

(Ms. LOFGREN asked and was given permission to revise and extend her remarks.)

Ms. LOFGREN. Mr. Chairman, on behalf of the seniors, working families and especially children in my district, I strongly oppose this bill.

Mr. Chairman, I rise in strong opposition to H.R. 2491, the Budget Reconciliation Act. This bill ignores the priorities of the American people by its cavalier attitude toward children and working families. One key purpose of this bill is to provide tax breaks for the wealthy; most

Americans will get nothing back or even pay more under this so-called tax break plan.

My district is made up of hard-working American families and they have sent me a loud and clear message: they want thoughtful and measured cuts in our Government, coupled with strong safeguards for our elderly, our families, and our children. This bill ignores that message.

Mr. Chairman, almost 8,000 children in my district will lose their health coverage under this bill, and thousands of working families will suffer from the cuts in student loans and higher taxes. My district, Santa Clara County, will lose \$564.6 million in Medicaid funding over 7 years and health care officials warn that emergency clinics, local clinics, public hospitals, nursing homes and private hospitals could be forced to close their doors. These measures aren't part of the message I receive from my district.

This bill also cuts into some of the most important tax provisions that benefit my district. I know that many of my colleagues are dismayed that the Earned Income Tax Credit, which provides a true incentive to people trying to stay off welfare and into the work force, would be a target of this Congress. Scaling this back really amounts to a tax increase for low-wage-earning Americans.

I am equally disappointed that the Majority has seen fit to eliminate the Low-Income Housing Tax Credit. In 1993, two-out-of-three of my colleagues on the other side of the aisle cosponsored legislation in 1993 to make this credit permanent. It made sense in 1993 and it makes sense now. The city of San Jose has called this tax provision "the single most important source of funding for the development of affordable housing." Since 1991, 1744 affordable units have been developed in San Jose, with a total tax credit of \$100 million and a total economic impact of a quarter of a billion dollars. Mr. Chairman, this credit, like the Earned Income Tax Credit, helps people toward self-sufficiency, spurs local economies, provides jobs for local workers and provides affordable housing for struggling families. Under this same bill, 7,685 children in California will have to go without basic housing. We need housing for these children and their families. Why are we sacrificing effective credits in favor of tax breaks for those who make hundreds of thousands of dollars a year?

But this bill is about more than tax credits and tax breaks, Mr. Chairman. It's really about our children themselves. Kicked off Medicaid, deprived of school lunches, and inadequately protected from hunger, homelessness and abuse by the provisions of this bill, children are going to suffer. Did you know that over 50 percent of all Medicaid recipients are children? These children are the real losers in this bill. And to top it all off, this reconciliation bill is going to cap welfare assistance, meaning even less money will be available for these needy children.

My colleagues, it is clear that the current majority lacks interest in struggling families. When this budget takes effect, working America will be squeezed even more. What will this mean? More working families unable to afford health care, housing, education, child-care and even food; more problems with unemployment, homelessness and more stress in our local communities. Do we want this? Is this what the American people really asked for in November? I know that the people who elected me last November certainly did not.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GOODLING], the distinguished chairman of the Committee on Economic and Educational Opportunities.

Mr. GOODLING. Mr. Chairman, I would like to first of all point out what we do not do, and then I would like to point out very quickly what we do do.

First of all, we do not eliminate in-school interest subsidies even though Alice Rivlin suggested to the President that might be the way to go. We do not eliminate the 6-month grace period before students begin repaying their loans. We do not change the eligibility or the access to student loans. We do not increase loan origination fees paid by students. We do not increase the interest rate students pay on their loans nor do we take away the reduction that they are due to get in 1998.

Let me tell my colleagues what we do do. The number of student loans issued will be increased from 6.6 million this year to 7.1 million next year. The volume of student loans increases 50 percent, rising from \$24 billion this year to \$36 billion.

The primary impact of what we have done really falls strictly with the loan industry who are going to come up with over \$5 billion. Pell grants under the House appropriation will be the maximum they have been.

The supplemental education opportunity grants will continue at the same level. The college work-study will continue at the same level. The Perkins loan will continue at the same level. The minority programs, TRIO programs which benefited minorities and disadvantaged will continue at the same level. The historically black colleges, the undergraduate and graduate college programs are fully funded at the same level.

Those are the things we are doing. At the same time, we are going to bring down interest rates so that those people paying on these loans will get a tremendous reduction by the time we get to a balanced budget. That is not my word. That is the word of most economists, including Mr. Greenspan.

So, what we have done has done nothing to hurt students. It gives them every opportunity they have ever had to get loans, to get more loans, to get higher Pell grants. We are helping students, and at the same time we are going to help them in the future because we are not going to mortgage their future.

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. BECERRA].

(Mr. BECERRA asked and was given permission to revise and extend his remarks.)

Mr. BECERRA. Mr. Chairman, I thank the gentleman for yielding time to me.

Take a look at this bill. The Republican bill increases taxes for 14 million working families at the same time it allows multinational corporations that

make billions in profits to pay no taxes. The Republican bill taxes seniors through the \$270 billion cut in Medicare and the \$182 billion cut in Medicaid, and at the same time we are giving the Pentagon \$8- to \$10 billion more than the Pentagon even requested. Can it get worse? Yes. If you have students in your family and they want to go to college, get ready because they are going to have to pay billions more in this Nation to go to college, up to perhaps \$5,000 more for that student to go through college. That is a tax because it would not be that way without this bill.

So who is helped? Well, this tax cut for the wealthy and tax cut for corporations helps them. As we hear now from Speaker GINGRICH and the Senate majority leader on the Senate side saying, they never wanted Medicare to begin with. It is becoming clear who this is benefiting. It is not those who work and pay taxes. It is for those who just invest and get money.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from the State of Arkansas [Mr. HUTCHINSON].

Mr. HUTCHINSON. Mr. Chairman, when the gentleman on the other side will stand and say that someone in my district is going to pay higher taxes because of this reconciliation bill, he is mistaken. Anyone who claims that EITC reform is a tax increase is either misstating the situation, being deceived or simply does not understand how the program works.

The fact is that 85 percent of current EITC spending is considered outlays or direct government payments just like AFDC. Six out of seven dollars being spent on EITC is above and beyond, as it is returned to that taxpayer, is above and beyond the aggregate taxes paid. Less of an increase is not a cut. It is not a cut in Medicare spending, and it is not a cut in the EITC spending.

In addition, in this reconciliation bill encompassed is tax relief for millions of hard-working Americans in the \$500-per-child tax credit. The family making \$30,000 with two children sees their taxes cut in half.

A family making \$25,000 a year with two children sees their tax eliminated. Every hard-working American family in this country will be better off because of this reconciliation bill. That is the fact.

For those who listened yesterday on this floor, I had a colloquy with members of the Committee on Ways and Means, with leadership Members in this body who made a flat commitment that we would work to ensure that all American families, all working American families will be better off under this program of tax relief than they were last year. That is a commitment and that is the truth. All of this bogus talk and bogus figures about tax increases is simply misrepresenting the reality of this reconciliation bill.

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. KILDEE].

Mr. KILDEE. Mr. Chairman, for those of you who plan to vote for this bill today, you should do so fully aware of the consequences.

The block grant and funding reductions in the Medicaid Program in this bill will have devastating effects on disabled children across the country.

Mr. Chairman, in 1986, this Congress made changes to the Individuals with Disabilities Act [IDEA] to help States establish and operate comprehensive early intervention services for infants and toddlers with disabilities. In 1993, this program helped 154,000 families overcome the challenges of meeting the needs of disabled infant and toddlers. This is a program of proven success and has solid bipartisan support. Why? Because it works. Talk to your States. They will tell you that this program saves money because early intervention means that fewer services are needed in the future. This means reduced reliance on medical services and families avoid the expensive tragedy of putting their children in institutions.

The infants and toddlers program has been successful because it is conducted through a partnership with the Medicaid Program. In some States over 50 percent of funding comes from Medicaid. The city of Chicago estimates that they will lose \$45 million annually as a result of this change to the Medicaid Program.

If you vote for this bill, know that you will put this progress at risk and that it will devastate the dreams of disabled children and their families.

Many families, who are both poor and middle class, receive much-needed support from Medicaid for their disabled children. What kind of help do they receive? Wheelchairs, equipment used to communicate and the kind of services that make it possible for parents to keep their children at home. Voting for this bill means running the risk of forcing parents to make absolutely cruel choices about the most important thing in their lives—their children.

Do you think these parents would give this up to get a \$500 tax cut? Of course not. Vote "no" on this bill.

Mr. STOKES. Mr. Chairman, I rise in strong opposition to the majority's budget proposal. Is there no end to the Republicans' attack on the most vulnerable in our society? They have already dismantled Medicare forcing seniors to pay more for less health care coverage. Now, the Republicans are going after those who—truly cannot—defend themselves, those who—entrust us with their future—the Nation's children.

The Republican budget: Takes away health care services from over 4 million needy children; takes away Head Start from 180,000 disadvantaged children; takes away basic assistance in reading and math from over 1 million disadvantaged children; and threatens the availability of school lunches and other nutritious meals for 32 million hungry children.

I know the children of my district and those across the State of Ohio will be hurt by the drastic cuts in health care, education, housing, and child protections alone. Over 150,000 chil-

dren in Ohio will lose Medicaid coverage, and nearly 40,000 will be denied disability assistance. Over 600,000 children in Ohio will suffer from the drastic cuts in nutrition assistance. Nearly 20,000 children in Ohio will be denied child care.

In addition, assistance to over 180,000 children in Ohio is cut simply because their paternity has not been established. Over 8,000 children in Ohio will no longer have the benefits of Head Start. Over 32,000 children in Ohio will be denied the basic assistance in reading and math that they need. Summer jobs for nearly 20,000 Ohio youth who need and want to work will be eliminated. The families of over 150,000 children in Ohio will be forced to pay higher rents, when the median income or their family is only \$6,800. To make matters worse, the families of over 700,000 children in Ohio will have their taxes increased by the Republican budget.

Mr. Speaker, what could these poor—little—innocent children in Ohio and across the Nation have done to the Republicans to warrant such a coldhearted attack? I urge all my colleagues to throw off these shackles of oppression being imposed by the Republicans on the American people and vote "no" on this bill.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from the State of Pennsylvania [Mr. CLINGER].

(Mr. CLINGER asked and was given permission to revise and extend his remarks.)

Mr. CLINGER. Mr. Chairman, I want to point out that the only constant that we have in this world is the fact of change. We have seen an enormous change in this country. Science and technology have whisked changes by that are blinding, at a frightening rate of speed. Nevertheless, progress, opportunity, and a hope for a better tomorrow have made most of us willing participants in this ongoing change.

As we have adopted changing times, so have nearly all of society's major institutions: the American family, large corporations, small businesses, communities, every institution, Mr. Chairman, except one, the Federal Government.

The Federal Government has continued to grow and centralize power and decisionmaking authority in Washington, DC, without regard to cost or efficiency. So, Mr. Chairman, in this era of downsizing, when everyone else, everyone else is asked to do more with less, the Federal Government has continued to swell requiring a greater and greater share of American family income and business earnings.

For too long, Congress and the White House have turned a blind eye to the dire consequences of deficit spending and the mounting national debt. In the short-term, we have been a dead weight around the neck of our economy, crowding out private investments, stifling job creation and limiting economic growth and opportunity. But even worse, Mr. Chairman, in the long run, they have compromised the standard of living of our children and grandchildren.

Mr. Chairman, today that ends. Today the House is going to adopt the

first balanced budget in a generation. Today we will finally stop the hemorrhaging of red ink and get our fiscal house in order.

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So I am proud to rise in support of this budget because it is an honest measure that does not rely on smoke and mirrors, rosy economic scenarios, and other phony accounting gimmicks.

In a moment I am going to hear, I am sure, how many of my constituents are likely to be, possibly going to be, disadvantaged by the passage of this budget, but what we will not hear from the other side are the hundreds of thousands of my constituents, indeed all of my constituents, who will be disadvantaged seriously if we fail to get this budget in balance by the year 2002, and I rise in strong support of this measure.

Over the past several decades our world has changed dramatically. Empires have crumbled, and infant nations have been born. Diseases have been eradicated by modern medicine, while newer, deadlier ones have emerged.

In some areas such as science and technology, the change has occurred at a blinding pace. What is invented today may be obsolete tomorrow.

Swift air travel, world-wide television coverage, and instance communications have made our planet a relatively small place. Laptop computers, once the size of living rooms, have empowered individuals by bringing a wealth of information and knowledge to our fingertips.

Keeping pace with the present, never mind catching up to the future, has made our lives more complex, more exhilarating, and more exhausting.

Nevertheless, progress, opportunity, and hope for a better tomorrow have made most of us willing participants in this ongoing change. And as we have adapted to these changing times, so have nearly all of our society's major institutions.

The American family has undergone a complete metamorphosis. Families supported by one breadwinner and one homemaker are nearly obsolete and have been replaced by single parent families or double-income families with latch-key kids.

Large corporations have become smaller and flatter to compete in the global marketplace. As we've moved from the industrial age into the information age, the more successful businesses have learned to integrate workers and technology, and replace conflict with cooperation to improve productivity.

Even the most conservative of institutions, religion, has taken advantage of technological advancements to reach followers and spread their word.

But, during this whirlwind of change, one major institution has managed to resist it. The Federal Government over the past 30 years has continued to grow and centralize power and decisionmaking authority in Washington, DC, without regard to cost or efficiency. Somehow, the Federal Government has been able to inoculate itself against the constant changes that are reshaping our world and our lives.

Its monolithic bureaucracies and rigid hierarchies have proven to be anathema to creativity, innovation, and experiment. Perverse incentives and debilitating inefficiencies have rendered the Federal Government incapable of dealing with the Nation's most vexing problems. Though Government once helped people overcome obstacles, it now has become an obstacle itself.

In this era of downsizing when everyone is asked to do more with less, the Federal Government has continued to swell, requiring a greater and greater share of American family income and business earnings. To the dismay of all Americans, we seem to be feeding more money to Washington, but getting less back in terms of results.

The Federal Government's inability to adapt to changes in the modern world coupled with Congress' addiction to spending have resulted in an overwhelming fiscal mess that should make us blush with shame or turn red with anger.

Each year since 1969, the Federal Government has failed to live within its means, spending more money than it collects in taxes and borrowing to make up the difference. For 26 straight years, we have piled more and more onto our national debt which now stands at nearly \$5 trillion.

For too long, Congress and the White House have turned a blind eye to the dire consequences of these irresponsible spending practices. In the short term, deficit spending and the mounting National debt have been a dead weight around the neck of our economy, crowding out private investment, stifling job creation, and limiting economic growth and opportunity.

But even worse, in the long run, deficit spending compromises the standard of living of our children and grandchildren. We are risking the prosperity of future generations in order to consume more today.

Well, today, Mr. Speaker, that ends. Today, the House will adopt the first balanced budget in a generation. Today, we finally will stop the hemorrhaging of red ink and get our fiscal house in order.

I am proud to rise in support of H.R. 2491, the Seven-Year Balanced Budget Reconciliation Act because it is an honest, credible measure that does not play the popular Washington game of relying on smoke and mirrors, rosy economic scenarios, and other phony accounting gimmicks to balance the budget. Rather, it makes the tough decisions that are necessary to really and truly get to a balanced budget.

For instance, it saves billions by tackling the difficult issue of welfare dependency. Not only does it overhaul our welfare system to encourage work and self-sufficiency, it also attacks corporate welfare by closing \$30 billion in corporate tax loopholes.

The measure also achieves savings by re-vamping Federal farm subsidy programs so that American farmers can move away from dependence on Government support while remaining competitive in the global market and continuing to feed the world.

Some budget savings in this budget are not easy, but necessary if we are going to make the Federal Government smaller, more cost effective, and more responsible to the taxpayer. The Government Reform and Oversight Committee, of which I am chairman, crafted the section dismantling the bloated, misguided Department of Commerce. It will save billions

and serve as a blueprint for future downsizing efforts.

Many provisions in the budget simply make sense. For 70 years, the Federal Government has maintained a helium reserve for national security purposes. Today, however, the U.S. military uses B-2 bombers and F-16 fighters to defend the Nation, not blimps. Privatizing the helium reserve and saving millions of dollars is just common sense.

Other provisions are long overdue. As chairman of the Government Reform and Oversight Committee, I worked to end special pension treatment for Members of Congress and their staff. The American people have been screaming for congressional pension reform, and this budget delivers it.

Another reason this budget package has earned my support is because it doesn't rely on the tried-and-failed method of deficit reduction: raising taxes. We can't tax our way out of debt or into prosperity, and history has borne that out. This time, instead of hitting the taxpayers up for more money, we have struck at the core problem: Congress' addiction to spending.

During the course of debate, we have heard concerns and criticisms about various line-item cuts and programmatic changes in the budget, however, we must not lose sight of the fact that balancing the budget is a necessity, not a luxury. In my mind, beside rescuing the standard of living of future generations, balancing the Government's books will have two vital impacts on our Nation.

First, balancing the budget will significantly boost our economy by reducing long-term interest rates by 2 percent. Families will pay less for mortgages, student loans, care loans and credit card payments. Lower interest rates will help businesses to expand, create jobs, and improve their international competitiveness. A balanced budget will create 6.1 million additional jobs and increase per capita income 16.1 percent over the next 10 years.

No Federal Government program can provide the American people as much in benefits that a balanced budget can.

Second, and maybe even more important, balancing the budget may restore the American public's confidence in its Government. The Founding Fathers instilled in us a health dose of skepticism for government, but this has festered into a deep distrust and cynicism about government.

Some pundits and political scientists attribute these feelings to the Vietnam war and Watergate. I disagree. When I talk to people back home who are disgusted with Washington, they don't mention Vietnam or Watergate, they point to what's going on today. They don't understand how their leaders can so poorly manage the nation's finances.

The public recognizes that many of the problems facing our Nation—the economy, cultural and moral decay, foreign conflicts—can be influenced, but not completely controlled by the President and Congress. But they know that managing the Federal Government's fiscal affairs is a direct function of Congress and the White House, and we have been derelict in our duties for too long.

For these people, balancing the budget is not just about hope, opportunity, and prosperity, it's about cleaning up the mess in Washington.

As elected officials responsible for governing the Nation, we should not—indeed, we cannot—underestimate the power of regaining

the American people's trust and confidence. After all, balancing the budget is only the beginning, not the final product of the task at hand.

I remind my colleagues that balancing the budget and reducing the size of Government is only half of what we must do. Government still has vital functions and can improve the lives of people in many circumstances. Our obligation is to transform our current 1930's style Government into a 21st century Government capable of coping with the challenges confronting modern society.

Mr. Speaker, once again, I am proud to vote for this budget. Though I don't agree with every detail, I support this measure because it will balance the budget while still allowing spending to increase at a responsible rate; it will save Medicare for current and future beneficiaries; it will provide tax relief to middle class American families; and it will invigorate our economy and help create jobs.

Mr. SABO. Mr. Chairman, I yield 5 seconds to the gentleman from Texas, Mr. GENE GREEN.

Mr. GENE GREEN of Texas. Mr. Chairman, in answer to my chairman of the Committee on Government Reform and Oversight, 28,588 constituents lose—

The CHAIRMAN. The time of the gentleman has expired.

Mr. CLAY. Mr. Chairman, I yield the balance of my time to the gentleman from Montana [Mr. WILLIAMS].

The CHAIRMAN. The gentleman from Montana [Mr. WILLIAMS] is recognized for 2 minutes.

Mr. WILLIAMS. Mr. Chairman, I thank the gentleman for yielding this time to me.

Today America departs from a long, unbroken tradition of bipartisan support for America's students and for the schools they attend. From college grants to Head Start, Mr. Chairman, Republican, as well as Democrat, Presidents and Congresses have been in agreement until today. Chapter 1, arts education, drug-free schools, just name it, Goals 2000, was the product of a Republican President, former President Bush. But today the far right, the radical right, is in full throat on the Republican side, and so today for the first time in the history of this Nation the public's demand of bipartisan support for education is being broken.

Mr. Chairman, the Republican proposal today cuts student loans for the first time in history by \$10 billion, and these proposals never had a single day of hearing, never had one single public comment from that public that insists on bipartisanship. There will be significant increases in the cost of college for working families and their children, and now we are hitting them with a big price increase for college, an increased price tag for college, of 5 billion with a "b." \$5 billion.

What do we know about this proposal? First, it will, count on it, it will force students to pay approximately \$4 billion more for the student loans they receive, and for their parents, they will be able to borrow less than they can



now borrow, and it will cost America's parents \$1 billion more than they pay today to borrow that money.

The sad thing, my colleagues, is that today, because of the radical right, we have abandoned a long, proud American tradition of bipartisan support for our students and for their schools.

Mr. KASICH. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. GOODLING], the chairman of the Committee on Economic and Educational Opportunities.

Mr. GOODLING. Mr. Chairman, I thank the gentleman from Ohio for yielding this time to me.

What I have been trying to say in committee for a long time is that we better talk about excellence and quality rather than access. Let me tell my colleagues that during the last 5 years we have increased, we have increased, spending on Head Start 180 percent. How many students do my colleagues think we have increased during that time? Thirty-nine percent.

Something is not right. The students are not getting the help, the children are not getting the help. Obviously, the administrators must be. If we increase spending 180 percent and we only increase participation by 39 percent, we are not helping the kind of people we are supposed to be helping.

So, Mr. Chairman, I do not take a back seat because I made some suggestions in relationship to chapter 1 and relationship to Head Start because we must insist on quality. We cannot just talk about access because we are not helping the people we set out to try to help.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Mr. Chairman, today we finally have an opportunity to vote against the Gingrich agenda, to repudiate a document that in chapter and verse, in precise detail, dictates the single most egregious redistribution of wealth in our history. Contained in this budget bill are provisions that give the wealthiest families in this country, as this chart amply shows, the top 1 percent, a \$14,000 tax break. Speaker GINGRICH calls this tapestry of tax breaks the crown jewel of the Republican agenda, but, sad to say, it is really a crown of thorns. As this chart shows once again, families earning less than \$50,000 a year, most middle-class families, end up footing the bill. They will lose nearly \$650 a year through a combination of tax increases and benefit cuts.

Mr. Chairman, the Gingrich bill trashes the tax credit for low-income working families: 4.3 million families would lose the credit altogether, and another 14.2 million families would actually see their taxes increase.

The children's tax credit: jewel or thorn? My colleagues, be the judge. Forty-six percent of the children in this country will not get a single dime of the \$500 tax credit.

The president of Citizens for Tax Justice, a nonpartisan organization, called

the tax provisions of this bill a hoax. He is right, and the American people have a right to feel wronged. The American people should not be martyr to a cause they do not agree with and do not support.

I urge my colleagues in this perhaps-most-significant vote in the years I have been in this Congress to vote against what is a massive, unprecedented transfer of wealth that only makes worse class warfare in this country.

Mr. KASICH. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Florida [Mrs. FOWLER].

(Mrs. FOWLER asked and was given permission to revise and extend her remarks.)

Mrs. FOWLER. Mr. Chairman, I rise in extreme support of this measure that gets us on the road to improved fiscal health for our Nation.

Mr. Chairman, the vote we are about to take marks a historic change in the way this Nation conducts its business. It shows that this Congress is taking seriously its responsibility to rein in excess spending and achieve a balanced budget—something our Nation has not enjoyed since 1969. This reconciliation measure will help restore the fiscal health of our Nation and provide a brighter future for our children, who will otherwise be saddled with the consequences of our inaction.

In addition, this bill includes \$245 billion in tax reductions over the next 7 years. It will allow our citizens to keep more of their own hard-earned money. By returning these resources to our Nation's families and creating the means for greater investment in private enterprise and economic growth, we will help to meet the needs of all Americans.

I urge my colleagues to support this historic bill.

Mr. SABO. Mr. Chairman, I yield 15 seconds to the gentleman from Texas [Mr. GENE GREEN].

Mr. GENE GREEN of Texas. Mr. Chairman, conservative estimates of the tax increases for earned income tax credit constituents will increase. I am opposed to the bill because my taxpayers will pay more, but do not take my word for it. Take Jack Kemp, who last week said:

I hope you guys do not go too far on removing the EITC because that is a tax increase on low income workers and the poor which is unconscionable at this time . . .

Mr. SABO. Mr. Chairman, I ask unanimous consent that following the statement of the gentleman from Utah [Mr. ORTON] that the gentleman from Texas [Mr. DE LA GARZA], the ranking Democrat on the Committee on Agriculture, be permitted to control the next 15 minutes of time on our side, and that the gentleman from Michigan [Mr. DINGELL], the ranking member of the Committee on Commerce, be permitted to control the balance of the time remaining on our side, and that each have the authority to yield to other members.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SABO. Mr. Chairman, I yield 1 minute 45 seconds to the gentleman from Utah [Mr. ORTON].

Mr. ORTON. Mr. Chairman, both of the bills that are under consideration, the Republican reconciliation bill and the coalition bill, will balance on the same date in 2002 if the projections are accurate. Both use CBO scoring, but what happens if the projections are not accurate? That is the problem we have had in the past. It is easy to project a balanced budget. We need enforcement mechanisms to be sure it is there.

The budget under consideration does two things which I support. It continues the current practice of enforceable discretionary caps and extends the pay-as-you-go provisions, but that is it. The coalition budget does additional steps, and it places the deficit targets in law and requires that, if we do not meet these targets, the President come back with a recommendation of how to meet those targets, and requires the Congress to vote, and if the Congress cannot determine how to meet those targets, would place into effect sequestration. It also puts into place tools to aid us in cutting spending like applying the line-item veto to 1996 spending bills. It also applies the lockbox provision to the appropriation cuts. It also would extend, so that we have a more fair representation and more accurate projections, it would extend projecting and scoring to 10 years, would also take emergency spending and put it on budget, requiring us to create an emergency account which we fund and then spend out of that rather than waiving the budget to spend on emergencies, and would also eliminate baseline budgeting.

Mr. Chairman, all of these enforcement mechanisms I believe have bipartisan support. That is the reason for voting for the coalition budget, and, if my colleagues cannot see their way fit to voting for the coalition budget, at least let us put these things in conference.

Mr. KASICH. Mr. Chairman, I yield 1 minute to the very distinguished gentleman from Delaware [Mr. CASTLE], the former Governor.

Mr. CASTLE. Mr. Chairman, I rise in strong support of the 7 year Balanced Budget Act. My commitment to balancing the budget is based on personal experience. I have lived through disastrous times in my own State when we did not balance our State budget and I have seen the tremendous economic recovery that occurred when the State took the tough steps necessary to balance its budget.

In the 1970s, the State of Delaware was an economic basket case. We had the highest personal income taxes in the country—19.8 percent—but the State could still not balance its budget because it was spending too much; businesses were leaving the State as fast as they could get out. In short, Delaware's State government operated the way the Federal Government operates today.

Delaware finally decided to face the music, we passed a balanced budget amendment and began to get our economic house in order. Since that time, Delaware has been one

of the economic showplaces of the Nation. We have balanced our budget 19 straight times, reduced taxes 6 times; we have created more jobs on a percentage basis than virtually any other State; reduced poverty more than any other State during the 1980's. This would not have happened if we had not balanced our budget.

It's time for the Federal Government to do this for the entire Nation. Mr. Chairman, I know from my experience as a Governor, balancing a budget is not easy. Tough decisions have to be made. This legislation makes those decisions in a fair manner. I have not agreed with every provision and have worked hard to modify some of them.

I strongly support the inclusion of the Castle-Upton-Martini deficit reduction certification and monitoring provision in the bill. This requires a process of that will ensure that we stay on path to a balanced budget each year until 2002. I also appreciate the efforts that have been made to improve the Medicaid funding formula to ensure that all States are treated fairly in the necessary effort to reform the Medicaid System.

Whatever particular differences we have with specific provisions of this bill, we can not and should not overlook the larger and most important goal of balancing the budget.

Simply put, because of its deficit spending, the Federal Government is eating up money that would normally go to businesses and individuals. This year the Government will pay \$233 billion in interest on the debt, more than the \$160 billion deficit for this year. If we don't change we will be paying \$340 billion in interest by 2002.

If the Government stops depleting the pool of money available for savings, it would lower business's costs of borrowing and enable them to invest in the equipment that makes their employees more productive and increases their paychecks. Earlier this year, a private economist estimated that balancing the budget would raise our national output an extra 2.5 percent over the next 10 years. That would mean an average of an extra \$1,000 a year for each American family. The economy would create 2.4 million more jobs by 2005 than if we do nothing about the deficit.

The Congressional Budget Office has estimated that enactment of balanced budget legislation will result in lower interest rates that will save the Government over \$170 billion in interest payments by 2002.

Tearing up Uncle Sam's credit card allows the private sector to grow and affects us all from lower home mortgages to more business expansion.

Balancing the budget is good for us now and it is great for our kids and the Nation's future. I urge passage of the reconciliation bill.

Mr. DE LA GARZA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, and my colleagues, I rise in opposition to the main Gingrich Republican substitute amendment and in favor of what we call the coalition proposal that the gentleman from Texas [Mr. STENHOLM] and others have worked out.

Balancing the budget is not an issue everyone is for, reducing the deficit is not an issue everyone is for, and our section in agriculture though bears a tremendous burden, more than the

norm. We have always provided in the past 10 years over \$50 billion. If every other committee had done what the Committee on Agriculture has done, we would not be worrying here about reducing the budget or balancing the budget. We have done it. We have done our fair share. But in this case the process I must object to. We have not had a hearing on the freedom to farm, we have not had any discussion. We have had votes in the committee where everything failed. Basically the freedom to farm that is in this proposal has not and does not have the approval of the Committee on Agriculture.

Mr. Chairman, I strongly suggest that it might be well for us in the agriculture sector, in the areas where we impact negatively on Medicare, on Medicaid, that this is not the proper procedure, and I had to go to the Committee on Rules to say, "We have not had the opportunity to handle this. I hope that you do something for us." Unfortunately they did not.

Mr. Chairman, I rise in strong opposition to H.R. 2491, and in support of the Democratic substitute.

Mr. Chairman, the process of the development of this reconciliation bill has brought us a season of surprises:

First, in a year when the No. 1 fiscal priority of the American people is to balance the budget, the Gingrich Republicans propose a \$245 billion tax cut:

Second, when a primary concern for many Americans revolves around providing health care for their elderly parents, Republicans cut Medicare by \$270 billion; and

Finally—because of Republican conflicts over their own priorities—national farm policy for the next 7 years has been written in the House Committee on Rules.

Mr. Chairman, the 1995 reconciliation process has turned into the sole forum for establishing national farm policy for the next 7 years. In past years, we have had the opportunity to prepare comprehensive farm policy in a deliberative, all-inclusive manner. When we've been required to comply with budget reconciliation instructions, the House Agriculture Committee has complied to the tune of \$50 billion in savings from 1981 through 1993.

The confusion this year of the policymaking process with the deficit elimination process has led to paralysis in the Agriculture Committee. For the first time ever, the House Agriculture Committee has failed to meet its budget reconciliation obligations.

As a result—Mr. Chairman—Speaker GINGRICH and his Rules Committee were given the task of writing farm policy that will take us through 2002.

I do want to commend Chairman ROBERTS for his efforts this year. He was placed in an impossible position. The Gingrich Republicans are requiring a 25 percent reduction in agricultural spending in order to provide a \$245 billion tax cut. Mr. ROBERTS fought hard earlier this year for that tax cut to be scaled back, but to no avail. We agree that the tax cut is inappropriate and that it leads to farm program cuts so deep that the viability of our Nation's food production system is threatened.

Mr. Chairman, Americans are the best fed people in the world. They have a stable and abundant supply of nutritious food, and pay a

lower percent of their disposal income for food than any other nation in the industrialized world. I like to think that the House Agriculture Committee—on a bipartisan basis and in spite of what editorial writers say—has played a constructive role in that success story.

Nevertheless, Speaker GINGRICH, the Republican leader, and the Republican whip wrote a letter to Chairman ROBERTS last month. That letter dictated to the Agriculture Committee—in no uncertain terms—the specific policy option the committee was to choose in order to meet its reconciliation savings. No room was left for the committee to deliberate—for the committee to obtain the views of farmers, of consumer groups, of the administration.

Mr. Chairman, the Freedom to Farm Act included by decree of Speaker GINGRICH in the bill now before the House, was first introduced as a bill in August. Our committee has not held one hearing on it. The details of the dairy portion were only made available in September: same story—no hearings.

Mr. Chairman, farmers in every region of this country have very grave concerns about the agriculture provisions before the House. They represent a sudden and dramatic abandonment by the government of its roll in sharing the farmer's risk. Farmers are particularly concerned that this sudden withdrawal of the Federal Government from sharing their risks may make the difference in their fight to stay on the farm. Yes, they may know that each year they will get a cash payment, but if prices collapse next year, will that payment be enough? If wheat prices fall to \$2.50, how many wheat farmers will be out of business in Kansas, in the Dakotas, in Washington? If cotton prices fall back down to 45 cents, how many cotton growers—spread out all over the South—will survive? If corn prices are under \$2, where will the corn belt be? What if milk prices fall to \$9, how many of New England's dairy farmers can make it?

Mr. Chairman, farmers will hope for the best. But if the best doesn't materialize, and a substantial base of our food and fiber production capacity is lost—will we feel that it was worth the risk, to have incurred that loss in order to provide a \$245 billion tax cut?

All these questions, Mr. Chairman, and we have no answers—not even opinions. All we had in the Agriculture Committee this year were a few votes. No discussion. No consideration of the views of the farmers, the consumers, the businesses that thrive on the products of agriculture—those hearings on which we've always heavily relied. The policy before the House was not aired out in the Agriculture Committee, it was dictated by Speaker GINGRICH and Republican Leader ARMEY.

Mr. Chairman, it is not easy to figure out where we went wrong this year but I do know this: The most basic needs of our society are at stake and we are nowhere near to a consensus on where we should go. The paralysis of the Agriculture Committee and the dissension within the majority party make it clear that we need to start over again. We need to support the Democratic substitute and if that fails, we need to vote this bill down and start again.

The American people don't want this bill and many American farmers will not survive this bill. A right-thinking bipartisan majority defeated this proposal in the Agriculture Committee. Many of my colleagues on the Republican side know that the agriculture title in this bill is

wrong. I urge them to resist the Speaker's pressure and to join with us; to oppose this bill today; and to work with us in trying to reach a consensus on a balanced budget that doesn't undermine agriculture.

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

□ 1415

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Virginia [Mr. BLILEY].

(Mr. BLILEY asked and was given permission to revise and extend his remarks.)

Mr. BLILEY. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, of all the things I have done in my career as a public servant—of all the things that, God willing, I may still yet accomplish—I believe I have never been more proud than I am today, standing in support of this reconciliation bill.

For decades, responsible voices across the political spectrum have warned Congress to get control over entitlement spending; today, we heed their call.

Since the 1970's, economists have forewarned a coming fiscal tragedy if Congress failed to muster the courage to balance the deficit; today, after 30 years of excuses, we will do just that.

For years now, reconciliation was the time when the promises ended and the excuses began.

Excuses. And justifications. And rationales.

Excuses that said balancing the budget was impossible.

Justifications that explained why it couldn't be done.

Rationales for the failure of this Congress to act.

Today is the day the excuses come to an end; the dawn of a new day, a day of political leadership.

A day of courage.

A new day of accountability in government.

Today will be remembered as the day the new Congress transformed Washington's approach to government.

We are long overdue.

A child born this year will pay more than \$187,000 over his or her lifetime just to pay the interest on the debt we have already accumulated.

It's too late to change that.

But it is not too late to change the growth of that debt in the years ahead.

It has taken this Republic more than 200 years to build up a debt of almost \$5 trillion.

But if we fail to act today, that debt will more than double in just the next two decades.

If we fail to act today to bring entitlement spending under control, those same entitlements—together with interest on the debt—will consume every dollar paid by every taxpayer by the year 2030.

If we fail to act today, your children, my grandchildren, will be turned down for college loans, for home mortgages, for credit cards—because the money will already have been committed, earmarked toward fueling the Government's debt.

But we will act today—and our Commerce Committee had a major role in getting us to this day, with historic reforms in Medicare and Medicaid, and with the first-ever elimination of a Cabinet-level department, the Department of Commerce.

We will act today. I'm proud of that. The American people can be proud of it, too.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to our distinguished colleague, the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Chairman, those of us who come from rural America know there will be profound implications from this budget reconciliation proposal that is put before us, not only for our farming communities, which feed the rest of this country. We know that 3 percent of our farmers are feeding 97 percent of our population, yet this bill, which had no hearing, the freedom-to-farm bill, will now put those farmers at great peril, because now they will pull that security from them.

In addition to the farm bill itself, there are other bills in our areas in rural America. We earn about one-third as much as the rest of America. That means we have less money for shelter, less money for clothes, less money for health care. Yet, through this bill, that means we will be threatened in terms of our senior citizens. By the way, there are more senior citizens living, in proportion to our population, in rural areas than anywhere else, so we will have to take care of the sick.

Tell me, how, through this bill, do we respond. This bill is a disaster for America, but it is far more harmful to those who live in rural America. For those of our community who would like to have water, sewer, and industrial development, again, no funds for housing, very little funds for water and sewer. Those funds have been cut. I remind Members, in the Committee on Agriculture itself both Republicans and Democrats voted for an amendment to the freedom-to-farm bill to extend at least \$800 million more so small communities could have water and sewer. Did I find it when I looked in the bill? No, it was deleted. This is a disaster. We should vote against this bill.

Mr. SHAYS. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I had not planned to speak in this part of the debate, but I have been sitting in my office listening to the debate, and sitting here on the floor listening to it. I have heard so much about this Republican tax increase. What this side has been talking about is the cuts in the earned income tax credit. The earned income tax credit started in 1975. It started out as a \$2 billion a year program. It now has grown to \$20 billion a year. That is a 1,000 percent increase.

Is the Republican plan cutting it? No, we are not cutting it. I have a graph next to me that I think very graphi-

cally depicts, in picture form, so maybe those who have been debating can understand it. The red bars, as we see, starting in the year 1996, are the Republican proposal. The blue shows what existing law is, and what existing law would be if the present spending levels were to remain in place. As we can clearly see, in each year where we see the red bars, that is the Republican plan, the spending levels are substantially over 1995 and continue to escalate. As a matter of fact, it escalates out to \$27 billion.

People might say "Where are the savings coming from?" The savings are coming from people who do not have children. We feel that the earned income tax credit was meant, really, to help people out that are trying to raise families. The question is, of the people that have children, were any of them cut. Yes, some of them were cut. That was at the highest level of income. The ones going into the workplace, the ones that are becoming first-time employed, they are not all affected by what the Democrats call this huge cut.

The argument has been going on on this side of the aisle to say "This is a tax increase." Let me tell the Members that is what is wrong with this country today, that type of mentality. Eighty-five percent of the money sent out by Uncle Sam as an earned income tax credit is an outlay, 85 percent of it. That means only 15 percent is actually a refund in taxes.

If we look at the whole reconciliation bill we will also find something else in there that people who are taxpayers are getting. That is a \$500 credit for children. The people that are losing the earned income tax credit at the higher end of the scale, they are going to receive a tax credit. It comes out in the wash, and it is just, really, about the same. The only people that are going to actually lose this are the single taxpayers that do not have children, that are not raising families.

I tell the Members, with the type of mentality and the type of argument that has been going on in this Chamber today, it is no wonder that we are swimming in red ink. This is irresponsible accounting and it is irresponsible debate.

Mr. DE LA GARZA. Mr. Chairman, I yield 30 seconds to our distinguished colleague, the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Chairman, I would just like to say to my colleague that if it was not a tax increase, then why did he need a budget waiver for this bill?

Let me just say that what they have done here with the earned income tax credit, it is \$23.3 billion in taxes of low-income working families. They are going to raise the taxes of 14.2 million families who make less than \$28,000 in 1996, and the charts can say whatever they want, that is an absolute fact. Take the words of Jack Kemp, who was appalled at what you are doing in



terms of cutting the earned income tax credit.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to our distinguished colleague, the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. The first thing I want to do, Mr. Chairman, is make this general observation, that are we not truly blessed to live in a country that has the most abundant food supply, the best quality of food, the safest food supply, at the lowest cost of any other country in the world?

From that point I make another observation. Here we are, I thought about to discuss one of the most important things for agriculture in the United States in the budget, and we are talking EITC on this side, and no one is discussing agriculture. That has been our problem all year on agriculture. We have ideology running it on this side, and some of us on this side would like to deal with technology. We would like to talk about how we make certain things work. Instead, we are still debating freedom to farm. That is in the budget. Where is someone over here to defend freedom to farm? Where is someone on this side who is prepared to stand up and say the Freedom to Farm Act is the way we ought to go? No one is yet, and I am sure there will be someone soon.

This has been the point we have been trying to make all year, not one single minute of hearings have been held on the agricultural sector freedom to farm, which is in the budget today. A simple question, a simple statement. Basically what we are saying, we should not unilaterally disarm our farmers in the international marketplace with trade, GATT, NAFTA, all of the things that are going on, when the rest of the world is continuing to subsidize farmers.

What do we hear from the other side? Freedom to farm, freedom to farm, freedom to go broke. Somehow, some way, people believe that we can have our farmers competing with the European Economic Community that are increasing their subsidies. That is the answer we hear in this wonderful budget coming from this side of the aisle. That is the thing we have wanted to see debated and discussed time and time again.

For the first time in years, if not history, we have a farm bill in this bill that nobody seems prepared to defend. No one has seen fit even to have hearings. Yet, here we are today, unilaterally disarming, at least from the majority budget. Support the coalition budget, the best alternative.

Mr. SHAYS. Mr. Chairman, I reserve the balance of my time, given that we are ahead in time.

Mr. DE LA GARZA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I appreciate the gentleman discontinuing his presentation, inasmuch as it is totally unrelated to what we are speaking about on this side, agriculture.

Again, I protest the process. On that side they have legislation that was not approved by the committee, which is, in my years here, in the history of this Congress, basically the first time that that has been done. I am terribly embarrassed, one, and upset and frustrated that this process has gone on.

Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. DOOLEY].

Mr. DOOLEY. Mr. Chairman, we have heard why there are good reasons for senior citizens to be very concerned about this reconciliation bill. We have heard very good reasons on why the working poor ought to feel threatened by the passage of this reconciliation bill. I am here to explain why farmers throughout this country, in particular dairy farmers, should be very, very concerned about the prospects of what is included in this bill.

The dairy title in this reconciliation bill, if it was instituted, would require the immediate deregulation of our dairy industry. It would eliminate any type of dairy policy that has guided this country for the last 60 years, that has ensured stability of prices throughout this country. They would eliminate that overnight, which would ensure that we would have thousands of dairy farmers throughout this country being driven into bankruptcy.

Every economist that has analyzed the deregulation plan has come to the conclusion that it would result in at least a 15-percent decline in prices, and dairy farmers cannot withstand that. This policy is also one which is not consistent with Republican philosophy, as far as I can tell, because the Republican proposals for dairy farmers in this, with their deregulation, they are willing to obligate taxpayers of this country to start writing checks to dairy farmers.

In fact, the provisions of this dairy title would allow a dairy farmer today to sell his herd in the next month, and taxpayers for the next 7 years would be required to write them a check, even if they were not milking another cow for the next 7 years. In fact, a dairy farmer in my area with a 1,000 cow herd would be eligible under this dairy program that the Republicans are promoting for a \$200,000 check next year, a \$200,000 check coming from the taxpayers of this country.

The Republicans campaigned on a Contract With America. They campaigned that they were going to do good things. They convinced some of their constituencies they were going to do good things, but this contract that the Republicans are signing for the taxpayers on behalf of the dairy farmers in this country is obligating them to a check that they are going to write that they cannot afford. It is bad policy and we ought to defeat this bill.

□ 1430

Mr. SHAYS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. LAUGHLIN], a very valued member of our conference.

Mr. LAUGHLIN. Mr. Chairman, passage of the 7-Year Balanced Budget Reconciliation Act demonstrates to the American people that the new Republican majority will deliver on its promises and end business as usual in Congress.

This reconciliation package provides for a balanced budget by the year 2002. With this proposal, we will balance the budget while allowing the citizens of this country to keep more of their hard-earned money. With this reconciliation package, we are telling the hard-working citizens of this country that they, not the Federal Government, can and should decide where their money is spent.

This package marks the beginning of a shift toward the goals and decisions of the individual, and an end to the burdensome, intrusive, bureaucratic agencies like the IRS.

Democrats will say that we cannot afford to give hard-working Americans a tax break while balancing the budget. With this plan, we will prove that we can and that we will. Provisions such as a reduction in the capital gains tax will mean more jobs and economic growth. This is what the American people have asked for, and this is what we are delivering.

The American people understand the importance of balancing the Federal budget. They understand that Republicans have offered the solution, and that Democrats have offered scare tactics. We need to pass the Balanced Budget Reconciliation Act today for our children and grandchildren.

Mr. DE LA GARZA. Mr. Chairman, I yield 15 seconds to our distinguished colleague from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Chairman, I would like to ask the last speaker from Texas if he realizes that people from Texas, through this bill, at least, will lose \$4.3 billion in Medicare for his senior citizens. That is a 20-percent cut for the citizens of his district.

Mr. DE LA GARZA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to ask the previous speaker if he realizes that this legislation will reduce by half the rice-growing area of Texas.

Mr. Chairman, I yield 2½ minutes to the distinguished gentleman from North Carolina [Mr. ROSE].

(Mr. ROSE asked and was given permission to revise and extend his remarks.)

Mr. ROSE. Mr. Chairman, the Republican revolution has just rolled over rural America and left the family farmer in the tire tread marks. The drastic changes to farm commodity programs being forced upon family farmers by this bill that we will vote on today are unprecedented in their severity and in their lack of judicious consideration by the House Committee on Agriculture.

The budget cuts envisioned for rural America by the Republican leadership

have not had a single day of hearings, have not been adequately debated, have not been approved by the House Committee on Agriculture. The chairman of the Committee on Agriculture has spent more time discussing the Republican Freedom to Farm Act with the editorial boards of the Wall Street Journal and the New York Times than he has with his Democratic and Republican colleagues on the House Committee on Agriculture.

Even with the ringing endorsements of the Wall Street Journal and corporate executives of well-known rural centers like New York, Chicago, and San Francisco, the Republican farm bill failed the House Committee on Agriculture. We voted it down in a bipartisan vote. After meeting strong bipartisan resistance, the leadership circumvented the traditional committee process and has inserted Freedom to Farm in the Republican budget.

Now, I would say to my colleagues, this is being told to the American farmer as a great visionary piece of work. However, we have not seen one single visionary on the Republican side here today talking to you about how great Freedom to Farm is. What is the matter, brothers and sisters? If it is so wonderful, why are you not out here extolling the virtues of Freedom to Farm?

I have a letter here to the Speaker signed by about 15 Republican Members of this body to the Speaker, and it says:

The Senate is bringing us a workable package of agricultural budget savings that we can all live with. Why not come to an agreement on an approach that achieves the budget target and avoids a disastrous vote for rural Republicans?

Brothers and sisters, my colleagues, do not do Freedom to Farm. We have done enough to rural America. This is the last straw.

Mr. SHAYS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas, Mr. SAM JOHNSON, a gentleman who had much time in Vietnam to think about how much he cares about our country and its children.

Mr. SAM JOHNSON of Texas. Mr. Chairman, this morning I saw a bumper sticker that was very appropriate for today. It read, "Hey, Congress, do your job, balance the budget."

I think today America is closely watching this debate to see if Congress is finally going to live up to its promise of balancing our Nation's budget, and that includes agriculture too. I say to the gentleman from Texas [Mr. DE LA GARZA]. America has heard the Democrats' scare tactics, the rhetoric, and the empty promises before, and they are fed up with it.

Mr. Chairman, it is the Democrats' tax and spend policy of the last 40 years that has driven this country into the financial crisis that we are facing today. I am proud to say that the Republicans are ready to act now and do what Americans elected us to do, and that is, balance the budget. We are

going to send the President a plan that cuts spending by \$894 billion, and for the first time in 26 years, balances America's checkbook.

This bill eliminates hundreds of wasteful government programs, ends welfare as we know it, protects, preserves, and strengthens Medicare, returns power to the States, and provides much-needed tax relief to hard-working Americans.

Mr. Chairman, the President says he will veto this historic document. If he does not have the leadership or the courage to balance the budget, lower taxes, and secure a safe future for our children, just remember, that for each day after a veto he will be personally responsible for adding millions of dollars to the national debt.

So if you are for less taxes, less government, and a balanced budget, your vote for this budget will create more jobs, more opportunity, and more prosperity for our Nation. A vote for this plan is a vote for the future of America.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The gentleman's time has expired.

Mr. DE LA GARZA. Mr. Chairman, I yield myself 5 seconds to say to the gentleman from Texas, Mr. SAM JOHNSON, we have a plan that balances the budget. We have a plan that balances the budget.

Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Alabama [Mr. BEVILL].

(Mr. BEVILL asked and was given permission to revise and extend his remarks.)

Mr. BEVILL. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in strong opposition to this budget plan. I will vote against it and I wish I could vote against it twice. This bill will create more suffering for senior citizens and children than any legislation ever passed by Congress. If it passes, I strongly urge the President to veto it.

This bill severely cuts Medicare, requiring senior citizens to pay more for their health care needs. It jeopardizes their choice of doctors, the quality of care they receive and their ability to pay for it. It eliminates Federal standards for nursing homes.

This bill severely cuts Medicaid, imposing a tremendous burden on States to meet the needs of poor children. It eliminates the School Lunch Program, replacing it with a block grant that will not cover all needy children when poverty increases.

This bill destroys work incentives for thousands of low-income working families trying to stay off welfare. It cuts the earned income tax credit, designed to help the working poor, while cutting taxes for the nation's wealthiest people.

In fact, this budget plan favors the big corporations, the high-income people and the special interests at the expense of those who can least afford it.

I favor reducing the size of the Federal Government. I am a long-time co-author of a constitutional amendment to force a balanced Federal budget. And, I think we can do a bet-

ter job of enforcing laws already on the books to cut waste, fraud, and abuse in government programs.

But, I will never support legislation that seeks to balance the budget on the backs of senior citizens and children.

This is the worse piece of legislation I have ever seen and I strongly urge my colleagues to do the right thing and vote against it.

(Mr. DE LA GARZA asked and was given permission to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Chairman, today the House will consider a substitute to the Gingrich budget bill. This substitute contains agriculture provisions that will reduce the deficit \$4.6 billion over 7 years. These are the provisions that were considered by the Committee on Agriculture and failed on a 22 to 27 vote. In spite of the fact that they were desirable policy, they did not meet the committee's reconciliation obligation. Many of my colleagues across the aisle regretted that they could not support it because it did not meet the requirements of the budget resolution to balance the budget by 2002.

Today, my friends, you can now support reductions of \$4.6 billion for agriculture, not \$13.4 billion in cuts—three times that size, and reap the benefit of a balanced budget because the substitute also balances the budget by 2002.

Yesterday, I heard my good friend Chairman ROBERTS testify before the Rules Committee what his freedom to farm provisions would do as part of the Gingrich plan.

Chairman ROBERTS said American farmers would pay \$15 billion less in interest expenses because of a balanced budget. Mr. Chairman, the substitute will reduce the same \$15 billion in interest expenses for American farmers because the substitute also balances the budget.

Chairman ROBERTS said American farmers will have increased planting flexibility because of freedom to farm in the Gingrich budget plan. Mr. Chairman, American farmers will also have increased planting flexibility in the substitute budget plan.

Chairman ROBERTS said that freedom to farm will lock up the baseline for farmers so that when we will have to pass more cuts in coming years, and he said not to fool ourselves—we will have more deficit reduction bills just like this one, that farm spending will be protected. Mr. Chairman, I do not know why there will be more reconciliation, perhaps the tax cuts are too high or the spending cuts are not real, but if you vote for the substitute, there will be no need for future reconciliation because it will balance the budget.

Chairman ROBERTS said that freedom to farm was a market-oriented plan. Mr. Chairman, unless, by market-oriented, Chairman ROBERTS means the unimpeded opportunity to lose your shirt, the substitute bill is also market-oriented. Farmers will respond to market prices in their planting and marketing decisions.

But when farm prices are driven down by large supplies, poor economic growth, or an overvalued currency, as happened in the past, the substitute's farm program will increase payments to farmers to partially offset those market losses. And when prices are high, government payments will decline or cease altogether, reducing benefits when farmers do not

need them. Under freedom to farm, farmers will receive the same \$6 billion in 1996, for instance, whether prices are low-baseline levels, or above, as USDA has recently projected them, and requiring only \$2.8 billion in payments to farmers.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to our distinguished colleague from Minnesota [Mr. MINGE].

Mr. MINGE. Mr. Chairman, a cute phrase can be deceptive. This is certainly the case with the mislabeled farm portion of this massive bill. The farmers in my area call it the Farm Failure Act of 1995. It is designed to stabilize land values, not commodity prices. It benefits landowners far more than farmers. It mandates automatic payments regardless of crop prices. It discredits the farm programs.

In fact, it mandates these payments even if the prices are at record highs. In this time of huge deficits, it is estimated that it will cost \$10 billion more than a simple continuation of present programs. We not only balance the budget on the backs of farmers, we are cutting them off at the knees.

Mr. Chairman, I believe that all of us agree that we should balance the budget in 10 years. We should balance it in 5 years. We have a plan that would balance the budget in 7 years, and it would do so without the harsh, dramatic impact on agriculture that this bill that the Republican majority proposes would impose.

Mr. SHAYS. Mr. Chairman, I yield 2 minutes to the gentleman from Nevada [Mr. ENSIGN], another distinguished member of the Committee on Ways and Means.

(Mr. ENSIGN asked and was given permission to revise and extend his remarks.)

Mr. ENSIGN. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, there is no easy way to do what Congress is about to do. If it was easy to do, previous Congresses would have done that. The national debt we are passing on to our children, including my 3-year-old son, Trevor, and his little sister who will be born in a little over a month, is nothing short of immoral. It is immoral to do to poor children, middle-class children and wealthy children, because if nothing is done, poor children will never get to be middle class or wealthy.

This bill is not only pro family because it begins to lift the debt burden from our children and grandchildren, but there are many other provisions on which I will touch on just a few.

First of all, this bill addresses the marriage penalty. There is a \$500 per child tax credit. There is a \$500 elderly care tax credit. There is also an adoption tax credit, and there is also estate tax relief so family-owned businesses such as family-owned farms can survive without having to sell off all of their assets so they can send that money back here to Washington. Mr. Chairman, it is bad enough that citizens pay taxes all of their lives, but then when they die, they have to pay taxes again.

This debate is largely about who should spend the people's money. Should families have more of the money they earn to spend at their discretion in the manner best suited to their situation, or should the Federal Government, which already has demonstrated all too well the inefficient way it spends money. Should the Federal Government be increasingly let into our pocketbook to waste our tax dollars?

I believe that the words tax cuts are not bad words. This is your money, America. Do you not deserve a little more of it back? Is everyone satisfied with the bang that they are getting for their buck?

Mr. DE LA GARZA. Mr. Chairman, I yield 15 seconds to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I wanted to bring to the attention of our colleagues that approximately 14 of our Republican colleagues addressed a letter to the Speaker where they call the proposal, welfare for the Freedom to Farm bill. They said they would rather have a Senate version than the version here.

Mr. DE LA GARZA. Mr. Chairman, I yield 15 seconds to the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would like to point out to my colleague that just spoke that the chairman of the Committee on the Budget, Mr. KASICH just informed this body that the \$500 tax credit is not in this bill.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, this portion of the budget represents the deepest cuts and most drastic changes proposed in agriculture in decades. You would have thought that the Freedom to Farm Act might have warranted very thorough consideration. In fact, it did not have a single hearing in the Committee on Agriculture.

Basically, House leaders told rural America, this is what we are going to do, now sit down, shut up, and take it. But we did not take it in the House Committee on Agriculture. We defeated the proposal. However, House leaders had the audacity to move this into the budget in spite of the House Committee on Agriculture rejection. Shame on all of you who have participated in such a vicious charade for rural America.

I am not surprised that for most of this debate there is not a single Republican House Committee on Agriculture member here to defend what has been done.

Mr. SHAYS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to thank the gentleman from North Dakota [Mr. POMEROY] for his help on the spousal impoverishment, which was very fine help. We appreciate it.

Mr. Chairman, I yield 3½ minutes to the distinguished gentleman from California [Mr. THOMAS] of the Health Subcommittee from the Committee on Ways and Means.

(Mr. THOMAS asked and was given permission to revise and extend his remarks.)

□ 1445

Mr. THOMAS. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, what I want to do is try to refocus our attention away from perhaps the more rancorous partisan aspects and frankly look at a little bit longer term perspective.

Because I am here representing two individuals who are not here in both the House and the Senate, Senator Bentsen is no longer with us, and J.J. Pickle is no longer with us. But for a number of years, Senator Bentsen joined with Senator ROTH and I joined with J.J. Pickle to focus on what we call superIRA accounts, the idea that individuals would have greater control over that money, which was theirs, which had been put away.

We were unsuccessful for a number of years, but I am pleased to announce that in this particular reconciliation bill a couple of the key points that Senator Bentsen, Senator ROTH, Jake Pickle, and I fought for, for a number of years, are present.

Today, if you withdraw from your IRA to spend on medical expenses for yourself prior to the 59½ year, you not only have to pay taxes on the money you withdrew from your own savings, you also have to pay a 10-percent penalty. That just does not make any sense. What we do today is say, if it is for medical expenses, you do not have to pay and you do not have to pay the penalty.

I might add that President Clinton's 1996 budget also includes this provision; and I might say that H.R. 11, which was passed by this House and unfortunately vetoed by President Bush two Congresses ago, contained that provision as well. So it is just kind of a nice culmination of a number of bipartisan projects that come together today in this particular bill.

In addition, the long-term care insurance provision. You do not now get to deduct the cost of long-term care insurance as part of your medical expenses. This has been a project that we have worked on bipartisan for a long, long time. As a matter of fact, President Clinton has this in his 1996 budget as well. We think it is a good idea, and we included it in this reconciliation package.

In addition to that, we are supposed to talk about taking care of your own. Today, if you have a senior or an elderly in your home, your parent, your relative, you do not get any tax credit whatsoever for the out-of-pocket costs in taking care of that individual. In this reconciliation bill, you get credit for those expenses.

In addition to that, when we examined the medical savings accounts and those who were uninsured, we thought that those young people who are working above the poverty level but do not need all of that third-party first-dollar coverage of comprehensive medical care really did not have a product in the marketplace that fit their needs. This reconciliation bill contains a medical savings account provision for young people who can shape their insurance needs to what they need at an affordable cost.

In addition to that, you have an orphan tax credit that has been worked on on a bipartisan basis for years. It had lapsed. We had not been able to renew it. It is for those drugs that go to Tourette's disease, go to Huntington's disease, but there simply is not a broad enough base to pay for them. That is in this bill.

There are a number of provisions that for a number of years on a bipartisan basis we have tried to move forward. I just thought people should know in the middle of this partisan rancor that there are a number of provisions that colleagues here today have voted for and colleagues who have been here in the past have voted for, and it is a really good provision.

Mr. DE LA GARZA. Mr. Chairman, I yield 15 seconds to the gentlewoman from Florida [Mrs. THURMAN].

Mrs. THURMAN. Mr. Chairman, just this point. Do we all know that 14 Republicans wrote Speaker GINGRICH saying this bill is a disastrous vote for rural Republicans?

Mr. DE LA GARZA. Mr. Chairman, I yield myself the balance of my time.

I want to thank all the members that worked with us in the Committee on Agriculture. I am saddened by the fact that the legislation which appears in the reconciliation is not the product of the Committee on Agriculture. I am concerned about that.

But the Stenholm proposal balances the budget in 5 years. The Committee on Agriculture has met its commitment. We have reduced over \$50 billion in the past 10 years. No one can point the finger at the Committee on Agriculture that we have not done our share.

The CHAIRMAN. Under the previous unanimous-consent agreement, the gentleman from Michigan [Mr. DINGELL] will control the remaining 30 minutes for the minority.

The gentleman from Ohio [Mr. KASICH] has 27¾ minutes remaining.

The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, does the majority not want to use its time? It is such a great bill they have got. I would be delighted to defer to listen to that.

Mr. SHAYS. If I heard the gentleman correctly, Mr. Chairman, we have 27 minutes and this gentleman has 30 minutes remaining. Is that correct?

The CHAIRMAN. That is correct.

Mr. SHAYS. Mr. Chairman, we reserve the balance of our time.

Mr. DINGELL. Mr. Chairman, I would observe that it is usually the practice for the majority to set forth what a great piece of legislation this is. I am waiting for somebody over there to tell me what a great piece of legislation this is.

Mr. SHAYS. I would be happy to point out to the gentleman, but we reserve the balance of our time.

Mr. DINGELL. Mr. Chairman, I yield myself 2½ minutes.

Mr. Chairman, I can understand the reluctance of my Republican colleagues to tell us what a great bill it is because, quite frankly, this is one of the worst pieces of legislation I have ever seen in the 40 years I have served in this body. The bill includes both Medicare and Medicaid cuts and tax breaks.

Our Republican colleagues said that they were not tying the two together. Well, they are tying them together in this bill. The poor and the aged are going to understand that the contributions that they are making of about \$500 billion is being made so that a tax cut can be given to the wealthiest Americans. That is finally proven in this piece of legislation.

The pernicious approach violates the contract we have with seniors who have paid for their Medicare benefits. It means seniors will pay more and get less choice of doctors, poor quality lab tests, and nursing homes that do not meet common standards of decency.

By separating action on Medicare from the rest of reconciliation, Republicans tried to convince us that \$270 billion in Medicare cuts do not pay for \$245 billion in tax breaks for the rich. But Americans can perform the simple math required. They know when someone is pulling the wool over their eyes.

The bill also destroys Medicaid. Under the mantra of State's rights, Republicans are pulling the safety net out from under middle class families, poor children, women, seniors, and the disabled—the most vulnerable of Americans. Up until last night, the Republican bill arbitrarily cut \$182 billion from Medicaid. Now they say they have fixed it by cutting only \$170 billion. But this midnight deal does not change the fact that this bill abdicates the Federal Government's role in Medicaid, reduces health care for the most needy, and invites abuse by States. It takes away vitally important guarantees under current law: protection from having to sell the family home or farm to pay for a loved one's nursing home care; guaranteeing coverage for seniors with Alzheimer's; setting minimum standards of safety, cleanliness, and decency for nursing homes; and guaranteeing health care for children and pregnant women.

I and other Members tried to correct one of the most glaring defects in the bill by offering an amendment on behalf of Mr. GINGRICH. In debate last week, the Speaker obviously was under the misimpression that his new MediGrant Program does what current law guarantees—covering the cost of

Medicare premiums for seniors under the poverty line. In fact, this bill repeals what current law provides. Our amendment would have restored provisions the Speaker erroneously relied on and guarantee that the poorest of seniors have Medicare coverage. But the Rules Committee gagged us from amending the bill so that it will do what the Speaker says it does.

I also want to point out the devastating impact that this bill has on health care for veterans. The Secretary of Veterans Affairs says that the harsh spending caps in the Republican plan will require 41 veterans hospitals to close their doors. As a result, more than 1 million veterans will be denied health care by 2002. I do not share the misguided view of my colleagues on the other side of the aisle that the best way for veterans to stay healthy is not to get sick.

This bill walks away from responsible government to help people in need in favor of lining the pockets of the wealthiest Americans with unneeded tax cuts. In addition to health care cuts, this bill slashes education, job training, and other programs upon which we empower people to help themselves.

Most Americans will get nothing, or pay more under the GOP tax break. The small percentage of the tax cuts that will go to families earning less than \$50,000 a year will be more than offset by spending cuts. These families stand to lose \$648 a year or more under the GOP plan. Those earning more than \$350,000—the richest 1 percent—will get \$14,050 a year for the tax cut. I find it curious that my Republican colleagues, who criticize the President for not cutting middle class taxes enough, are rushing to raise taxes on many low income families. I must confess I am not surprised, however, that they would follow through on their threats to slash programs vital to the financial security of working Americans.

Finally, I must object to the cavalier manner in which the Republican leadership has included massive changes in farm programs. The so-called freedom-to-farm proposal was found to be so objectionable that the House Agriculture Committee failed to get it out of committee. On an issue as vital as our Nation's food security, this bill shreds responsible legislating for partisan game playing and makes rural Americans the pawns.

This is not the way to legislate, and it is a dangerous way to govern.

Mr. Chairman, this is the biggest and the most important bill to be considered by the House this year. The cuts are too large. It hurts terribly the health care coverage of millions of Americans.

I strongly oppose the bill. I now look forward to hearing from my Republican colleagues about what a great piece of legislation this is.

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

Mr. SHAYS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I say the reason the gentleman has not heard from us is he has not been on the floor listening.

Just taking Medicare, for instance. We have not increased co-payments; we have not increased deductibles. The

premium stays the same at 31.5 percent. No one has to leave their fee-for-service system. If they want to, they can go. If they go into a private care, every month they can come back into their system.

What the gentleman does not want people to know is that we are going to spend 73 percent more, over \$600 billion more in the next 7 years than we did in the last 7 years; what the gentleman does not want people to know is in the 7th year we are spending 50 percent more than we do today on Medicare; and what the gentleman does not want people to know is that the per beneficiary goes from \$4,800 to \$6,700.

Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. PORTMAN].

Mr. PORTMAN. Mr. Chairman, I thank the gentleman from Connecticut for yielding me the time, and I commend him for his unwavering support over the years for fiscal sanity and say that I am very proud to stand up here today and support this bill that leads us to the first balanced budget in 26 years.

But I also want to talk about some other things. As the gentleman from Michigan says, many of us are eager to talk about some of the good things in this bill beyond the fact that we come to the first balanced budget in 26 years, which is of paramount importance.

This afternoon, I want to highlight a few of the small business incentives in this package that go beyond that critical task of getting spending under control but will encourage saving and job creation to lead to real long-term economic growth.

Let me give a good example. It is not too glamorous, but it is extremely important to small businesses, to workers and employers in small businesses around this country. It is the long-overdue, comprehensive simplification of our pension laws in this country. And it is in this bill.

These changes which the gentleman from Maryland [Mr. CARDIN] and others on both sides of the aisle have been working on will make it easier and less expensive for businesses to both establish plans and to maintain pension plans, thus encouraging and enabling people to save, an important public policy goal in its own right, and also will encourage people to plan and to take responsibility for their futures and for their retirement.

Pension law is a great example of an area where Congress, by meddling, has hurt workers and employers who are trying to do the right thing. Quite simply, as the rules and regulations have multiplied in this area, fewer and fewer employers are able to offer pension plans. It has gotten to the point where today only 20 percent of those employers with less than 25 employees offer any kind of pension plan at all. It is no surprise that our savings rate is among the lowest, if not the lowest, in the industrialized countries.

Another example of rules that are outdated, overly complex and impede

job creation are the subchapter S corporation rules and regulations. That includes most of the small and family-owned businesses in America. The sub-S changes that we have made, and they are in this bill, will help companies grow and flourish, create new jobs and will keep family businesses family-owned.

The point I want to emphasize is that the pension, subchapter S and other reforms in this legislation are going to stimulate national investment and savings, foster business growth, and they are good for America, and they are all in this bill.

Ms. ESHOO. Mr. Chairman, I yield 15 seconds to myself to point out to the gentleman from Ohio, who just spoke about the bill, that Ohio will lose \$4.1 billion in health care for the elderly and the disabled. Most of this is in nursing home care which will have to be paid for by their hard-working middle-class families.

Mr. Chairman, I yield 3 minutes to the distinguished gentleman from California [Mr. WAXMAN].

(Mr. WAXMAN asked and was given permission to revise and extend his remarks.)

Mr. WAXMAN. Mr. Chairman, there are many, many reasons to oppose this legislation: It savages health and education programs; it gives tax breaks to the wealthy at the same time it takes the earned-income tax credit away from people who need it; it contains some outrageous assaults on some of our most treasured environmental assets.

Under the cover of balancing the budget, this bill is a disaster for American people, full of special interest giveaways and policies that will do irreparable harm to the health and well-being of America's working families, children and seniors. Nowhere is that effect more obvious than in the actions taken to slash and undermine the Medicare and Medicaid Programs.

The so-called Medicare reform of Mr. GINGRICH is nothing less than an attempt to destroy Medicare as we know it, and take away from our seniors the ability to stay in a strong and viable Medicare Program where they can choose their own doctor and be protected against having to pay that doctor a lot of extra dollars out of their own pocket.

The Gingrich Medicare reform hikes the Medicare premium dramatically, and takes away the guarantee for seniors struggling to live on incomes below poverty that Medicaid will pay their Medicare part B premium and cost-sharing. Despite the personal assurances of Speaker GINGRICH to this House last week, that help that seniors have now is not there.

If there is any doubt about what the agenda is here, we need to look no further than the statements reported in today's Washington Post:

Majority Leader Dole, stating with pride that in 1995, "I was there, fighting the fight, voting against Medicare."

Speaker Gingrich, bragging to the insurers about what the Republicans are doing to

Medicare. "Now, we don't get rid of it in round one because we don't think that's politically smart...."

It is not that he does not think it is a good idea to get rid of Medicare, but it is smart politics to cover up the impact in the first round.

I do not think it is smart politics to think that you can fool the American people about what is going on here. Democrats are proud to defend Medicare, not because we think it is smart, but because it is the right thing to do.

With Medicaid, Mr. GINGRICH and his Republican colleagues do not even seem to think they have to put up a smokescreen as they dismantle it. They take away any guarantee of coverage for people who need nursing home care, for severely disabled children, and adults who have nowhere else to turn for help, for 18 million poor children who have no other source of health care. That is one-quarter of the kids in this country who are about to be put at risk to join the ranks of the uninsured.

They take billions of Federal dollars out of the system to provide health care for people who have no other options, and they leave States, counties, and cities holding the bag when they find that there is not enough money to deal with the problem. They leave the States with the choice of raising taxes to try to replace Federal revenue, or simply cutting people off from help.

And they tip the scales toward cutting people off. States will soon be competing with surrounding States in a race to the bottom—afraid to try to keep an adequate Medicaid Program in place because too many desperate people from surrounding areas will try to come in to get help.

There is more. They do not want to pay nursing homes enough to support the delivery of decent quality care. So their answer to that problem is to repeal the nursing home standards.

They undo all the protections of current law, and hope people will not understand what they are doing. They hope this will get through before they get caught.

Look what they did in terms of protecting the spouse of someone who goes into a nursing home from ending up in poverty. First, they repealed all the protections. Not one Republican voted for restoring them when we offered an amendment to protect against spousal impoverishment in committee. They were very outspoken that they did not need or want Federal standards.

Then they started to feel some heat in the press, and even they started to feel uneasy defending what they had done. So they changed it—all of a sudden the amendment all the Republicans hated in committee showed up in the Kasich bill. Now they were finally willing to say that a State could not impoverish the spouse.

But there is just one problem—they let the nursing home itself require the

spouse or the adult children of the person in the nursing home to make them pay extra if they wanted their husband or wife, father or mother, to get care in the nursing home. I think we call that giving with one hand and taking away with the other.

What happened? Once again, when the light of day shined on what they were doing, they reversed course.

Now the rule adds a Bliley amendment—one that Mr. BLILEY did not ask to be made in order, I might not, until we caught them at what they were doing—that would not let the nursing home get that extra money. Well good! That is what they should have done in the first place.

But the fact is they are still trying to hide the biggest thing of all. What they are hiding is that the spouse who needs the nursing home care in the first place is not assured of getting it!

People with Alzheimer's getting coverage under Medicaid now: They have no guarantee they will be covered.

People who could stay at home if they had some help: No guarantee of coverage.

People who have to have nursing home care: No guarantee of coverage, and even if they do get it, no guarantee that it will be in a decent facility.

Even veterans now getting services: No guarantee they will continue to get coverage.

This is wrong. It is wrong to say to millions of working families with severely disabled children, that they have no guarantee of help anymore.

It is wrong to say to families who have no health insurance coverage for their children, that they have no guarantee of help anymore.

It is wrong to say to low-income seniors that they have no guarantee that we will help pay their Medicare premiums and cost-sharing anymore.

And it is wrong to say to States, and counties, and cities, it is your problem. We have washed our hands of it.

There are many things that are wrong with this bill. But what is done to Medicaid alone is enough to vote against it. What is done to Medicare alone is also enough to vote against it.

The health and security of America's seniors and children depend on what we do here today. Defeat this bill.

□ 1500

Mr. SHAYS. Mr. Chairman, I yield 1½ minutes to the gentleman from Illinois [Mr. EWING], the distinguished chairman of the Subcommittee on Risk Management and Speciality Crops.

(Mr. EWING asked and was given permission to revise and extend his remarks.)

Mr. EWING. Mr. Chairman, ladies and gentlemen, I have been concerned, listening to the debate here today, the criticism of the process followed by the Committee on Agriculture.

In fact, in many ways it was not the majority party's problem. We went through the process. We debated the issues. The Democrats were given an op-

portunity to put forth their substitute, and it failed. We came along with the substitute put forth by Republican Members, and it failed, and the one program that had the most votes was the one which is in this bill. This program is the Freedom to Farm Act.

The one that the Democrats voted for cut just as much money from agricultural programs as Freedom to Farm.

Let us not lose sight of the big picture. Our prior Congresses have been cutting agricultural spending for producers and putting it into social programs. We are going to continue that process of phasing out Big Government controls and regulations on agriculture, and it is going to go to deficit reduction.

This program is a good program. It meets the needs. It is important that it is passed with this bill.

Ms. ESHOO. Mr. Chairman, I yield 15 seconds to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Chairman, I would like to point out to the gentleman who just spoke, under this bill the State of Illinois will lose \$3.5 billion in health care for the elderly and disabled, mostly nursing home care, which will have to be paid for by hard-working, middle-class families, and his vote will increase taxes for thousands of middle-class families at the same time.

Ms. ESHOO. Mr. Chairman, I yield 1½ minutes to the gentleman from Oregon [Mr. WYDEN].

(Mr. WYDEN asked and was given permission to revise and extend his remarks.)

Mr. WYDEN. Mr. Chairman and colleagues, I believe that there is a clear consensus in this body for bipartisan reform of the Medicaid Program, and clearly the States can play a critical role in reforming that essential program.

Five States have been the lead: five States have been a laboratory for change, and the tragedy today is that this bill will turn out the laboratory for change in our home State of Oregon. This bill means that a program that is serving more than 100,000 low-income people will have to be dismantled. This means that charity care is going to increase. This means our welfare rolls are going to increase.

I would note specifically in a letter I just received from Jean Thorne, who is our Governor's assistant on Federal health policy, that she believes that the level of funding involved in this bill is going to require the dismantling of the Oregon health plan. This is a tragedy. It is a tragedy for Oregonians. But it is a tragedy for our Nation because we need bipartisan Medicaid reform, Medicaid reform that stresses prevention, holds down costs through health maintenance organizations, and this plan does it.

Let us reject this bill. Let us not turn out the lights on the laboratories for health care change in America like in my home State of Oregon.

Mr. Chairman, I believe that there is a very strong, bipartisan consensus in this House to fix Medicaid—and to fix Medicaid in some very fundamental and tough-minded ways.

And I believe that the State can play a very important role in this matter as our laboratories for change and innovation.

This bill, unfortunately, turns out the lights on those laboratories for change by eliminating waivers for these experiments in five States including my home State of Oregon.

This is bad medicine for Oregonians, and no remedy for the beleaguered Federal taxpayer.

This is the last thing we should be doing. It is unwise because it will remove health care coverage from thousands of our fellow citizens, it will hog-tag States that already have undergone significant reforms, and it ultimately will cost tax payers far more dollars than you are attempting to save in this reconciliation package.

This bill sends us marching backwards, dooming States that have had the political guts to reform, back into the bad old days of public welfare programs.

Oregon is one of the States that has led the way toward a century Medicaid Program, and our waiver plan has full, bipartisan support within our congressional delegation. It has that support because in the last 16 months: Oregon has enrolled 130,000 working poor into managed care; reduced uncompensated, charity expense at hospitals by 30 percent; and has delivered a Medicaid Program which, per capita, is 10 percent less costly than the national average.

This bill even with the new provisions worked out by the speaker last night, dooms the Oregon health plan.

I have just received a letter from Jean Thorne, governor Kitzhaber's Federal policy director and the former manager of the state's Medicaid Program.

Here is what she has to say about the measure we are voting on, today, with regard to our health plan.

Short-term, she says that while additional moneys inserted into this bill last night will alleviate some of the problems in the first year, we will likely need to take actions limiting the program before the end of the 1996 fiscal year.

After that, according to Thorne's letter, the package will cause the Oregon plan to plummet as if from a cliff.

She says the 7 year loss from this measure "is still almost \$2 billion."

It is likely that such a level of funding loss will require us to dismantle the Health Plan. If this were to happen, it would mean that approximately 130,000 low-income Oregonians would no longer have Medicaid coverage. These are people who are primarily families with children.

My colleagues, and particularly my colleagues within the Oregon delegation, make no mistake, this will kill the Oregon health plan as we know it.

I suspect, after speaking with State officials this morning, that this will force a special session of our State legislature early next year to revamp the Oregon plan.

This will mean fewer services covered, and fewer Oregonians under health care coverage.

One State official speculated that somewhere between 30,000 and 40,000 Oregonians—working poor—will have to be let out of their coverage in the next 15 to 20 months.



Mr. Chairman, I should point out that under this plan we have reduced the number of welfare recipient in the State by about 8 percent in the last year. We projected further decreases of about 12 percent over the next 2 years.

That projection, like health care coverage for some tens of thousands of Oregonians, is now out the window as well.

We will see our welfare rolls, and our welfare costs, grow because of the loss of this waiver.

Mr. Chairman, as I said we have worked cooperatively in our delegation to try to get this issue turned around, and I want to especially commend the work of my colleague, JIM BUNN.

But we have no remedy in what is proposed, today.

This language is a prescription for higher public costs, higher costs to hospitals which will be shifted to other consumers, and the loss of decent health coverage for many, many of my fellow Oregonians.

I urge my colleagues to reject this measure.

STATE CAPITOL.

Salem, OR, October 26, 1995.

To: Congressman Ron Wyden.

From: Jean I. Thorne, Federal Policy Coordinator.

Subject: Amendment to House Medicaid Bill.

In reviewing the special adjustment made for Oregon in the House bill, I believe it helps alleviate the need to take immediate action to possibly dismantle the Oregon Health Plan, but it does not change the long-term outlook for the Plan.

As I read the language included in the bill, it provides a one-time allotment to Oregon of an additional \$155 million in fiscal year 1996, but does not change the allotments in subsequent years. The amount of funding provided in 1996 basically would equal the amount spent in 1995 plus an inflation factor of 7.24%. We are anticipating approximately 9% growth in Oregon's Medicaid expenditures between fiscal years 1995 and 1996, so although this additional amount of funding will alleviate much of the immediate problem, we will likely need to take actions before the end of the fiscal year to trim back the Health Plan and other areas of Medicaid, such as long-term care services. By fiscal year 1997, more drastic actions will be necessary, although it is unknown at this point whether a special legislative session prior to the regular 1997 session would be necessary.

Clearly, beginning with 1997 we face the same problems as in the original House bill. The seven-year anticipated loss with this change is still almost \$2 billion, as opposed to \$2.1 billion. It is likely that such a level of funding loss will require us to dismantle the Health Plan. If this were to happen, it would mean that approximately 130,000 low-income Oregonians would no longer have Medicaid coverage. These are people who are primarily families with children. Since the beginning of the Health Plan in February 1994, we have increased the number of Oregonians with Medicaid coverage by almost 50%. We currently have over 75% of all Medicaid enrollees receiving services through prepaid health plans. The amount of funds hospitals spend on charity care has decreased by over 30%. Our welfare caseloads have declined by 8%, with another 12% decline anticipated in the current two-year budget period. At the same time, our spending per beneficiary is more than 10% below the national average. Our ability to "squeeze" additional savings out of the program is severely limited. If the Oregon Health Plan were to be dismantled, we would face the prospects of actually going backwards from the gains we have made—less people covered, less people in managed

care, more costs shifted to other payers and welfare caseloads increasing.

We deeply appreciate the work of Congressman Bunn in getting this issue before Congress, but we recognize that it is only a first step. Our hopes are that we can secure an exemption for states with operating Section 1115 waivers to continue under the funding terms of the waiver, allowing us to prove that our demonstration programs can improve the health of poor persons in a cost-efficient manner.

JOHN A. KITZHABER,  
Governor.

Mr. SHAYS. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Florida [Mr. FOLEY].

Mr. FOLEY. Mr. Chairman, I am anxious to hear the speeches when people stop buying treasury bills because our debt has grown so large that people are no longer interested in taking the risk.

This bill brings us to reality. It will reduce the cost of real interest payments.

On the farm bill, they say it was done in the dark of night. We had 10,000 farmers at 19 field hearings from California to New York to Florida, talking about reforming agriculture. Now, one group says we have done too much to agriculture and we are hurting rural America. My God, I live in rural America. I respect rural America. They asked me, MARK FOLEY, to make changes in the agriculture policy of this Nation.

So I stand here proudly to support the Freedom To Farm Act. We will unshackle agriculture. We will allow them to become productive. We will feed America's families. We will save us tremendous interest costs around this Nation and make our farmers proud to be Americans once again, which they are today.

Let us not hear the rhetoric that this bill is bad for America, because when the final numbers are in, when we save our children's future, when we save the bankruptcy of this Nation, when we make our people proud of this country once again, the numbers and the votes and the sentiment of America will be with us.

Ms. ESHOO. Mr. Chairman, I yield 15 seconds to the gentleman from Illinois [Mr. RUSH].

Mr. RUSH. Mr. Chairman, I would like to point out to the gentleman who just spoke that under this bill the State of Florida will lose \$5.9 billion in health care for the elderly and the disabled. Most of this is coming from nursing home care which would have to be paid for by hard-working middle-class families.

Ms. ESHOO. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Chairman, now I get it. Now I understand why the Gingrich majority believes this bill is good for middle-class America.

The gentleman from North Carolina [Mr. HEINEMAN] recently noted those with incomes between \$300,000 and \$750,000 a year are middle class. I get it: The middle class that this reconciliation bill will help has an income of \$300,000 a year.

The Gingrich plan cuts Medicare to give tax breaks to people making one-half of a million a year. Why? Well, Speaker GINGRICH told an extremist group of supporters of his, "We don't get rid of Medicare in round one, because we don't think that would be politically smart. We don't think that is the right way to go through a transition. We believe it is going to wither on the vine because we think people are voluntarily going to leave it."

Shame on them, cutting Medicare, trying to destroy Medicare to give a tax break to people making one-half of a million a year.

Mr. KASICH. Mr. Chairman I yield 1 minute to the distinguished gentleman from Iowa [Mr. LATHAM].

(Mr. LATHAM asked and was given permission to revise and extend his remarks.)

Mr. LATHAM. Mr. Chairman, I think it is interesting when you talk about agricultural policy and not having hearings, we had 19 hearings concerning the Freedom to Farm Act and getting ideas from farmers themselves. One gentleman who spoke earlier admitted during the committee hearing, on the Democrat side, that he had never attended any of these hearings.

I think it is kind of interesting, I am sure he must have been listening to bureaucrats here in Washington, but the thing they told, the farmers told us, they want flexibility, they want a safety net, and they want relief from regulations that are strangling agriculture today.

One important thing to remember, when we actually get to a balanced budget, it is going to lower interest costs by 1.2 to 2 percent, and when you look at agriculture that is borrowing \$141 billion a year, over 7 years, that more than makes up for any reduction in farm spending, and under the bill that is in our reconciliation act, there is more disposable net farm income than even existing law would be.

Ms. ESHOO. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Illinois [Mrs. COLLINS].

(Mrs. COLLINS of Illinois asked and was given permission to revise and extend her remarks.)

Mrs. COLLINS of Illinois. Mr. Chairman, I would like to point out that the gentleman who just spoke, under this bill, the State of Iowa will lose \$590 million in health care for the elderly and disabled, and most of this is nursing home care which will have to be paid for by their hard-working middle-class families.

Mr. Chairman, maybe Speaker GINGRICH is planning to save his book royalties to pay for his hospital, doctor, and nursing home bill if he ever needs it, but most older Americans don't have that luxury.

This bill delivers a knock-out punch to middle-income families, and I don't mean those middle-income families defined by Congressman HEINEMAN as

making \$300,000 to \$750,000 a year. Not only does it cut student loans their children will need for college, but it is also going to force them to pay for much of the health care their parents now receive under Medicare and Medicaid. Talk about taking the care out of health care; that's a double whammy.

BOB DOLE yesterday proudly proclaimed that he voted against Medicare when it was created in 1965 because, and I quote, "we knew it wouldn't work."

Well Senator, let me tell you: You couldn't be more wrong—Medicare works. When Medicare was signed into law by President Johnson, nearly 30 percent of senior citizens lived below the poverty line and half of all senior citizens had no health insurance. Today barely 12 percent live in poverty and an astounding 99.1 percent have health insurance coverage.

The Republican leadership sure has a knack for revising history.

The Gingrich Medicare plan will force the elderly and their children to pick up the tab for \$270 billion in payments for doctors, hospitals, medical equipment such as wheel chairs, and drugs that Medicare now covers. Adding insult to injury, it is the elderly and their middle-class sons and daughters who will not benefit from the huge tax break these health care cuts are intended to give to people earning more than \$100,000 a year.

In fact, while the Republican tax plan gives a \$14,000 tax break to a wealthy family with an income over \$350,000, it actually raises taxes by more than \$600 for middle-income families with incomes below \$50,000.

Just listen to what the Speaker wants to take away from elderly and middle-class Americans to pay for his tax cut.

First, Speaker GINGRICH will cause hospitals in the Chicago metropolitan area to lose more than \$2.8 billion. The city of Chicago, alone, will lose \$1.3 billion; almost half that amount, \$699 million, will be lost by the 11 hospitals in my congressional district.

Cuts of this magnitude will force these hospitals to sharply reduce the number of patients they can serve.

If the Speaker were on the floor, I'd say to him: Mr. Speaker, is your tax break for the wealthy worth the risk that thousands in the Chicago metropolitan area may be denied a hospital bed?

Second, under the Speaker's Medicare bill, each of Illinois' 1.6 million Medicare recipients will see their health care costs rise by at least \$3,500.

Mr. Chairman, where is the fairness in a proposal that pays for a \$14,000 tax break for the wealthy by forcing the elderly to pay \$3,500 more than they currently pay for health care?

Third, Mr. GINGRICH's Medicaid proposal will lead to the termination of nursing home care for an estimated 350,000 people simply to pay for his crown jewel of a tax cut for the rich. Meanwhile, seniors will be asked to pay the jeweler.

Fourth, the Speaker will cut payments for more than 60 percent of all the Illinois elderly who enter nursing homes. With the Speaker's blessing, no elderly or disabled individual will be guaranteed coverage for any benefit, including nursing home care.

Mr. Chairman, is giving a tax break to wealthy Americans really worth denying nurs-

ing home care each year to 50,000 sick and aged folk who live in my State?

Is it really worth denying long-term care for 96,000 elderly and disabled in my State? That's 49 percent of all those currently receiving such services.

Mr. Chairman, as my constituent, Irene Nelson, a senior citizen from Chicago, testified at the Democratic alternative Medicare hearings, and I quote, "It is obvious to me that the people who are making these decisions are completely out of touch with the daily struggles of senior citizens like me."

I beg of you, my colleagues: Please don't do this to your parents and to our Nation's elderly citizens. Find it in your heart to vote against the Speaker's changes that make Medicare and Medicaid into medicant.

Mr. KASICH. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. HILLEARY].

(Mr. HILLEARY asked and was given permission to revise and extend his remarks.)

Mr. HILLEARY. Mr. Chairman, I rise in proud support of this historic legislation.

Mr. Chairman, I proudly rise in support of this historic legislation, H.R. 2491, the Seven-Year Balanced Budget Reconciliation Act of 1995. This legislation keeps the promises I made to the people of the Fourth district of Tennessee.

This bill balances the Federal budget in 7 years, provides genuine welfare reform, preserves Medicare for our elderly now and in the future, and provides real tax relief for middle-class families.

I am confident that the changes we are making here today will lead to lower interest rates and growth.

Not growth in the Federal bureaucracy, but growth in the private economy creating more jobs for the people of Tennessee.

History has shown us over and over again that raising taxes hurts economic growth and never raises as much money as promised. In fact, this morning in the Wall Street Journal, former Chairman of the President's Council of Economic Advisers, Martin Feldstein, wrote an article showing that President Clinton's income tax increase in 1993 failed to raise the money he claimed. He writes that the IRS has recently published data showing that the steep increase in the tax rates raised only about one-third of the amount of money that President Clinton had predicted.

For the families of my district in Tennessee, they will see real tax relief. The \$500-per-child tax credit means that families with children earning less than \$25,000 will no longer pay Federal income tax. Families making \$30,000 will see their Federal income tax bill cut almost in half. Furthermore, lowering the capital gains tax will mean more economic growth and more jobs for the people in Tennessee.

Unlike past efforts of Congress to balance the budget, H.R. 2491 doesn't rely on accounting tricks or gimmicks. It makes real cuts.

All of us in this Chamber, everyone in Tennessee and throughout the country has benefited over the years from the Federal Government's overspending.

But this overspending has a devastating impact on our young who are the future of our country. Right now, a child born today will pay an average of \$187,000 in taxes over a life-

time just to pay the interest on the debt. This irresponsibility in the Federal Government can't continue. It must stop. We can't continue to do this to our children.

Cutting out programs many people have become comfortable with is not a job any of us cherish or enjoy. I can assure everyone that making these cuts was not easy, but I can say that they are fair.

Is this legislation perfect?

I will be the first to admit that it is not a perfect bill. It's no secret that I personally believe that we can and should balance the budget in less than 7 years.

Did we cut out only the wasteful programs and leave only the good ones?

No, I think there is still plenty more that can be cut and we may have made some errors where we cut. Some of these errors can and will be corrected as the legislative process continues. Other problems we may have to address with corrective legislation next year.

One of the problems we identified was in the funding formula for the new Medigra Program. Under the House version of the Medicaid bill which uses 1994 as the base year for Medicaid payments, Tennessee was in fact being penalized for pioneering a State run Medicare/Medicaid Program.

Under TennCare, Tennessee had paid out an extra \$180 million to its Medicaid recipients that was not included in fiscal year 1994. This short fall was a result of an entire 3 months of payments that the Federal Government had not included in its equation because of accounting differences between them and the State of Tennessee.

Mr. Chairman, I am encouraged by the willingness of the Speaker to work with the Members of Tennessee on the Medigra funding levels. The Speaker acknowledged a discrepancy between the State of Tennessee's 1994 Medicaid funding and the numbers used by the Federal Government.

I thank the Speaker for his understanding of this problem and his support for putting an extra \$180 million into TennCare's 1996 funding level to insure that no harm would come to Tennessee's Medicaid recipients.

Furthermore, I extend my appreciation to the Speaker for his commitment to continue negotiations as this legislation continues through this process to ensure that Tennesseans receive their fair share of funding for the TennCare Program.

I believe we can work out these final problems before the conference report is brought back to the House.

Mr. Chairman, we need to move forward this historic legislation to change the direction of the Government.

I proudly support this bill and urge all of my colleagues to vote for H.R. 2491.

Mr. KASICH. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. GOODLATTE].

(Mr. GOODLATTE asked and was given permission to revise and extend his remarks.)

Mr. GOODLATTE. Mr. Chairman, I rise in strong support of this vitally important legislation for the future of our country.

Today we are keeping our promise to America for a better future, and fulfilling the people's mandate for change. No more excuses,



no more Washington gimmicks. It's time to do the right thing—it's time to balance the budget.

Passing this budget reconciliation bill will bring more change to the way Washington operates than any other legislation in the last half century. It eliminates deficits over the next 7 years and does it honestly and fairly. And in doing so, it eases the crushing burden of Federal debt on our children.

A balanced budget is more than just an accounting trick. Balancing the budget will lower interest rates which will mean lower mortgage rates, lower car loan costs, lower rates on student loans, and more jobs.

For instance, according to DRI-McGraw/Hill, an independent economic consulting firm, fixed rate mortgages would drop by 2.7 percentage points and adjustable rate mortgages would drop by 1.7 percentage points by 2002. This would boost home values by 8 percent, existing home sales by 11.5 percent, and housing starts by 65,000 each year.

With this bill we keep other promises such as bringing real reform to the welfare system. It breaks the cycle of dependency, and emphasizes work, personal responsibility, and the preservation of the family. It shifts power and resources back to the States and slices away government bureaucracy.

The bill includes Medicare provisions, passed earlier this year, which preserve, protect, and strengthen Medicare. It saves Medicare from bankruptcy while still increasing spending on this important health care program. It's security for our seniors who have planned for their retirements with the hope that Medicare will be there. And it's security for baby-boomers who know we are committed to a sound Medicare system when they retire.

We deliver on our promise of tax relief for America's families and a cut in the capital gains tax to spur job creation and economic growth. According to the Joint Economic Committee, a \$500 per-child family tax credit means families with children earning less than \$25,000 will see their entire Federal income tax liability eliminated. Families with incomes of \$30,000 will have 48 percent of their Federal income tax liability eliminated.

And capital gains tax relief means jobs and economic growth. Investment will not happen without capital, and capital will not be freed up without tax relief. Economic growth and more jobs means more tax revenue.

Despite what our critics say, we can balance the budget and still give relief to our hardworking and overburdened taxpayers. And one thing we know for sure, increasing taxes has not produced balanced budgets.

The American people want a smaller, more efficient government, but Washington has failed to deliver until now. With this bill we begin slimming an overweight Federal bureaucracy by eliminating an entire Cabinet-level agency—the Commerce Department.

The budget reconciliation bill is the right thing for America and America's families. We keep our word and balance the budget. Most important, we save the future of the American dream for our children.

Mr. KASICH. Mr. Chairman, I yield 2½ minutes to the very distinguished gentlewoman from Connecticut [Mrs. JOHNSON].

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Mrs. JOHNSON of Connecticut. Mr. Chairman, what we are doing here

today is passing the components of a program that over 7 years will balance this Nation's budget, but also put in place a tax policy that will assure that the jobs will be created that people need for their own security and that our Nation needs, to enjoy a level of economic growth that will make that balance possible.

This overall bill also addresses many problems. It is the first time we have tried to put in place a policy that would protect people of all ages from the catastrophic cost of nursing home care. If we do not start now, we cannot succeed for future generations.

But also within this bill are many, many detailed provisions that the public does not know about, but that will directly affect their lives. In the Taxpayer Bill of Rights section, a section that is bipartisan, that was developed in a bipartisan way, has bipartisan support, this bill builds on the work of the Hon. Jake Pickle of Texas, who spent many years trying to get this very legislation passed. I am proud not only have we adopted his work, but we have gone beyond it. Because through the Taxpayer Bill of Rights, we make the taxpayer now not a David who meets Goliath, but an equal who has an opportunity to be heard by the IRS, to have a fair shot at paying only their fair share of taxes.

For the first time, this Taxpayer Bill of Rights will begin to look at the terrible and bad breaks that so many couples who are separated and divorced get when dealing with the IRS. For the first time we ask the IRS, for the first time in all of our history, to come back to us every year with the 20 most important problems that taxpayers face. For the very first time the IRS will have the responsibility for their taxpayer advocates to actually tell the Congress what are the 20 most serious problems the people face in dealing with their Government, and then we will be able to change those things. We do not allow for their suggestions to go through the IRS or the Department of the Treasury. They must come directly to us so that they cannot be filtered.

We do many, many things in this bill to protect taxpayers from IRS actions and to put taxpayers on an equal footing with their Government.

Mr. Chairman, I urge support of this legislation.

Mr. Chairman, I want to draw our colleagues' attention to some very important provisions in the Ways and Means Committee title of H.R. 2517 which collectively are known as the Taxpayer Bill of Rights 2.

For taxpayers who go up against the Internal Revenue Service, it is too often a David vs. Goliath contest. The IRS is Goliath and the taxpayer is David. The Ways and Means Committee title includes the recommendations developed by the Subcommittee on Oversight to increase the rights of taxpayers in dealing with the IRS. The campaign to safeguard taxpayer rights has a long history. The Taxpayer Bill of Rights 2 portion of title XIII will establish a new milestone in protecting taxpayers. Like the David in biblical history, the average tax-

payer may be smaller than the rival IRS, but we are giving him some strong weapons with which to defend himself.

The original Taxpayer Bill of Rights was enacted in 1988. While this action was a good first step, there was a consensus that more could be done to protect the rights of taxpayers. The Oversight Subcommittee developed follow-up legislation during the 102d Congress, but regrettably it did not become law.

One of the early priorities of the Oversight Subcommittee in the 104th Congress was to protect the rights of taxpayers in dealing with the IRS. Despite the helpful effects of the 1988 legislation, the chorus of constituent complaints against the IRS convinced us that further action was needed. On March 24, 1995, the Subcommittee on Oversight held a hearing to investigate what additional safeguards were appropriate to provide taxpayers more evenhanded treatment in their dealings with the IRS. The hearing opened our eyes to the many areas in which we need to act in order to protect taxpayers.

For example, we learned of cases where the IRS began auditing a taxpayer's return and then the IRS employee conducting the audit was transferred to a new division, and the return sat for another year or two before the audit was completed. Under current law, the IRS has no authority to abate the interest which runs up during this period. The bill addresses this problem by giving the IRS authority to abate interest charges that accrue as a result of unreasonable delays caused by the IRS's own mistakes.

The bill will also make it easier for taxpayers who win their cases against the IRS in court to collect attorney's fees. Under current law, not only does a taxpayer have to prevail against the IRS to collect attorney's fees, she must also prove that the IRS was not justified in pressing its case against her. Our bill would shift the burden to the IRS of proving that its position was substantially justified. This is consistent with the judicial principle that the party in control of the facts should bear the burden of proof.

Another major problem area is the treatment of separated or divorced taxpayers. Under current law, couples who file a joint tax return are each fully responsible for the accuracy of the return and for the full tax liability, even though only one spouse may have earned the income which is shown on the return. This is called joint and several liability. Spouses who wish to avoid joint and several liability may file as a married person filing separately.

The Oversight Subcommittee learned of many instances where divorced taxpayers who signed a joint tax return during their former marriage were treated harshly when the IRS later disputed the accuracy of the return. Far too often, the IRS tried to collect the entire amount due from the wife, even though the omitted income or erroneous deductions which caused the tax deficiency were attributable solely to her former husband. In some cases, the person pursued for payment of the taxes due was not even aware that a tax return filed during the marriage had been audited or the additional taxes were due.

In an era where almost 50 percent of marriages end in divorce, this problem is contributing to the perception that the tax system is unfair. The time has come to reexamine the

joint and several liability standard and to consider replacing it with a proportionate liability standard, under which each spouse would be responsible for the tax on that portion of their income which he or she earned. In order to fully consider the ramifications of such a change, our bill requires the Treasury Department and the General Accounting Office to conduct detailed studies examining possible changes to the joint and several liability standard designed to better protect the interests of separated and divorced couples. This is an area that we definitely intend to revisit after the studies are complete.

The Subcommittee on Oversight met on September 12, 1995, and unanimously approved a package of recommendations to address the taxpayer problems which we had identified from our hearing and from the numerous communications we had received from taxpayers. The recommendations for a Taxpayer Bill of Rights 2 were introduced on September 14, 1995, as H.R. 2337. The full Committee on Ways and Means included in its reconciliation title a Taxpayer Bill of Rights 2 subtitle which is virtually identical to the work product of the Subcommittee on Oversight.

I am gratified at our action for two reasons. First, we have acted forcefully to protect the rights of taxpayers in dealing with the IRS. Second, the subcommittee's action was bipartisan, it was strongly supported by Members of both parties. I hope this will set the example for all the activities of the Oversight Subcommittee.

Mr. Chairman, the Nation's taxpayers probably will never enjoy paying their taxes, but they should not feel powerless in dealing with the IRS. The taxpayer Bill of Rights 2 will help to better safeguard the rights of taxpayers. Until Congress implements fundamental reforms of the tax system, the next best approach is to make the current system operate in a way which treats taxpayers more fairly.

Finally, the following is a brief outline of the Taxpayer Bill of Rights two provisions which are included in title XIII of H.R. 2517:

1. Creation of Independent Taxpayer Advocate. (a) Statutorily establish the position and office of the Taxpayer Advocate within the Internal Revenue Service (IRS); (b) require the IRS to make annual reports to the tax-writing committees describing the 20 most serious problems taxpayers encounter when dealing with the IRS, along with the Taxpayer Advocate's recommendations for administrative and legislative actions to resolve such problems; and (c) require the IRS to provide that regional problem resolution officers will actively participate in the selection and evaluation of local problem resolution officers.

2. Expand Taxpayer Assistance Order (TAO) Authority. Provide the Taxpayer Advocate with broader authority to intervene on behalf of taxpayers.

3. Authority to Review a TAO. Provide that a TAO may be modified or overturned only by the Commissioner, Deputy Commissioner, Taxpayer Advocate, or Regional Problem Resolution Officer, and require a written explanation for modifications or reversals of TAOs.

4. Improved Notification of Installment Agreement Changes. (a) Require the IRS to notify taxpayers 30 days before modifying or terminating installment agreements (except in jeopardy cases) and to include in such notification the specific reasons for the action taken; and (b) require the IRS to establish an administrative appeals process in the case

of modifications or terminations of installment agreements.

5. Expand Abatement-of-Interest Authority. (a) Provide the IRS with expanded authority to abate interest resulting from erroneous or dilatory "managerial acts" (e.g., for cases where the assessment or collection of a deficiency has been unreasonably delayed as a result of IRS's loss of tax records, or IRS personnel management decisions, including the termination, transfer, training, and the granting of leave for any reason to IRS employees responsible for the handling of the taxpayer's case); and (b) give the U.S. Tax Court the jurisdiction to review the IRS's failure to abate interest on an abuse of discretion standard for taxpayers who meet the net worth criteria of section 7430.

6. Extend Interest-Free Period for Remitting Tax. Extend the interest-free period provided to taxpayers for the payment of tax liability reflected in the first notice from 10 days to 21 days, if the total tax liability shown on the notice of deficiency is less than \$100,000.

7. Study of the "Joint and Several" Liability Standard. Require the Treasury Department and the General Accounting Office to conduct studies, to be submitted to the tax-writing committees within six months of the date of enactment, analyzing: (a) the effects of changing the current standard of "joint and several" liability for married couples to a "proportionate" liability standard; (b) the effects of requiring the IRS to be bound by the terms of a divorce decree which directly addresses the responsibility for the tax liability arising from joint tax returns filed during the former couple's marriage; (c) proposals for expanding the "innocent spouse" relief of IRC section 6013; and (d) the effects of overturning the application of *Poe v. Seaborn* for income tax purposes in community property states.

8. Election to File Joint Return Without Making Full Payment. Repeal the provision that requires full payment of tax liabilities as a precondition to taxpayers switching from married-filing-separate status to married-filing-jointly status.

9. Improved Treatment of Separated or Divorced Spouses. Upon written request, require the IRS to inform either spouse as to whether the IRS is making any attempt to collect the tax liability from the other spouse; the general nature of the collection effort; and, the amount collected.

10. Authority to Withdraw Notice of IRS Liens. Provide the IRS with authority to withdraw a public notice of tax lien prior to payment in full by the indebted taxpayer when it is "... in the best interest of the taxpayer and the Government" and require that in the case of an erroneous lien, upon taxpayer request, the IRS must make reasonable efforts to notify major credit agencies and financial institutions of the erroneous filing of the lien.

11. Authority to Return Levied Property. Provide the IRS with authority to return the proceeds of levies, without prejudice against future reinstatement of the levy, if it is "... in the best interest of the taxpayer and the Government."

12. Increase the Protections of Taxpayers from IRS Levy Actions. Increase the exemption level on fuel, furniture and personal effects to \$2,500, and index it thereafter for inflation.

13. Offers-in-Compromise. Provide that offers-in-compromise which reduce tax liabilities by less than \$100,000 do not require a written opinion from the Office of the Chief Counsel. Offers in compromise which would reduce tax liabilities by \$100,000 or more would continue to be subject to approval by a written opinion from the Office of the Chief Counsel.

14. Civil Damages for Fraudulent Filing of Information Returns. Create a federal cause of action for a person who has been victimized by a willfully filed fraudulent information return to recover the greater of \$5,000 or actual damages from the person(s) who filed the fraudulent information return.

15. IRS Responsibility to Verify Accuracy of Information Returns. In cases where a taxpayer asserts reasonable dispute about the accuracy of an information return, the IRS would be required to take reasonable steps to investigate the accuracy of the information return and would bear the burden of producing reasonable and probative information to corroborate the return. The reasonable steps which the IRS must take to corroborate the disputed information return would vary in response to the facts and circumstances of each case. The objective is to meet the standard outlined in *Portillo v. Commissioner*, 932 F.2d 1128 (1991).

16. Expansion of Attorney-Fees Provisions. (a) In cases where a taxpayer substantially prevails over the IRS in a tax dispute, switch the burden of proof from the taxpayer to the IRS to establish that the IRS was substantially justified in maintaining its position against the taxpayer; (b) increase the hourly rate of the attorney fees eligible for reimbursement from the current rate of \$75 to \$110, and index this amount after 1996; (c) clarify that the taxpayer's failure to extend the statute of limitations shall not be considered to be a failure to exhaust the administrative process; and (d) repeal the current prohibition which denies the reimbursement of attorney fees in some court actions for a declaratory judgement.

17. Taxpayer Reliance on IRS Guidance. In determining whether or not the IRS was "substantially justified" in maintaining its position against the taxpayer, the fact that IRS employees did not follow its own published guidance (e.g., revenue rulings, revenue procedures, and information releases) in examining the taxpayer, will create a rebuttable presumption that the IRS's position was not substantially justified for the purpose of applying section 7430.

18. Increased Damage Awards to Taxpayers Harmed by Reckless IRS Collection Actions. (a) Increase the ceiling on damages to \$1 million; and (b) give the courts discretion to reduce a damage award because of the taxpayer's failure to exhaust the administrative remedies in the collection process, rather than a mandatory denial.

19. Modification of the Penalty to Collect and Remit Payroll Taxes. (a) Require the IRS to issue a preliminary notice 60 days in advance of any demand for payment of the 100-percent penalty imposed by section 6672, except in jeopardy cases; (b) in cases where the IRS is seeking to hold a person responsible for payroll taxes under section 6672, the IRS would be required to share with such person the identities of other persons who the IRS also asserts are responsible for the taxes and the collection activities which it has pursued against those persons; (c) create a federal cause of action for a person who may be held liable for the collection of tax under section 6672 to seek contribution from other persons who have a similar liability under the law, but who have not yet contributed their proportionate share of the liability for the collection of the tax. The "responsible person" seeking a contribution would proceed by bringing an independent action against the third parties; and (d) provide that the IRS will not impose the 100-percent penalty under section 6672 on unpaid, volunteer trustees or directors of tax-exempt organizations if such persons serve solely in an honorary capacity, do not participate in the day-to-day or financial operations of the

organization, and do not have actual knowledge of the failure to remit payroll taxes to the IRS.

20. *Enrolled Agents as Third-Party Record Keepers.* Add "enrolled agents" to the list of third party record keepers to whom section 7609 applies.

21. *Safeguards Related to Designated Summons.* (a) Require that IRS regional counsel review any designated summons before it is issued against a taxpayer; (b) limit the issuance of a designated summons to taxpayers being audited as part of the IRS's Coordinated Exam Program (about 1,600 of the largest corporate taxpayers); (c) prohibit the IRS from issuing a designated summons for the purpose of third-party information gathering, except in circumstances where the taxpayer being examined has transferred its books or records to a third party; and (d) require the IRS to submit an annual report to Congress describing the designated summonses issued by the IRS during the preceding year.

22. *Relief from the Retroactive Application of IRS Regulations.* Provide that the effective date of any temporary, proposed, or final regulation shall not be before the earliest of: (a) the date the regulation is filed in the Federal Register; (b) in the case of a final regulation, the date of the temporary or proposed regulation to which it relates was filed with the Federal Register; and (c) the date on which any notice substantially describing the expected contents of any temporary, proposed, or final regulation is issued to the public. However, this limitation will not apply: (a) where the regulations are issued within 12 months of the enactment of the statutory provision to which the regulation relates; (b) where the Secretary of the Treasury determines that the regulation should be retroactive in order to prevent abuse; (c) where the regulation is directed at correcting procedural defects in an earlier regulation; (d) where the regulation relates to the internal policies, practices, and procedures

of the Treasury Department; (e) where the taxpayer elects to have the entire regulation apply retroactively, i.e. back to the date of the underlying statute; or (f) in cases where Congress grants authority to the Secretary to prescribe the effective date of a regulation.

23. *Report on IRS Pilot Program for the Appeal of Enforcement Actions.* Require the IRS to submit a report to the tax-writing committees, by March 1, 1996, about the scope and results of its pilot program for the appeal of enforcement actions, including lien, levy, and seizure actions, together with any recommendations for legislative actions which may be necessary to facilitate the implementation of a permanent process for appeals of such enforcement actions.

24. *Phone Numbers of Payors on Form 1099.* Require that the providers of information returns include the phone number of the payor's service representative on the form 1099.

25. *Notification to Taxpayers of Overpayments.* Require that the IRS make a reasonable attempt to notify, within 60 days, those taxpayers who have made payments which the IRS cannot properly post to the taxpayer's account.

26. *Damage Claims for Taxpayers Injured When the IRS Uses Improper Informants.* Create a civil cause of action allowing a taxpayer to sue the Government for the lesser of \$500,000 or actual damages (plus costs) in cases where any Federal Government employee intentionally compromises the collection of any tax due from an attorney, accountant, or enrolled agent representing a taxpayer in exchange for information supplied by the taxpayer to such a professional for the purpose of obtaining tax advice.

27. *Annual Reminders of Outstanding Tax Liabilities.* Require the IRS to send out annual reminders to taxpayers with outstanding delinquent accounts that are not in active collection status.

28. *Extension of Authority for IRS Undercover Operations.* The Anti-Drug Abuse Act of 1988 exempted IRS undercover operations from certain statutory restrictions controlling the use of Government funds (which generally provide that all receipts be deposited in the general fund of the Treasury and all expenses be paid out of appropriated funds). This exemption expired on December 31, 1991. In general, the exemption permits the IRS to "churn" the income earned by an undercover operation to pay additional expenses incurred in the undercover operation. Extend the IRS "churning" authority to December 31, 2000.

29. *Disclosure of Form 8300 Information on Cash Transactions.* Amend IRC section 6050I to allow form 8300 information to be disclosed for either civil or criminal enforcement or regulatory purposes under the same rules applicable to Currency Transaction Reports. This would permit form 8300 information to be used at various levels of government to identify targets for investigation of possible nontax related crimes.

30. *Simplified Disclosure Procedures.* Amend IRC section 6103(c) to delete the word "written" from the requirement that "written consent" from the taxpayer is necessary for the disclosure of taxpayer information to a designated third party.

31. *Study on Interest Netting.* Require the Secretary of the Treasury to conduct a study of the manner in which the IRS has implemented Congress's directions regarding the netting of interest on overpayments and underpayments and the policy and administrative implications of global interest netting. Before submitting the report of such study, Treasury would be required to hold a public hearing on global interest netting to receive comments from interested parties. The record of these hearings should be included in the report.

EFFECT OF PROPOSED HOUSE WAYS AND MEANS COMMITTEE EITC REFORMS ON EITC SPENDING BASELINE

(Fiscal years 1995-2002)  
(Millions of dollars)

	Fiscal year 1996	Fiscal year 1997	Fiscal year 1998	Fiscal year 1999	Fiscal year 2000	Fiscal year 2001	Fiscal year 2002	Total 1996-2002
EITC under present law	23,762	25,870	26,947	28,077	29,338	30,536	31,735	196,265
Budgets effects of proposed reforms	-160	-3,417	-3,603	-3,754	-3,940	-4,109	-4,268	-23,251
EITC under proposed reforms	23,602	22,453	23,341	24,323	25,398	26,427	27,467	173,014

\* Totals do not add due to rounding. Estimates based on data from Joint Committee on Taxation.

Ms. ESHOO. Mr. Chairman, I yield 10 seconds to the gentlewoman from Oregon [Ms. FURSE].

Ms. FURSE. Mr. Chairman, I would like to point out to the gentlewoman from Connecticut [Mrs. JOHNSON] that the State of Connecticut would lose \$590 million in health care for the elderly and the disabled.

Ms. ESHOO. Mr. Chairman, I yield 1½ minutes to the gentleman from Illinois [Mr. RUSH].

Mr. RUSH. Mr. Chairman, I thank the gentlewoman for yielding.

Mr. Chairman, on Tuesday, I spent a good part of my morning at La Rabida Children's Hospital on Chicago's South Side. Similar to many other children's hospitals across the Nation, over half the children cared for at this fine institution rely on Medicaid.

I met many of these children on Tuesday. And I want to remind my colleagues on the other side of the aisle that

these children are not faceless statistics. They are human beings.

Like 10-year-old Tyronne, who has been coming to La Rabida for the last 9 years of treatment of severe asthma, sickle cell anemia, and scoliosis (skel-ee-osis).

When hospitals like La Rabida care for Tyronne, they do so at considerably greater cost than what it takes to care for adults. This is because of the wide array of equipment and supplies necessary to treat children of all ages and sizes.

Children's hospitals cannot shift costs to adult patients or, like some other hospitals, to commercial payers.

Mr. Speaker, children's hospitals are able to serve as an integral part of this Nation's approach to health care because of Federal funding provided to them via the Medicaid Program.

And the Newt Gingrich Republicans want to ignore this fact by passing the responsibility for basic health care

services for children to the States—a responsibility, that many States cannot or do not want to bear.

The American people must take a long hard look at this so-called Gingrich Republican revolution, and see the wreckage left in its wake.

The Gingrich Republican meat ax will cut deep. It will cut to the bone. It will cut to the marrow.

It will cut the lifeline of many of our Nation's children. It will cut their access to basic health care.

Basic health care for our children is not a privilege, it is a fundamental right.

We must balance the budget, for our children, not on the backs of our children.

Mr. KASICH. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. HASTERT], the distinguished deputy whip.

Mr. FOX of Pennsylvania. Mr. Chairman, will the gentleman yield?

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

Mr. FOX of Pennsylvania. Mr. Chairman, I would like to engage the gentleman from Illinois; [Mr. HASTERT], the chief deputy whip and member of the Commerce Committee in a colloquy in order to clarify one of the Medicaid provisions in this bill. As an active member of health care, I am extremely concerned with the enormous problem of health care waste, fraud, and abuse that has riddled the program. The amount of such waste, fraud, and abuse perpetrated on taxpayers is staggering and must be eradicated.

It is my understanding that section 2123 would prohibit any State from using its Federal MediGrant funds for any purpose other than medical assistance for eligible beneficiaries. Is that correct?

Mr. HASTERT. The gentleman is correct. Section 2123 would prohibit the States from using any of the Federal funds provided by this act for any purpose other than providing benefits and administering the provisions of this act.

Mr. FOX of Pennsylvania. The reason I want to clarify this point is because we are all aware of the tremendous amount of waste, fraud, and abuse in the current Medicaid system. If the States are successful in exposing this waste and fraud, the residents from my State of Pennsylvania would like to know that these savings will be used to provide needed health care services—and not be diverted for some other unrelated purpose.

Mr. HASTERT. I think the gentleman raises a very important point. The public has every right to expect that the Federal funds Congress provides for health care services for the poor will in fact be used for health care. This bill gives them that assurance.

Mr. FOX of Pennsylvania. I thank the gentleman, again, for engaging in this discussion. I commend the gentleman, Chairman BLILEY, and the Commerce Committee for acknowledging the serious problem of waste, fraud, and abuse and for including these true reforms in the House budget reconciliation bill.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. CRANE], the chairman of the Subcommittee on Trade.

Mr. CRANE. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I came to this body in 1969, and I reflected back when we got into this debate about counsel my father gave us as children. He passed away this summer at the age of 94, mercifully in his sleep without pain and suffering. He told us as kids, he said, "Boys, you have two obligations in life: One is to be givers and not takers; and, two, leave it better than you found it."

I wrote him a letter after we got into this process of trying to turn this coun-

try around before he died, and I said, "Pop, you know, I was always able to be a giver, because I controlled that." But when I came here in 1969, our national debt was in the neighborhood of \$385 billion. I knew that we were facing the prospect of a \$5 trillion national debt this year. And I reflected back that in 1969 we had a budget surplus, a modest \$3 billion, but, still, it was a surplus, and I thought we were going to engage in elimination of debt at that time. And I steadily watched this situation deteriorate.

Now, does this move fast enough in guaranteeing that we get our books in balance for our children and our grandchildren? No, not in my estimation. Does this provide us the kind of tax relief that is necessary to again revitalize our economy? No, not in my estimation. But it is a move in the right direction.

I think all of us have to share a responsibility, having participated in this process for all of these years, in creating a kind of a climate that, if it is not addressed in 7 years, is hardly salvaging anything, in 7 years to get us back on track.

This country still represents the world's last, best hope, and it is not just for our children and our grandchildren. We are talking posterity. And each one of us, when we raise our hand and are sworn in in this body, has the obligation to engage in that commitment.

Mr. Chairman, I would urge all of my colleagues, back off, take another look at this, because this is in the national interest. This is in the interest of mankind.

Mr. Chairman, I rise today in support of the budget reconciliation bill. While I have made separate remarks on other provisions in this package, as chairman of the Trade Subcommittee, I would like to point out some of the benefits of the trade provisions included in this bill. While these provisions have not been at the center of the debate on the reconciliation bill, they nonetheless provide important tools for U.S. business and industry in the global marketplace.

Included within the budget reconciliation package are a number of technical corrections to certain trade legislation and other miscellaneous trade provisions. Passage of these provisions will streamline implementation of the Customs Modernization Act, the Caribbean Basin Economic Recovery Act, the Andean Trade Preference Act, the Uruguay Round Agreements Act, the Harmonized Tariff Schedule, and the North American Free Trade Act. The administration and the business community have reviewed each of these provisions and concluded that they are noncontroversial.

The bill also includes an extension of the generalized system of preferences program [GSP] which expired on July 31, 1995. For over 20 years, the President has been authorized to grant tariff preferences to developing countries under GSP. Congress extended the program on a short-term basis in the 1993 budget reconciliation bill, and then again in the Uruguay Round Trade Agreements Act in 1994.

I support extension of GSP because it is a useful program for promoting increased trade

with lesser developed countries. USTR can use GSP benefits effectively as a trade policy tool to achieve more open markets for U.S. exports. Testimony received by the Trade Subcommittee of the Committee on Ways and Means confirms that many U.S. businesses depend on duty-free treatment under GSP to help reduce costs.

H.R. 2491 extends authority for GSP for 2.5 years, to terminate on December 31, 1997. So that there will be no gap in duty-free treatment provided under the GSP Program, the bill would provide for refunds of any duty paid, upon request, between July 31, 1995, and the date of enactment. The recommendations lower the per capita GNP limit from \$11,800 to \$8,600, a number which would be indexed. When countries reach this limit, which is considered high income under the bill, the President is required to terminate the country's eligibility for GSP benefits.

H.R. 2491 would lower the competitive need limit in current law from \$114 million in 1994 to \$75 million in 1995 and increase it by \$5 million each year after 1995. The bill would authorize the President to designate additional articles from the least developed beneficiary countries as eligible for GSP. This new authority does not apply to statutorily exempt articles such as textiles and footwear. Finally, the bill updates various provisions in order to simplify administration of the GSP Program.

Also, I would like to address the issue of trade adjustment assistance. The Committee on Ways and Means carefully examined not only trade adjustment assistance for workers and firms, but also adjustment assistance programs tailored to the implementation of the North American Free Trade Agreement. The committee's recommendations harmonize general trade adjustment assistance programs for workers with the NAFTA Workers Security Act programs.

I firmly believe that protectionism destroys jobs, while free trade creates jobs by increasing our competitiveness in the global marketplace. Nevertheless, we have extended both general and NAFTA-related trade adjustment assistance to reassure those workers uncertain about free trade.

NAFTA-related trade adjustment assistance for workers will be extended through September 30, 1998. General trade adjustment assistance will be extended through September 30, 2000. Our recommendations require workers to enter approved training programs to receive further cash benefits. The Secretary of Labor will be permitted to issue waivers of the training requirement only if training is not available. Our recommendations also terminate relocations allowances under both general TAA and NAFTA-related TAA. This will end a two-tiered system of haves and have-nots in which workers unemployed due to foreign competition are relocated at the expense of the Federal Government while those unemployed due to domestic competition are not eligible for such assistance.

The provisions included in the reconciliation bill reauthorize general trade adjustment assistance programs for firms through September, 2000, at which time these programs will terminate.

The budget reconciliation bill also dismantles and reorganizes the Commerce Department as part of the congressional effort to streamline Government, increase its efficiency,

and save taxpayer dollars. The legislation retains a number of trade-related functions that are aimed toward achieving gains for U.S. companies and places them within the U.S. Trade Representative. I strongly believe that we should preserve powerful tools in this way to negotiate initiatives that open foreign markets, encourage growth in U.S. exports, and fight foreign unfair trade practices. This effort will remove a Cabinet seat and streamline our Government, while at the same time preserving the functions that keep our U.S. companies competitive.

I would like to add a word here about consideration of H.R. 2371, the Trade Agreement Authority Act, which is not included in the reconciliation bill. This legislation would renew trade agreements negotiating and implementing authority for the administration—to so-called fast track authority. We tried very hard to come to an understanding with the administration concerning the content and form of this special procedure. However, the administration would not agree to our language and seems to be prepared to do without this authority.

I believe that fast track is extremely important if we are to continue to implement trade agreements that strengthen our economy, create good jobs, and reduce the deficit—including an agreement with Chile. However, the administration must recognize that fast track is a derogation of the rules of the Congress. As such, congressional concerns over the use of fast track for issues that are not directly related to trade must be taken into account if these special procedures are to be used by the administration in the future.

Ms. ESHOO. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Oregon [Ms. FURSE].

Ms. FURSE. Mr. Chairman, I thank the gentlewoman for yielding time.

Mr. Chairman, I would like to point out to the two gentlemen from Illinois that Illinois will lose \$3.5 billion in health care under this bill.

I rise today to opposed this bill. Gosh, even Pat Buchanan says the Medicare cuts are to deep. I have heard the GOP being called the get old people party. Well, I think now, after this bill, it is going to be called the gut our protections party.

This bill treats Medicare as a piggy bank, to pay for a tax cut for the rich, and we did not get 1 day of hearing. This bill shuts down State efforts to reform health care, like the Oregon health plan. This bill eliminate protections for seniors, for children, for the environment, for students, while increasing Pentagon spending by \$63 billion.

Look, I am a grandmother. I know what makes sense. This does not make sense. We should vote no. Let us not gut our protections; let us eliminate the GOP budget.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. SHAW], the distinguished chairman of the Subcommittee on Human Resources of the Committee on Ways and Means.

Mr. SHAW. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, for the second time this year, the House will be asked to

decide between the status quo and making real reforms to the failed welfare system.

Consider the millions of Americans now on welfare. History tells us that they came from farms, they came from all over this Nation and elsewhere in search of a better life for themselves and their families. They settled in the cities, they settled in the coal mines, and they were hard working because there was a strong work ethic.

Then the jobs went away. So when the jobs left the big cities and the mines closed, why did not the same people who were the children of those who came to the factories, who came to the cities seeking a better way of life, why did they not follow? Why did they not go where there were better jobs and better opportunities?

They did not because the Congress of the United States, this Government, put into place a welfare system that was corrupt and destructive—although thought to be kind and gentle. For generations now, we have seen this destructive welfare system stay in place and keep people where there are no jobs, a system that destroys self-esteem, destroys families, destroys the basic moral fiber that has held this Nation together. Now is the time to sweep this failed welfare system away.

One of my colleagues has said that, through our welfare reforms, the Republicans are coming for the poor and the children. Yes, we are. We are coming for them to pull them out of the life of dependency and poverty. We are sweeping away a destructive system, and we are putting in a system that can work.

For once, after we pass this bill, let us join together in a new meaning of the American spirit and solve the problems of poverty in this country, to give people back self-dignity, to discourage illegitimacy, to promote the family, and to promote the values that have made this country great.

Support real welfare reform; support the Republican reconciliation bill.

Ms. ESHOO. Mr. Chairman, I yield 15 seconds to the gentleman from Illinois [Mr. RUSH].

Mr. RUSH. Mr. Chairman, this bill is destructive to the people of Florida. I would like to point out to the gentleman from Florida who just spoke, that Florida will lose \$5.9 billion in health care for the elderly and the disabled. Most of this is nursing home care which would have to be paid for by their hard-working middle-class families.

Ms. ESHOO. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Arkansas [Mrs. LINCOLN].

(Mrs. LINCOLN asked and was given permission to revise and extend her remarks.)

Mrs. LINCOLN. Mr. Chairman, I think all Americans across this Nation have called on us in Congress to do what is fair and reasonable to put our Nation back on track. We all here share a common goal in balancing the budget and eliminating the deficit in

order to put our Nation back on track. But most Americans learn that you have to eat your vegetables first before you get your dessert, and that basically translates to we have got to cut our spending, our abuse, and our waste first.

There are two choices before us today: No. 1, to achieve the goal while squeezing senior citizens, farmers, children, and military retirees, or, No. 2, achieve the goal by requiring that every group of Americans give a little to make a contribution. If we were blindfolded as Members of the House of Representatives to all of the partisan politics that go on here, and asked to just base our decisions weighted on the merits of these two packages, we would not want to cut \$100 billion more out of Medicare than is necessary to balance the budget. We would not want to cut \$9 billion more out of agriculture than is necessary to balance the budget.

This does not allow veterans the health care choices that they want and deserve. It raises taxes on lower income Americans by \$23 billion by removing the EITC. It cuts \$10 billion more out of student loan programs than is necessary to balance the program. It does devastating things to rural America and the life we know there.

I just ask my colleagues to take a serious look at what is an honest and fair way of balancing this budget for the American people, and that is the coalition budget.

□ 1530

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Nevada [Mr. ENSIGN].

(Mr. ENSIGN asked and was given permission to revise and extend his remarks.)

Mr. ENSIGN. Mr. Chairman, I was raised by a single mother with no child support, and each and every day I saw her get up and go to work, a lesson that was taught to me that we have robbed from welfare families. This has led to a generational dependency. There is nothing more important in America to learn than the work ethic. If we want people to get out of poverty, they have to work.

Our EITC program will preserve the incentive to go and get a job and stay off of welfare. In fact, when the EITC was created in 1975 total spending was about \$2 billion. Today EITC spending is \$20 billion. That is a tenfold increase. Under our plan, total EITC spending will continue to grow to about \$27 billion.

Now, Mr. Chairman, I know some of our public schools are not that great these days, but even these schools know that this is addition, not subtraction. The American people know that spending more on something is not a cut. Only those who employ confusion and scare tactics fail to understand this lesson.

The last point I want to make. Mr. Chairman, is that some are calling this a tax increase because we happen to not be giving it to people with children. The last time I checked, when we give a subsidy to the American people and then happen to remove that subsidy, that is not a tax increase. That is something we are taking from one taxpayer, giving to the other, and then all of a sudden we decide we cannot afford to continue to give more and more of their money in taxes to other people and redistributing that.

Those on the left are calling this a tax increase. That is the mindset they have. That is how corrupt they are in their thinking.

Ms. ESHOO. Mr. Chairman, I yield 15 seconds to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Chairman, in response to the gentleman who just spoke, if we are not raising taxes then we did not need a budget waiver.

Let me quote Jack Kemp. This is a tax increase on low-income workers and the poor, which is unconscionable at this time. We eliminate the credit for working people who are without children. That is 4.3 million people and we increase the phaseout rate.

Ms. ESHOO. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, as Congress takes up the budget, the American public fears the Republicans plan to curb Medicare spending, scoffs at their tax cut and flatly does not believe that the plan would produce a balanced budget by 2002. That is from the latest New York Times CBS News poll that came out yesterday.

Mr. Chairman, I do not normally pay attention to polls, but this time the polls got it right and the American people got it right. The Republicans call this the Balanced Budget Reconciliation Act, but how do we begin balancing the budget by implementing such a large tax cut? We estimate that after 7 years the national debt will be at least \$268 billion higher because of this tax cut that provides generous benefits for the wealthy. The legislation actually would raise taxes on taxpayers earning less than \$30,000 a year.

Mr. Chairman, with all these tax cuts for the rich, and without a balanced budget, what are we getting in return? Well, essentially we are abolishing Medicare and Medicaid. The Speaker indicated in the quote earlier, Speaker GINGRICH, that it is not being abolished right away but eventually we will get rid of it.

For Medicaid recipients, for seniors, they are doubling the part B premium, increasing their taxes. They are imposing means testing. They are squeezing the hospitals so much that providers and other providers at hospitals will close or scale back their quality. And also seniors are going to lose their choice of doctors.

Medicaid is actually abolished in this. Instead, we have block grants

going to the States without any strings attached, really. So there are no guarantees that poor people will get health care. Also, we lose the nursing home standards. So much money will be squeezed out of this system we can be sure those nursing homes are going to decrease in terms of the quality of care.

I went before the Committee on Rules and I asked that there be a guarantee for low-income seniors who no longer will have their part B premium for the doctors paid under this legislation. The Speaker said last week there was going to be that guarantee. There is no guarantee. The public is right, the poll is right. Medicare and Medicaid are essentially abolished and there will be no balanced budget.

Mr. KASICH. Mr. Chairman, I yield such time as she may consume to the distinguished gentlewoman from Kansas [Mrs. MEYERS].

(Mrs. MEYERS of Kansas asked and was given permission to revise and extend her remarks.)

Mrs. MEYERS of Kansas. Mr. Chairman, I rise in support of this balanced budget amendment.

Mr. Chairman, I agree with many of my colleagues who believe today is an historic day. I have served in the House of Representatives for a decade, and this is the very first opportunity I will have to vote for a balanced budget.

There is no question that in a bill this size, which makes changes in almost every department and agency of government, every Member will find provisions with which they disagree. There are some provisions in this legislation which I would prefer to see changed, or in some cases dropped. But I will support this legislation nevertheless, for three reasons:

First, we must preserve the Medicare Program from bankruptcy, and this legislation is a first step in slowing the rate of growth of the program. This legislation does not cut Medicare or Medicaid. It does slow the rate of growth in these programs. While increasing spending from \$4,800 this year to \$6,700 in 2002, per Medicare beneficiary.

I believe the changes we are making in these health programs will secure health care for the elderly and the poor well into the next century. But, in making these changes, we must ensure that people are not hurt by the changes—and so we must closely monitor these programs over the next several years to be certain that they are working as we envision.

Second, over the past several years, I have worked very hard to change our welfare system, and this bill contains the same provisions of legislation I authored in 1993. I believe our welfare system has failed the very people it was designed to help. Instead of moving people out of poverty and into well-paying jobs, it has trapped people by fostering illegitimacy, weakening families, and discouraging work. If we don't make changes in these programs, by the year 2000, 80 percent of majority children, and 40 percent of all children, will be born out of wedlock. Our concern is the children. The dollars are important, without a doubt, but the changes we are making today are for the children. We want our children to be born into caring families, to have fathers, to enjoy child-

hood, and to be able to pursue an education. This means that above all else, we must curb the illegitimacy rate and restore personal responsibility in a caring and compassionate way. And I think that is what we are doing in this bill.

Third, finally, I will support his bill today because we cannot afford to fail. This is our first step toward a balanced budget in 2002. If we don't do it now, we may not have another chance until it is too late.

This process will not get any easier; and may not get done at all if we fail the very first year we try—and we cannot afford to fail.

Mr. KASICH. Mr. Chairman, how much time is remaining on both sides?

The CHAIRMAN. The gentleman from Ohio [Mr. KASICH] has 11 minutes and 45 seconds, and the gentlewoman from California [Ms. ESHOO] has 13½ minutes remaining.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentlewoman from Washington [Ms. DUNN].

Ms. DUNN of Washington. Mr. Chairman, I rise to address one of our country's greatest domestic problems, the Nation's illegitimacy rate. In 1940, the rate was well under 5 percent. Even 15 years ago, in 1980, the illegitimacy rate was only 15 percent. Today, 15 years later, it is doubled. It is 30 percent. It is a terrible revolution in birth patterns.

Mr. Chairman, the consequences of this explosion are staggering. Everyone, including the President, recognizes that the exploding illegitimacy rate is the Nation's most important domestic problem because it is the leading cause of school failure, crime, unemployment, and welfare dependency.

Why does illegitimacy lead to these problems? Consider these four facts: First, the poverty rate among children with never-married mothers is almost eight times that of children in two-parent families. Second, the odds of an out-of-wedlock child being on welfare are 10 times that of a child born into a two-parent family. Third, the odds of an out-of-wedlock child having a parent who does not work are six times greater than the odds for a child from a two-parent family. In fact, 40 percent of children born out of wedlock have no working role model parent in their lives. And fourth, the rate of school suspension among out-of-wedlock children is over three times as high as the rate of children from two-parent families.

Mr. Chairman, everybody realizes that illegitimacy is an outrage but only Republicans are proposing solutions that will effectively alleviate the problem. We get what we pay for, Mr. Chairman, and the Federal Government is now guaranteeing a package of benefits to teenaged children who have babies that adds up to \$12,000 every year. By far, the most important action we can take to reduce illegitimacy and to stigmatize this most destructive behavior is to cut the cash subsidies.

The House Republican welfare reform bill is the only bill that deals with illegitimacy in this direct fashion. Only



Republicans have the courage to take the strong action necessary to combat the tragic scourge of illegitimacy. Unfortunately, Mr. Chairman, I do not see any other way to do it.

Ms. ESHOO. Mr. Chairman, I yield 10 seconds to the gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Mr. Chairman, I want to point out to the gentlewoman from Washington who just spoke that in her State her constituents will lose \$2.36 billion in health care for the elderly and the disabled. That is really what I call guardians of the privileged.

Ms. ESHOO. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Massachusetts [Mr. MARKEY].

Mr. MARKEY. Mr. Chairman, last Thursday night the Speaker stood in this well and charged me with misrepresenting the facts, with engaging in an absurd misrepresentation and allegation. He said, in fact, there is a provision in the Medigiant program that provides that senior citizens at the poverty level and below have all of their part B premium paid for by the taxpayers 100 percent.

Now, my hope was that when he spoke last Thursday night, he was going to include that in this reconciliation package. They have not. In fact, only 44 percent of all those poor seniors' Medicare part B premiums are going to be covered. They are not, in fact, protected at all 100 percent. Just the opposite is the case.

Mr. Chairman, back in the 1960's our political leaders asked us not what our country could do for us, but what we could do for our country. Well, in 1995, the Republican motto is ask not what our country can do for us, but ask what we can do for the country club. This is a contract with the country club. This takes money out of the pockets of senior elderly, out of students, piles it up, and then gives tens of billions of dollars of tax cuts to the wealthy in our country. The wealthy are not asked to sacrifice.

Mr. Chairman, back in the Civil War, because the wealthy could buy their way out of the war, they said it was a rich man's war but a poor man's fight. Well, here in this reconciliation battle in 1995, it is a rich man's war but it is a poor man's fight. The rich man get tremendous, tens of thousands of dollars in tax breaks, and the poor seniors have their Medicare premiums go up. The poor students and working class families have their student loan payments go up, and yet the Republicans stand here and tell us that they care about the working people in this country.

Mr. Chairman, this is a wrong vote for America, just plain wrong. Vote no on the Republican reconciliation bill.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HOUGHTON].

(Mr. HOUGHTON asked and was given permission to revise and extend his remarks.)

Mr. HOUGHTON. Mr. Chairman, the gentleman from Illinois [Mr. CRANE] was up here a little earlier talking about suggestions that his father had made to him in his early years, one was to give and not take, and the other was to leave the world better than when he found it. He might have added another thing. Do not spend it unless we have it.

This bill gives us an opportunity for the first time I have seen since I have been down here to spend within our means. President Reagan used to talk about morning in America. I really feel we can extend this to this is morning in America for our children. No party has a lock on caring. No party is trying to hurt our children or our mothers or our nursing homes or our seniors. It is all our jobs to protect them.

Mr. Chairman, most Republicans and Democrats, I would like to feel, with the possible exception of some of the fire brands, are going about the task of doing this thing quietly and carefully.

Let me give Members an example. There is a thing that the gentleman from New York [Mr. RANGEL] has been working on with me called the work opportunity tax credit. People come off welfare, they need jobs, this is a way to create incentives for those people who are willing to offer them jobs. It is a wonderful program. It hires those people who have not had jobs and also it helps retain them. Is it going to solve all the problems in welfare? Certainly not. But it will help.

This is not a perfect bill, Mr. Chairman. I have never seen any bill which is perfect down here, but it is a good bill and I support it.

Mr. Chairman, on another issue, I hope this legislation will foster the development of provider networks, including specialty networks. They would assure seniors that they will have choices relating to behavioral, rehabilitation and any other specialty care services.

The private sector has engaged in direct contracting with specialty networks in order to lower costs and improve access to quality treatment as well as expand choice for consumers. The Medicare program should also explore the utilization of these specialty networks for the same reasons.

I believe the Health Care Financing Administration has adequate demonstration authority under current law to test the feasibility and desirability of permitting specialty provider sponsored networks to serve the new Medicare market. A demonstration project would serve to determine whether seniors have access to the most cost effective quality treatments for specialized services.

Ms. ESHOO. Mr. Chairman, I yield 20 seconds to the gentleman from Pennsylvania [Mr. KLINK].

Mr. KLINK. Mr. Chairman, to my good friend from New York, Mr. HOUGHTON, I want to point out that when the gentleman puts his card in the machine and casts his vote for this reconciliation bill today that people in his State of New York who are elderly and disabled will lose \$11.2 billion, and this money will have to be made up for in nursing home care and hospital care by their hard-working middle class families.

Ms. ESHOO. Mr. Chairman, I yield 1½ minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Chairman, I thank the gentlewoman for yielding me time.

Mr. Chairman, in one word, in one word, this Republican reconciliation bill can be described as a fraud. Nothing more, nothing less, a fraud. What kind of sense does it make to ask senior citizens to pay \$312 a year more for a weekend Medicare Program while the Republicans give a \$14,000-a-year tax break to people making \$300,000 a year?

□ 1545

Why should we ask low-income workers to pay more in taxes, while we cut and do away with taxes for some of the largest and most profitable corporations in America?

Why do we throw 20,000 Vermonters off of Medicaid, low-income, disabled people, children, senior citizens off of Medicaid, while we retain and not cut \$800 billion in corporate welfare for the privileged and the wealthy?

Mr. Chairman, this Republican proposal is a fraud and it must be returned to sender. Let us defeat it today.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Illinois [Mr. HASTERT].

Mr. HASTERT. Mr. Chairman, we have heard a lot of allegations today here. I have heard my socialist friend from Vermont talk about cuts for people on Medicare. The fact is in our reconciliation bill we raise, over the 7 years, people's Medicare from \$4,800 to \$6,700, a 40-percent increase.

Mr. Chairman, if we want to talk about cuts, I would like to take a look at this placard that we have here. We want to talk about what a real cut is. In the Clinton 1993 health care bill, in section 9101 of the Clinton bill it said: The Secretary shall provide each year for payment to regional alliances for the amount equal to the Federal medical assistance a percentage of 95 percent. That is a cut. The 5-percent decrease is a real cut. My colleagues can see here on the math, we go down 5 percent.

In the Republican majority 1995 Medicaid Program, there is an increase. The Medicaid growth increase for fiscal year 1996 is 7.2 percent and it grows from there. The conference agreement of the budget resolution grows Medicaid 7.2 percent.

Mr. Chairman, a cut is below the line. A cut is what we had in the Clinton health care bill when we cut Medicaid and only gave it to people at 95 percent; a 5-percent cut. Increase is when the line goes above and we give the American taxpayers and people on Medicaid, the American poor that need it, a 7.2-percent increase.

Ms. ESHOO. Mr. Chairman, I yield 30 seconds to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Chairman, let me just say that Medicare, Medicaid, that

is what this is about. It is tax breaks for the rich versus Medicare and Medicaid.

The Speaker, in his own words, has said what he believes we ought to do with Medicare, and that is that we do not get rid of it now in round one because we do not think it is politically smart, but we do believe that it is going to wither on the vine.

That is the true, the true statement about the Speaker and how he feels about the Medicare Program and its future.

Mr. KASICH. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. THORNBERRY].

(Mr. THORNBERRY asked and was given permission to revise and extend his remarks.)

Mr. THORNBERRY. Mr. Chairman, I rise today to express my support for the Seven Year Balanced Budget Reconciliation Act of 1995.

I do so with concern over several of the bill's provisions, particularly those relating to the Federal Helium Program, the Freedom to Farm Act, and certification requirements for weather radar service office. But these concerns are outweighed by the historical significance of the bill, and the singular importance of its No. 1 goal—mainly, to balance the budget in 7 years.

It has been 27 years since the Federal Government passed a balanced budget. In that time, a burden of debt has been placed on American families that casts a long shadow over current and future generations. A child born today will pay an average of \$187,000 in lifetime taxes just to pay off interest on the national debt. It is a moral imperative that we get this weight off this shoulders. It is what we were elected to do.

But just as important as removing this burden for those coming into the world is restoring economic opportunity and security for those already here.

The single most imposing obstacle to economic advancement in our Nation today is the Federal Government. It discourages savings and security by overtaxing middle-income families. It stifles growth and investment by over-regulating small businesses. And, for the less fortunate, it smothers hope and independence by promoting welfare over work. What Ronald Reagan said more than 15 years ago still holds true: In our country today, government is not the solution to our problem—government is the problem.

This legislation addresses this problem in many important ways. Among the bill's many worthwhile provisions, I am especially pleased with those which reform the welfare system in a way that emphasizes work and family. I am also happy that this bill takes a much-needed first step toward reducing the outrageous pensions Members of Congress receive. Finally, I am pleased with the provision that replaces the current Medicaid system with MediGrants, which will not only benefit taxpayers by controlling runaway spending, but will also benefit States by giving them the freedom to develop health care delivery systems that suit their needs the best.

As I indicated, I do have concerns about the provisions relating to three specific areas. The Federal Helium Program has become an easy

issue to demagogue, but the provisions included in this legislation do not provide the guarantee of a reliable, affordable supply of helium which this country must have. In addition, I am concerned that the provisions relating to the Freedom to Farm Act are not in the best interests of the country. However, my reservations in this regard are overcome by the certainty that the problems with these provisions will be addressed in conference. I am also concerned with possible lapses in public safety caused by repealing the requirement that no weather service offices be shut down unless there is proven to be no degradation of radar coverage. This is critical to my region of the country, where radar coverage is not up to par. We should use House-approved language providing for a streamlined procedure which reduces unnecessary spending and emphasizes quality of service in problem areas.

I would also like to briefly touch on why I voted against the alternative measure introduced by a coalition of Members from the other side of the aisle. The coalition should be commended for offering a substantive alternative that balances the budget in 7 years. Both the leadership of their own party and their President have failed to do either of these things. However, the coalition proposal falls short in several critical areas. For one thing, it would provide for an adjustment in the consumer price index, which could lead to a reduction in Social Security benefits. Second, the coalition plan fails to provide tax relief for the middle class, thereby breaking the promise we made to American taxpayers.

I am pleased that the majority reconciliation bill fulfills this important promise by providing tax relief to families and incentives for job creation, both of which are absolutely essential and long overdue. These provisions will allow taxpayers to keep a portion of the money taken in the tax increase passed in August 1993, and correct an ill-conceived policy that even the President admits was a mistake. I am also happy that this legislation includes the Taxpayer Bill of Rights, which will provide taxpayers with protections from a wide range of Government abuses.

Mr. Chairman, this bill is truly historic. While it is not perfect, it represents a giant leap toward keeping the promise we made to the American people to balance the budget and get our Nation heading in the right direction.

Ms. ESHOO. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I want to talk to the gentleman from Ohio [Mr. KASICH] a second. The stock market has already voted on the gentleman's plan today. It is down 50 points. I would say to the gentleman, "Your crown jewel has turned to paste."

The crown jewel, the \$500 tax cut for every child that has been so freely advertised by my Republican friends, is now down to \$365 per child, and the bill has not even gotten to second reading here on the floor. Lord knows what it will be when it gets to third reading or gets back from the Senate.

But, Mr. Chairman, that is not all of it. That \$365 per child, that was \$500 for every child, does not cover 33 percent of all the children who are in families who would qualify for this. Their families do not qualify for 1 red cent.

So, the \$500 per child tax cut is down to \$365 and 33 percent of the families get absolutely nothing out of this. It all goes to the rich. Then they tax, wrack, tear, root \$270 billion out of the sick and the old. They tear, root, and rip \$450 billion, almost a half a trillion dollars, out of children, out of sick people, out of nursing home care people.

Mr. Chairman, this is a travesty on the American public. Nobody is arguing about balancing the budget. The argument is how we balance the budget. Who has to carry the burden? The Republican way, the "Get Old People" way, the GOP way, is to give to the rich a \$245 billion tax cut, then take all of that money and the rest of the balancing of the budget money out of the children, the sick, the poor, and the aged.

Mr. KASICH. Mr. Chairman, I yield 30 seconds to the gentleman from Oregon [Mr. BUNN].

Mr. BUNN of Oregon. Mr. Chairman, the Oregon Health Plan is an innovative, cost-effective plan. We spend \$3,800 per person in Oregon, down over 10 percent from the national average.

Hospital charity care had gone down 30 percent since the implementation of the plan. Welfare rolls have decreased 8 percent and we have covered an additional 130,000 people. The governor said we needed \$1,042,000,000; the Speaker has provided \$1,025,000,000 in this plan.

Mr. Chairman, we will have an Oregon Health Plan next year. We will work with the leadership to provide it beyond that.

Mr. Chairman, I am grateful for the leadership's support for the Oregon Health Plan.

Ms. ESHOO. Mr. Chairman, I yield 30 seconds to the gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Mr. Chairman, I would like to point out to the gentleman from Oregon [Mr. BUNN] who just spoke over on the GOP side that out of this bill, the State of Oregon will lose \$1.8 billion in health care for the elderly and the disabled.

Mr. Chairman, even the doctors say that. "People will be sicker and people will die as a result of this toxic mix of funding cuts and elimination of standards." We need to keep that in mind.

Mr. Chairman, the GOP guardians of the privileged ought to look at what the doctors are saying. "People will be sicker and people will die as a result of this toxic mix of funding and standard cuts."

The CHAIRMAN. The gentlewoman from California [Ms. ESHOO] has 6 minutes 10 seconds remaining and the gentleman from Ohio [Mr. KASICH] has 5 minutes 15 seconds remaining.

Mr. KASICH. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. ARCHER], the very distinguished chairman of the Committee on Ways and Means.

Mr. ARCHER. Mr. Chairman, as I listened to this debate, I was struck by the growing philosophical differences



between the two parties. It is unfortunate, because we should all be Americans instead of Republicans and Democrats.

But there is a difference between us. As we Republicans move forward to balance the budget and reduce the tax burden on the American people, we have made our governing philosophy very clear. We believe that the strength of this Nation lies not with the Government, but with each of us individually in our communities, in our churches, in our homes. Left to their own, without Government interference, redtape, or excessive taxation, there is no problem the American people cannot solve.

But Mr. Chairman, the great social experiment of the last 30 years has led to an unparalleled expansion of the Federal Government. Sadly, this has failed to solve our Nation's most difficult problems. Nowhere is that more the case than in our miserable and unfortunate welfare system where, in the last 30 years, we have spent over \$5 trillion in the war on poverty, only to lose the war.

Mr. Chairman, the Government that the Democrats brought, along with the bankruptcy at whose brink they have left us, has overextended its reach and it has made promises to the people that no government can fulfill.

Government cannot take the tax dollars that are earned by one citizen, hand them over to another, and then believe that they have improved the lot of either citizen. Yet for 30 years, Government tried that. It is called tax and spend.

Mr. Chairman, the time has come to admit that tax and spend has failed. It is time to reduce the size of Government and to give the tax dollars back to the people who earn them. I say to my colleagues across the aisle, "It ain't your money. It belongs to the people who have earned it."

Mr. Chairman, it is clear from this debate that the Democrat Caucus is the liberal caucus. The overwhelming majority of the Democrat Party, a party that I once belonged to myself, insists that the Government in Washington, DC remains the only solution and represents the best hope of how to solve people's problems, if only we would just spend more money.

Those on the other side argue over and over again that we could make our Nation's problems go away. If only we, the Government, had a few more of the people's tax dollars, we could solve our problems, so say the Democrats.

Mr. Chairman, while the world has changed, the Democrats in Washington have not. They still cling to the notion that an ever-expanding Federal Government, one that requires more taxes from its citizens, is the best hope that we have to solve our problems. As we downsize Government to a balanced budget, they do not want to give any dividend to the hard-working taxpayers of this country.

Mr. Chairman, we fell differently. While the hearts of the Democrats may

sound as if they are in the right place, their fingers are in the wrong place. Their fingers remain stuck deep in the wallets of middle-income Americans trying to take from one citizen in order to give to another.

The Democrats in Congress cling to the notion that big Government is best; that more power in Washington is wise; and that more spending leads to more solutions.

To my colleagues across the aisle, I have a simple message: Let it go. Let it go. Let it go.

Mr. Chairman, I say to my Democrat colleagues, We tried their way for 30 years. We raised taxes and we increased spending. Now it is our turn. We want to cut taxes, yes. Not for rich Americans; for middle-income Americans. That is what our tax bill does.

We want to cut spending and we want to balance the budget. That is what this bill does and that is why I am voting for it and why it is historic in turning this country around and giving it back to the people.

Ms. ESCHOO. Mr. Chairman, I yield 15 seconds to the gentlewoman from California [Ms. HARMAN].

Ms. HARMAN. Mr. Chairman, I would like to point out that when the gentleman from Texas [Mr. ARCHER] casts his vote, the elderly and disabled in his State will lose \$6.5 billion in health care. Most of this is in nursing home care for seniors, which will have to be paid for by the hard-working middle-class families.

Ms. ESHOO. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California [Ms. HARMAN].

(Ms. HARMAN asked and was given permission to revise and extend her remarks.)

Ms. HARMAN. Mr. Chairman, I rise in opposition to this budget.

Ms. ESHOO. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. DEUTSCH].

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Mr. DEUTSCH. Mr. Chairman, there is an old expression: If it looks like a duck and it sounds like a duck and it quacks like a duck and it walks like a duck and it smells like a duck, there is probably a pretty good darn chance it is a duck.

Let me tell my colleagues about the Republicans and Medicare. BOB DOLE: "I was there fighting the fight, voting against Medicare, one out of twelve, because we knew it would not work in 1965," a couple of days ago.

Speaker GINGRICH on Medicare: "We do not get rid of it in round one, because we don't think that that is politically smart and we don't think that is the right way to go through a transition period. But we believe it is going to wither on the vine because we think people are voluntarily going to leave it," just yesterday.

There are three big lies about the Medicare plan. The first one is that it is such a terrible thing that there is a 7-year actuarial life. In the 30 years of

the Medicare System, 12 of those 30 years, there was a shorter actuarial life, and we did something about it. We made tough choices, and we did something about it. We changed it, not unprecedented health insurance.

The second big lie is \$270 billion in cuts. The actuaries, nonpolitical people, not numbers out of the ballpark. It has nothing to do with saving Medicare. The money is not going into the trust fund. It is a flat-out lie. The \$270 billion in Medicare is not going to save Medicare. It is just a flat-out lie. It has nothing to do with the problems with the trust fund.

The third problem and the third lie is the issue of choice. My colleagues continue to say that there is going to be choice. It is a false choice, because essentially the Speaker is right; no one will be able to stay in Medicare except for the richest of the rich, because people will be forced out of Medicare, forced into substandard HMO's. This plan is wrong, wrong, wrong. I urge a no vote.

Ms. ESHOO. Mr. Chairman, I yield myself 1½ minutes.

(Ms. ESHOO asked and was given permission to revise and extend her remarks.)

Ms. ESHOO. Mr. Chairman, I rise in strong opposition to this Gingrich budget. There are many reasons to oppose it, but I want to highlight two: how it treats our Nation's elderly and our Nation's children. On both counts, this legislation fails miserably to live up to our Nation's historic commitment to those in the autumn of their lives and those in the spring of their lives.

There is nothing in this bill to prevent nursing homes from using physical restraints on seniors without a doctor's order, nothing to prevent nursing homes from evicting the elderly for financial reasons, nothing to prevent abuses which existed in many States prior to critical Federal intervention.

As a member of the Committee on Commerce, I was proud to offer an amendment which would have continued the guarantee of health coverage for our children. That failed. As a result of these Medicaid cuts and other Gingrich proposals, our children will receive less health care, less preschool education, and less money to live on.

This Gingrich budget fails the test of decency for our children, for our elderly, and it deserves to be defeated. It does not honor our fathers and our mothers, and it totally dishonors our Nation's children.

Mr. Chairman, I yield 20 seconds to the gentlewoman from Illinois [Mrs. COLLINS].

(Mrs. COLLINS of Illinois asked and was given permission to revise and extend her remarks.)

Mrs. COLLINS of Illinois. Mr. Chairman, I hope that my friends and my colleagues on the other side realize what everybody is saying about this

thing that is absolutely true. That is that, because Federal law forbids denying emergency care to uninsured, hospitals could avoid financial harm only by closing emergency rooms and trauma centers, and the general public is going to be hurt.

Ms. ESHOO. Mr. Chairman, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. KLINK].

(Mr. KLINK asked and was given permission to revise and extend his remarks.)

Mr. KLINK. Mr. Chairman, I thought I was misreading my calendar. I thought that it was a week after Halloween, not the week before Halloween, because, you see, this week the masks come off. Last week we heard the Speaker give an impassioned speech here in this very well in which he gave us, first of all, his entire family tree and told us how important Medicare was to all of these people and how he was going to make sure that Medicare was there for them. Then this week, when speaking to a group of very important people in the insurance industry, Blue Cross and Blue Shield, he said: "We don't get rid of it in round one because we do not think that politically it is smart. We don't think that is the right way to go through a transition period, but we believe it is going to wither and die on the vine."

I ask, when was the Speaker being truthful? Was he being truthful to us a week ago in this very well when he talked to us about the fact this was an important program that he was trying to save, or in fact was he being truthful to these people that he was talking to from the insurance industry?

For a few Americans this bill is really going to be like the Good Ship Lollipop. It is going to shower sugarplums and candy canes in the form of tax breaks for the very wealthy. But for most of middle-class America, this bill that we are debating here on the floor of the House today is indeed the S.S. *Titanic*. It simply will not float.

This bill is going to shred a health care system that has protected senior citizens for 30 years. It cuts Medicare by \$270 billion. It cuts Medicaid by 180 billion. To those who think we have a good health delivery system, 60 percent of the money that goes into training doctors and into taking care of medical needs of our country come from these programs. Vote against this bill. It is horrendous.

Ms. ESHOO. Mr. Chairman, I yield the balance of my time to the distinguished gentleman from Michigan [Mr. DINGELL].

The CHAIRMAN. The gentleman from Michigan [Mr. DINGELL] is recognized for 35 seconds.

Mr. DINGELL. Mr. Chairman, I have listened all during this debate to my Republican colleagues say that Medicare does not work. I do not like to hear that, and I do not think the senior citizens like to hear it, because Medicare has worked. Medicare has prolonged the lives of senior citizens. Medicare has given a better standard of liv-

ing to the American people. Medicare has prevented young people from having to choose between college for their kids and health care for their parents. Medicare has seen to it that, instead of less than 50 percent of the senior citizens having health care, that now almost 100 percent do. Americans are covered by health care amongst the senior citizens.

Americans are urged by the New York Times, and they say, reject the big Medicare cuts. The big Medicare cuts we are talking about here are nothing more or less than something that is going to hurt the senior citizens, and it is being done by the Republicans to ensure that they can give a tax cut to the very rich.

Mr. FRANKS of New Jersey. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. FAWELL].

(Mr. FAWELL asked and was given permission to revise and extend his remarks.)

Mr. FAWELL. Mr. Chairman, I rise in support of this reconciliation bill.

Mr. Chairman, I rise in support of H.R. 2517, the Seven Year Balanced Budget Reconciliation Act of 1995. The current budgetary situation facing this Nation is staggering. Years of deficit spending have pushed our national debt to nearly \$5 trillion. For a child born today, the share of this debt totals \$19,000. The landmark measure before us today, which would set a glidepath to achieve a balanced Federal budget by the year 2002, will provide our children with a future that promises economic opportunity and prosperity, rather than a future of paying for our irresponsible fiscal behavior.

Earlier this year, Congress adopted the congressional budget resolution, a nonbinding blueprint of Federal spending over the next 7 years. This resolution recommended reducing the overall growth of Federal spending to 3 percent annually, instead of the current 5 percent annual growth. H.R. 2517 fulfills the promise of the budget resolution and makes the necessary changes in our revenue and spending laws to achieve a balanced budget for the first time in a generation.

H.R. 2517 would balance the Federal budget by restraining spending and shrinking the size of Government. The plan encompasses innovative reforms in all areas of Federal spending, including: reforming the welfare system to emphasize work, families, and responsibility; restructuring Medicare to reign in out-of-control health care expenditures, and simultaneously giving seniors more choice in health care services; converting the Medicaid Program into "Medigrants," block grants to the States to allow more flexibility in providing health care to the disadvantaged elderly and disabled; closing billions of dollars in corporate tax loopholes; scaling back agriculture subsidies; abolishing the Department of Commerce; repealing burdensome and costly Federal statutes, such as the Service Contract Act; privatizing portions of the Federal bureaucracy, such as the U.S. Enrichment Corporation; and, terminating out-dated Federal programs, such as the Federal Helium Program.

Opponents of this legislation argue that Republicans are recklessly cutting Federal spending. A closer look at the plan, however,

reveals that there are no cuts in spending. To illustrate, during the last 7 years, from 1989 to 1995, Federal spending totaled \$9.5 trillion; under the Republican plan, during the next 7 years Federal spending will total \$12.1 trillion. The growth in the major Federal programs over the next 7 years is indisputable: Medicare spending will increase by \$672 billion; Medicaid spending will increase by \$330 billion; and, welfare spending will increase by \$346 billion. The bottom line is clear: under the Republican plan, overall Federal spending will increase by \$2.6 trillion during the 1995-2002 period. Only in Washington can these increases in spending be considered cuts. On the same note, I would also point out that even with the enactment of \$245 billion in tax relief in this legislation, overall Federal revenues will still increase by \$3.3 trillion during the same period.

H.R. 2517 is not a perfect bill. There is one provision in particular about which I would like to comment. Section 13607 of the legislation effects a seismic change in pension law by permitting employers to withdraw for any purpose so-called excess assets from ongoing private pension plans of the defined benefit variety. This is said to raise about \$9.5 billion in revenue from the \$27 billion in withdrawals expected to be made by employers over the 5-year window opened up under the bill. "Excess assets" means assets above a threshold defined as the larger of 125 percent of current liability or the plan's full funding limit—equal to the lesser of the plan's accrued actuarial liability or 150 percent of current liability.

In short, this means that employers can withdraw plan assets above a minimum asset threshold which can, in effect, vary from 125 to 150 percent of current liability depending on plan structure.

The potential risks related to these provisions are not small. My first concern is that so-called excess assets can be withdrawn from a pension trust even by employers in bankruptcy who can then terminate the plan with no guarantee the remaining assets will be sufficient to pay for all plan benefits. This is because the defined threshold beyond which assets may be withdrawn can be less than the threshold of assets required in the event of the actual plan termination by a financially distressed employer.

I believe the American Academy of Actuaries is correct in saying that the minimum threshold for asset reversions should be based on plan termination liability, rather than current liability. I generally concur with the views expressed by the Pension Benefit Guaranty Corporation [PBGC], that a plan whose current liability is 125 percent funded may in fact be less than 100 percent for purposes of its liability at plan termination. This discrepancy is the result of differences in the actuarial assumptions used for interest, mortality, and expected retirement age. While the PBGC calculations may not be perfect, the discrepancy between current and termination liability is real, and the danger to employees, pensioners and the taxpayer in the case of the termination of an underfunded plan by an insolvent employer is real.

The overall funding of defined benefit pension plans has declined precipitously since 1987 when, in order to increase revenues, Congress placed an artificial full funding limit, that is, a maximum limit, on the level of tax-deductible employer contributions. As a result,

many large employer plan sponsors have been forced to take contribution holidays, and thus have been prevented from funding toward projected actuarial liabilities—a more accurate measure of long-term pension plan costs than current liability. I believe it is time to reconsider the suitability of this artificial maximum contribution limit and ensure a more sound funding target—it is not the time to adopt a definition of excess assets based on the inadequate standard of current liabilities.

It may, indeed, be time to reconsider the suitability of this artificial maximum contribution limit and ensure a more sound funding target of at least “plan termination liability” which is the level of plan assets needed to pay all benefits upon the actual termination of a plan. Clearly, it could not have been intended that a large employer in or facing bankruptcy be enabled to extract assets from a pension plan and to then terminate the employer’s plan or plans, leaving other employers who pay PBGC premiums or taxpayers to pay for the pensions of the employer’s underfunded plan or plans. This can be avoided by listening to the voice of pension experts in the American Academy of Actuaries who suggest the withdrawal threshold be based on at least termination liability.

It also may well be that a more refined pension policy allowing for the reversion of pension assets that are truly excess could help restore employer interest in defined benefit plans and, thus, expand pension coverage. However, the provision should be crafted carefully, should amount to more than a temporary revenue raising measure, and should take into consideration the protections of that title I of Employer Retirement Income Security Act [ERISA] presently provides to plan participants and retirees. Without a permanent provision employers will have no incentive to create or remain in defined benefit plans—and that purported benefit of section 13607 will never be realized. Care must also be taken to recognize the complexity of individual plans, including the fact that so-called excess assets can arise from contributions made by employees as well as those made by employers.

Moreover, the reversion provisions of section 13607 may not even generate the revenue projected. Corporations with a tax loss

carry-forward will look to acquire companies with excess assets, so that they can take a reversion tax free. Alternatively, companies may wait to take reversions until they have a tax-loss year. Thus, we may be encouraging the removal of an estimated \$27 billion of excess assets without gaining the sought-after revenue.

The success of ERISA private pension plans in America has been immense—\$3.5 trillion of assets invested in America. In addition, unlike Social Security and many public pension plans, the assets are real. So far, ERISA’s “prudent man rule” has protected the sanctity of those trust funds. We have been successful in the House in fighting off the administration’s efforts to hawk economically targeted investments [ETI’s] to private pension plan fiduciaries. That effort could rightly be described as an attempt by the administration to force private pension assets to be used for socially correct investments. We want to allow employers the right to take true excess funds from their pension trusts, but the words “excess funds” are, at best, actuarial indefinite and vague. It is therefore essential that the formula for allowing employers to remove funds from pension trusts be unquestionably based on the most conservative of actuarial principles. I believe that this is the essence of what Republicans stand for. I fear, however, that section 13607 is not fully consistent with these principles.

Finally, I remain concerned that the reversion provisions in section 13607 do not include the ERISA amendments necessary to enable pension plan asset reversions to be legally consummated.

Nevertheless, Mr. Chairman, although I have these concerns about the pension reversion provisions, this reconciliation bill has many more positives than negatives. And there still is opportunity—in conference—for salutary changes. What is most important is that the constant failure of Congress to reach a balanced budget is leading us to an unforgivable consequence: passing on trillions of dollars in Federal debt to future generations of Americans. The best time to begin putting matters in order is today; when it comes to making tough decisions to rein in total Federal spending, tomorrow never comes.

Mr. FRANKS of New Jersey. Mr. Chairman. I yield the balance of my time to the gentleman from California [Mr. BILBRAY].

The CHAIRMAN. The gentleman from California [Mr. BILBRAY] is recognized for 40 seconds.

Mr. BILBRAY. Mr. Chairman, I am a freshman. I have not been here before, but I do recognize the fact that the citizens of the United States want to get their fair share for their dollar spent.

The colleagues to my left keep pointing out about Medicare. My seniors are saying, why pay more than twice the rate of inflation? Any good consumer would not only encourage that, they would demand that. That is all we are saying.

Let me leave you with this: I keep hearing my colleagues on the other side of the aisle, who controlled this body for 40 years, saying that they support a balanced budget. As a freshman who has come here this year, my question to them is, why again and again ever since the 1960’s have they not been able to present that balanced budget to the people?

So all I ask them to do is quit finding excuses not to vote for a balanced budget. The American people want it. They are tired of the excuses from Washington, and they want us to prove that we can balance the budget just like they do every day of their lives.

The CHAIRMAN. Pursuant to House Resolution 245, all time for general debate, has expired.

Pursuant to the rule, an amendment in the nature of a substitute consisting of the text of H.R. 2517, as modified by the amendments printed in House Report 104-292, is adopted and the bill, as amended, is considered as an original bill for the purpose of further amendment and is considered read.

The text of the amendment in the nature of a substitute, as modified, is as follows:

#### NOTICE

*Incomplete record of House proceedings. Except for concluding business which follows, today's House proceedings will be continued in the next issue of the Record.*

#### CONFERENCE REPORT ON H.R. 1905, ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1996

Mr. BUNN of Oregon submitted the following conference report and statement on the bill (H.R. 1905) making appropriations for energy and water development for the fiscal year ending September 30, 1996, and for other purposes:

#### CONFERENCE REPORT (H. REPT. NO. 104-293)

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1905) “making appropriations for energy and water development for the fiscal year ending

September 30, 1996, and for other purposes,” having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 18, 20, 23, 24, 26, 32, 36, 44, 45, 46, 47, 57, and 58.

That the House recede from its disagreement to the amendments of the Senate numbered 7, 13, 14, 25, 33, 38, 39, 40, 43, and 54; and agree to the same.

#### Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert: \$121,767,000, and the Senate agree to the same.

#### Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert:

Norco Bluffs, California, \$375,000;  
Ohio River Greenway, Indiana, \$500,000;  
Kentucky Lock and Dam, Kentucky,  
\$2,000,000;

Mussers Dam, Middle Creek, Snyder County, Pennsylvania, \$300,000; and

West Virginia Port Development, West Virginia, \$300,000; Provided, That the Secretary of the Army, acting through the Chief of Engineers, is directed to undertake a study of water supply and associated needs in the vicinity of Hazard, Kentucky, using \$500,000 of the funds

(B) in subsection (g)(3), by striking "in each outyear through 1998" and inserting "in each of the 4 ensuing outyears".

**SEC. 20007. TECHNICAL CORRECTION.**

Section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985, entitled "Modification of Presidential Order", is repealed.

**SEC. 20008. SPECIAL RULE ON INTERRELATIONSHIP BETWEEN CHANGES IN DISCRETIONARY SPENDING LIMITS AND PAY-AS-YOU-GO REQUIREMENTS.**

(a)(1) Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new subsection:

"(f) **SPECIAL RULE ON INTERRELATIONSHIP BETWEEN SECTIONS 251, 251A, and 252.**—Whenever legislation is enacted during the 104th Congress that decreases the discretionary spending limits for budget authority and outlays for a fiscal year under section 601(a)(2) of the Congressional Budget Act of 1974 or in section 251A(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, or both, then, for purposes of subsection (b), an amount equal to that decrease in the discretionary spending limit for outlays shall be treated as direct spending legislation decreasing the deficit for that fiscal year."

(2) Section 310(a) of the Congressional Budget Act of 1974 is amended by striking "or" at the end of paragraph (3), by redesignating paragraph (4) as paragraph (5) and by striking "and (3)" in such redesignated paragraph (5) and inserting "(3), and (4)", and by inserting after paragraph (3) the following new paragraph:

"(4) carry out section 252(f) of the Balanced Budget and Emergency Deficit Control Act of 1985: or"

(b) For purposes of section 252(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by subsection (a)(1))—

(1) reductions in the discretionary spending limit for outlays under section 601(a)(2) of the Congressional Budget Act of 1974 for each of fiscal years 1999 through 2002 under section 20002 shall be measured as reductions from the discretionary spending limit for outlays for fiscal year 1998 as in effect immediately before the enactment of this Act; and

(2) reductions in the discretionary spending limit for outlays under section 251A(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 for each of fiscal years 1996 through 2000 under section 20002 shall be measured as reductions in outlays for that fiscal year under section 251A(b) as in effect immediately before the enactment of this Act.

**SEC. 20009. MEDICARE SAVINGS CANNOT BE USED TO PAY FOR TAX CUTS.**

Any net savings in direct spending and receipts in the Medicare program for any fiscal year resulting from the enactment of this Act or H.R. 2425 (as applicable) shall not be counted for purposes of section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

**SEC. 20010. EFFECTIVE DATE.**

(a) **EXPIRATION.**—Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking "Part C of this title, section" and inserting "Sections 251, 253, 258B, and"; and

(2) by striking "1995" and inserting "2002".

(b) **EXPIRATION.**—Section 14002(c)(3) of the Omnibus Budget Reconciliation Act of 1993 (2 U.S.C. 900 note) is repealed.

**SEC. 20011. APPLICATION OF SECTION 251 ADJUSTMENTS.**

Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is

amended by adding at the end the following new subparagraph:

"(H) **SPECIAL ALLOWANCE FOR WELFARE REFORM.**—If, for any fiscal year, appropriations are enacted for accounts specified in clauses (i) and (ii), the adjustment shall be the sum of:

"(i) the excess of the appropriation for the fiscal year for the Child Care and Development Block Grant over \$1,082,000,000, but not to exceed \$722,000,000 in fiscal year 1996 or \$1,011,000,000 in fiscal year 1997 through 2002; and

"(ii) the excess of the appropriation for the fiscal year for the Family Nutrition Block Grant Program over \$3,470,000,000, but not to exceed \$692,000,000 in fiscal year 1996, \$1,307,000,000 in fiscal year 1997, \$1,466,000,000 in fiscal year 1998, \$1,650,000,000 in fiscal year 1999, \$1,838,000,000 in fiscal year 2000, \$2,075,000,000 in fiscal year 2001, or \$2,324,000,000 in fiscal year 2002;

and the outlays flowing in all years from such excess appropriations (as reduced pursuant to the limitations in clauses (i) and (ii))."

**SEC. 20012. SPECIAL RULES APPLICABLE TO DEPARTMENT OF DEFENSE SEQUESTRATION.**

Section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking subsection (h) (relating to optional exemption of military personnel) and adding at the end the following new subsection:

"(j) **OPTIONAL EXEMPTION FOR MILITARY PERSONNEL.**—

"(1) **AUTHORITY FOR EXEMPTION.**—The President may, with respect to any military personnel account, exempt that account from sequestration or provide for a lower uniform percentage reduction than would otherwise apply.

"(B) The President may not use the authority provided by subparagraph (A) unless he notifies the Congress of the manner in which such authority will be exercised on or before the initial snapshot date for the budget year.

"(2) **AUTHORITY FOR MILITARY TECHNICIANS AND MEDICAL PERSONNEL.**—

"(A) Whenever the President exempts a military personnel account from sequestration under paragraph (1) and after all other sequestrations to Department of Defense account have been made, the Secretary of Defense may transfer amounts to any appropriation for operation and maintenance for the current fiscal year from amounts available under any other appropriation to the Department of Defense, but—

"(i) amounts so transferred shall be available only for the pay of military technicians, the pay of medical personnel, and other expenses of medical programs (including CHAMPUS); and

"(ii) the total amount transferred to any operations and maintenance appropriation shall not exceed the amount sequestered from such appropriation.

"(C) The authority to make transfers pursuant to subparagraph (A) is in addition to any authority of the Secretary of Defense to make transfers of appropriated funds under any other provision of law.

"(D) The Secretary of Defense may carry out a transfer of funds under subparagraph (A) only after notifying the Committees on Appropriations of the Senate and House of Representatives of the proposed transfer and a period of 20 calendar days in session has elapsed after such notice is received."

**SEC. 20013. TREATMENT OF DIRECT STUDENT LOANS.**

Section 504 of the Federal Credit Reform Act of 1990 is amended by adding at the end the following new subsection:

"(h) **TREATMENT OF DIRECT STUDENT LOANS.**—The cost of a direct loan under the Federal direct student loan program shall be the net present value, at the time when the direct loan is disbursed, of the following cash flows for the estimated life of the loan:

"(1) Loan disbursements.

"(2) Repayments of principal.

"(3) Payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries.

"(4) Direct expenses, including—

"(A) activities related to credit extension, loan origination, loan servicing, management of contractors, and payments to contractors, other government entities, and program participants;

"(B) collection of delinquent loans; and

"(C) writeoff and closeout of loans."

**SEC. 20014. DEFINITION OF PROGRAMS, PROJECTS, AND ACTIVITIES FOR DEPARTMENT OF DEFENSE APPROPRIATIONS.**

For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, the term program, project, and activity for appropriations contained in any Department of Defense appropriation Act shall be defined as the most specific level of budget items identified in the most recent Department of Defense appropriation Act, the accompanying House and Senate Committee reports, the conference report and accompanying joint explanatory statement of the managers of the committee of conference, the related classified annexes and reports, and the P-1 and R-1 budget justification documents as subsequently modified by congressional action: *Provided*, That the following exception to the above definition shall apply:

For the Military Personnel and the Operation and Maintenance accounts, the term "program, project, and activity" is defined as the appropriation accounts contained in the most recent Department of Defense appropriation Act: *Provided further*, That at the time the President submits his budget for any fiscal year, the Department of Defense shall transmit to the Committees on Appropriations and the Committees on Armed Services of the Senate and the House of Representatives a budget justification document to be known as the "O-1" which shall identify, at the budget activity, activity group, and subactivity group level, the amounts requested by the President to be appropriated to the Department of Defense for operation and maintenance in any budget request, or amended budget request, for that fiscal year.

Ms. PELOSI. Mr. Chairman, I rise in opposition to the budget reconciliation bill before the House today. In my view, the Republican plan brings nightmares to the American dream of a better life for our children and sets the wrong priorities for the Nation.

While I support the goal of a balanced budget, I do not support the specific provisions of the Republican budget. The bill is shaped by the Republican priority of promoting the interests of the advantaged over the disadvantaged and average working Americans. In my view, a bipartisan budget bill, rather than this highly partisan and ideological budget, would better serve the American people.

**TAX PRIORITIES**

The Republican budget cuts taxes for corporations and the wealthiest Americans by \$245 billion. More than half of these tax breaks go to those making over \$100,000 a year, including major tax giveaways for wealthy investors and corporations.

Rather than asking corporations to be part of the shared sacrifice, the budget calls for expanded business tax subsidies of \$37 billion. At the same time, the budget would raise taxes by \$23 billion on 14 million low-wage workers and their families by cutting the Earned Income Tax Credit. Thus, low-income working families supporting more than 23 million children will have their taxes raised.

In fact, under this budget, taxes go up for families with incomes below \$30,000. Taxes should not be raised on working families in order to finance tax breaks for businesses and those who are well-off.

#### MEDICARE

By far, the largest portion of the spending cuts in the Republican budget come from an assault on the two major Federal health care programs, Medicare and Medicaid, which together account for half of the spending cuts in the budget.

The Republican Medicare plan cuts \$180 billion more than what is needed to make the trust fund solvent, inflicts excessive new premiums on beneficiaries, forces low-income seniors into managed care, repeals important Federal nursing home standards, decimates safety-net and teaching hospitals, and weakens fraud and abuse protections.

The Democratic Medicare alternative, which was defeated in the House, would have protected the financial stability of the Medicare Program, kept premiums affordable, provided seniors a choice of responsible plans, maintained safety-net and teaching hospitals, expanded preventive health benefits, and strengthened anti-fraud and abuse protection.

Medicaid cuts compound the problems caused by the Medicare cuts. Poor or near-poor elderly (those with monthly incomes below \$625 per month) may no longer be assured that Medicaid will provide cost-sharing protection for their Medicare premiums, copayments and deductibles. These low-income elderly are doubly hurt because Medicare premiums and copayments will increase substantially at the same time that the Medicaid Program stops paying for them.

The bill also repeals Federal nursing home standards and directs States to adopt whatever standards they choose. With the magnitude of spending cuts, States will be unlikely to develop and enforce standards comparable to current Federal guidelines. The last thing we need to do is go back to the dark days of nursing home abuses that led to the current Federal standards.

#### MEDICAID

The Republican budget repeals the Medicaid Program which provides health security to 36 million low-income Americans. Half of the beneficiaries are children, 15 percent are people with disabilities, and 12 percent are elderly. Medicaid currently pays for more than half of all nursing home care.

The Medicaid Program is replaced by a block grant program where States would determine eligibility requirements and the types of benefits to be provided. Federal payments to States would be cut by \$182 million or 30 percent from projected spending under current law.

Consumers Union estimates that the Medicaid provisions in this budget will result in 12 million Americans losing health insurance cov-

erage. Because public hospitals and trauma centers are dependent on the Medicaid Program, all Americans would suffer a loss of essential health care when they need it most, while experiencing a serious, medical emergency.

The last Congress engaged in an intensive debate on how to provide universal health care coverage. Unfortunately, due to the complexity of the issue and the partisan nature of much of the opposition, no legislation was adopted.

Nonetheless, there was a shared goal by most Members of Congress to expand health care coverage. Now, the Republican majority is about to take the most dramatic step backwards for guaranteed health coverage in American history.

#### WELFARE

The welfare provisions in this budget bill would cut off benefits to 4.8 million children. These cuts are mean-spirited and cheat children out of good health, good nutrition, and a bright future.

This budget cuts food stamps for families with children by \$28 billion, in my home State of California, the Food Stamp Program would be cut by \$3.7 billion.

The Republican budget would cut foster care and adoption for vulnerable children in the United States by over \$6 billion. Where is our commitment to help our poorest and most vulnerable children? The Republicans would have us balance our budget on their backs, which are not strong enough to carry that terrible weight.

#### HOUSING

The Republican budget would dramatically heighten the crisis in America's cities. A walk down the street of any American city today presents a graphic portrait of how we need to be increasing our commitment to providing affordable housing. Homelessness is on the rise and America's working families are the fastest growing portion of the homeless population.

And what impact will this Republican budget have? It will decrease the availability of affordable housing by decreasing the tools used by the private and non-profit sectors in the battle to end homelessness.

For example, the Republican budget sunsets the low-income housing tax credit. This credit has played a critical role in the production and rehabilitation of affordable housing across the country.

This year's appropriations bill passed by the House cuts housing programs by at least 26 percent overall and homeless assistance programs by 40 percent. In the absence of Federal funding to provide access to safe, decent, and affordable housing for all Americans, the tax credit is an essential tool for local communities and non-profit organization struggling to house our population.

But the Republican budget does not stop here. It essentially guts the Community Reinvestment Act, one of the most effective tools we currently have to promote investment in low-income communities. This program has increased self-sufficiency in low-income communities around the country and it has had tangible results. There are more small businesses, more jobs, and more housing in communities throughout America as a result of this program. This budget will have an adverse im-

act on the ability of American communities to build and to rebuild themselves.

#### STUDENT LOANS

A college education used to be a part of the American dream. In today's economy, it has become an absolute necessity. And not every young person has the means to achieve this. Nearly one-half of all the Nation's college students depend on tuition loans to help pay their way.

Yet provisions in this legislation would result in penalties to those who take advantage of these aid programs. Elimination or drastic reduction of the Direct Student Loan Program would have a devastating effect on a great number of schools. Direct loans are being praised by students and administrators for speed, efficiency and lack of bureaucracy. It is a program that is good for our students and good for the country.

The bill increases the cost of education for parents by increasing the variable interest rate on parent loans. An increase in student loan fees makes it virtually impossible for schools not to pass on the cost of their loan volume fees to the students.

The Republican majority is attempting to give tax cuts to corporations and the rich at the expense of our Nation's children and our Nation's future. These extreme cuts could completely undermine the stability of the student loan program.

#### PENSION ASSETS

The Republican budget allows corporations to siphon billions of dollars out of worker's pension funds. The Joint Committee on Taxation estimates companies would take up to \$40 billion of workers' pension funds through this new corporate loophole.

Only last year, the administration proposed—and Congress on a bipartisan basis enacted—safeguards to tighten pension fund security in underfunded plans by preventing manipulation of the funding rules. The Republican budget undermines these important reforms by encouraging companies to deplete pension assets dramatically.

If companies remove pension assets, thereby jeopardizing the retirement years of American workers, the Pension Benefit Guaranty Corporation has to pay them. This huge gift to corporations would increase risk to American taxpayers.

We cannot afford another huge Government bailout. Taxpayers have already bailed out the Savings and Loan industry. Yet, the Republican budget would endanger American taxpayers and threaten the security of pensions for American workers in order to provide yet another tax break for big business.

#### THE ENVIRONMENT

The devastation to our Nation's public lands and natural resources in this bill is beyond understanding. Under the guise of balancing the budget, programs to protect the environment have been fleeced while great Government give-aways remain cloaked and untouched.

The Republicans can open up, sell, and privatize our resources, but they are unable to reach into the deep pockets that pad Federal subsidies to make the cuts that truly should be made. There are plenty of other alternatives available to achieve this balancing act. Mining

law, grazing law, and timber sales are all areas where fair cuts could have been made. But, instead, this budget yields to special interests and continues Government giveaways to those who should share in the sacrifice necessary to balance the budget.

How can we truly reconcile these costs to the American taxpayer that will not, but should be cut—the millions of dollars in subsidies and lost revenues from the private use of our public lands and resources?

This is a strange way to do business: Sell your assets at fire sale prices and then get below-market rates for the major assets you keep.

The American taxpayer owns our natural resources—they belong to us today and to our children tomorrow. But, the American taxpayer loses in this bill. We lose the investment we have made for scores of years to protect our resources, and we lose our investment in the future.

#### STATEMENT OF VALUES

Mr. Chairman, the Federal budget should be a statement of our national values. This budget does not meet the test of fairness demanded by the American people. It reaffirms the Republican Party as the party of wealth, power, and privilege. This bill raises taxes on average American families in order to provide tax breaks for corporations and the wealthiest Americans.

Whether its Medicare, Medicaid, welfare, student loans, pension assets, housing or the environment, the values expressed in this bill do not reflect the fairness of the American people. To adopt his budget would be to move this country in the wrong direction. I urge a vote against this budget.

Mrs. MALONEY. Mr. Chairman, when speaking about Medicare this week, the Speaker said, and I quote, "Now, we don't get rid of it in round one because we don't think that's politically smart and we don't think that's the right way to go through a transition. But we believe it's going to wither on the vine because we think people are voluntarily going to leave it."

How can you both be trying to save Medicare and talk about getting rid of it at the same time?

The answer is: you cannot.

The only true way to save Medicare is to vote against this destructive Republican budget bill.

In fact, between the slashes to both Medicare and Medicaid, \$50 billion will be torn from New York State's economy over the next 7 years.

And \$12 billion of that will come directly out of New York City hospitals.

These are the same hospitals that are responsible for caring for the citizens of America's largest city; that train a disproportionate number of our next generation of health care professionals; and that conduct cutting-edge research to save and improve our lives.

This plan will eliminate 140,000 jobs—everyone from doctors and nurses to janitors—that maintain the quality of health care and training at these institutions.

This degradation of our hospitals endangers the health care of every American.

However, our seniors and poor children will unfortunately be hurt the most.

More than a quarter of New York's children rely on Medicaid funding for their most basic health care needs. This means things like im-

munizations and regular checkups—care that no child in this country should be denied. Yet the Republican budget will deny that basic care to half-a-million children in New York. That is a disgrace.

This same budget will deny SSI payments to 65,000 disabled children in New York, children whose parents are already struggling to make ends meet.

Some parents may have to choose between poverty and institutionalizing their children.

Our seniors will see their premiums go up more than \$400, forcing many to choose between basics like food and health care. After all our parents have done to build this country and give us opportunities, we owe them better than that.

Mr. Chairman, this budget is destructive to every New Yorker, and I urge my colleagues to vote against it.

Mr. KANJORSKI. Mr. Chairman, I want to express my strong opposition to the Republican reconciliation plan and do my part to help explain to the American people why the bill is bad for our country and our future, particularly in northeastern Pennsylvania. It is appropriate to discuss the future of our country in the context of this budget because the Republican majority has attempted to sell its plan as the fix for all that ails this great Nation. Nothing could be further from the truth, and in fact, this legislation will make our problems much worse.

There are so many things bad about this budget, it is hard to know where to start. Let me begin by stating what I believe is good. The only redeeming feature of this bill is that it presents a comprehensive plan to help reduce our Federal budget deficit. It finally puts on the table a detailed Republican budget plan. For all of those years of talk by Republicans about the need to balance the budget without actually putting forward a detailed, balanced budget plan, including the 12 years they were in power during the Reagan and Bush administrations, I must say: It is about time.

The hard truth, however, is that for average, hard-working Americans, children, and senior citizens, there is little to be happy about. Republicans say their plan will balance the budget, but it won't. This bill does not actually balance the budget because it continues to rely on the surplus of the Social Security trust fund. Without the trust fund, the Republican budget would not be balanced.

Republicans claim the budget will benefit senior citizens, but the truth is this budget is certain to hurt them. They claim the budget will provide more economic opportunity in our country, but it actually does nothing to generate jobs and higher wages. Empty claims are made that the budget will somehow provide a more promising future for our children, but it cuts education, housing, and low-income tax credits for working families which make it possible for people to work their way out of poverty.

Who does the budget help? It helps wealthy individuals and large international corporations who beg the Congress for massive tax cuts and subsidies but who are increasingly investing more of their money, and sending jobs, out of the country. It helps corporations who want exemptions from important environmental laws. It helps companies who want to compensate taxpayers little or nothing for exploiting our limited natural resources. Truly, it is a special interest mishmash of gigantic propor-

tion hidden behind a wall of rhetoric in support of a balanced-budget agenda.

It is an understatement to say there are many problems with the Republican budget. I would like to comment on at least a few of the more onerous aspects.

#### SENIOR CITIZENS

First, let address the effect on seniors in northeastern Pennsylvania and around the country. For your information, Mr. Chairman, my district has the 11th highest proportion of senior citizens of all congressional districts. About 20 percent of my district's population, or 120,000 citizens, depend on Medicare.

We held a separate vote on the Republican Medicare plan last week, but there is no hiding the fact that Medicare and Medicaid are being cut to pay for the giveaways in this budget bill. In fact, the single largest part of budget savings in this plan comes from the Medicare and Medicaid Programs—more than \$450 billion over 7 years, the largest cuts in the history of these programs.

Republicans say that the cuts in Medicare are needed to preserve the Medicare trust fund. These words ring hollow from those who opposed the creation of Medicare and Medicaid. The truth is that according to the Medicare Trustees, cuts of just \$89 billion, not \$270 billion, are needed to preserve the trust fund. Clearly, Republicans are picking the pockets of our senior citizens to the tune of \$181 billion, to pay for their tax cuts and other special interest giveaways. Beneficiaries and hospitals in my district could lose up to \$1 billion in Medicare losses.

I cannot support such massive cuts in these programs. The best way to save money in Medicare and Medicaid is to reform our total health care system. Otherwise, the rising cost of providing care to seniors will be shifted to working families already struggling to pay for the cost of medical care, forcing many more to drop coverage. With more than 53,000 citizens in my district and 40 million Americans around the country currently without health insurance, that outcome is unacceptable.

I also cannot accept placing huge new financial burdens on seniors by doubling the part B Medicare premium. Many seniors can barely afford paying for food and rent. We cannot ask low-income seniors to pay more for the cost of medical care, when most already can barely pay the current cost. We also should not chip away at the quality of health care seniors receive by pushing them into managed care, forcing small hospitals to close, and reducing regulation on doctors and health insurance plans.

Equally as troubling are massive cuts in Federal spending for nursing home care under the Medicaid Program and the elimination of crucial Federal protections for nursing home residents. Medicaid pays for the care of more than 64 percent of Pennsylvania nursing home residents. Pennsylvania will be forced either to raise taxes to make up for lost Federal assistance, or lower standards and deny care to the elderly and disabled. Seniors and their families must have the security that they will not be bankrupt by the health care system as they face old age and debilitating illnesses.

#### WORKING FAMILIES

Working families will also suffer under this budget. In addition to the possibility that they may be forced to bear a greater burden of paying for the long-term care of their parents,



many will have their taxes raised immediately. The earned income tax credit [EITC], which rewards work over welfare, and which was strongly supported by Republican and Democratic administrations, is being cut back. In Pennsylvania, reductions in the credit mean a tax increase to over 455,000 taxpayers at an average rate of \$137 per taxpayer.

In my district, the tax increase on almost 27,000 taxpayers receiving the EITC will total more \$3.6 million next year, and \$25 million over 7 years.

Another hit comes from \$10 billion in cuts to Federal student loans. Interest rates charged to parents to take loans out on behalf of their children are increased, and students will have to begin to pay back loans sooner, regardless of the fact that it is taking longer and longer for graduates to find jobs.

#### CHILDREN

Pennsylvania is hit with one of the largest cuts in the Medicaid Program, 22 percent, a program which has children as its largest number of beneficiaries. More than 18 percent of Pennsylvania children rely on Medicaid for their basic health needs. Coverage may have to be eliminated for as many as 114,892 Pennsylvania children with these cuts.

Combining these cuts with budget cuts in appropriation bills levy a heavy toll on Pennsylvania children. Other budget cuts will, for example, deny important new Head Start education funding and cut nutrition assistance for 551,000 children just in my State of Pennsylvania. Cuts will deny child care to more than 17,000 children and reduce foster care and adoption assistance to our State by \$390 million over 7 years. Child protection funds for abused and neglected children are cut by a full 21 percent by the year 2002.

#### TAX CUTS

Perhaps the most outrageous part of this budget is a \$245 billion tax cut which benefits mostly the wealthiest Americans. At a time when the Republican majority in Congress is proposing to raise taxes on working families, cut health care for the elderly, cut education, and cut nutrition assistance and child care for children, this is no time to be providing a tax windfall to those who do not need tax relief.

The benefit of more than 52 percent of the tax cuts in the Republican plan will go to taxpayers earning more than \$100,000 per year, only 1.7 percent of households in my district. Taxpayers earning more than \$350,000 a year will get an average tax break of \$18,925 per year. Astonishingly, taxpayers with incomes below \$10,000 will get a tax increase of about 2 percent.

Some Republicans think that making almost \$200,000 per year qualifies a taxpayer as lower-middle class; one member from North Carolina actually said so last week. In fact, he went on to claim that taxpayers making between \$300,000 and \$750,000 per year are middle class. I have news for him, there are precious few families in northeastern Pennsylvania that make that much; most earn only a small fraction of these amounts. This shows how out of touch Republicans are with the real world. At the very least, any tax cuts should be targeted to help truly middle-class, working Americans.

#### CORPORATE WELFARE

Large corporations, of course, are big winners under the Republican budget. Corporations would be allowed to more easily withdraw contributions made to employee pension

funds. Some 22,000 pension plans, covering 11 million workers and 2 million retirees are at risk. This is nothing more than stealing from the pensions of working families. Companies will not even have to notify employees and retirees.

In the long run, the loss of pensions for workers will mean a lower standard of living for senior citizens and an even higher level of Federal spending on Medicare, Medicaid, and other programs if companies default on pension plans. Default could easily occur because present pension surpluses are based on inflated stock market prices. Government, and therefore taxpayers, will ultimately have to step in and make up for pension shortfalls resulting from corporate greed.

Corporations would also get relief from the repeal of the Federal alternative minimum tax, which currently makes sure that companies cannot take excessive deductions and credit to eliminate tax liability. At least 130 companies between 1981 and 1985 had years where they paid no Federal taxes. These companies included General Electric, Boeing, and Lockheed, some of the largest in our country. In eliminating the minimum tax, multibillion dollar companies can again use loopholes and accounting gimmicks to pay less in taxes than most working families.

Big oil companies would be allowed to drill for oil in environmentally-sensitive areas of Alaska, just 6 years after the worst oil spill disaster in our history in Valdez, AK. Grazing fees imposed in response to environmental degradation on public lands in the west will be reduced to the benefit of large, profitable cattle companies.

Foreign mining companies will continue to be permitted to reap billions of dollars off Federal lands, while paying taxpayers pennies. One South African firm is seeking to mine Jerritt Canyon in Nevada, a project with recoverable resources worth \$1.1 billion, and the company will pay just \$5,080. A Canadian firm will soon mine McCoy Cove in Nevada for just \$1,000, even though the mine's recoverable resources are worth \$1.4 billion.

#### ECONOMIC DEVELOPMENT

The Republican budget proposes to eliminate the Commerce Department, but in its place establish seven new bureaucracies. Somehow, Republicans think that this will save the Government money when independent studies of the proposal have concluded that it will actually cost more to take this action.

Worse, the budget decimates funding for important programs of the Economic Development Administration [EDA] of the Commerce Department which allocates some of the already very small amounts of economic development assistance this country spends each year. The EDA has helped my district tremendously in the last few years through grants to secure new jobs and industries that are economic development anchors in Nanticoke, Wilkes-Barre, and Hazleton. In May, the EDA provided an important grant for the expansion of Humboldt Industrial Park in the greater Hazleton area. The EDA is clearly very important to northeastern Pennsylvania and other regions struggling to create jobs and economic opportunity for their citizens.

#### WHAT MUST BE DONE

Mr. Chairman, I want to reiterate that this bill does not provide solutions to our Nation's problems. Few Americans understand that this

budget does not even truly balance the budget—the primary goal of the bill. The only reason the Republican budget reaches a balance under budget scoring rules is that it borrows \$115 billion from the Social Security trust fund. Even worse, it pushes the cost of much of the tax cuts off into the long-term future, worsening the budget after the year 2002.

This budget is a fraud and a disgrace. Americans should not have to rely on the President to stop these measures nor wait for Democrats to take control of the Congress to responsibly get our fiscal house in order. Yes, we must pass a budget. But we must pass a good budget, regardless of what party is in control. A good budget is balanced and fair, and this budget clearly fails in both of these respects.

Working together, I am confident that Republicans and Democrats can accomplish many great things in this Congress, including producing a budget plan that balances the federal budget. Working together with the Bush administration in 1990 the Democratic Congress averted disaster and put together a bipartisan deficit reduction bill. Because of our deficit reduction efforts both in 1990 and 1993, the deficit has fallen from \$290 billion in 1992, to \$165 billion this year. The deficit is at its lowest level as a percentage of the economy since 1979.

More must be done, and on this issue Republicans and Democrats agree. There is an alternative before us which shows that there is clearly room for compromise on many of the most difficult issues. I urge my colleagues therefore to reject the majority budget bill and work with the President and the Democratic minority to produce a good balanced budget.

Mr. LANTOS. Mr. Chairman, many of my colleagues have described the fundamental flaws of this disastrous bill—this bill makes huge cuts in Medicare, Medicaid, and other programs for low- and middle-income Americans in order to finance tax breaks for the wealthy. More than half of the \$245 billion in Republican tax cuts will go to those who earn over \$100,000 per year, and at the same time almost seven-eighths of middle-income families will actually pay more in taxes or will see no benefit at all from this disastrous plan.

The \$270 billion cut in Medicare, which is included in this bill, is three times greater than the amount recommended by the Medicare trustees—and this provision will force American seniors to pay more, limit their choice of doctors, and lead to a reduction in health care quality. This legislation abolishes minimum quality standards for nursing homes. Another provision of this calamitous legislation allows corporations to take \$40 billion out of worker pension funds and use them for any purpose those corporations choose.

Mr. Chairman, as I have just enumerated briefly, there are a whole host of fatal flaws in this ill-conceived piece of legislation. But in the interest of time, I would like to concentrate on a single problem in the bill. This one problem is only a single small example of the horrendous fundamental defects of this legislation. The problem I am talking about is the great pension fund raid of 1995.

Sometimes, Mr. Chairman, the Congress makes a decision which shows remarkable long-term foresight and wisdom. Sometimes, however, it makes a decision which shows awesome short-term irresponsibility. Today,

we are about to witness such short-term irresponsibility. The Republican majority—first on the House Ways and Means Committee and now in the full House of Representatives—is marching in lock-step to approve a provision which clearly qualifies as one of the most mind-boggling examples of shortsightedness I have seen since I have served in the Congress.

The Republican's self-imposed deadline to balance the Federal budget by the year 2002 has run into the brick wall of no new taxes and constituent support for continuing existing Federal programs. Now, the Republicans are desperately searching for the magic bullet that will balance the budget without cutting Government programs.

In this atmosphere, some Republicans think they have found such a magic bullet. They have proposed a change in pension reserves that will raise an estimated \$9.5 billion in tax revenue. The proposal does indeed sound too good to be true.

Companies which maintain their own pension programs are required to fund the programs at 150 percent of current liabilities. The Republican proposal would allow them to fund their programs at only 125 percent of current liabilities. The excess in the pension funds could be withdrawn by the companies for any purpose, and taxes would be paid on those funds. The \$9.5 billion in revenues are the estimated taxes that would be paid on those funds that would be withdrawn.

The shortsightedness of that proposal is incredible, particularly because there is a massive potential cost to the Federal Government. If the companies are unable to fund their own pensions, the American taxpayers are left holding the bag. An agency of the Federal Government—the Pension Benefit Guaranty Corporation [PBGC]—is the ultimate guarantor of all of these private pension programs. If a pension plan goes belly up, for whatever reason, the PBGC has the obligation to continue funding those pensions.

As the former chairman of the congressional Subcommittee on Employment and Housing, I held a series of hearings on the ability of the PBGC to handle potential defaults in private pension programs. The conclusion of my subcommittee hearings and the thorough review we undertook—as well as the review by independent Government auditors of these programs—is that the PBGC could face potentially serious unfunded liabilities if there are major pension program defaults. A modest increase in pension plan defaults will overwhelm the PBGC's resources, and the American taxpayer will be left holding a very large bag.

How better to turn solemn warnings into dire reality than to reduce the corporate funding requirements of those pension plans. The short-term gain of less than \$10 billion over the next 7 years—which will make a minimal contribution to balancing the Federal budget—could result in pension defaults which could cost the American taxpayer in the long run many times the minimal amount gained in the short run.

This is typical of the Republican social and economic legislation that we have seen this year. The beneficiaries of this program are the corporate fat cats, who will reap a windfall because they will put away considerably less for future pension needs. The little people are the ones who will suffer. When the PBGC assumes the increased burden that will follow as more pension programs go into default, pension recipients will be cut. If the PBGC cannot

meet its increased liabilities, the taxpayers—again working American men and women—will have to foot the bill.

Mr. Chairman, the corporate pension windfall provision of this legislation is in and of itself amply reason for rejecting this entire budget reconciliation package. But this is only a small example of the short-term irresponsibility and reckless policy that this single bill contains. I urge my colleagues to reject this bill.

Mr. Chairman, I ask consent to include in the RECORD a statement issued yesterday by Secretary of Labor Robert B. Reich, who is also the Chairman of the Board of the Pension Benefit Guaranty Corporation. Secretary Reich's statement clearly and concisely identifies the problems with this horrendous provision of the budget reconciliation bill.

STATEMENT OF SECRETARY OF LABOR ROBERT B. REICH

The legislation that Congress is considering this week is exactly the wrong thing to do. At a time when there is widespread agreement that we need to strengthen pensions and increase the savings rate, this legislation sends absolutely the wrong signal.

I strongly support Congressman Matsui's proposal to strip this pension grab out of the reconciliation bill that will be on the House floor tomorrow. And I support efforts to do the same thing in the Senate.

I called this a pension grab and that's what it is, pure and simple. It's an attempt to turn the clock back to the 1980s, when companies raided tens of billions of dollars from the private pension system and undermined confidence in the system. During those years, there were no restrictions on pension plans and we saw the result—billions of dollars were taken out of the pension system, and much of the money went to pay for corporate takeovers.

The practice continued until Congress wisely put a stop to it with excise taxes. Now, Congress is about to remove the safeguards which have strengthened the pension system.

And let's remember whose money will be taken—it will be the money earned by America's working people to pay for their retirement, money they will need to take care of themselves.

The fact is simple and bears repeating: a plan which is overfunded today can quickly become underfunded next week. Changes in asset values and interest rates can reduce funding levels. Companies in financial trouble will have an incentive to strip assets from pension plans.

As Congress considers this legislation, one fact should be kept in mind—last year, the pension insurance system was already running a deficit of \$1.2 billion.

When this administration took office, we moved quickly to address the serious problems we found with underfunded pensions. And last year, Congress acted on a bipartisan basis to pass our Pension Protection Act. This legislation would undo the protections in that legislation. This proposal should be rejected.

As chairman of the board of the Pension Benefit Guaranty Corporation, I'm worried about the pensions of 41 million Americans. For that reason, I urge the House and Senate to halt this pension raid—and I commend the members here today for protecting America's working men and women.

Mr. TORRES. Mr. Chairman, the effects of this budget on our Nation's children are disastrous. These cuts create a system that hits our children around every corner: in the classroom, in the home, and on the street.

When our children go to school, they won't find help through unique programs. And if your

child has special needs or is disadvantaged, this budget says "sorry, we have nothing for you."

The tragedy does not end with education. Even the most basic health care and nutritional assistance will be denied to millions of children.

And why?

Because they had the misfortune of being born into poverty and this bill refuses to recognize their innocence.

My home State of California stands to lose more than any State in the Nation. Roughly a quarter of a million disadvantaged students will be denied special help with reading, writing, and math.

And let's not forget the 26 percent of California children who will go without basic health care with the reduction of Medicaid.

What kind of a foundation will our Nation's children have to grow from when this Congress refuses to give them stable ground?

Mr. Chairman, the proponents of this budget can sugar-coat the effects of these cuts and swindle the American public; the reality is, this budget puts a noose around the neck of every child in America. I, for one, will not keep it a secret.

Mr. DE LA GARZA. Mr. Chairman, there are many reasons to oppose the Gingrich reconciliation legislation. The most tragic aspects of the bill are those which are targeted to compromise the well-being of our Nation's children. The bill's cuts in Medicaid, Supplemental Security Income, education, housing, and nutrition assistance programs are terribly misguided. History has shown us that the short-term savings attained by undermining the health and well-being of our children will come back to haunt us in the future through lost productivity and increased health care costs.

The following administration analysis details the impact the Republicans' human services program cuts will have on children in the State of Texas.

IMPACT OF REPUBLICAN BUDGET CUTS ON CHILDREN IN TEXAS

IMPACT OF HEALTH CARE CUTS ON CHILDREN IN TEXAS

Eliminates Medicaid coverage for as many as 206,641 children in Texas and 4.4 million children nationwide in 2002. Currently, 20% of children in Texas rely on Medicaid for their basic health needs. Medicaid pays for immunizations, regular check-ups, and intensive care in case of emergencies for about 1,407,000 children in Texas.

The Republican budget cuts federal Medicaid funding to Texas by \$7 billion over seven years and by 20% in 2002 alone.

Even if Texas could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 360,097 people, including 206,641 children in 2002.

Among the children in Texas who could be denied coverage, many are disabled. Medicaid often makes the difference between whether or not a disabled child lives at home with their parents. Medicaid provides valuable services for many disabled children, often making the difference that allows them to live at home with their parents. Medicaid provides for items such as wheelchairs, communication devices, therapy at home, respite care and home modifications. Without these services, parents may be forced to give up their jobs or seek institutional placement for children.



Jeopardizes immunizations for children in Texas. The Republican budget repeals the Vaccines for Children program, putting at risk at least \$1.5 billion over seven years that would otherwise provide vaccinations for children in Texas and across the nation.

Cuts Dallas infant mortality project by 52% in 1996. This Healthy Start project provides vital prenatal and health care services to women in the Dallas community of child-bearing age. Nationwide, the House cut would deny 1 million women services, affecting the births of 74,000 infants each year.

#### IMPACT OF CUTS ON CHILDREN WITH DISABILITIES IN TEXAS

Denies as many as 44,070 disabled children in Texas SSI cash benefits in 2002. The House welfare bill eliminates federal Supplemental Security Income benefits for as many as 54% of the disabled children in Texas expected to receive SSI cash benefits in 2002 under current law. Federal SSI cash benefits for children with disabilities in Texas will be cut by \$1.2 billion over seven years, affecting as many as 755,000 disabled children nationwide in 2002.

#### TAX INCREASE ON WORKING FAMILIES WITH CHILDREN IN TEXAS

2.5 million children in Texas live in working families that will have their taxes raised by an average of \$430 in 2002 under the Republican budget. The Senate has passed a \$43 billion tax increase on working families by reducing the Earned Income Tax Credit.

Families with two or more children in Texas will face an average tax increase of \$500.

#### IMPACT OF EDUCATION CUTS ON CHILDREN IN TEXAS

Denies Head Start to 12,512 children in Texas and 180,000 children nationwide in 2002, compared with 1995.

Denies 100,100 Texas children basic and advanced skills in 1996. The Republican budget cuts Title I by \$1.1 billion—a 17% cut in 1996—denying Title I funding for 1.1 million students in the poorest communities nationwide, including 100,100 children in Texas. Title I funds in Texas will be cut by \$97.8 million in 1996.

Cuts Safe and Drug Free Schools, which 1,043 out of 1,053 school districts in Texas use to keep crime, violence, and drugs away from 2.0 million children, their schools, and their communities.

Eliminates Goals 2000, denying improved teaching and learning for as many as 413,000 school children in Texas in 1996. By 2002, 949,800 children in Texas would be denied improved education, compared with the President's balanced budget.

Eliminates the AmeriCorps National Service program, denying 3,171 young people in Texas the opportunity to serve their communities in 1996.

Eliminates summer jobs for 42,491 youths in Texas in 1996 and 297,437 youths over seven years. The Republican budget eliminates the summer youth employment program which provides job experience and skills to 600,000 youths each summer.

#### IMPACT OF NUTRITION CUTS ON CHILDREN IN TEXAS

Cuts nutrition assistance for 1.4 million children in Texas in 2002. The House Republican budget cuts food stamp benefits for families with children in Texas by \$3.1 billion over seven years and by 25.7% in 2002.

Jeopardizes child nutrition programs on which 2.7 million children in Texas depend. The House Republican budget block grants funding for the school lunch and WIC program. Nationally, their budget reduces funding for child nutrition programs by more than \$10 billion over seven years and 11% in 2002, compared with current law.

#### IMPACT OF PUBLIC HEALTH AND ENVIRONMENTAL CUTS ON CHILDREN IN TEXAS

Allows sewage to flow into waters where children in Texas live and play. The Republican budget reduces new funding to keep water clean by 33% compared with the President's budget.

Texas will lose \$16.7 million to treat waste water pollution and protect public health. The cuts means that raw sewage will pour into local waters—waters that our children often swim and play in—from outdated treatment systems in Texas.

Jeopardizes the water that children in Texas drink. Republicans are cutting low-interest loans to cities and towns in Texas for drinking water treatment facilities by \$42.9 million in 1996.

Pollutes the air that children living near 32 oil refineries in Texas breathe. These refineries emitted more than 27 million pounds of toxic air pollution in 1993, putting children in the surrounding communities at risk of serious health problems, including cancer and respiratory illnesses such as asthma. The Republican budget halts the President's effort to protect the health and safety of children living near these refineries.

Exposes children in Texas to hazardous waste. The Republican budget cuts spending on toxic waste cleanups by 36%—\$560 million—below the President's balanced budget in 1996.

Nationally, five million children under the age of four live within four miles of a Superfund site. These cuts will stop or slow the clean-up of sites nationwide that pose a threat to public health and the environment.

The Republican cuts will stop or slow the clean-up of at least 4 toxic waste sites in Texas. The Republican cuts will stop or slow the clean-up sites near the following communities in Texas: Jasper, Houston, Texarkana, and Arlington

#### IMPACT OF CUTS ON SAFETY NET FOR CHILDREN IN TEXAS

Denies 30,540 children in Texas child care assistance in 2002. The House welfare bill block grants and cuts federal child care funding for low-income children in Texas by \$222.6 million over seven years, cutting child care assistance to 30,540 children in Texas.

Cuts foster care and adoption for vulnerable Texas children by \$359.5 million over seven years compared with current law. The House welfare bill cuts child protection for abused and neglected children in Texas by 24% in 2002.

Eliminates cash assistance for 5,260 children in Texas simply because they were born to unmarried mothers under 18, when the House welfare bill is fully implemented in 2005.

Cuts assistance for 222,000 children in Texas simply because their paternity has not been established, when the House welfare bill is fully implemented in 2005.

#### IMPACT OF ENERGY CUTS ON CHILDREN IN TEXAS

Eliminates home energy assistance for 22,325 children in Texas. The Republican budget eliminates \$29.1 million that helps low-income families in Texas with their home heating and cooling bills. Lower energy bills allow families to spend more money on basic needs.

Denies about 1,472 children in Texas protection from bad weather conditions. The Republican budget cuts weatherization assistance for families' homes in Texas by \$2.7 million in 1996.

#### IMPACT OF HOUSING CUTS ON CHILDREN IN TEXAS

Forces families of 204,700 children in Texas to pay more rent. The Republican budget raises rents by an average of \$200 a year for the 1.4 million low-income families with children assisted by Section 8 nationally.

The median income of these families is only \$6,800.

Denies families of 5,092 children in Texas the opportunity to move from public housing to renting their own home. The Republican budget eliminates funding for new Section 8 certifications and vouchers, denying rental assistance to low-income families and children who wish to live in privately-owned housing.

Eliminates protection for 4,744 children in Texas from drugs and drug-related crimes in public housing. The Republican budget zeroes-out the Public Housing Drug Elimination program which protects more than 1 million children living in public housing nationwide from drugs and drug-related crimes. Funds will be eliminated for public housing tenant patrols, local law enforcement activities, security personnel, and physical improvements to improve security.

7,990 children in Texas will be forced to remain in poor and unsafe housing conditions. The Republican budget cuts public housing modernization in Texas by \$12.9 million in 1996, severely hindering efforts by housing agencies to rehabilitate run down public housing projects and provide much needed security and anti-crime programs.

10,716 children in Texas will have to go without basic housing needs. The Republican budget cuts public housing operating subsidies in Texas by \$13.3 million—a cut of 14% in 1996—forcing local agencies to neglect basic housing needs, such as fixing leaking ceilings and broken windows and providing security and social services.

Denies assistance to 1,143 homeless children in Texas. The Republican budget cuts homeless assistance by 40% in 1996, cutting funding for the homeless in Texas by \$30.3 million in 1996.

Mr. LAFALCE. Mr. Chairman, I rise in opposition to the reconciliation bill.

Balancing the budget and reducing the Federal deficit are worthy goals—goals the Clinton administration is aggressively pursuing. But there are many ways to achieve those goals, and the Republican package before us today chooses the wrong path.

Any effort to balance the budget must be crafted carefully so as to place any new burdens where they can best be borne. The proposal before us does precisely the opposite. It is filled with instances in which programs which aid working Americans and assist local communities are being sacrificed so that tax breaks or other advantages can be given to the well-off and the privileged.

I will confine my remarks at this point to the banking portions of this bill. But I would note that these provisions are symptomatic of what has occurred in the bill overall. The thrust of these provisions is to serve the interests of the banks, not the interests of the local communities and small businesses those banks are supposed to serve.

The Community Reinvestment Act [CRA] has been an important means of ensuring that lenders make a real commitment to meeting the credit needs of the local communities from which they draw their funds. Provisions in the banking portion of the reconciliation bill totally undermine the CRA program by effectively exempting the vast majority of banks from the law's coverage, largely eliminating the only enforcement mechanism available; and insulating the vast majority of the Nation's banks from public comment on corporate plans that can adversely affect the community.

As ranking Democrat on the Small Business Committee, I particularly object to the unnecessary and unjustified prohibition on small

business data collection included among the CRA provisions. The development of locally based small businesses is critical to the economic growth of our communities. Yet we are all aware of the problems local small businesses have obtaining capital, and smaller firms have always been underserved by traditional lenders. We badly need better information in order to objectively assess banks' claims that they are adequately serving local businesses and to press for greater outreach.

The gutting of the CRA program was totally unnecessary. The Republican proposal actually effected savings substantially in excess of the savings required under the Budget Resolution requirements. Yet the package then gratuitously proceeded to gut the Community Reinvestment Act program, which brought about only the most minimal additional savings.

This issue simply does not belong in this reconciliation package. Some reform of the CRA program has certainly been in order to reduce unnecessary regulatory burdens on our smaller financial institutions. But we have new CRA regulations that meet the need—they streamline bank reporting requirements without eliminating the obligation for banks to comply with this important program. The CRA provisions in the budget reconciliation bill are simply a gratuitous effort to effectively eliminate the program through the back door before recent reforms are even given a chance to work.

This package has the right goal, but the choices made reflect values I cannot accept. I would urge my colleagues to vote against this legislation.

Mr. MOAKLEY. Mr. Chairman, I rise today in strong opposition to this Republican assault on our Nation's children. It is cruel, it is shortsighted, and it is just plain wrong.

This Republican budget which rewards the rich in our society, cuts Medicaid by \$182 billion over the next 7 years, and ends its entitlement status, leaving it up to the States to decide whether or not they want to provide basic health care to children, the disabled, and the low-income elderly. Medicaid is a safety net for America's children. Although most people view Medicaid as a welfare program, nearly 60 percent of Medicaid children are from low-income working families. Medicaid actually supports employment since low-income working families don't have to choose between working and ensuring that their kids receive checkups, immunizations, and basic health care. The Medicaid Program gives parents an incentive to stay in the work force and not go on welfare in order to qualify for Medicaid. Even Presidents Reagan and Bush thought this was a good idea, and expanded the program to working families. But today, Mr. Speaker, we are cutting this important safety net from America's children. My Republican colleagues keep talking about priorities and securing a better America for our children and grandchildren, but this bill does nothing of the sort. This budget will cripple the future of our children and grandchildren.

My State of Massachusetts, where we have some of the finest hospitals, physicians, and research facilities in the world, will lose \$4 billion over the next 7 years. These cuts will eliminate Medicaid coverage for 113,644 children in Massachusetts by 2002. It will deny 12,370 disabled children from receiving benefits by 2002. Kids with severe disabilities will

be denied access to specialty care and their parents will not be able to afford to pay for their expensive health care bills. 227,000 children in Massachusetts will not receive food stamps by 2002, and 582,000 children who depend on WIC will be vulnerable when the State decides to use the resources for other purposes than ensuring kids get good nutrition. And I could go on and on and on.

But as we debate this draconian budget package and as I listen to the Republicans blame the poor, the disabled, and children for our country's dire financial straits—I remain confused. How come we can still afford a \$245 billion big fat juicy tax break and throw the Pentagon an extra \$7 billion that they did not even ask for? Mr. Speaker, this clearly represents the priorities and the tough choices of the Republican party. Reward your wealthy friends and step on the little guy.

I urge my colleagues to reject this stealth attack on America's children and defeat this budget.

Mrs. KENNELLY. Mr. Chairman, I am very concerned that section 936 is phased out in reconciliation. Section 936 has played a critical role in economic development in Puerto Rico—creating and keeping good, high-quality, well-paying jobs on the island. Many of my constituents in Hartford, CT, have friends and relatives employed by section 936 companies in Puerto Rico.

I am also greatly concerned that we consider this drastic measure just 2 years after dramatic reform of the 936 program and without consultation with the Puerto Rican Government. We have barely had time to examine the impact of the 1993 changes and yet we are poised to eliminate the program. Such actions surely don't facilitate business planning.

I am concerned about the impact on the island as 936 disappears. Poverty is already very high and good jobs scarce. What will remain for the people of Puerto Rico? I'm afraid that we will only fully realize just how effective it has been when the companies that have enjoyed section 936 begin to leave for other parts of the Caribbean or Ireland.

It is because of these concerns that I am supporting Governor Rossello's new proposal for economic development in Puerto Rico. The Governor has proposed an economic incentive program that would replace section 936 with a wage credit to help spur job creation on the island. This proposal was presented after the committee mark was drafted, and thus was not considered by the Ways and Means Committee. It is my hope that Governor Rossello's proposal will be given serious consideration in conference and ultimately adopted.

Mr. RAHALL. Mr. Chairman, I rise in strong opposition to H.R. 2491, the so-called Seven Year Budget Reconciliation Act.

It never ceases to amaze me that, just when you think you've heard it all—you hear just one more piece of rhetoric that again, you think caps everything else you've ever heard.

Now as if the changes and cuts in Medicare were not bad enough, I read in this morning's Post that just yesterday, Senate majority leader and Presidential candidate DOLE expressed his pride in his vote, 30 years ago, against Medicare's enactment. He says he knew even then it would not work. He bragged about fighting the fight against Medicare. DOLE said: "I am against Government-run health care."

So as not to be upstaged and left out of the Presidential hopeful limelight, Speaker of the

House GINGRICH spoke right up about his round of massive cuts to Medicare by stating:

"Now we don't get rid of it (Medicare) in round one because we don't think that's politically smart and we don't think that's the right way to go through a transition. But we believe it (Medicare) is going to wither on the vine because we think people are voluntarily going to leave it."

People—seniors—are not going to voluntarily leave the program, they are going to be starved out of their fee for service plans they are now in due to a lack of funding, and forced into managed care—and boy, wait till seniors find out about managed care. It would be helpful if the Republicans would just say what they mean. Not managed care—but rationed care for the elderly.

H.R. 2491 is, without a doubt, the most onerous, burdensome, hurtful bill I have ever witnessed in this House in my 19 years service here. There are more than 30 major-major changes in existing laws in this bill—major-major-changes—reforms that will change the face of how this Nation treats children, women who are pregnant and poor, senior citizens who are tiresome because they are old, the unemployed and the underemployed who are desperately seeking work and a dignity of life; young people in search of a college education and a better life for themselves and their children; children in need of day care, and their parents who would work if it could be found instead of taking welfare; for the disabled child and adult—losing coverage under Medicaid and Medicare.

I am deeply concerned for the hundreds of people in my district who have written to me about a 40-percent cut in Medicare reimbursement for home-delivered oxygen therapy—without which they would not be able to breathe. There used to be a joke about taxes—that if it keeps up, folks said, first thing you know they will be taxing the air we breathe. Well, today's the day.

As I said, there are over 30 major changes in current law in this bill, not the least of them is the decimation of the Earned Income Tax Credit for working families with children. Not the least of them is a provision that invites, encourages corporations to raid workers' pension funds. Let us hope that, when those workers retire, the money will be there to pay their pensions—but do not hold your breath. Just one investment gone bad can wipe out a company's pension plan overnight.

And lest anyone forget—veterans are also mistreated under this so-called budget reconciliation bill—let me just say that cutting \$6.5 billion from veterans health, housing, education and other programs is no small amount.

This bill codifies into law the massive cuts in Medicare and Medicaid, and it codifies into law the so-called Welfare reform bill passed by the House earlier this year.

There will be no cash assistance to teens who have babies—and this is an unacceptable encouragement and incentive for these young women to get abortions—to kill their unborn babies. This is unconscionable.

Mr. Speaker, this bill decimates at least 30 major programs. I call this the Republican Judas bill. Republicans have brought this bill to the floor for 30 pieces of silver.

The bill specifically does the following things, and I am providing estimated impacts on various programs and populations in West

Virginia and in my Third District as available to me:

1. Cuts \$270 billion from Medicare (but we still have not seen the language—text to be supplied they say—325,000 seniors in West Virginia will be hurt by this cut, paying up to \$1,800 more per individual and \$3,600 for couples for health care by increasing premiums to \$93 a month; requiring a 20 percent copayment for home care; by increasing the \$100 deductible to \$150 and above in the out years; by starving the fee for service program, forcing seniors into managed care plans.

2. Cuts the wealthiest Americans taxes by \$245 billion—giving them a tax break of up to \$20,000 a year, but only approximately \$159 for families with incomes between \$20,000 and \$30,000 a year (while increasing taxes by up to \$2,600 a year for families earning \$28,500 or less by repealing the EITC).

It is important to note here that this bill also repeals the Alternative Minimum Tax [AMT] for huge corporations, which means that more than 130 of largest U.S. companies in the United States will not have to pay any taxes.

3. Cuts \$182 billion from Medicaid and block grants it, hurting children, the elderly, the poor and the disabled (West Virginia's Medicaid cuts by 2002 will amount to 42 percent of its funds, terminating benefits by 2002) for an estimated 140,000 out of current 367,000 recipients of Medicaid for a total of \$4.5 billion over 7 years (and out of approximately 548,958 seniors who will be eligible in WV by 2002). It includes terminating benefits also to children and disabled persons, and will deny long-term nursing care to 26,000 seniors.

4. Reduces the Earned Income Tax Credit by \$23 billion, raising taxes on the most vulnerable among us (there are 38,500 families eligible for EITC in WV's Third Congressional District, and 93,834 families throughout the State). Eligible families can lose up to \$2,600 per year depending upon income and number of children.

5. Allows corporations to raid worker pension funds to the tune of \$40 billion; (bad investment of pension funds could wipe out workers' pensions overnight; the plan raises revenue for first few years but is estimated to increase the deficit by \$32 billion in the out years of the 7 year budget). Welcome to the revolution all corporate raiders.

6. Terminates the low-income housing tax credit (to save \$3.5 billion).

7. Eliminates the student loan interest exemption, costing students \$3.5 billion (in West Virginia 39,500 students will pay as much as \$2,111 more for college loans, and as much as \$9,424 for 5,600 graduate students; it denies Pell grants to 2,600 students in our State in 1996 alone).

8. Cuts \$1.1 billion from the title 1 education program for poor elementary school children in need of remedial instruction in reading and math (5,999 West Virginia children will be cast aside when the State loses more than \$12 million in title funds).

9. Cuts \$6.4 billion in veterans benefits by rounding down their COLA's repealing automatic compensation, and increasing copayments for their drugs. (This will affect 62,700 veterans in the Third Congressional district in WV).

10. Terminates the Federal Direct Student Loan Program, eliminates service improvement and costing schools already in the program additional money. (There are 25 col-

leges, universities, and trade schools currently in the direct lending program, six of which are in the Third District).

11. Raises interest rates on education loans to parents.

12. Cuts \$1 billion in funds to oversee the Federal Student Loan Program.

13. Dismantles the Commerce Department, replacing it with 7 new agencies (new costs of 7 new agencies to be supplied according to the Republicans).

14. Increases HUD rental payments by \$4 billion.

15. Increases contributions for GI bill benefits by \$1 billion.

16. Block grants and cuts welfare spending by \$102 billion (WV would lose approximately \$90 million, affecting 17,000 children who will be dropped because they are current recipients of AFDC, and 47,000 children because they are in families who have been on AFDC more than 60 months; \$134 million in food stamp assistance affecting 62,500 persons; a loss of \$17 million in child protective/foster care services; loss of \$10 million for WIC services to pregnant women).

17. Repeals the school lunch/breakfast programs (WV loses \$4.2 million a year, affecting 195,130 West Virginia children).

18. Open Alaska's Arctic National Wildlife Refuge to oil exploration for \$2.3 billion.

19. Giveaways to western mining companies that pay for land but not silver and gold beneath it.

20. Allows ranchers to pay less for grazing fees.

21. Weakens community reinvestment act by allowing banks to self certify that they are in compliance with CRA.

22. Eliminates Federal Housing Administration's foreclosure relief program.

23. Eliminates affordable housing programs run by the RTC and FDIC (reduces spending on public housing capital 46 percent below the President's request, by cutting \$2.7 million in 1996 alone, and cuts 40 percent from assistance to homeless persons at a cost of \$1.4 million in West Virginia).

24. Extracts \$10 billion from Federal worker retirement.

25. Repeals Service Contract Act giving prevailing wages to workers such as janitors, laundry helpers, and security guard personnel creating a real underclass of working Americans who already earn very low wages.

26. Makes \$13 billion in unspecified agriculture savings (text to be supplied, they say) (from what we know, West Virginia loses \$3 million in farm spending along with drastic reductions in support for commodity programs).

27. Taxes innovation by diverting fees paid by users of the Patent and Trademark office.

28. Increases electric rates for rural consumers by selling power marketing administrations.

29. Exempts special tariffs for imported Timex watches—competing against our own industry and its workers.

30. Summer jobs are eliminated, cutting West Virginia by \$9,342,000 affecting 6,460 youths; dislocated worker training cut by \$3,646,000 affecting 1,490 West Virginians; adult training dollars cut by \$1,848,000 in WV affecting 690 adults; older American employment programs in WV cut by \$330,000 affecting 80 senior citizens; safe and drug-free schools funding in WV cut by \$1,812,000 affecting 52 out of 55 county programs; senior

nutrition programs in WV cut by \$189,000 affecting 122,900 seniors; Head Start is cut by \$1,073,000 affecting 420 Head Start children (if not more), denies 6,850 disabled children SSI cash benefits in 2002 (55 percent of those now eligible) by cutting \$195 million.

Mr. BORSKI. Mr. Chairman, I rise today to express my deepest opposition to H.R. 2491, the Republican Budget Reconciliation Act. This legislation robs retired and working Americans of their hard-earned benefits and pay in order to lavish huge tax breaks for the wealthiest Americans.

The majority's plan cuts \$270 billion from Medicare and \$170 billion from Medicaid over the next 7 years in order to pay for \$245 billion in tax breaks for the wealthy.

In Pennsylvania, the second oldest State in the Nation, one out of six residents is a Medicare recipient and one out of seven is a Medicaid recipient. In the third congressional district, the 20th oldest district in the Nation, approximately 100,000 residents rely on Medicare. Not only will the senior citizens in my district suffer, but all citizens, our health care system and the entire Philadelphia economy will be endangered by these insidious cuts. As a result of the majority's plan to gut Medicare and Medicaid, an astounding \$531 million in revenue will be withdrawn from the hospitals in the third congressional district over the next 7 years. Hospitals in Philadelphia will lose over two billion dollars, and across Pennsylvania, seven and a half billion dollars will no longer be available to protect the health of our citizens.

Let me give you an example of one particularly vulnerable hospital. At Episcopal Hospital in Philadelphia, 88 percent of the people who enter the hospital are Medicare or Medicaid beneficiaries. This puts Episcopal Hospital at the top of the critical list, a record of hospitals in danger of closing due to these cuts. Eleven hospitals in Philadelphia, including three in my district, are on that dreaded list. In Pennsylvania, a total of 54 of our 238 hospitals have the misfortune of making the list. If these cuts are approved, I don't know how Episcopal Hospital, or the other endangered hospitals, will survive.

The closing of these local hospitals would cause some 348,000 patients across Pennsylvania to lose access to vital health care services. Health care workers—as many as 40,000 in Pennsylvania, over 25,000 in Philadelphia and up to 6,000 in the third district alone, will be at risk of losing their jobs. This devastating job loss means pain for individuals, as well as ruinous economic consequences for their communities.

Will these cuts improve Medicare for senior citizens. The answer is a resounding, "no". Senior citizens will pay more for their health care, have less choice regarding their doctor, and receive a lower quality of care. Balance billing protection, which prohibits healthcare providers from charging seniors more than 15 percent above the Medicare reimbursement rate, will be eliminated. Seniors who enroll in HMO's because it has become financially impossible to remain with their family doctor and will have no protection against additional charges once they are locked into an HMO. That's the bad news. There is no good news in this Republican plan for Medicare.

But what this plan does to Medicaid is even worse. Everyone knows that Medicaid is primarily for those who are less fortunate. But

what people across America don't realize is that Medicaid also pays for nursing home care of senior citizens. In Pennsylvania, 65 percent of all long-term care costs in nursing homes are paid for by Medicaid.

What happens to a senior citizen who needs to go into a nursing home? First, you learn that the cost of a modest nursing home averages about \$4,000 a month. Then, you learn you must exhaust all your savings, which you have worked so hard to accumulate over your lifetime, to pay for nursing home care. Then, when your savings are gone, Medicaid provides the nursing home care and safety net you so desperately need.

Under this Republican plan, this critically needed safety net that Medicaid provides is gone.

The loss of the Medicaid safety net will harm not only seniors, but their families as well. Medicaid has always made sure not only that seniors would be cared for, but that their grown children, struggling to provide for their own families, would not be financially devastated by exorbitant nursing home costs. As a result of these cuts, this safety net for families is gone, too.

Certain laws that enable the Government to stop fraud, waste, and abuse are gone as well. For those who are still able to afford nursing home care, the guarantee that they will receive quality care is now gone, because the Republican plan eliminates standards for nursing homes, formulated in 1987, which protect nursing home residents from negligence and abuse.

In America, 40 million Americans, many of them working people, have no faith insurance. Our goal should be to help all people—especially our seniors, children, the disabled, and those who go to work each and every day—obtain health care coverage. Under the Republican plan, the only thing we are guaranteeing is that the number of uninsured Americans will grow by at least 8.8 million.

These exorbitant and heartless cuts are not designed to fix or save Medicare. They are being enacted in order to give \$245 billion in tax breaks to the country's wealthiest individuals. Despite all the rhetoric from the majority, one fact is clear: the savings from Medicare will not go back into the Medicare trust fund. They will pay for tax breaks for the wealthy. Our senior citizens on fixed incomes cannot afford these increased costs. The Medicare system cannot afford these excessive cuts.

I have traveled my district and asked hundreds and hundreds of my constituents if they support \$270 billion in Medicare cuts and \$170 billion in Medicaid cuts in order to provide \$245 billion in tax breaks for the wealthiest in our country. The answer is always the same—No.

Mr. Chairman, the Republican majority is not content with their attack on America's senior citizens. They have expanded their assault to include our Nation's hard-working families. The majority has proposed drastic cuts and allocation formula changes in the highly successful earned income tax [EITC] program. This program provides a refundable tax credit to lower income, working Americans in order to keep them off welfare and in the work force.

At a time when the real earnings of the American working class are sinking to historic lows, these EITC changes in the Republican budget reconciliation effectively raises taxes by \$22 billion for more than 14 million hard-

working families. In northeast Philadelphia alone, 21,000 individuals will be impacted by the cuts at a loss of over \$31 million.

Under the measure, non-taxable Social Security benefits and retirement income would be counted for purposes of determining if someone is eligible for EITC, effectively limiting the possibility of a great number of American families from participation in the EITC program. In addition, this proposal phases out the earned income tax credit faster than under current law, so that certain families eligible under current law would be denied the credit because their income would be too high, while other families would receive a smaller credit than they would under current law. For example, a working family of four making approximately \$27,000 a year will no longer be eligible for the EITC credit, effectively raising taxes on hard working families.

For two decades, the EITC program has enjoyed strong bipartisan support. It has been the most effective work-promoting program of the Federal Government. Although the Republicans praise the virtues of self-reliance, their actions in this bill will severely reduce work incentives for the segment of the work force that must struggle to maintain stable work and family lives.

Mr. Chairman, the Republican majority speaks about building a secure future for our children, yet their budget reconciliation proposal will slam the door of educational opportunity on young people across the country. This proposal unfairly targets middle-class American families by eliminating over \$10.2 billion from valuable Federal student aid programs.

In this modern day, where an advanced educational degree is essential for success in the global marketplace, the Republican budget proposal would effectively take a college education out of reach for middle and working class families.

The majority's proposal would terminate the Federal direct student loan program and eliminate the provision of current law under which the Federal Government pays the interest costs of student loans during the first six months after graduation. As a result, the cost of a college education would rise by as much as \$3,100 for undergraduate students and \$9,400 for graduate students.

In addition, this proposal would increase the interest paid by parents on Parents' Loans for Undergraduate Students [PLUS] that they take out to help finance their children's education. In Pennsylvania's Third Congressional District alone, over 10,000 PLUS loan recipients would be forced into higher interest rates, while at the same time, the Republican proposal caps the amount which American families can borrow from the Federal Government to pay for the education of their children.

At a time when we should be placing great emphasis on the education of our children, who are our Nation's future, the Republican budget reconciliation will make it harder for American children to succeed in the global marketplace.

Mr. Chairman, we all want to balance the budget. But there is a right way to do it and a wrong way to do it. The Republican reconciliation bill is the wrong way to do it. The Republican majority is inflicting this pain on the American people not just to balance the budget, but also to allow them to enact the crown jewel of their Contract With America's

wealthy and corporate interests—tax breaks for the wealthy.

The majority speaks of family values, but, it is clear that the only families the majority really values are wealthiest ones. Most American families—those earning under \$50,000 a year—will lose \$648 or more under the GOP plan. Meanwhile the wealthiest American families—who earning over \$350,000 a year—will gain over \$14,000 under this plan.

Mr. Chairman, where I come from in Philadelphia, anybody earning \$350,000 a year is a very wealthy person. They are in the upper class, not the middle class. And they do not need a huge tax break.

And Mr. Chairman, in Philadelphia, where the large majority of the people are in the hard-working middle class, struggling to make ends meet, the last thing they need is to see their taxes increase in order to benefit the wealthy. What the workers and families of my district need is fairness and equity and compassion—not more taxes to finance tax cuts for the rich, and not devastating cuts in education and Medicare and Medicaid.

I will vote against this mean-spirited legislation and I urge my colleagues to do the same.

Mr. QUINN. Mr. Chairman, as a leader in the movement to eliminate wasteful government spending, I rise today in support of H.R. 2491, the Seven Year Balanced Budget Reconciliation Act.

This measure will achieve the first balanced budget in more than a quarter of a century, and is the right thing for America's families. This is a historic vote and one that will be remembered as the first step to ensuring the future of our children and our grandchildren.

I promised in my first campaign more than 3 years ago to fight for reform and to balance the budget. This bill goes a long way in accomplishing both those goals. We have reached a crisis point. The current Federal debt is approximately \$4.9 trillion, amounting to \$19,000 for every man, woman, and child in America.

This bill means real money for America's families. It allows the working men and women of this country to keep more of their hard earned money in their own pocket, instead of sending more and more of it to Washington.

It simply boils down to doing the right thing for America and its families. By balancing the budget, we'll go a long way toward ensuring that the American dream—the dream that our children will be better off than we are—will continue for generations to come.

The Seven Year Balanced Budget Reconciliation Act overhauls nearly every major Federal spending program except Social Security. The measure also includes a plan to preserve, protect and strengthen the Medicare Program which still allows Medicare spending to increase for every senior, every year.

The bill also includes genuine welfare reform which emphasizes work, families, and hope for the future. Under welfare reform, States are given the authority to punish food stamp traffickers. We finally will be able to protect our innocent children from criminal activity that threatens their health and well-being.

As a strong advocate for reforming the Medicaid Program to allow States like New York to reinvent Medicaid, with other members of the New York delegation, I was able to obtain significant improvements for the State. In a move that will literally mean billions of dollars for New York, congressional leaders agreed to

change the provision and gradually reduce the rates of growth so that the State has more time to reform its system. An additional \$5.8 billion will be made available for Northeastern States, particularly New York and New Jersey.

Although I see this improvement as a step in the right direction, I'll be working for additional improvements in the Medicaid formula.

We cannot turn our backs on the future to continue the failed policies of the past. The most significant gift we can leave our children is a legacy of sound government.

Mr. MONTGOMERY. I want to commend the Ways and Means Committee for reporting legislation which ensures that employers who reemploy veterans after military service are not penalized for restoring their pension benefits. Last year, the Congress enacted the Uniformed Services Employment and Reemployment Rights Act of 1994 [USERRA]. This law guarantees that reservists and other persons who go on active military duty will be restored to their civilian jobs without any loss of seniority.

This law originated in 1940 and has been the subject of a number of Supreme Court decisions. The Supreme Court has held that one of the most important benefits of seniority, the right to a pension, is a protected benefit to which a veteran is entitled.

In discussions with various pension experts last year, it was pointed out that technical amendments to the Internal Revenue Code were needed. The existing law limits employer and employee contributions to tax-favored pension plans as well as benefits payable to reemployed veterans. Other requirements for which there is no special provision for contributions with respect to a reemployed veteran include the limit on deductible contributions and the qualified plan non-discrimination, coverage, minimum participation, and top-heavy rules.

Earlier this year, I introduced legislation, H.R. 1469, to allow employers who reemploy veterans to comply with both USERRA and the Internal Revenue Code when they endeavor to restore veterans' pension benefits as required by USERRA. The bill would provide assurance to employers that such contributions would not in any way disqualify a tax-favored plan. I am pleased that the bill before the House today includes the text of H.R. 1469.

It is very important to note that the legislation before the House today would allow employers and pension plans to make contributions for any veteran—World War II, Korea, Vietnam, as well as Persian Gulf. In essence, this provision corrects an oversight contained in the 1974 ERISA legislation which failed to take into consideration the rights of reemployed veterans, and is a good measure for employers as well as veterans.

Mr. MOAKLEY. Mr. Chairman, I rise in opposition to the Republican budget reconciliation bill. The bill makes unprecedented cuts in the Federal Government's investment in education, health care, and job training in order to give wealthy Americans a very big tax break.

Over the next 7 years, the Republicans will cut funding for education programs by 33 percent. That means 2,622 students in Massachusetts will be denied Head Start, 16,200 Massachusetts students won't get remedial education for basic and advanced skills, 98,900 school children in Massachusetts will not benefit from Goals 2000, and 12,100 stu-

dents in Massachusetts won't have summer jobs.

The Republicans went to cut funding for the Safe and Drug Free Schools Program. This reduction will cripple our efforts to curtail drug use and keep drug related violence out of our schools. Nearly every school district in my home State of Massachusetts reaps the benefits of this program.

Despite several decades of Federal investment in elementary and secondary education, many classes are still overcrowded, many school buildings are deteriorating, and many classrooms don't have books, pens, and paper. Clearly, this is not the time to cut Federal funding for education.

In terms of higher education, the Republicans propose to eliminate and scale back many Federal financial aid programs. Many parents in my congressional district work very hard to send their children to college in the hopes of attaining a better life. Without Federal financial assistance, the cost of higher education would be prohibitive. Do my colleagues understand that the cutbacks in the Republican budget will betray the hopes and dreams of millions of high school seniors?

I can not in good faith vote for a bill that cuts funding for education in order to pay for a very big tax break for the wealthy. These cuts are short sighted and will lead to embarrassingly low educational standards, higher property taxes, and many social problems caused by a poorly educated society.

Mr. BUYER. Mr. Chairman, we have kept our commitment to the American people and brought an end to the Washington tax and spend practices of old—which have saddled our Nation with almost \$5 trillion of debt.

The question about balancing the budget is not simply about financial practices, but rather a question of fiscal morality. We cannot continue to spend money that we simply do not have and pass the bill on to our children.

On October 20, 1995, the Chairman of the Federal Reserve Board, Alan Greenspan, again called for Congress to balance the Federal budget. He said doing so would have a positive effect on America's economy. A balanced budget will mean lower mortgage rates and lower interest rates. It means lifting our children from their growing share of the national debt. In fact, a child born today will pay and average of \$187,000 in interest alone on the debt.

We have put America on the path to a balanced budget by eliminating wasteful and bureaucratic programs. We have returned programs back to the State and local governments where they can be run more efficiently and effectively.

The debate is clear: Those who think wasteful Government programs should be cut or eliminated, inefficient programs reformed, and Americans given tax relief, will vote for this balanced budget. Those do not, will vote against this historic balanced budget plan and continue the status quo.

Ms. KAPTUR. Mr. Chairman, I rise today in strong opposition to the Gingrich budget reconciliation bill.

First, let me state at the outset that I support a balanced budget. I voted in favor of the balanced budget amendment that passed in January 1995. I am committed to putting our fiscal house in order by supporting further cuts in spending to reduce the deficit. However, I cannot in good conscience support this budget bill, which would unfairly place the burden of

deficit reduction on the backs of our Nation's seniors, children, disabled citizens, students, veterans, and working families, in order to provide a tax cut to the privileged few.

Overall, middle-income working families earning less than \$50,000 will lose \$648 a year as a result of the tax provisions and cuts in programs under this bill, while wealthy families will receive an average tax cut of \$14,050 per household. This bill imposes a \$23.3 billion tax increase on 14.2 million working families with incomes under \$28,553. Two-thirds of the \$900 billion in program reductions in H.R. 2491 come from programs that are absolutely vital to the health, welfare, and safety of working men and women, their children and families—\$270 billion from Medicare; \$170 billion from Medicaid; and \$200 billion in education, health and safety, and job training programs.

#### MEDICARE

The Republican bill makes deep cuts of \$270 billion and sweeping changes in the Medicare Program, which provides medical insurance to more than 36 million older and disabled people in our country. This body should have held comprehensive hearings on how best to structure the most extensive changes to the program since its inception 30 years ago—but did that happen? No, it did not. The legislative process used to move the Republican Medicare plan is a disgrace. Their plan was introduced on September 29, and one day of hearings was held before it was even distributed to Members. The House then left town for a 10-day recess. Upon returning on October 9, around-the-clock markups in two committees proceeded quickly. The very people who will be affected the most by these cuts, our Nation's seniors, were subject to arrest and silenced as the Republican leadership rushed their plan through the committees. We have spent 48 days holding hearings on Whitewater, Ruby Ridge, and Waco; why couldn't we manage to hold more than 1 day of hearings on Medicare?

The trustees of the Medicare Program signalled earlier this year that reform is needed. I agree. There is a short-term financing crisis in the part A hospital insurance trust fund and a long-term financing challenge that needs much more careful consideration. But, for starters, the Republican proposal makes three times more in cuts than are immediately necessary to make Medicare solvent in the short term. Thus, premiums will increase by about \$400 per senior. One-third of all senior citizens in our Nation basically live on Social Security. If costs go up, they will have to choose between health care and other essentials. Seniors will have to give up their own doctors as they are herded into HMO's with which seniors have little experience, as only 9 percent of current seniors participate in HMO's. Seniors will be kicked out of nursing homes, or their families will be bankrupted paying their \$40,000 a year tab, due to deep cuts in long-term care.

The Gingrich plan makes Medicare solvent only until 2006—the same as Democratic plans that cut only one-third as much. This much is clear: The Republicans had to slash Medicare to pay for their \$245 billion tax break for the privileged few—but not a single penny goes to shore up the Medicare trust fund.

One of the most unsettling aspects of the Republican plan is its utter failure to address waste, fraud, and abuse. Their plan will make



it easier for unscrupulous medical practitioners and insurance providers to beat the system, and harder for prosecutors to convict them. It will weaken existing laws that punish fraud and abuse, and raise the burden of proof that the Government would have to meet in order to prove such cases. This bill would weaken the law that currently requires providers to ensure that the claims they submit to Medicare are true and accurate. It also creates new exemptions for those who offer incentives to physicians for patient referrals. Moreover, this bill would mean an even larger decrease in the already-insufficient number of fraud inspectors at the Department of Health and Human Services, at a time when over half the States in our country have no fraud inspectors whatsoever, and 11 States have only two.

I recently met in my district with a group of citizens representing health professions, business, labor, retirees, insurance, and hospitals. The consensus of that group was that these cuts are draconian. They told me that any changes in Medicare that result in savings should be used for the preservation of Medicare, not tax cuts for the privileged few. They said we must fight waste, fraud, and abuse, as well as the spiraling costs of prescription drugs, labs, dental care, and durable medical equipment. Based on their assessment, it is clear that the Republican plan does not address the needed reforms in Medicare.

#### MEDICAID

The Republican Medicaid plan is shocking. Not only does their plan slash \$170 billion from the program, eliminating health care coverage for millions of children, elderly, and disabled people in our Nation. But it also completely abolishes national standards for nursing homes and institutions caring for the mentally retarded. The Republicans want to leave this matter up to the States. The majority party must have forgotten why these Federal standards were created in the first place. It was because the States had failed so miserably in maintaining decent conditions and health care in many of these facilities. With their plan, we are faced with the prospect of returning to the days when patients' basic nutritional and medical needs were not met and when caregivers regularly abused patients with inhumane practices, such as tying them down or drugging them up. Their plan also eliminates spousal asset protection in the law, which means that States could require spouses of nursing home residents to sell their homes and cars to pay for their spouses' care. This plan will force spouses into poverty. It will also allow States to require adult children to pay for their parents' nursing home bills, forcing families to make the impossible choice of nursing home care for their parents or education for their children.

#### VETERANS

This bill would be a major blow to America's veterans and their families. It would force veterans to pay more for health care benefits through the year 2002, by raising prescription copayments, tightening collection procedures, and increasing per-diem charges for nursing home and hospital care. And the Republican bill would limit to \$90 per month need-based pension benefits paid to nonservice connected veterans and surviving spouses who do not have children and who are in Medicaid-participating nursing homes.

#### EARNED INCOME TAX CREDIT

I strongly oppose the provision in this bill that would raise taxes on working Americans earning under \$50,000 a year by cutting the earned income tax credit by \$20 billion. Millions of working Americans who are playing by the rules and paying taxes, but still earning so little that they and their families struggle to make ends meet will be hurt by this legislation. The ironic tragedy is that their sacrifice will go to pay for tax benefits for those who do not need them, to the wealthiest corporations and individuals of our Nation. It is the height of dishonesty to propose a \$20 billion cut in a program intended to reward honest labor—to make sure that work is more profitable than welfare—and then to hand the benefits of those cuts to multinational corporations and the privileged few.

#### EDUCATION

The Republican bill jeopardizes the ability of young people in our country to invest in their own future. This bill would repeal the direct student loan program, and would cut other student loan programs—which are so vital to the educations of children from working families—by a total of \$10.2 billion, in order to finance tax breaks for the well-to-do. The bill eliminates the interest-free grace period for new student loans, increases loan origination fees, adds new rebate fees, reduces the loan guarantee to 95 percent, and increases the interest rate for PLUS loans. Their bill also eliminates the direct student loan program at the request of the banking industry. This program is popular with students because they get their money faster, and with college administrators because the loans are simpler to administer. In short, this program works. Banks, however, preferring the profits and low risk of the guaranteed student loan program, demanded that the competition from the direct student loan program be eliminated. The Republicans have delivered a handout to the private financial institutions at the expense of students and colleges across our Nation.

#### CORPORATE WELFARE

Tempted by the cover that this massive, multibillion-dollar bill gives them, the Republicans have added special interest corporate welfare provisions that would have little chance of becoming law if considered on their own, and have missed an opportunity to end \$800 billion in already-existing corporate welfare programs. In fact, this reconciliation package doles out more new corporate welfare than it cuts.

*The repeal of the alternative minimum tax.*—One new form of corporate welfare that can be found in this bill is the repeal of the alternative minimum tax, created in 1986 at the behest of President Reagan when it was learned that about half of large profitable United States and foreign companies avoided paying any taxes through loopholes. The Republican plan to repeal the alternative minimum tax would add an estimated \$36 billion to the budget deficit, according to the GOP's own estimates.

Currently, the alternative minimum tax levies a 20-percent tax on profits, before adjusting for certain tax preferences, to help ensure that all businesses and individuals earning substantial profits cannot entirely avoid paying taxes by using various deductions, exemptions, and exclusions. If the alternative minimum tax is repealed, it is estimated that 76,000 profitable corporations would pay no taxes by the year 2005.

*Corporate raids on workers' pension funds.*—Perhaps the most egregious example of the Republicans putting corporate interests ahead of the interests of workers and taxpayers is the measure in this bill that would allow corporations to raid billions of dollars from workers' pension funds, jeopardizing the futures of millions of Americans. This legislation would remove steep tax penalties that currently discourage most companies from draining employees' pensions. Under this measure, businesses with pension plans holding at least 125 percent of the assets needed to meet anticipated pension liabilities would be able to drain their employees' pensions—for any purpose, for mergers or even to pay for perks like executive limousines—without even giving workers advance notice.

The new plan would undo most of those restrictions—which were passed because in the 1980's, about \$20 billion was drained from private pensions as corporate executives tapped them to finance takeovers and leveraged buyouts. Congress put a stop to such raiding in the late 1980's with a 50-percent tax penalty and other restrictions.

At a time when our Nation's private pension plans are underfunded by \$71 billion, we simply cannot afford to allow big business to raid the pension funds of working Americans, jeopardizing their retirement security and those of their families. Who will be left holding the bag when these pensions go belly-up? American taxpayers.

#### WHAT SHOULD BE DONE

I support tax fairness and a balanced budget. In fact, I wanted to support the alternative budget proposed by a coalition of my colleagues. However, three sections need further refinement. First, we need an entirely reformed medicare financing system. We do not need to force all these savings from seniors. Second, this alternative does not do nearly enough to close loopholes for corporate welfare. Third, the changes to Consumer Price Index need further study as to their effect nationwide and on seniors in my District and State.

Furthermore, any reasonable budget bill should begin with closing existing tax loopholes that allow billionaires to avoid paying a significant portion of their U.S. tax liability by renouncing their U.S. citizenship and relocating to foreign countries. This is a loophole that benefits only about two dozen people a year; however, the Joint Committee on Taxation estimates that ending this practice could provide our country with an additional \$3.6 billion over 10 years—which I believe should be applied toward deficit reduction. Furthermore, if the majority is serious about balancing the budget, then it should get serious about weaning big businesses off corporate welfare and tax subsidies financed on the backs of American families. We should dedicate all of the spending cuts we have been making toward deficit reduction, not tax breaks for the well-to-do.

I cannot support the mean-spirited cuts in this budget bill that would realize the most vulnerable in our society—like the elimination of low income energy assistance—while continuing tax policies that encourage multinational companies to move overseas and provide foreign companies doing business in the United States with tax breaks. Let us eliminate the transfer pricing loophole that allows foreign-owned corporations to move profits earned in

America overseas to avoid U.S. taxes. That could save up to \$143.5 billion.

Let us eliminate the foreign tax credit. Why should corporations get a credit for taxes paid to a foreign country but only a tax deduction for State taxes paid in the United States? Why not save \$82.5 billion and put our States on an even playing field with foreign countries?

Let us repeal the U.S. territorial possessions tax credit that entices our companies offshore. That would save \$19.7 billion. With that we could avoid Gingrich's tax increases on working families through cuts in the earned income tax credit.

Above all, let us pass comprehensive campaign finance reform, so that America will know that its elected representatives are acting in the best interests of American citizens rather than at the beck and call of multinational corporations, megabanks, and special interests. To that end, I have introduced House Joint Resolution 114, a constitutional amendment that would, for the first time, allow Congress and the States to enact reasonable limits on Campaign spending in Federal, State and local elections, ending the current practice of allowing elections to be bought by the highest bidder. I have also introduced H.R. 2499, the Ethics in Foreign Lobbying Act of 1995, which would ban campaign contributions by foreign corporations so that they could no longer purchase favorable influence with legislators, selling the future of America's working families overseas. In addition, I have introduced H.R. 2498, the FACE-IT bill, which would close the revolving door that currently exists between government service and foreign lobbying.

Let us achieve a balanced budget by having everyone pull their load in ways that strengthen America and our ability to create good jobs. Let us secure a better economic future for working Americans, not put an even heavier burden on the middle class. NEWT GINGRICH and his allies are looking for cuts in all the wrong places.

Mr. HASTINGS of Washington. Mr. Chairman, I rise in strong support of this package.

Balancing the Federal budget is critical to the future of our country. As a direct result of decades of deficit spending, each child born in America today will be burdened with a tax bill for \$187,000, just to pay for the interest on the national debt over his or her lifetime.

By leading directly to lower interest rates, this package will lower housing costs, reduce car expenses, lower college costs, cut taxes, and provide more jobs for all Americans. For those of us who represent rural communities, lower interest rates will save family farmers nearly \$15 billion during the next 7 years by reducing farm debt.

Mr. Speaker, I ran and was elected on a pledge to balance the budget in 7 years. That was my promise to the people of Washington State's Fourth Congressional District. I am proud to cast my vote today to keep our commitment to the American people and urge each of my colleagues to do the same.

Mr. BALLENGER. Mr. Chairman, this week, I joined my Republican colleagues in taking another step toward delivering a balanced budget and fulfilling yet another campaign promise. This week's action centered on the Seven Year Balanced Budget Reconciliation Act of 1995, which contains real world solutions toward cutting overall Federal spending, providing much needed tax relief for all Ameri-

cans, and of course setting the pace for a balanced budget within 7 years.

As you know, Mr. Chairman, budget reconciliation is the final part of the budget process where all spending recommendations made by the various House committees are combined into one giant budget proposal compiled by the House Budget Committee. This legislation is designed to meet the spending blueprint laid out in the budget resolution we passed in May. The budget resolution is a viable 7 year plan that will culminate with a balanced Federal budget by the year 2002.

The overall spending cap for fiscal year 1996 was set at \$1.59 trillion. Although this cap is the bottom line, specific cuts in Federal programs were based on the recommendations made by the individual House committees, with the final decisions being made by the House Budget Committee.

Mr. Chairman, preparing a budget this size is a monumental task, certainly more complicated than almost anything I have done since coming to Washington. But, let me say that this budget is the right remedy for what ails our Nation. The budget crisis we have endured for so long is the result of out-of-control Federal spending, bloated Federal programs, and tax increases created by the Democrat leadership. These irresponsible practices have left us nearly \$5 trillion in debt, or more than \$19,000 for every man, woman, and child in America. But, since January of this year, Republican Members of the House have been bound and determined to correct the poor spending habits of the Government and get us out of debt.

The unmistakable message of last year's election was that it was time to reduce the size, scope, and cost of the Federal Government. We heard the message. This year's budget will produce overall savings of nearly \$1 trillion over 7 years. These savings will come by eliminating hundreds of Federal programs, closing or combining several Federal agencies, and eliminating many no longer needed commissions. Under our proposal foreign aid alone will be cut by \$29 billion over 7 years. The current welfare system will be reformed, producing many more savings, specifically by providing block grants to the States. However, no cuts in Social Security appear in this bill and Medicare will only be preserved, protected, and strengthened by this legislation.

Mr. Chairman, balancing the budget is critical to the economic future of this Nation. But, listening to the Democrats may leave Americans concerned how this balanced budget will affect them. Let me put it this way. If a man or woman plans to purchase a house, a balanced budget will provide him or her with lower interest rates. In most cases, these interest rates will be 2.7 percent lower than today's rates. That means, taking out a 30 year mortgage of \$50,000 at an annual rate of 8.23 percent, will save more than \$32,000 over the life of the loan. Likewise, a loan of \$100,000 will allow a borrower to save almost \$65,000 over 30 years. The money saved could be better used for college, retirement, a new car or home improvements. Interest rates on car loans will see similar reductions.

Under this bill American students will find it easier to get education loans and even more importantly make them easier to pay off. A balanced budget would reduce interest rates on student loans by 2 percent. A college student who now borrows \$11,000 at the new 8

percent annual interest rate will save \$2,200 over the life of the loan. Students can apply these savings toward another semester of school or for other future expenses.

By balancing the budget and lowering the interest rates, businesses will be more likely to invest in new equipment, new factories, and office buildings. Within 10 years, the more attractive business climate will help to create 6.1 million new jobs over 10 years. People from all educational and skill levels will be given new economic opportunities, benefiting the Nation overall. Lower interest rates will also help our farmers retire the farm debt. By decreasing the farm loan interest rate by 1.5 percent, farmers will save \$15 billion over 7 years, allowing a faster debt retirement.

Mr. Speaker, last week President Clinton admitted that he raised taxes too much in 1993. That shouldn't be news to anyone. High taxes have left the American taxpayer with fewer dollars to buy a house, save for college, build a nest egg for retirement, or start a new business. Critics of our reconciliation bill are saying that the tax cuts contained in our bill will only benefit the wealthiest Americans. How untrue this is. Mr. Speaker, the reconciliation bill calls for tax cuts for all Americans, from all income levels, including individuals, couples, and families with children. The tax cuts we Republicans have made will not benefit one group at the expense of another. All Americans will benefit, especially the middle class. Families with children will receive a \$500 per child tax credit and families who care for an elderly relative at home will also receive a tax credit, just like we promised in the Contract With America.

Mr. Speaker, the Democrats have claimed that this bill will hurt our senior citizens, but the truth is the Clinton tax hike of 1993 raised taxes on Social Security benefits by 70 percent for seniors making as low as \$34,000 a year. Our reconciliation bill repeals this unfair tax by reducing this tax liability for seniors by an average of \$662 a year by the year 2000. In addition, reductions in the capital gains tax will further benefit seniors when they begin to cash in their nest eggs during their retirement years.

Tax cuts for American businesses will mean much needed upgrades in equipment and other new investments leading to unprecedented growth. Business expansion will lead to new jobs and economic opportunities and increased wages for millions of Americans. New businesses will spring up all around the country, and our now stagnating economy will once again start to move in many new and prosperous directions.

I would like to add a few comments about two labor provisions: The Davis-Bacon Act and the Service Contract Act.

The Davis-Bacon Act has long outlived any usefulness that it may have had, yet it remains law, adding billions to Federal construction costs and wasting precious taxpayer dollars. The Congressional Budget Office estimates that repeal would save taxpayers \$2.7 billion over 5 years. For example, electricians in Chicago who are working on a Davis-Bacon project are paid about \$31.32 an hour compared with electricians on a private contract who are paid an average of \$18.72 an hour. Companies can't stay in business paying \$12 an hour more than the market demands, and neither can government

An investigative report by the Oklahoma Department of Labor uncovered fraud, abuse, fictitious employees, and ghost projects. The Oklahoma report uncovers a systematic problem with the Davis-Bacon Act which must be addressed. As a recent TV report entitled "The Fleecing of America," there is "growing concern that the system of setting wages on U.S. government construction projects is so flawed that it's fleecing taxpayers of hundreds of millions of dollars." Scandals like this only serve to erode public confidence in the Government procurement process.

Much to my regret and disappointment, the reconciliation bill before us today fails to repeal the Davis-Bacon Act. However, let me assure the taxpayers that it is only a matter of time before this special interest subsidy that has been fleecing them for years is removed from the books.

The reconciliation bill does include repeal of the Service Contract Act. The Service Contract Act, like the Davis-Bacon Act, inflates the cost of services procured by the Federal Government. The Service Contract Act requirements add millions per year to the cost of Federal contracts for services such as computer programming, building security, travel services, or university research. Although it began modestly, today the Service Contract Act impacts a broad spectrum of businesses and employees ranging far beyond the original intent of the law. Repeal of the Service Contract Act saves over \$3 billion over 5 years according to the Congressional Budget Office.

Mr. Speaker, it is not so difficult to see how important this legislation really is to our Nation and to future generations. I know that opponents of this bill have been telling the American public how Republicans are taking away their future, but, let me assure you, this historic piece of legislation only cuts out the fat of Government, reduces unneeded spending, and sets the pace for reaching a balanced budget. Passage of this bill only means a better Government and a brighter future for all Americans.

I yield back the balance of my time.

Mr. STUMP. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

Mr. Chairman, I rise in strong support of H.R. 2491, which will make the changes necessary to balance the Federal budget by the year 2002.

I believe the rising national debt and interest on that debt have created a crisis which Congress must face now.

I supported the balanced budget amendment because it is truly a matter of saving our country from financial ruin.

Our children and grandchildren will either inherit a declining standard of living caused by congressional irresponsibility—or gain freedom from the financial excesses of current generations.

Mr. Chairman, America is culminating a 5-year commemoration of the 50th anniversary of World War II.

The World War II generation's legacy to our Nation includes victory over tyranny, winning the cold war to make the world safe for democracy, and creation of world's greatest industrial power.

As a World War II veteran, I cannot imagine my generation allowing history to also record that we mortgaged our grandchildren's future for the sake of our own comfort.

Mr. Chairman, as chairman of the House Committee on Veterans' Affairs, I want to assure Members on both sides of the aisle that H.R. 2491 balances the Federal budget over 7 years, while maintaining our Nation's commitment to veterans of military service.

As in previous years, veterans' programs have been included in the reconciliation process.

The VA Committee met its targets on a bipartisan basis, without unfairly singling out veterans for any new cuts.

In fact, we substantially met the target by taking provisions from the 1993 reconciliation bill and extending them through the year 2002.

President Clinton signed the 1993 bill and this year included many of those provisions in his fiscal year 1996 budget proposal.

Members who are overly concerned with the veterans' portion of this bill should note that the Clinton 10-year plan would take nearly three times as much from veterans' programs, without balancing the budget.

The Clinton plan cuts \$17.1 billion from veterans over 10 years, H.R. 2491 only requires savings of \$6.4 billion over 7 years.

Mr. Chairman, the Republican budget plan allows veterans' spending to rise.

According to the House Budget Committee, veterans' spending increases from \$36.9 billion in fiscal year 1996 to \$41.8 billion in fiscal year 2002.

During the next 7 years, more than \$275 billion will be spent on veterans' programs—\$40 billion more than during the previous 7 years.

This increased spending will occur during a time when the veteran population will be declining by 6 million or 23 percent between 1995 and the year 2010.

Yet top VA officials and numerous veterans' publications have scared veterans with dire predictions about attacks on veterans' benefits and breaking our Contract With America's veterans.

Those predictions have claimed that Congress would either means test all service-connected benefits, or cut compensation for disabled veterans, or tax veterans' benefits.

Mr. Chairman, this bill does none of those things.

It is hypocritical for administration officials to demagogue the Republican budget when their own budget is worse.

The administration has predicted numerous VA hospital closures resulting from the Republican budget proposal.

However, the GAO has stated that during the next 5 years: "Under the President's budget proposal, total VA medical care funding would be \$336 million less than the amount provided in the House proposal."

In fact, the House fiscal year 1996 VA/HUD appropriation bill contains a \$563 million increase over the fiscal year 1995 level for VA medical care.

Additionally, H.R. 2491 includes provisions to reform VA health care eligibility.

The bill would move VA from an expensive inpatient model of health care to a modern ambulatory and primary care approach.

It greatly improve VA's ability to provide better quality and access to care within available resources.

These provisions are strongly supported by the major veterans organizations.

Mr. Chairman, without a balanced Federal budget, rising interest payments on the debt

will soon crowd out ability to continue providing for our Nations' veterans and other high priority programs as well.

Mr. Chairman, I want to commend the chairman of the Budget Committee, Mr. KASICH, for all his work on this bill.

Contrary to those who would demagogue these matters, Mr. KASICH and the members of the Budget Committee have acknowledged the high priority Congress traditionally gives to veterans' programs.

The Budget Committee set a deficit reduction target that the Veterans' Affairs Committee could reasonably reach.

We have done so, and the Budget Committee members, who have had to make extremely difficult decisions about Federal spending priorities, should be given credit for protecting veterans' programs while achieving a balanced budget.

Mr. Chairman, I urge all my colleagues to vote "yes" on the bill.

Thank you Mr. Speaker.

Mr. GONZALEZ. Mr. Chairman, I am compelled to comment on some of the provisions in this ill-conceived bill that embody recommendations of the Committee on Banking and Financial Services.

#### THE COMMUNITY REINVESTMENT ACT

The bill before us contains a gratuitous and needless attack on the Community Reinvestment Act [CRA]. Without directly repealing the CRA, the bill nonetheless wipes out the CRA. It is clear that the less than \$30 million in savings achieved by these amendments to the CRA is not the reason they were contained in the Banking Committee's recommendations—in fact, the committee exceeded its budget targets by billions of dollars—the amendments' inclusion in the reconciliation package was part of a failed scheme by the chairman to free another, wholly unrelated piece of legislation from these gutting amendments because they were sure to incur a veto.

The CRA is a law that simply requires regulated financial institutions to help meet the credit needs of the communities they are chartered to serve, including low and moderate income communities. It is reported that this law has resulted in the infusion of \$60 billion into credit-starved communities across our nation.

As a result of complaints from the banking industry about the burden of demonstrating compliance with the CRA, President Clinton ordered the regulators to revise CRA regulations, with an emphasis on performance over paperwork. After a nearly 2 year effort by the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision the regulations have been issued and have just gone into effect. Each of these regulators have objected to the committee's action to destroy the CRA. Clearly, we should give these regulations a chance to work before we reevaluate the CRA.

Most importantly, at a time when this Congress is slashing the funding that has assisted low and moderate income Americans, it is critical that we save a tried-and-true program that relies on private dollars. To do otherwise would be tragic for communities across this country. Moreover, to dismantle the CRA under the ruse that it is a necessary measure to save money is simply shameful.



## HOUSING PROVISIONS

The lion's share of the committee's savings comes from affordable housing programs in the Republican majority's relentless political pursuit of savings at the expense of our nation's low income families.

The bill before us gratuitously wipes out the Resolution Trust Corporation [RTC] Affordable Housing Programs for a paltry \$31 million savings—again a savings that completely unnecessary to meet the targets of the Banking Committee for budget reconciliation. This home ownership program has been a real success story for the RTC. More than 104,000 dwellings have been sold at a value of \$1.5 billion under the RTC Affordable Housing Program, providing shelter to hard-pressed working families of modest means. Although the RTC shuts down after this year, there will still be property to dispose of after December 31. Once the RTC is shut down, these properties and the Affordable Housing Program will be transferred to the Federal Deposit Insurance Corporation. To wipe out this program will have serious consequences for low income family home ownership opportunities far beyond the meager savings gained, particularly as direct Federal spending for affordable housing dwindles.

The bill also will permit HUD to sell all HUD owned multifamily property without providing tenant protections or making any effort to preserve affordable housing. Last year we made significant reforms to the multifamily property disposition program with an overwhelming bipartisan vote of 413 to 9. The reforms balanced the need to preserve affordable rental housing, protect low income tenants from displacement and outlandish rent increases, accelerate the property disposition process and save the Federal Government as much as \$475 million. Nothing has changed since then. The committee's contribution to reconciliation saves more than enough money without including the virtual repeal of the Multifamily Property Disposition Reform Act and without harming low income families who will surely be displaced with no assistance and no place to go.

Finally, the bill requires section 502 single family rural housing borrowers to repay Federal subsidies at the time a home is refinanced. While I concur with the requirement that borrowers repay Federal assistance at the time of sale, I believe that the provision in the committee recommendations provides the best evidence yet that we are engaging in policy by the numbers. Simply to raise \$39 million from low income families, this bill would discourage families from graduating from a Federal loan program. A low income family which has scrimped and saved to purchase a home in our rural communities may be forced to pay not only the principal and interest on a refinanced first mortgage, but would have to pay at least interest on the interest credit subsidy that would now be recaptured upon refinancing.

Like so much else about this bill, much of what is in the Banking title makes no sense and is indefensible from any reasonable point of view.

Mr. FRANKS of Connecticut. Mr. Chairman, today is an historic day which marks the end of the tax-and-spend ways of the Democrats and heralds in the pro-taxpayer ways of the Republicans.

The Seven Year Budget Reconciliation Act provides less spending, less taxation, and less government. It provides real welfare reform and it protects our Medicare system for today's and tomorrow's seniors. It strives to better manage our Medicaid system and it works toward strengthening families.

A balanced budget will lower the interest rates for all Americans by at least two percentage points and will thus allow all Americans to improve their standard of living.

Mr. Chairman, I am pleased to rise in support of a balanced budget plan, in support of fiscal responsibility, in support of tough choices, in support of keeping promises, and in support of H.R. 2491.

For years, Mr. Chairman, there has been something of a racket going on for some elected officials in the Nation's Capital to play games with the budget process. These officials would tell their constituents that they were for a balanced Federal budget but then they would turn around and vote against resolutions which would provide a constitutionally-imposed balanced budget.

When asked why they took such action, they would reply that they did not need a balanced budget amendment to make the tough choices.

However, when the time arrived to make those tough decisions, the same people would balk on their previously stated commitments. Rather than support efforts to reduce spending and taxation, past members of Congress have let our Federal deficit balloon up to a point to where a person could stamp the word "GOODYEAR" on it. Rather than support fiscal austerity, many of my colleagues have opted to promote initiatives which would saddle a newborn infant, circa 1995, with \$187,000 in taxes to pay the interest on the national debt. Mr. Chairman, the way the Congress goes about its fiscal business much change.

Mr. Chairman, make no mistake — H.R. 2491 provides the innovative harbinger of change in American government that many citizens have been clamoring for years.

This reconciliation bill will reform Medicare to ensure its solvency well into the 21st century and give our parents the enhanced opportunity of health care and insurance choices they deserve.

H.R. 2491 will also provide Americans with much-needed tax relief and reform. This bill will reduce taxes by \$245 billion over the next 7 years—a figure which would include a reduction in the capital gains tax, a \$500-per-child tax credit and a repeal of President Clinton's confiscatory tax increase of 1993 while closing over \$30 billion in corporate tax loopholes.

We will change our welfare system to ensure that no more of our children are forced to grow up in wretched squalor of the welfare state of 1995 America while providing help to the States to implement their own health care assistance program. Candidate Bill Clinton promised to "end welfare as we know it" in 1992, the Republicans are delivering on that promise.

We will also abolish, privatize or sell wasteful agencies and bureaucracies which have acted like a fiscal albatross around the neck of American taxpayer of the past two decades.

Will this reconciliation plan be totally painless? No, in fact there will be meritorious programs which will certainly be effected by this

reconciliation bill. However, we have reached a point in our history where we need to show great care in our budget and fiscal priorities. We need to ask ourselves "Do we need that agency or program or is there a better way?" And, Mr. Chairman, that is the point of H.R. 2491. A vote for this bill is a vote to guarantee a future in which our children do not have to live under an inherited mountain of debt or within a governmental system which deems itself more important than the people it is supposed to serve. A vote for H.R. 2491 is a vote to make the hard choices and to find a better way for our children.

I consider this an extremely positive action which will benefit all constituents in my district as well as all Americans.

I encourage my colleagues to vote for H.R. 2491.

Mr. ALLARD. Mr. Chairman, today I am introducing legislation designed to reduce the regulatory burden on America's farmers and ranchers. This Congress has for too long cut commodity programs while not providing any regulatory relief. This year agriculture is once again taking spending reductions, but for a good purpose—balancing the budget and reducing the tax burden on rural America. But this year we are going to provide relief from rules regulations, and mandates that have grown while Government benefits have shrunk.

This legislation will continue to protect the environment, but will provide the necessary flexibility to meet environmental goals. This legislation will not rely upon one size fits all mandates that stifle a producers ability to wisely use the land to earn a living.

Specifically, in this legislation we will reform the current highly erodible land provisions created in the 1985 Food Security Act. While these provisions were well intended they have not manifested themselves in a farmer friendly manner. All of us who have districts that include rural areas have heard the stories of how this has become a law spinning out of control. In some areas practices required to reduce erosion on the land are more expensive than the land itself. The law itself did not require the Department to take into account local resource conditions, the economic or technical feasibility of practices they require. The legislation I am introducing today recognizes that these are realities in the real world. They should be requirements placed on the Department in the law and in the field guides NRCS employees use when assisting a farmer.

In this legislation I would also like to ease back on requirements because we are reducing Government benefits. Acres that are designated nonpayment will not be subject to Government mandates. When these programs were created there was a clear linkage, payments for compliance. However, in subsequent years when payments were reduced, regulations were not. This legislation would also create a new cost share program aimed at water quality. This program would assist livestock operations that are facing Federal and State mandates that are very expensive. This program would attempt to assist them in meeting those mandates and other practices to improve water quality. In order to pay for this program we are changing the Wetland Reserve Program to 15 year contracts from permanent easements.

I would also like to consolidate various cost share programs that have been authorized and appropriated for separately over the years. Most of these programs have been cut dramatically recently. It's my hope that by consolidating and refocusing we can have one program to support in appropriations. This will also reduce paperwork on those who apply. Instead of filling out two sets of application forms if they want money from two different programs, they will only have to fill out one form to receive assistance.

I would also like to consolidate the Natural Resource Conservation Service into the consolidated farm service agency. This move will streamline the policy making process and return NRCS to its main function, providing voluntary technical assistance to farmers.

As many will notice this legislation does not deal with swampbuster. It is not included because reaching agreement with interested parties has been difficult. I feel that repealing swampbuster is a better alternative than many of the "reforms" that have been placed before me. Between now and subcommittee markup I will continue to try and work with all interested parties. However, they need to understand that it must be a common sense proposal for me to take it seriously.

Finally, this legislation would protect the interests of private water users from the extortion of Federal agencies. This legislation outlines that Federal agencies cannot, as condition of permitting, require water users to give up a right in their property. It's my belief this will end a long standing controversy.

While all of these proposals are important to me, I am willing to work with everyone to make them better. They are my best attempts at reform. However, I am willing to listen and adopt better ideas.

Mr. KENNEDY of Rhode Island. Mr. Chairman, today the race to the bottom begins, and soon what it means to be an American will change. We have before us a plan from the other side of the aisle for balancing the budget.

Why do we want a balanced budget? What is intrinsically good about a balanced budget per se? It is important to note that there was a year when the budget was balanced. The year was 1930, and it marked the greatest depression this country has ever known.

So balancing the budget for the sake of balancing the budget is not the goal. We want a balanced budget because of what we hope it will do for us in terms of spurring our economy, growing our prosperity, and servicing the people rather than servicing the debt.

The approach that this balanced budget reconciliation act takes will send the country into the opposite direction from where a balanced budget should take the country. Instead of growing the economy and serving the people, the abrupt and vicious nature of this budget threatens these goals.

The scope of these cuts are so dramatic and the timetable so short, it begs the question of whether we want the positive results which we expect a balanced budget to bring us, or are we just happy with the politics of saying we have a balanced budget?

Just take one of many examples of where the reality of this so-called balanced budget belies their stated intent. They say they want to balance the budget in order to ease the in-

terest payments that young people pay on the national debt, but to do so they propose to raise the interest payments on student loans so that the same young people will have to pay more to open the doors of opportunity.

When you look at where the cuts are coming from, there is nothing balanced about this budget. In fact, the poorest fifth of American families will shoulder half of the total cuts in benefit programs, and would receive no tax cut.

We face serious choices over what should be our priorities when we set out to bring our budget into balance.

Are we going to take a path that looks after the most vulnerable in society, that keeps promises, that invests in our future, that calls for shared sacrifice, and does not provide favors to people who already amply enjoy the rewards of this great country?

Or are we going to take a path that ignores the needs of senior citizens, children, and working families, that calls for sacrifice from the vulnerable while handing out tax cuts we can't afford to people who don't need them, that cripples our ability to prepare for tomorrow, that threatens the environment through underhanded deals, that takes the tax dollars of immigrants we have welcomed but denies them the very benefits their tax dollars have gone to support, and walks away from promises made to the American people?

This is a debate about numbers—cuts, slowed growth, caps, tax cuts, subsidies, and every other way we have to count money—but more important than any numbers are the principles at stake. American values should be reflected in the budget. But with the haste to only count cost in numerical terms, we've lost how to measure the cost on our society in human terms.

And that is where this bill fails. It fails seniors. It fails working families. It fails children. It fails the disabled. It fails the working poor. It fails students. It fails the environment. It fails our constituents. It fails to prepare America for tomorrow.

We have spoken about and debated the impact the Medicare provisions will have on senior citizens, and last week this Chamber voted to take a devastating \$270 billion out of the Medicare Program, double premiums on seniors, and shred a program that has kept millions of seniors healthy and out of poverty since its inception in 1965.

Today we have before us the other half of their assault on health care. Faster than you can say block grant, the Republicans have killed a program that takes care of children when they are most vulnerable and seniors when they are most in need.

Now with their plan, all of the decisions and all of the responsibility will be handed over to the States without enough money to do the job. My own State of Rhode Island will suffer grievous harm under the Medicaid proposal. Over the next 7 years, Rhode Island will receive \$1.6 billion less to take care of its poor children, mothers, and senior citizens. In the year 2002, Rhode Island will receive 42 percent less Medicaid assistance than it would under current law. Only two other States stand to be hit harder than Rhode Island.

Let's remember what Medicaid is all about and why it was created as a national program. Medicaid simply told people: You are citizens

of the United States and have a common right to basic health care that you share with your fellow citizens. Now that common ground is lost. Soon it will not matter that you are an American. It will matter more what side of the State line you live on. Will you get preventive care? Will your nursing home require well-trained staff and forbid the use of restraints and drugging patients? Will your disabled child get the care to live a fulfilling life? These decisions will be made in 50 different States in 50 different ways.

In the DisUnited States created by this proposal, it will not matter that you are an American. We have taken an entitlement to basic care and replaced it with a lottery system. Well, everyone who plays the lottery knows—most people end up losing.

The 127,306 Rhode Islanders on Medicaid will lose under this lottery. It is possible that almost 22,000 Rhode Island children will lose coverage.

More than 7,000, or three-quarters of the more than 9,300 elderly Rhode Islanders in nursing homes, rely on the Medicaid Program to pay for their care. Rhode Island nursing homes will lose more than \$400 million over the next 7 years under this plan.

This cannot be made up by my State, which already is experiencing financial difficulties. This is not a hole that seniors can fill. And to look to the next generation, as the Republicans propose through their repeal of the adult child exclusion, is to cut off our hope for the future before it has even begun to take shape.

The opposition likes to say this bill is about the future. But a look at the fine print shows that it will produce an America of less opportunity and less promise.

This bill will put an empty plate in front of school children at breakfast and lunch. We all know students can not learn if they are hungry, if they are distracted by wondering where their next decent meal is coming from.

Our children are a national resource. But with this bill we wash our hands of our commitment to feeding hungry children, tell States to pick up the slack, and don't give them enough money for even one more glass of milk when new poor children show up at the classroom door each morning too hungry to learn.

Students who make it to college are having the rug pulled out from under them. Due to more than \$10 billion in student loan cuts, undergraduate students will see their loan payments increase as much as \$700, and costs for graduate students will jump by as much as \$2,500.

This will construct an insurmountable barrier for thousands of Rhode Island students who will have to give up on their dream of attending one of the fine institutions of higher education in Rhode Island. Higher education will sadly become a privilege only enjoyed by the very few.

Borrowers in the Parent Loans for Undergraduate Students will face a \$5,000 increase in loan repayments.

In Rhode Island as many as 1,600 students will lose some or all of their Pell Grant benefits due to the cutbacks. The 6-month interest exemption grace period for all borrowers of student loans is ended.

And from the people who often trumpet the fact that this bill will lower interest rates, there is a hike on interest rates on student loans.

Is this how you help the next generation? Is this a budget about tomorrow? No. It is all about paying for \$245 billion in tax breaks today, tax breaks that will overwhelmingly benefit those who are already doing very well.

Fifty-two percent of the benefits of the tax cut in this bill go to families making \$100,000 or more. The top 1 percent, those earning \$350,000 and over, will get a tax break of almost \$20,000. This injustice, this blatant favoritism of the fortunate few, is compounded by the fact that those at the bottom will actually see their taxes rise.

Almost 37,000 working poor Rhode Islanders will see their taxes go up. They will shoulder the burden of a \$5.1 million tax increase on working families in my State. Nothing reveals the motives of those who have crafted this budget more clearly than the war they have waged on the earned income tax credit.

Mr. Chairman, the damage caused by this bill is so great one hardly knows where to begin. I have highlighted some of the most egregious measures. But as I said before, this vote is not about numbers. It is about who we are as a nation. And that is why I am so dismayed.

Mr. VENTO. Mr. Chairman, I rise in strong opposition to the Republican budget reconciliation legislation. The bill we have before us today represents a reckless restructuring of national priorities and advocates a shift of resources and commitment taken from working American families and granted to the most affluent segments of our society.

I have supported in the past and will continue to support responsible deficit reduction policies. Over the past two years, we have made steady progress in cutting the deficit with nearly \$600 billion in deficit reduction over a five year schedule beginning in 1993. We passed the deficit reduction bill last session without a single Republican vote. As a result of these initiatives, the latest figures on Fiscal Year 1995 show that this is the first time since 1948 that the deficit has declined for three years in a row. The \$164 billion deficit is much too high, but it's below the 1993 projected numbers on performance and nearly half the 1993 annual deficit.

This year, Republicans are trying to sell their budget plans, including this reconciliation bill and the various appropriations bills, in terms of deficit reduction, but when you look at their plans you see through the transparent goals the real effect of the Republican actions.

The Republican budget scheme and true goals are to pull back from proven policies for health care, housing, education and the environment, in order to give tax breaks to corporations and affluent Americans, increase defense spending, and give assorted benefits to special interests.

Policy makers who are serious about deficit reduction do not push a package which includes \$245 billion in tax breaks, benefitting mainly the wealthiest of our society. Not only is it unwise to reduce revenues in this time of fiscal constraints, but it is unfair to dole out benefits to the well-heeled when everyone else in society is being told they must sacrifice. The Republicans continue to insist on a

cut in the capital gains tax rate, a repeal of the alternative minimum tax for corporations, a limited child tax credit which is denied 34% of the kids, and many lavish tax breaks for upper-income individuals and corporations.

One of the most convincing pieces of evidence that shows the Republican claims of tax breaks for all Americans is all smoke and mirrors came out of the non-partisan Congressional Joint Committee on Taxation last week. The Joint Committee on Taxation incredibly reported that the effect of the Republican budget scheme actually will be a tax increase on workers earning less than \$30,000 a year. This is principally because the Republican proposal drastically cuts the Earned Income Tax Credit [EITC], a working family benefit program that has been praised for its effectiveness in assisting low-income families and rewarding work and the denial of the child credit to low income families. By 2002, 172,000 Minnesota households would pay more taxes due to cuts in the Federal EITC existing law and the resulting cut in Minnesota's matching credit. With the EITC, participants receive a reduction in their Federal Income Tax liability or rebate in order to raise their income above the poverty line. The EITC gives working families living in poverty an alternative to entering the welfare system, an incentive to remain in the workforce, and assists them as they work to lift themselves out of poverty. These families should be encouraged to continue their efforts to achieve self-sufficiency and not be forced to choose between welfare and poverty.

One of the most shameful aspects of the reconciliation legislation is the treatment of Medicare and Medicaid. The new Republican majority in the House has made the Medicare and Medicaid programs its target for nearly 50 percent of its total spending cuts. Medicare is one of our nation's most successful programs. It was established over 30 years ago as a national commitment to assure seniors health care coverage. The Republican scheme is going to destroy seniors' health care security. With \$270 billion in cuts, overall Medicare spending will be cut by a cumulative \$6,795 per senior over the next seven years, meaning that in 2002 there will be \$1,747 less in Medicare dollars per senior in that year itself! Republicans' excuse for slashing Medicare is to save the Medicare trust fund, but even the trustees of the Medicare trust fund strongly oppose the Republican plan because the extensive cuts go far beyond program reform or deficit reduction. The Republicans' proposed changes include raising premiums, cutting payments to providers and shifting seniors into untested forms of care. The bottom line is that seniors are going to pay more for less health care coverage.

Republicans are going to turn over complete control of the Medicaid program to the states, stripping away assurances that guarantee coverage to children, the elderly and the disabled. The Republican Medicaid scheme cuts the program by \$170 billion in seven years, nearly a 20 percent reduction. Minnesota was one of the biggest losers in the restructuring of the House Medicaid formula and is projected to lose \$3.4 billion over the next seven years under the House formula. This is a cut of over 21 percent! Illustrated as to the impact on people, these cuts would mean loss of health

coverage for 80,000 Minnesota children, loss of eligibility for 5,900 nursing home residents and loss of health care coverage for over 100,000 Minnesotans by the end of the decade.

The Republicans proposed Medicaid plan eliminates nursing home regulations, taking us back to a bleak history of institutionalization without consumer protections from abuse and neglect. It eliminates provisions for home and community-based services. People with disabilities who are now able to remain at home with their families because of home and community-based care could have to enter costly institutions under this plan.

What a difference a year makes. Last fall 1994, the Congress was struggling to expand health care to those without Medicare, Medicaid or private coverage. However, in 1995 Congress has designs to renege on existing Medicare and Medicaid programs. Then there were 40 million uninsured Americans from working families but today the number has jumped by another 1.4 million people in the past year. Congress is not even addressing the issue of those without health care, but pulling back and punching holes in the American health care programs, Medicare and Medicaid, that help well over 60 million Americans. What a shame and what a disgrace that the modest programs that provide dignity to the elderly and the disabled, and compassion and empathy for those without means, in fact 18 million children, are being bled of their health benefits as the Republicans prioritize tax breaks for the wealthy ahead of health care for the needy.

These changes will affect every person in this Nation, whether indirectly through their health care costs increases due to the rising number of uninsured people, or directly if they have to deal with the cutbacks in their coverage or their parents', spouse's or child's coverage.

Medicare and Medicaid represent our nation at its best. They represent the desire on the part of the American people to pull together and care for those who otherwise might not have enough resources to have access to health care. Instead of building upon this success, by responsibly managing Medicare and expanding health care coverage to all Americans, this Republican bill rolls back on the progress that has been made.

At the same time they are working to shred the health care safety net and destroy retirement security, Republicans are pushing a measure to jeopardize the hard-earned pensions of working Americans. The reconciliation bill includes a devious provision allowing corporations to de-fund and transfer money from pension funds to be used for any purpose the corporation may choose. According to the Pension Benefit Guaranty Corporation, the Republican fund raid potentially affects 22,000 pensions funds covering 11 million active workers and even 2 million retirees. This provision shows a blatant disregard for the lives and future livelihood of working Americans, not only because it jeopardizes their pensions, but because taxpayers in the final analysis could be required to step in and bail out companies' pension programs in the future.

On the environmental front, the reconciliation bill evokes the tradition of 19th century robber barons who exploited the west. From the bill, one would think the only good tree is a horizontal tree and that our nation has been endowed with vast and wonderful resources so a few could make a profit. This legislation amounts to a wholesale exploitation and degradation of America's natural resource legacy. We see the imprint of special interests, including the mining, timber, oil and gas industries, throughout the bill.

This legislation enshrines private park concessions in our National Parks with big profits in a power position over the public visitor and park rangers and stewards. Special interest giveaways are extensive: below cost timber sales, private control of rivers and waters, grazing fees below the already scandalously low prices, and public mineral rights giveaways to mining interests are all included in the bill. Masked as positive revenue gains, they put our national heritage on the auction block, with rigged bidding rules designed to benefit the special interests.

The decision to destroy forever the Arctic National Wildlife Refuge [ANWR] by permitting oil and gas exploration and drilling demonstrates the true spirit of the majority. The last great piece of American wilderness, the Arctic plain, ANWR is birthing home to the 160,000 member Porcupine Caribou herd. Grizzly and polar bears, arctic foxes and numerous other species conspicuous and inconspicuous abound. A clear majority of the American people oppose drilling for oil in ANWR, but the GOP leadership is not listening. Opening the refuge area to drilling will assure destruction of this pristine wilderness. The Republicans know better. The Arctic plain has been untouched for 40,000 years since the ice age. A unique Native American culture, the Gwich'in people, live by subsistence hunting and are absolutely dependent on the Porcupine Caribou herd.

Opening ANWR is a serious policy decision which should be openly debated on its merits, not as part of a reconciliation bill. Folding this measure into this bill is a sleight of hand way to circumvent the process and force this wholesale policy change upon the American public.

The reconciliation bill is also an inappropriate place to include provisions which essentially gut the Community Reinvestment Act [CRA], which attempts to insure bank credit in our cities. These provisions will exempt close to 90 percent of banks and thrifts from CRA coverage. The bill also provides a safe harbor for institutions with a satisfactory or higher rating (95 percent of the industry) and eliminates the sole enforcement mechanism in the CRA. Without using a dime of taxpayer funds, the CRA every year helps steer \$6 billion of private funds into housing, small business an economic development in communities across this country. The CRA is an engine of economic development and social justice, and if it did not exist, we would need to invent it today. Furthermore, any measure which undercuts the CRA at least deserves a separate vote on the House floor.

The reconciliation bill includes several dubious provisions which will limit Americans' ac-

cess to affordable housing. The RTC and FDIC affordable housing programs are eliminated. These are programs that obtain properties through bank and thrift failures and allow low- and moderate-income families, non-profit housing groups, and public housing authorities to purchase these properties. These programs work; under the RTC affordable housing program, more than 104,000 dwellings have been sold at a value of \$1.5 billion. Republicans also eliminate the Low Income Housing Tax Credit, which has been responsible for more than 100,000 units of affordable housing per year, \$15 billion in economic activity and 90,000 jobs. Cutting this highly targeted and successful program will devastate affordable housing opportunities in the future. The ultimate losers with these GOP proposals are the prospective tenants and homeowners.

We have heard many people talk about balancing the budget so that the next generation will inherit a smaller financial burden. I find it difficult to believe, however, that included in a budget plan designed to give our children a better future, there are such drastic cuts in education programs, which are critical to providing and empowering our nation's youth with the tools and opportunities they require to succeed in this increasingly competitive world. A balanced budget will not mean much if America's children do not have the knowledge and skills they need to continue America's leadership role in the world economy.

The bill takes particular aim at higher education, which are the institutions that produce our engineers, doctors, scientists and other personnel critical to this nation's progress and competitiveness. Federal programs comprise nearly the whole higher education financial aid support system. This legislation eliminates the interest subsidy for students during their first six months after graduation at a time when college graduates are having trouble finding jobs and more and more parents are unable to help with these financial liabilities. The measure also eliminates the Direct Loan program, which has been successfully utilized by 24 educational institutions in Minnesota alone. Parents who help their children with the costs of acquiring a higher education will also see their financial burden increase as this measure increases the interest rate that parents pay on PLUS loans. In addition, a myriad of new fees and the increases in existing fees will add to the cost of higher education even further because lenders and educational institutions will without doubt pass these costs down to students in the form of increases in tuition and higher costs of borrowing funds. In point of fact \$10 billion dollars will be cut from programs to help families achieve post secondary education programs.

We cannot and shouldn't steal from the very programs that allow our children to succeed in order to secure a smaller budget in their future. America's children are our greatest resource, and we must ensure that every child has the opportunity to receive the education they require and deserve to be successful in the world of work and our communities.

At the same time Republicans make all these cuts to people programs, defense spending spirals upward in the overall Repub-

lican budget plan for weapons and spending that the defense dept has not sought. Misaligned Republican priorities include \$1.4 billion for B-2 stealth bombers, not requested by the Pentagon. Republicans also sink hundreds of millions into funding for the Seawolf submarine and Star Wars missile defense. The security of the United States cannot be provided for by simply increasing the number of planes, bombers, and submarines. Economic security, safety at work, and access to quality health care are also real elements of national security. How can we say the U.S. is more secure with nearly \$7 billion more than the Pentagon requested, while Medicare is being cut; while funds are reduced for occupational safety for American workers; while educational programs are gutted? Can smart weapons replace smart soldiers and sailors? The answer is obvious—investment in people is essential to our security, whether in a military uniform or part of the private economic.

The question really is about the direction our nation should be heading and what values we want to cultivate to enhance America's future. This reconciliation bill reveals a dramatic change in national priorities under the GOP leadership. This new Republican majority values the bottom line above all else, in order to give tax breaks to the wealthy and placate special interest spending project, apparently the GOP message is claim to balance the budget and anything goes—but they are wrong—people care. The American people don't want an abandonment of principles and policies which allow the most vulnerable in our society to live with dignity and afford opportunity. They also do not want a redistribution of wealth which makes it more difficult for working American families to get ahead while giving special benefits to corporations and special interests. This bill is an affront to all who believe in the concept of community and the commitment of the Federal government to protect Americans' health, environment and economic security. I urge my colleagues to vote against this bill.

Mr. PAYNE of New Jersey. Mr. Speaker, I rise in strong opposition to H.R. 2491. I am particularly disappointed about the impact this legislation has on the Earned Income Tax Credit. Under this measure the Earned Income Tax Credit will be cut by \$23 billion. This legislation will have a very negative impact on the State of New Jersey. Provided only to those who work, the Earned Income Tax Credit is a valuable tool in encouraging work over welfare. In my State of New Jersey the Earned Income Tax Credit helps 513,808 low-income workers and their families in their struggle to stay afloat in our society. That translates into 13.1 percent of all New Jersey taxpayers. In the past, this tax credit has received bipartisan acclaim under the Presidencies of Ronald Reagan and George Bush. I find it perplexing that despite the success of the tax credit, it would be slashed under this current proposal, thereby increasing taxes on millions of working Americans.

I find it ironic that while my colleagues on the other side of the aisle talk about the need

for welfare reform and personal responsibility, they are willing to decimate the program that helps people rise from dependency. The Earned Income Tax Credit encourages families to move from welfare to work by making work profitable. The tax credit rewards employment for working families, so parents who work full-time do not have to raise their children in poverty—and families with modest means do not suffer from eroding incomes. The Earned Income Tax Credit is a non-bureaucratic way to encourage work over welfare. There are no middlemen or service providers. There are no long lines at Government offices. The tax refund is provided by the IRS directly to the working families. I ask my colleagues who support this measure and have low- and moderate-income families in their districts to explain why it is necessary to slash a tax credit to low- and moderate-income families whose income has deteriorated since 1979. Payroll taxes increased five times between 1983 and 1990, while in 1996 the real value of the minimum wage will decline to its lowest real value in 40 years. The poverty rate for working families with children grew by nearly half from 1979 to 1993. The bottom 40 percent of American families, by income—those earning less than \$30,000 in 1993—made 10 percent less in real terms in 1993 than in 1979.

In light of these grim statistics, I would like to know how my colleagues on the other side of the aisle are going to explain to the American people the fact that they are prepared to cut millions of dollars away from poor, working families, then turn around and provide a tax cut for the wealthy. I cannot begin to understand how many of my colleagues justify this type of action especially in light of that fact that the income gap between wealthy and nonwealthy Americans is at record levels.

In addition, the budget reconciliation bill before us today punishes poor children by eliminating key child nutrition programs, including the highly successful WIC Program—women, infants, and children. It repeals school lunch and school breakfast programs and denies benefits to legal immigrants who have faithfully complied with the law and gone through all the proper channels to enter our country.

Our Nation has always valued education as the ticket to achieving the American dream. This bill attacks student loan programs, cutting a total of over \$10 billion over 7 years. Is it fair to tell our young people that they will just have to abandon the dream that we all shared?

As chairman of the Congressional Black Caucus, I am outraged that the Republican Congress has once again reversed the clock, turning back progress by eliminating the Minority Development Agency which coordinates minority business and development programs and gives a fair chance to those who were shut out of the system for years.

Our seniors are hurt by the reductions in section 8 housing; veterans who served our Nation are now told that they are part of the budget problem.

Once again, Federal employees and retirees are given harsh and unfair treatment. Those who have chosen careers in public service are now being told they will have to pay more and get less.

This is a hidden tax whether the authors of this budget want to admit it or not.

This budget will be disastrous for the working people of our Nation, for children, for stu-

dents, and for seniors. I urge my colleagues to oppose H.R. 2491.

Mr. UPTON. Mr. Chairman, I have had extensive discussions with the chairman of the House Commerce Committee concerning the fact that teaching hospitals and academic medical centers have traditionally had higher costs. This is due to the special mission that these institutions have providing specialty patient care, conducting clinical research, and training new physicians to treat our poor.

After these discussions, I have been assured that it should be the policy of the States, when creating their new MediGrant programs, to take it into account. Obviously, it is in the best interest of this Nation's health care to ensure top quality doctors and research facilities, along with continuing specialty care. This can be done if the States recognize that additional reimbursements will be required to these types of facilities.

Mr. HOYER. Mr. Chairman, I rise in strong opposition to this omnibus bill that I believe is a major step backward for our Nation.

I am committed to insuring our Nation's fiscal integrity. Our obligation to our future and our children and to their children demands decisive and decidedly different action to affect a disciplined conduct of the fiscal business of this country.

But this Republican package is not the answer. It is an attack on the middle class and poor Americans.

I supported the balanced budget amendment to the Constitution. I voted for the Stenholm budget which would have achieved a surplus by the year 2002. I will also support the alternative reconciliation developed by Mr. ORTON, Mr. STENHOLM, Mr. PETERSON, Mr. SABO, and other Democrats. In a responsible and fair way, their alternative puts us on a glidepath to a balanced budget by 2002.

In my view Thomas Jefferson was right when he said:

The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves.

Reducing the deficit is of such importance that I do not believe we should approve tax cuts until we get our fiscal house in order. In my view, we must balance the budget first, then consider tax reductions.

The Republicans are steadfast in their efforts to give tax breaks to the wealthy. That is why the provisions in this bill are so draconian and is part of the reason why this bill is so unacceptable compared to the Orton-Peterson-Stenholm-Sabo substitute.

One example of the Republican bill's attack on the middle class are its provisions on Federal employees. The measure saves more than \$10 billion from increased taxes on Federal employees and other provisions that will dramatically decrease their benefit packages.

The Republican leadership, despite loud and persistent rhetoric about reform of Congressional procedures, put this package together with few hearings and no markup by the Government Reform and Oversight Committee.

Mr. Chairman, I know of no precedent for making this magnitude of changes in Federal benefits without full and open discussion of the issue. As my colleagues will recall, the

creation of FERS, the Federal Employees Retirement System, was done in the mid-1980's at the conclusion of nearly 2 years of bipartisan hearings with dozens of witnesses.

The Democrats and Republicans charged with review of this issue do not support what is in this bill. A vote was not allowed in the Government Reform and Oversight Committee or its Civil Service Subcommittee because the majority of Members on those committees do not support these provisions.

Federal workers have already contributed more than their share to efforts to balance our Federal budget—about \$200 billion over the last 15 years. We must stop this erosion of pay and benefits or we will witness a deterioration in the quality of young men and women that we attract to and retain in Federal service.

I am pleased that the provision to require Federal employees to pay fair market value for parking have been dropped. That was the right thing to do. What remains, however, is still unfair and unwarranted.

These proposals are representative of this bill's impact on middle and lower income citizens. It is an attack on those groups and it should be rejected.

In addition to dramatic reductions in the Earned Income Tax Credit, this bill makes dramatic cuts in Medicare and Medicaid—over \$450 billion in health care cuts.

Under the Kasich proposal, Maryland will lose \$2.5 billion of Medicaid funding that it uses to provide medical care to poor children, the disabled, and seniors in nursing homes.

The result of these provisions, if adopted, is clear. Maryland would be forced to raise State income taxes just to retain very basic benefits. Other benefits, for adults and children, would simply have to be abandoned.

More than 60,000 Maryland children would be forced to go without health care coverage—without immunizations, health screenings, and medical treatments that will keep them healthy and ready to go to school.

Mr. Chairman, when people voted for change last November, they did not vote to bankrupt families. They did not vote to leave children languishing in foster care. They did not vote to throw children off Medicaid. That would not be responsible.

Children and their families would also suffer from the welfare provision of the Kasich bill.

We cannot promote our national economic security if taxpayers are required to support able bodied Americans who simply choose not to work. Even so, our economic future is lost if we fail to provide for the Nation's children.

The Republican proposals for welfare reform are weak on work and tough on kids—tougher on kids than they are on the deadbeat dads who walked out on them.

There is a better way to end welfare as we know it and to create a system that puts parents to work and protects the well-being of the kids who depend upon them. The welfare provisions in the Democratic substitute, which 204 Members of this body supported, represent true reform. They require those who can work, to work.

These are just a few examples of what I believe our priorities must be. Not tax cuts in the face of deficits, but fiscally responsible policies that serve the needs of all Americans, promote America's economy, and move us to a balanced budget in the year 2002.

The alternative is a responsible approach and a real approach. While I do not agree with



every provision, I find it an acceptable alternative to solidify America's economic future.

Our deficit threatens our health as a nation and our ability to be competitive in our global economy. The Orton-Peterson-Stenholm-Sabo alternative would balance the budget and get us back on track.

The Gingrich/Kasich bill uses a meat ax and leaves the patient its trying to cure badly scarred. The substitute uses a scalpel and leaves the patient whole and cured.

Mr. SERRANO. Mr. Chairman, I rise in strong opposition to the budget reconciliation bill that is before the House this week.

I hardly know where to start in denouncing this misguided bill, but several themes are apparent.

It makes vast, untested changes in the way our country does business.

It abandons federal commitments to the most vulnerable among us—children, families, the elderly, immigrants, the working poor, the sick—and makes many of them the subjects of State-run experiments in providing health care, education, jobs, and other services.

It needlessly cuts taxes on corporations and wealthy investors while it raises taxes on more than half the population—the half with incomes under \$30,000 a year.

It dumps huge new responsibilities on the States but gives them little time to plan, establish new programs and bureaucracies, or hire and train State employees.

It makes changes in programs across the Federal Government; while some may be useful, many are probably not or they wouldn't have to be rammed through the House in this manner.

It tramples on the procedures the House has established to permit full and open debate on important issues by inserting provisions never considered by a committee or actually rejected by a committee.

Of course, the bill has been a moving target as the Republican leadership cut deal after deal to buy the votes they need to pass this massive nightmare of a bill.

The real targets and beneficiaries of this bill are shockingly clear from a couple of the tax provisions. The bill provides for \$245 billion in tax cuts that go mostly to wealthy investors and corporations. According to the Office of Management and Budget, the top 1 percent of families, those with annual incomes over \$350,000, will see their taxes cut by \$14,050 per year.

The \$500 tax credit per child would go to families with annual incomes up to \$200,000. But the credit is nonrefundable, which means that a family of four would receive a reduced credit or no credit at all until its annual income reached about \$30,000.

At the same time, the Republicans propose to save \$23 Billion from the Earned Income Tax Credit [EITC], which offsets payroll taxes and the failure of the minimum wage to keep pace with inflation, permitting low-income working families to keep more of their earned income, or, if their income is very low, providing a modest income supplement.

The result of these two provisions—the non-refundable per child tax credit and the EITC cuts—is that fully half of America's working families, those with annual incomes below \$30,000, face increases in their taxes.

The EITC cuts will have a particularly serious impact on New Yorkers. New York has a State EITC, which is tied to the Federal credit. Nearly one million low- and moderate-income

working families will see increases in their State taxes as well as their Federal taxes from the cuts in budget reconciliation.

We discussed the Republicans' huge and dangerous cuts to Medicare last week, although without enough time for debate or opportunity for amendments to improve that deeply flawed bill. It came up last week, of course, because the Republicans hoped to fool the American people into thinking there is no connection between the \$270 Billion in Medicare cuts and the \$245 Billion in tax cuts. But here it is again, as title XV of this bill.

Another reason that considering Medicare last week was a mistake is that it is so closely related to Medicaid. Changes in one program affect the other in ways that have not, in my view, been sufficiently studied. Moreover, cuts in both programs, taken together, will have devastating effects on our health care system, patients and providers alike.

Mr. Chairman, on Friday, I met with a group of providers in my South Bronx district to discuss the cuts' impacts on their facilities and hear their views. One participant, representing the Daughters of Jacob Geriatric Center informed us that between 90 percent and 95 percent of the center's residents are supported by the Federal health programs and that 75 percent of its budget goes to labor costs. Clearly, cuts in Medicare and Medicaid will have serious, harmful effects on the health and well-being of the seniors at the center.

Apart from the cuts in Medicaid funding, provisions ending the entitlement of eligible individuals to coverage and converting Medicaid to a shrinking block grant are alarming. Medicaid is a national program precisely because some States were unwilling or unable to meet the health care needs of the poor. To assume that every State will have the will and the resources to meet these needs, especially as Federal contributions decline so sharply, is dangerous wishful thinking.

On Tuesday, my constituent, David Tuzo spoke about the importance of Medicaid at a rally on the Capitol Grounds. David, who is HIV-positive, has four sons, three of whom are foster children he has saved from abuse and abandonment. In closing his remarks, he said, "I guess there are two reasons my health is so good and I feel so optimistic: my life with my kids gives me hope and Medicaid is my lifeline. Without Medicaid, I'd lose my kids and my life." But there is no guarantee that the medical services David receives now with Medicaid coverage will continue to be covered, or even that he and his sons will continue to be eligible.

Welfare reform is another empty, to be added title of this bill, although conferees are now meeting to resolve differences between the versions of H.R. 4 that passed the Senate and House. But I think anything born of H.R. 4 ought to be rejected, not hidden away in this huge bill.

My outrage has not diminished since the House voted to take away the Federal guarantee that some modest assistance will be available for those children and families whose desperate circumstances make them eligible. That is not just bad public policy, it is immoral.

I also continue to be angry at the ongoing immigrant-bashing that began with H.R. 4, which would deny public assistance on the basis of legal immigration status. We know that immigrants don't come here for public assistance; they come to join family members and to provide a better life for their children.

They work, they pay taxes, they participate in community life, and they play by the rules. Why should they be targeted, except to save money?

Mr. Chairman, there is a great deal more to condemn about this bill, but I am nearly out of time. Let me just mention a few more outrages.

The bill repeals the alternative minimum tax on corporations, letting corporations get away with paying no Federal income taxes at all.

The bill permits businesses to raid their pension funds of as much as \$40 billion, threatening the retirement security of millions of current workers.

The bill amends the Community Reinvestment Act to make it easier for banks to avoid investing and lending in communities from which they take deposits and to make it harder for community groups to challenge a bank's CRA compliance.

The bill terminates the RTC and FDIC affordable housing programs and repeals the low-income housing tax credit, reducing the already small stock of affordable housing for low- and moderate-income families at a time of increasing homelessness.

The bill eliminates the direct loan program and the graduation grace period, putting a college education, which is the most effective vehicle for success, beyond the reach of most people.

The bill incorporates the provisions of H.R. 927, the Cuban Liberty and Democratic Solidarity Act, an extreme bill that would enhance policies that have never worked, increase the suffering of the Cuban people, and adversely affect United States businesses, the United States court system, and our relations with our closest allies.

The bill ignores reforms made just 2 years ago to the tax exemption of certain income from investments in U.S. possessions such as Puerto Rico, known as section 936, and, instead, phases it out over 10 years. I believe section 936 should be left alone, but if it must be changed there are better ways.

Mr. Chairman, all thinking Members agree that we must bring the Federal deficit under control, if not actually balance the budget.

There is wider disagreement over the number of years it should take. I personally think 7 years is too short and requires the kind of mindless slashing of spending the Republicans propose rather than thoughtful adjustments, but the Republicans insist on 7 years.

Cutting taxes before the deficit is under control makes the required spending cuts that much greater.

And the specific cuts chosen, aimed mostly at low- and middle-income families, and the refusal to curb corporate welfare, add to the outrages in this bill.

Mr. Chairman, I urge my colleagues to reject this terrible bill.

Mr. NEAL. Mr. Chairman, I join with Representatives RANGEL, JOHNSON, and KENNELLY to express my concerns about the tax changes to section 936 included in budget reconciliation legislation.

The bill recognizes that section 936 cannot remain in effect indefinitely and must be terminated within a reasonable time. However, the termination of section 936 in this legislation would eliminate totally all Federal incentives for new job creation in Puerto Rico. This provision provides protection for the companies

doing business in Puerto Rico, but not for the working people of Puerto Rico.

The Governor of Puerto Rico has suggested an economic incentive program that would replace section 936 with a wage credit provision to help spur job creation in Puerto Rico. The provision included in budget reconciliation was not debated thoroughly and the Governor did not have time to submit an alternative proposal. The Conference Committee on budget reconciliation should adopt the Governor's proposal or some other reasonable replacement program to help with investment and job creation in Puerto Rico.

I urge the House to thoroughly review this issue.

Mr. WICKER. Mr. Chairman, I am pleased to share with my colleagues the following remarks from October 23, 1995 by R. Bruce Josten, Senior Vice President for the Chamber of Commerce of the United States of America.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA.

Washington, DC, October 23, 1995

MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES: In the next few days, you will be voting on H.R. 2491, the "Seven-Year Balanced Budget Reconciliation Act of 1995," this year's omnibus balanced budget reconciliation bill. This historic measure will lead to a balanced federal budget within the next seven years, cut taxes for American families and businesses, streamline welfare systems and provide for stronger economic growth. The U.S. Chamber of Commerce—the world's largest business federation, representing 215,000 businesses, 3,000 state and local Chambers of Commerce, 1,200 trade and professional associations, and 73 American Chambers of Commerce abroad—urges you to vote YES on the reconciliation bill.

H.R. 2491 offers us the chance to switch tracks, from the usual tax-and-spend mentality to an emphasis on less government, lower taxes, and increased economic growth. Eliminating the deficit in seven years will lower interest rates, boost savings and investment, increase productivity growth, and lead to more and better jobs and a higher standard of living. The reconciliation bill also takes a courageous step in addressing runaway entitlement spending while ensuring more effective services to those in need.

The tax cuts contained in the reconciliation bill provide incentives for job creation and return some of the taxpayer's earnings to where they rightfully belong—the taxpayers' pocket. As part of a comprehensive balanced budget package, the tax cuts make the process of eliminating the deficit easier on the economy at the same time they make achievement of the goal more likely. The reconciliation bill before you deserves your support. The business community will be closely following the outcome of this vote, which the U.S. Chamber will count as a key vote in its annual "How They Voted" tabulation. Passage of the reconciliation bill is crucial to re-establishing the historic trust between the government and the governed. The U.S. Chamber membership urges you to vote YES on H.R. 2491.

Sincerely,

R. BRUCE JOSTEN.

BALANCING THE FEDERAL BUDGET—THE NATION'S GREATEST PRIORITY

With all the hoopla over Medicare, Medicaid, welfare reform, and tax cuts it is easy to lose sight of the forest for the trees. Therefore, it is important now to reiterate and re-emphasize where we are headed. The single overarching goal of this legislation is to put the economy on a new track by balancing the budget through spending restraint, reducing taxes, and getting the government out of the everyday lives of its citizens. The message is simple: Balance the Budget Now!!!

Why is it so important to balance the budget? Balancing the budget is the single most important act that congress can take to boost savings in this country. This in turn will lead to lower interest rates, higher investment, greater productivity growth, and a higher standard of living. Achieving this balance will also increase our competitiveness in international markets.

In a June 1995 U.S. Chamber survey, more than 96 percent of those responding would like to have the federal budget balanced in seven years.

There is no doubt that balancing the budget is a clear winner for the economy—but it is more than an economic issue; it is an issue of generational fairness. Deficits not only burden future generations with higher taxes required to service the debt but also deny future generations the basic right to make their own decisions and choose their own destiny.

While it is true that balancing the budget involves some short-run pain, the long-run cost of failure to balance the budget is the virtual impoverishment of America's future. Unless we make some tough decisions to reduce spending and eliminate the deficit, we will soon find ourselves in a position of bankruptcy, and totally ill-equipped to provide for the retirement needs of the baby-boom generation. Without immediate program changes, by 2012 entitlement spending and interest payments on the debt will consume all tax revenue. If unreformed, Medicare will be insolvent in seven years.

The balanced budget reconciliation package also includes a tax cut for America's households and businesses. By improving the incentives for individuals to work and businesses to create new jobs, the proposed tax cuts will spur economic growth. These beneficial effects not only will mitigate the short-run fiscal drag from the spending restraint but also will generate tax receipts to help offset the revenue loss from the tax cuts themselves.

Eliminating the deficit and balancing the budget is sound public policy. It will benefit individuals of all ages and socio-economics groups. It will encourage savings and investments and foster job growth, and ultimately will place America in a sound financial position to deal with the complexities of its aging population. Failure to do so is simply irresponsible.

BALANCED BUDGET RECONCILIATION BILL—MYTHS VS. FACTS

Myth: Balancing the budget is going to harm the economy.

Fact: The congressional Budget Office has estimated that balancing the budget within five to ten years provides enough time for the economy to adjust without providing undue stress to economic growth. By producing a plan that splits the difference—balancing the budget in seven years—the Republicans place the economy on as gentle a transition path as possible that still preserves the plan's credibility. That's important because a vote of no confidence in the financial markets would send interest rates up, which could unravel the entire plan by slowing the economy and forcing the government to spend more on its debt service.

Myth: The Republicans are slashing programs for the poor and the elderly.

Fact: Actually, total government spending over the next seven years under the Republican plan would continue to grow, averaging 3.0% per year. Social Security spending is slated to rise about 5% per year, and Medicare growth will average 6.4%.

Myth: It's irresponsible to cut taxes at the same time we're trying to balance the federal budget.

Fact: The tax-cut package will help achieve a balanced budget by improving the

incentives for Americans to work, save and invest. These activities will generate private-sector growth that will offset the economic drag caused by reduced government spending.

Myth: The Republicans are slashing Medicare.

Fact: The Republican plan for Medicare calls for program expenditures to rise an average of 6.4% per year for the next seven years—more than twice the rate of inflation. Medicare spending over the past five years has grown at the unsustainable average annual rate of 10.4% over the past five years. Critics of the Republican plan usually fail to note that expenditures per beneficiary are projected to climb from \$4,800 today to \$6,700 by 2002 under the Republican proposal.

Myth: The Republican tax cuts are for the wealthy.

Fact: Most of the tax relief goes to the American family as the child tax credit. Under the Senate Finance Committee tax cut bill, 62 percent of tax reduction is accounted for by the child tax credit, which has income limits (the full amount is available to single filers earning \$75,000 or less and to married joint filers earning \$110,000 or less). Only about one-sixth of the tax package's \$245 billion in tax relief goes for reductions in capital gains tax.

Myth: The cuts in Medicare spending are funding the tax cut.

Fact: These are two separate issues. Tax cuts or not, balanced budget or not—the Medicare trust fund will be bankrupt by 2002, according to the best estimates of the Medicare Trustees (four of the six trustees are Clinton appointees). Action on Medicare is required now. The problem can only truly be solved by addressing the explosive growth of Medicare, which has averaged 10.5 percent per year over the past five years. Moreover, because any changes to Medicare Part A will accrue directly to the Medicare Hospital Insurance Trust Fund, the savings cannot be used to provide for tax cuts.

Myth: President Clinton's plan to balance the budget in ten years offers a preferred path to fiscal balance.

Fact: Actually, the president's path doesn't lead anywhere. According to the CBO, the federal deficits under the Administration's June 1995 proposal remain lodged around the \$200 billion level for the next decade. The Administrations rosier underlying economic assumptions play a big role in getting the deficit to zero, but when the CBO figures are used instead, the deficit shows little improvement. CBO's scoring of the Republican plan, on the other hand, shows balance. Which numbers should be used? The president answered this question himself, when in February 1993 he argued that lawmakers should stick to one set of economic assumptions—CBO's—so that "the American people will think we're shooting straight with them."

MEDICARE REFORM—THE RIGHT SOLUTION

Medicare reform is at the crux of the balanced budget battle. Medicare—the national health insurance program for seniors—will run out of money in seven years, according to The Board of Trustees. Spending on Medicare and other entitlements threatens to crowd out all other budget priorities and increase the budget deficit.

Previous approaches to Medicare reform have failed to slow Medicare's growth. Worse, these approaches have increased the burden on businesses and their employees through higher payroll taxes and higher insurance premiums.

Since 1970, Congress has raised payroll taxes over 20 times and the Medicare Trustees 1995 Report pointed out that payroll

taxes would have to be raised by another 1.3 to 3.5 percentage points to bring the system into balance. When you consider that many small- and medium-sized businesses already pay more in payroll taxes than income taxes and that payroll taxes must be paid regardless of economic conditions, it becomes clear why Medicare requires solutions other than tax increases.

The House and Senate Majority has proposed market-oriented alternatives to traditional Medicare reform, an approach that modernizes the 30-year-old Medicare program by increasing competition while restraining the growth in spending. Key elements include:

New choices for Medicare beneficiaries. Beneficiaries will have the right to choose traditional Medicare, as well as the right to choose from a range of private health plan options including managed care and medical savings accounts. These options will provide beneficiaries access to expanded benefits—such as prescription drugs, preventative care, vision and hearing care.

Restraint on Medicare spending. Increases in Medicare spending are inevitable, given the growing Medicare population and the advance of medical technology. However, controlling the rate at which Medicare spending increases is as important to our nation's future financial health as Medicare itself is to seniors' health care. Introducing competition to Medicare through beneficiary choice of health plans will help control costs and allocate resources more fairly and efficiently than Washington bureaucrats.

Accountability. The Republican plan allows seniors to take responsibility for making their own health care decisions. Instead of relying on a bureaucratic, one-size-fits-all approach, seniors will decide which health plans are best for them. Doctors and hospitals are also held accountable. The bill rewards beneficiaries who report incidences of waste, fraud and abuse, and strengthens penalties for anyone who defrauds Medicare.

By passing this legislation Congress will have taken timely, critical action that will avert the program's bankruptcy and preserve and protect it for current recipients and future generations.

#### MEDICARE REFORM—MYTHS VS. FACTS

**Myth:** The House and Senate Republican Medicare reform plans will cut \$270 billion from Medicare in order to finance a tax cut for the wealthy.

**Fact:** The Medicare Trustees' 1995 Annual Report urged Congress to take "prompt and decisive action" to address the solvency of the Medicare Part A (hospital insurance) Trust Fund and the continued growth of Medicare Part B (supplemental medical insurance).

The House and Senate Majority has proposed market-oriented alternatives to traditional Medicare reform, an approach that modernizes the 30-year-old Medicare program by increasing competition while restraining the growth in spending. Under the Republican plan, spending per beneficiary will still increase 40% by 2002 (\$4,800 to \$6,700).

Tax cuts provided for in the budget resolution were considered and passed independent of Medicare. Whether or not taxes are cut, Medicare will still go broke in 2002.

**Myth:** It's not fair for Congress to take away benefits from seniors who have faithfully paid into the system.

**Fact:** The average Medicare beneficiaries receive far more than they put in. The average two-earner couple receives \$117,200 more in benefits than it contributes to the program. The average single-earner couple receives \$126,700 more.

By encouraging competition among private health plans based on quality and inno-

vation, the Republican plan may lead to increased benefits.

**Myth:** The business community is a late-comer to the Medicare debate.

**Fact:** Medicare's influence is felt throughout the business community—from payroll taxes paid to finance the system to insurance premiums inflated by consistent shortfalls in Medicare reimbursements to providers who in turn shift the cost to private health plans.

**Myth:** Medicare is in trouble because doctors and hospitals charge too much. The Republican plan fails to address this problem.

**Fact:** Solving the Medicare crisis will require the participation of all—doctors, hospitals, seniors and other taxpayers—particularly the business community. Just as no one factor led to the Medicare crisis, a single-minded focus on providers won't get us out. Further, cost controls have failed miserably whenever they have been tried—particularly in the context of health care.

#### WELFARE REFORM—A CALL FOR ACTION

Efforts to reform the nation's welfare system continue to gain momentum and could be included in the budget bill. Other legislation supported by the U.S. Chamber of Commerce has been passed by both the House and Senate. A final compromise will be sent to President Clinton for his signature once differences between the bills are resolved by a House-Senate conference committee.

Overhaul of the welfare program is critical to control spending costs and provide effective, streamlined services to those who truly warrant such assistance. To achieve this end, the bills eliminate the federal guarantee of benefits for all eligible Americans by turning responsibility for welfare programs to the states in the form of block grants. A substantial reduction in federal spending is anticipated—from \$65 to \$100 billion over seven years. There is much commonality between the House and Senate proposals.

Both bills replace federal welfare programs with lump-sum payments to the states for cash assistance to the poor (AFDC) and child care. (The House bill also includes family nutrition, Supplemental Security Income, and school lunches.) Block grants to the states are capped; no state match is required.

The legislation places a limit of five years on the duration of time that individuals may receive welfare benefits. States have the option of lowering the limit to two years.

States must move half of all welfare recipients into work by either 2003 (House bill) or 2000 (Senate bill). Both bills repeal the JOBS program.

But key differences with respect to illegitimacy, "family caps," and aid to immigrants remain. The House bill prohibits states from providing benefits to women who have additional children while on welfare, teenagers who have babies out of wedlock, and most non-U.S. citizens. The Senate bill does not contain these prohibitions.

Business has a strong stake in the welfare reform issue. If people are to exit the welfare rolls, they must be prepared and able to find and keep a job. In response, many welfare reformers look to the private sector as the primary source of job creation.

Chamber members understand the need to be centrally involved in the welfare reform debate. In a survey to construct the 1995-1996 National Business Agenda, welfare reform was ranked as the second highest priority (behind unfunded mandates). The June, 1995 "Where I Stand" *Nation's Business* questionnaire on welfare generated 6,319 responses, the fourth-highest return ever.

In November, 1994, the Chamber became the first business organization to adopt policy on welfare reform. The Chamber supports immediate and intensive job placement services for welfare recipients; a time limit on

welfare benefits; work requirements; and incentives for businesses to hire welfare recipients. Above all, it is imperative that former welfare recipients possess the knowledge and skills to succeed in the modern workplace.

#### WELFARE REFORM—MYTHS VS. FACTS

**Myth:** Business will not hire welfare recipients.

**Fact:** Private companies will hire welfare recipients, but practical incentives need to be offered. Examples include flexible wage scales, relief from certain labor law requirements, and/or tax incentives. Equally important is ensuring that recipients possess the skills and attitudes to succeed in today's workplace.

**Myth:** The legislation recklessly endangers the well-being of the poorest children and families.

**Fact:** America's welfare system eats up billions of dollars of taxpayers' money annually. Without incentives like time limits and work requirements, many persons will continue to make an easy living off welfare. Reliance on public assistance must to an end.

**Myth:** Moving to a block grant system will cripple state budgets and lead to a "mish-mash" of state welfare programs. The federal government needs to maintain authority.

**Fact:** Block grants deserve strong consideration; they will help maximize state and local flexibility and allow states to design welfare programs that best reflect their public assistance needs. Moreover, block grants will put an end to unfunded mandates and burdensome regulations associated with federal welfare programs.

**Myth:** Increasing the minimum wage is the only way to ensure that welfare mothers can live on entry-level earnings. Otherwise, the work requirement will never be effective.

**Fact:** Quite the contrary. An increase in the minimum wage would cost many Americans their jobs and deter employers from hiring welfare recipients. The key to increased job opportunities is an abolishment of the minimum wage and allowing the marketplace to work.

A Congressional Budget Office study has shown that 70 percent of workers who entered the workforce at \$5 an hour or less were still employed after one year. Forty-five had received wage increases of 20 percent or more.

Mr. RAMSTAD. Mr. Chairman, I want to express my deep concern about the 4.3 cent per gallon aviation fuel tax which was imposed in the massive 1993 tax increase signed into law by President Clinton.

While I would have preferred a full repeal of this damaging tax, I am pleased the reconciliation bill before the House today includes a provision to extend the current exemption from this tax for 2 years.

But I am deeply concerned the other body has only chosen to extend the exemption for 17 months, and I strongly urge my colleagues on the reconciliation conference committee to support the full 2-year exemption.

Without the certainty of a long exemption, it is impossible for the airline industry to make the long-term decisions needed to keep this critical sector of our economy healthy.

The airline industry is already under an enormous tax burden. Federal taxes imposed on the airlines include a 10 percent excise tax on airline tickets, a 6.25 percent excise tax on cargo shipments, a \$6 per passenger international departure tax, special taxes to support customs, immigration, and agricultural inspection services, and a \$3 passenger facilitation charge at many major airports. These



taxes impose costs of \$6.7 billion a year on an industry with total revenues of \$64 billion a year.

Mr. Chairman, I urge continued commitment to the 2-year exemption during conference committee consideration of this provision.

Mr. BARCIA. Mr. Chairman, I came here following the 1992 election to do on the Federal level what I have done for my entire time in public service: serve the good people who elected me, make tough choices to secure a sound future, and make tough choices to guarantee a fair treatment for the people I represent. I came here to bring the discipline of a balanced budget, just like the one I followed as a member of the Michigan State Legislature, to Washington.

Since coming here, I have supported the balance budget amendment, and the line-item veto. I have voted for many spending cuts—over \$900 billion in my first term.

Today, I find myself facing three choices. First, I can vote for the Republican budget plan which according to a recent New York Times poll only 12 percent of people believe will balance the budget, and which guts Medicare and other programs important to a significant number of people that I represent.

Secondly, I can support the Conservative Coalition proposal which responsibly lessens the impact on Medicare recipients by \$100 billion, and which delays tax cuts until the budget is balanced, in line with what 60 percent of Americans believe should be the case.

Thirdly, I can find fault with both proposals, vote for neither, and accept responsibility for perpetuating budget deficits.

Clearly, this last alternative is unacceptable. The first option, slashing spending haphazardly like scissor-fingered Freddie in another "Nightmare on Elm Street" movie, is breaking faith with the many people in my district who believe that while spending should be cut, we should not take assistance away from those least able to absorb those losses. We should not expect seniors who have paid taxes all their lives to pay even more by losing benefits they cannot afford to lose.

As a result, I will vote for the Conservative Coalition proposal. It balances the budget in 7 years. It concentrates in eliminating waste, fraud, and abuse. It doesn't punish seniors like the Republican alternative does. It brings the debate from whether or not we should balance the budget to how do we balance the budget.

I came here to balance the budget. My vote today does just that.

Mr. JOHNSON of South Dakota. Mr. Chairman, we can balance the Federal budget without attacking education, the elderly, veterans and rural America—and for that reason, I must rise to express my strong opposition to H.R. 2491, the Omnibus Budget Reconciliation bill. I must also express my opposition to the parliamentary rules under which this legislation is being considered. Under the rule passed by this House, no amendments to the reconciliation bill will be allowed other than for one alternative which is a better but still flawed bill. In this way, the House is being asked to vote on drastic and unnecessary reductions in Medicare and Medicaid, farm programs, education, VA and other vital concerns without any ability to cast a vote up or down on any of these issues.

It is time to get our priorities straight. I've been a strong supporter of a balanced budget amendment and line-item veto as well as for

budget spending caps. But this bill raises income taxes on families making less than \$30,000 per year, slashes our investment in education, cuts agricultural programs three deeper than is needed to balance the budget, and cuts Medicare three times deeper than is needed to stabilize the Medicare Trust Fund. If that weren't bad enough, this bill spends billions on defense weapon pork the Pentagon doesn't even want, and gives tax breaks that primarily benefit the wealthiest 1 percent of families.

A recent analysis from our Joint Committee on Taxation finds that under H.R. 2491, families making less than \$10,000 per year will pay a cumulative \$879 million more in taxes, while families making more than \$200,000 per year will get a \$2.8 billion tax cut. This amounts to a \$43 billion tax increase for families making less than \$30,000—51 percent of all taxpayers.

It is my hope that this bill is either defeated or vetoed by the President so that we can commence a meaningful bipartisan effort to balance the budget with sane priorities and values. I will continue to support tough choices on the budget, but I will absolutely not be a part of this reverse-Robin Hood budget effort. South Dakotans and the American public deserve better.

Mr. COSTELLO. Mr. Chairman, the process of this reconciliation bill is such that I have not witnessed during my tenure on the Budget Committee. First, over half of the committees did not meet their reconciliation instructions, as directed under the budget resolution, to submit them to the Budget Committee. This has been the most convoluted process since my tenure began on the Budget Committee. At the very least, the mark-up of the budget reconciliation bill should have been postponed until all spending measures were completed and received by the Budget Committee.

While I was disappointed with the process of reporting the budget reconciliation legislation, I also disagree with many parts of this enormous package. This month, the Census Bureau released data for 1994 showing the income-gap between the wealthy and all other Americans is large and still growing. I am disappointed but not surprised that the Republican leadership's agenda is to reinforce this growing disparity in economic equality. The \$245 billion tax cut mostly coming from the \$270 cut out of Medicare will benefit primarily wealthy Americans. More than 50 percent of the benefit of the tax cut will go to the less than 3 percent of households with incomes over \$200,000. We must get our fiscal house in order before we dismantle critical programs to pay for a tax cut. I fully support a tax cut for American taxpayers; however, such relief should come after we reach a balanced budget. A tax cut that is financed on the backs of the elderly, poor and disabled in our society will not benefit our Nation. It is not good economic practice and it is clearly harmful public policy.

Finally, in addition to my opposition to Medicare and Medicaid cuts, I find it outrageous that this legislation would:

Repeal national nursing home standards which exist through Medicare, which provide patients a basic minimum of safety, care and training in nursing homes;

Repeal the spousal impoverishment provisions of Medicaid, which ensure that spouses of long-term care patients do not become im-

poverished when the spouse is institutionalized; and

Repeal of a program instituted in 1992 to keep the coal health benefits program solvent. Over 100,000 retired coal miners rely on this fund, which could be jeopardized with repeal of this program.

For these and other reasons, I urge my colleagues to vote no on the Republican reconciliation plan.

Mr. RICHARDSON. Mr. Chairman, this budget reconciliation bill will undermine our commitments to educate our children, provide incentives for hardworking Americans, preserve our environment and most importantly ensure health care for poor children and the elderly.

This bill makes drastic cuts in Medicaid funding.

My State will lose about 30 percent of its Medicaid funding. New Mexico will have \$1 billion less to spend on Medicaid over the next 7 years.

Let me remind you that the program we are cutting by \$170 billion in this bill provides health care to children and pregnant women, the disabled and elderly in nursing homes.

Let us be clear that voting for this bill means millions of Americans will have no health care—while millionaires will get a tax break.

I have supported and will continue to support balanced, reasonable, reforms in Medicaid—but I cannot support irresponsible cuts to finance a tax cut. I do not support decimating the program that provides a safety net for poor children, pregnant women, the disabled and nursing home patients.

This bill also sacrifices the quality of health care for 40 million elderly who depend on Medicare.

The hospital association in my State has identified 11 hospitals that they believe will close because of the drastic Medicare cuts in this bill.

Nothing, especially a tax cut for the wealthy, is worth sacrificing the health of our children and over 40 million elderly in this country.

Mr. BARRETT of Nebraska. Mr. Chairman, I rise in support of the Republican Balanced Budget Reconciliation bill. I regret that meetings in my office prevented me from being on the floor earlier when Members on the other side of the aisle rose to denounce the agriculture title of this bill.

By passing this Reconciliation bill today, we are dramatically changing the 1930's depression-era-based Federal farm programs.

I believe that farm policy should be based on less government and free market principles; regulatory relief and simplification; aggressive, consistent export strategies; and fiscal responsibility.

The Freedom to Farm bill is the first step in accomplishing these goals.

This legislation provides for more planting flexibility, promotes full production, and allows farmers to manage their own businesses based on economic factors without government intervention.

Earlier this year, almost every political journalist questioned whether the New Republican majority would take a walk when it came to farm programs.

Well, as a part of this new majority, I'm proud that the Freedom to Farm bill meets the budget agreement target. Agriculture will do its fair share to help balance the budget by 2002 and the programs are indeed reformed.

By passing the Freedom to Farm provisions, the Republicans are saying good bye to the past—when Federal farm policies micro-managed farmers; and hello to the future—a future of world markets, and freeing farmers to seize the opportunities to capture these new markets.

I urge the body to support the Reconciliation bill.

Mr. UNDERWOOD. Mr. Chairman, I rise in opposition to H.R. 2491, the Omnibus Budget Reconciliation Act. I have been on record on previous occasions opposing the changes to Federal programs that have an unfair impact on the elderly, students, and the working poor. I share the commitment to fiscal responsibility that other Members have, but I remain unconvinced that this bill is fair burden-sharing.

I also call attention to the provision which would eliminate covenant funding for the Commonwealth of the Northern Mariana Islands [CNMI]. This funding was amended in December 1992 by an agreement negotiated by the Bush administration and the CNMI. To eliminate the funding now, without renegotiating the agreement, is a serious breach of faith with the covenant. The word of the U.S. Government should mean something, and commitments made by a President, whether Republican or Democrat, should be honored by Congress.

During the reconciliation resolution markup in the Committee on Resources, I noted that Congress has other insular issues that demand attention and that require funding. This includes the Rongelap resettlement funding, compact-impact reimbursement for Guam and the Northern Marianas, and the capital infrastructure needs of American Samoa, the Virgin Islands, and other insular territories.

The conference report on the fiscal year 1996 Interior Appropriations (H.R. 1977) offers a compromise solution to these issues. It is a compromise solution that the insular territories can accept, and one that I support. However, this compromise is contingent on continued CNMI covenant funding, and proposes that funds be made available for these other needs while still honoring CNMI covenant commitments. The budget reconciliation provision for the CNMI funding would therefore not only harm the CNMI, but in making the compromise solution unworkable, also harms all the insular territories.

Mr. COLEMAN. Mr. Chairman, I rise in strong opposition to this Republican reconciliation bill. After months of waiting for the majority to reveal its plans to balance the budget and finance a \$245 billion tax cut, we finally have them in all its gruesome detail.

This bill does so much. The great majority of it bad. Even with the American people acknowledging that Republican legislative efforts disproportionately benefit upper income families and hurt those with lower incomes, the majority plunges on with cut after cut. There is no abating its destruction of anything that working Americans, the elderly, the children, and the poor hold so dear.

Let us begin with tax cuts. In the face of overwhelming evidence, Republicans refuse to back down from the huge tax cuts they are giving to corporations and wealthy individuals. This includes provisions which reduce taxes on capital gains, repeal the alternative minimum tax on corporations, increase business deductions, and give tax credits to upper income families. The majority of these tax cuts

go to the heart of upper income America, as the U.S. Treasury Department has found.

Last week, the majority slashed \$270 billion from Medicare which was incorporated into this reconciliation bill. As everyone knows, this cut was unnecessary for the Medicare Program to remain solvent. Its plan makes Medicare solvent only until 2006—exactly the same year as Democratic plans that only cost one-third as much. Why the extra cuts? To pay for a \$245 billion tax break for the wealthy.

On the floor of the House, I hear Republican Members state that they were actually spending more per Medicare beneficiary. I heard them say that they were giving seniors more choices. But they never acknowledged the fact that seniors' premiums would increase by about \$400. They grudgingly acknowledged that they would be herding our senior citizens into Health Maintenance Organizations [HMO's], thereby limiting choice of doctors.

The bill also guts the Earned Income Tax Credit [EITC]. Republicans have targeted the EITC for \$23 billion in cuts. Savings also come from proposals to include Social Security and other retirement income as income for purposes of the EITC phaseout and increasing the EITC phaseout rate.

In the past, the EITC has been supported by both Democrats and Republicans as a program which promotes work over welfare and helps move or keep low-income working families out of poverty. President Reagan in 1986 called the EITC "the best antipoverty, the best pro-family, the best job creation measure to come out of Congress." As recently as this February, the EITC was praised by House majority leader Dick Armey for "rewarding work . . . without destroying jobs." Yet still they decimate this program.

These cuts hit my district particularly hard. The 48,647 families currently claiming the EITC in my district will face a tax increase of \$7.4 million in 1996. Many of these families will no longer be able to qualify for the credit.

This bill also decimates the Medicaid Program. This bill cuts \$182 billion from the Federal-State program that provides health insurance for the poor and disabled. H.R. 2491 replaces this important program with a capped block grant. States would receive a fixed amount of money with very few Federal requirements attached.

Texas would be profoundly impacted. My State could lose between \$10 billion and \$14 billion in Federal Medicaid funds between 1996 and 2002. Such losses will inevitably be passed along to local hospitals, nursing homes, doctors, and, ultimately, local Texas taxpayers.

In welfare reform, the cuts exacerbate the inequities that already exist. Currently, Texas has more than 7 percent of the U.S. population, yet receives less than 3 percent of the total U.S. expenditures on Aid to Families with Dependent Children. Michigan, with roughly half the population of Texas, gets twice as much Federal money for AFDC recipients as does Texas.

This situation would be made even worse under the current block grant proposals contained in this bill—the previously approved welfare reform legislation—H.R. 4. A preliminary analysis shows, for example, that block grant proposals for AFDC would hit Texas harder than any other State costing us \$4.3 billion over 5 years. Michigan, at an average AFDC payment of \$457 per month, and Wis-

consin, at \$517 per month, each pay their recipients two-and-a-half times as much as Texas, where the average monthly check is \$188.

Yet, those and other high benefit States will receive more money under this bill, not less money—even though they have declining populations and higher per capital incomes.

While cutting welfare for the most needy, this legislation continues welfare for the rich. Under this legislation, companies would be allowed to withdraw excess funds from their pension plans without penalty. Currently, companies are required to fund pension plans at a minimum level but many experts consider this minimum inadequate. The penalty for withdrawal of excess funds protects workers pensions.

By letting companies put pension funding at risk, this bill undermines the security of workers pensions. Ultimately, this puts taxpayers at risk, as it is the taxpayer who gets stuck if pensions are not funded. In addition, this provision gives new opportunities to corporate raiders and takeover artists. Historically, corporate raiders have seen well-funded pension plans as a source of cash with which to finance the cost of a takeover. Congress imposed penalty taxes on these withdrawals not only to protect funds that belong to workers, but also to cut down on corporate takeovers and leveraged buyouts.

In the arena of education, the Republican reconciliation calls for student loan cuts of \$10.1 billion over the next 7 years. This will mean fewer loans and fewer banks participating in the program. The student aid cuts follow already devastating cuts to this program. Student loans were cut by \$477 million in 1986, \$295 million in 1989, \$2 billion in 1990, and \$4.3 billion in 1993. This program has been cut by more than \$7 billion in the past 10 years. And the Republicans want to cut it more.

The bill also terminates the very successful Direct Lending Program. This is the second student-aid program that House Republicans have voted to eliminate in the last 2 months. In addition, this bill also does away with the interest subsidy to college students during the first 6 months after a student leaves school. Eliminating this subsidy will increase students' costs by \$3.5 billion, a pretty hefty tax on student borrowing. The provision ignores one of the principal reasons this 6-month grace period was put in the law in the first place: to help reduce potential defaults.

Proving that this bill is the anathema to the working class, the bill eliminates the Davis-Bacon Act and the Service Contract Act. Both these two pieces of law have served to protect workers in the service sector and the construction industries. In my congressional district of El Paso, the Davis-Bacon Act ensures that unscrupulous developers do not undercut wages paid to construction workers. Laws like Davis-Bacon and the Service Contract Act provide a stable foundation for workers in their respective industries. The savings from the repeal of these two laws come directly from the pockets of hard-working Americans.

I will tell you, Mr. Chairman, this bill leaves nothing untouched. Everyone knows about the provision to allow drilling in the Alaska National Wildlife Refuge which should be cause for concern. But do you know that this legislation also includes a hidden-away provision to

remove the authorization for the Border Environmental Cooperation Commission? This organization, which was created by the NAFTA to work alongside the North American Development Bank to address environmental problems on both sides of the United States/Mexico border, is being tampered with in this bill. Funding for this agency would have to come from authorizations for other trade functions. Representing a portion of the United States/Mexico border, this affects my area of the country, Mr. Chairman. It makes me wonder if the majority carefully looks at what it is doing.

There are some good parts to this bill, Mr. Chairman. But the good far outweighs the bad. I have previously supported provisions like the \$500-per-child tax credit, the elimination of the marriage tax, the raising of the Social Security earnings limit to \$30,000, and the repealing of the 1993 tax increase on Social Security benefits.

Yet even with these good elements, the Republicans insist on giving some provisions a bitter edge. For example, people with incomes of up to \$200,000 can claim the child tax credit. I submit to you, Mr. Chairman, that these are the last individuals that should be receiving this tax credit. Better that the child tax credit go to working families with two earners struggling to make ends meet. It is my hope that the Senate will reduce this high threshold.

Mr. Chairman, the President has already stated that he will veto this bill and I support him in that endeavor. I believe it is unconscionable to cut health care for the poor, slash student loans, and increase taxes on low income working families, in order to pay for these new tax breaks for the most privileged segments of society. It is my hope that the majority will come back with a budget balancing bill that is fairer and more equitable for the American people. This bill is not, and I cannot support it.

Mr. GEJDENSON. Mr. Chairman, I rise in strong opposition to this far-reaching and destructive measure. This bill is perhaps the greatest transfer of wealth from the poor to the rich this country has ever experienced. This measure is a grab bag of giveaways to narrow special interests at the expense of the vast majority of our citizens, including seniors, middle class and low-income families, students, and the disabled. Among other things, this bill slashes Medicare by \$270 billion, it abolishes Medicaid, Aid to Families with Dependent Children [AFDC], and the Department of Commerce, and contains numerous provisions attacking our most important and unspoiled natural resources. Each and every one of these provisions have been included in order to provide \$245 billion in tax cuts to the wealthiest Americans and corporations. I urge my colleagues to carefully consider the ramifications of this measure. Indiscriminate cuts of nearly \$1 trillion from the Federal budget will have tangible and profound adverse impacts on citizens and our economy in the near future and well beyond the arbitrary deadline of 2002. We can achieve substantial deficit reduction and move toward a balance budget without jeopardizing economic growth, income security and quality of life for tens of millions of Americans. If members consider these ramifications, they will join me in voting no.

While I have concerns about each and every title of this massive package, I will concentrate on several areas which are especially egregious to the people of eastern Connecti-

cut and the Nation. The health care cuts contained in H.R. 2517 are extreme. With only one hearing, the Republicans have proposed a bill which cuts \$270 billion from Medicare and \$182 from the Medicaid Program. The reductions to these programs, which predominantly serve seniors and low-income families with children, represent 50 percent of the total cuts in this bill. This is unfair.

It is ironic that the elimination of Medicaid has been included in the same piece of legislation as the "crown jewel" of the Republicans' Contract With America—a \$20,000 tax break for the wealthiest Americans—because the Medicaid provisions break a contract between the government and the American people. This bill removes the Federal Government's guarantee of basic health care and long-term care services for uninsured, elderly, and disabled Americans.

The measure eliminates the current Medicaid Program and replaces it with State-controlled block grants called MediGrants. The bill also relaxes regulations on nursing homes, which currently ensure that patients receive appropriate care. Many of us remember the not-to-distant past when nursing home patients were unnecessarily restrained or heavily sedated against their will. This bill returns us to those dark ages of health care.

Perhaps the most appalling provisions of the bill, as approved by the House Commerce Committee, were two sections that repealed protections in current law regarding the families of nursing home patients. If Newt Gingrich had had his way, he would have permitted the Government to take away the homes of adult children in order to force them to pay for their parents' nursing home care. Mr. Gingrich would also have preferred to require the spouse of a nursing home resident to spend down his or her assets, including the individual's home, before the ill partner could be eligible for Medicaid coverage. Only after the Democrats in Congress exposed these cruel provisions and the public rebelled did the Republicans agree to remove them.

Further, this bill is bad for my State of Connecticut. Under the Republican's plan, Connecticut will lose between \$1.6 and \$3 billion in funding for Medicaid. Proponents of the legislation may claim that the increased administrative flexibility given to the States under this plan will generate enough savings to ensure that eligibility cuts will not be necessary. That is simply not true. On the contrary, in an independent analysis of the Republican's plan, the Urban Institute concluded that aggressive cost containment strategies employed by the States would not alone produce the savings needed to meet the \$182 billion target.

In addition, H.R. 2517 contains provisions of the so-called Medicare Preservation Act which was considered by the House last week. I voted against this shortsighted legislation. While no one would argue that the Medicare program needs reforming to ensure the trust funds remain viable into the next century, there is significant disagreement surrounding the magnitude of cuts necessary to accomplish this goal.

Under the majority's plan, Medicare costs will go up. By the year 2002, the monthly premium will increase from the current \$46.10 to \$87. In addition, choice of doctors will be limited as a result of the financial incentives hidden in the bill which entice physicians to stop serving traditional Medicare patients.

Further, many provisions of current law designed to protect Medicare beneficiaries will be relaxed. If the Republican bill is enacted, under certain conditions, Medigap policies will be unregulated, insurance companies will be allowed to choose who they want to cover, and doctors will not be limited in the amount they can charge patients over the total amount that Medicare will pay for a procedure.

Title I, the so-called Freedom to Farm Act, fundamentally alters dairy policy in a manner which will be devastating to producers in my State and across the Northeast. While my mother, father, and brother continue to make their living on the family dairy farm, I raise these concerns on behalf of hundreds of dairy farmers across the second district. Under current law, 34 milk marketing orders, covering 99 percent of grade A milk produced in this country, help to guarantee farmers receive a minimum price for their product. The order system ensures efficient market operation and is administered at no cost to the Federal Government. No one in this body would argue the order system is perfect or without its detractors, but it has been reasonably successful in stabilizing markets for farmers and consumers.

Under this bill, marketing orders will be abolished on July 1, 1996. This will send the dairy industry into chaos, possibly disrupt supplies and drive down producer income. As most of my colleagues know, dairy farmers are not wealthy and struggle each and every year to make ends meet. Orders ensure that all farmers, regardless of whether their farm happens to be 10 or 100 miles from Boston, receive the same basic price for their product. Orders guarantee farmers with high production costs can compete with those who have easy access to feed and grain and are not faced with high tax burdens shouldered by most of my constituents. Certain producers in the upper Midwest argue the order system provides farmers in the Northeast and Southeast with unfairly high prices for their product. While the blend price in New England is higher than in the upper Midwest, the mailbox price, the price farmers actually receive when all expenses are deducted, was lower in New England in the first 3 months of this year than in virtually any other region of the Nation. While farmers in my area received a mailbox price of \$11.89 per hundred weight, producers in the upper Midwest received \$12.26.

Mr. Chairman, States will not be able to step in and replace Federal orders. As most economists will agree, markets do not respect political boundaries. Moreover, milksheds, which supply markets, often cover multiple States and are usually not served by single co-op. Moreover, orders are even more important in light of the fact that this bill eliminates price supports for milk at the end of this year. Interestingly, the bill maintains high price supports for peanuts and sugar. Economists familiar with the dairy industry have documented the interaction between price supports and Federal orders. Neither is sufficient to guarantee producers a fair return for their product, but together they help to ensure equitable prices are distributed to all producers.

Milk marketing orders represent a voluntary system, supported by producers and handlers, and financed by the industry which benefit farmers and consumers alike. By eliminating orders, this bill guarantees that farmers in my State will see their income reduced by nearly \$7 million in 1996. This cut will be devastating

to the rural economy as it will reverberate from producers to haulers, suppliers, and processors.

Title 9, written by Republicans on the Resources Committee, is among the most egregious. As ranking member GEORGE MILLER described during markup on September 19, this title represents an early Christmas present for miners, loggers, ranchers, multinational oil and gas interests, subsidized irrigators, and major concession operators. The American people won't find any presents under the tree, but plenty of coal in their stockings. This package affects virtually every aspect of our natural resource policy and benefits narrow special interest at the expense of the American people who own these resources and hope to enjoy their recreational, aesthetic, and economic benefits.

In spite of the fact that we import about 50 percent of our oil, title 9 contains the text of legislation passed earlier this year lifting the ban on exporting oil from Alaska. It makes absolutely no sense to me to lift the ban when we are unable to meet more than one-half of our energy needs. I wouldn't be surprised to see reports in a year or two about how Americans are buying oil from Japan which ultimately came from Prudhoe Bay.

In devastating attack on one of our Nation's most pristine and productive wildlife areas, the bill opens the coastal plain of the Arctic National Wildlife Refuge [ANWR] to oil and gas exploration. As many Members know, the coastal plain has been protected in one form or another since 1960 and serves as the primary calving ground for 160,000 caribou and provides vital habitat for polar bears, musk oxen, and snow geese. This measure forces the Secretary of Interior to begin leasing tracts in ANWR within 12 months of enactment. While the coastal plain encompasses 1.5 million acres, the Secretary is barred from setting aside more than 30,000 acres—merely 2 percent of the total area—to protect important habitat. Virtually every environmental law is suspended and public comment is sharply curtailed. In fact, the bill deems an outdated environmental impact statement [EIS] prepared by the Reagan administration "to be adequate and legally sufficient for all actions authorized pursuant to this section, including all phases of oil and gas leasing, exploration, development, production, transportation, and related activities." This language is so sweeping that it insulates every action from the first lease sale to transportation of oil to tankers from environmental review and any mitigation measures not mentioned in the EIS. This provision is even more alarming because the Fish and Wildlife Service [FWS] recently updated the EIS and determined oil and gas exploration will have serious negative effects on caribou and other wildlife species, water quality and the arctic environment in general.

While the environmental consequences of this provision are devastating, the financial provisions should also cause Members concern because they are built like a house of cards. The bill assumes oil and gas leasing will generate \$1.3 billion in revenue over 7 years. This figure is based on the Government receiving 50 percent of all lease and royalty income. However, the Alaska Statehood Act guarantees the State 90 percent of all revenue from oil and gas activities. The committee leadership was well aware of the 90 to 10 split when it crafted this provision. The State has

made it clear it will go to court to enforce the split set forth in the Statehood Act. If the State is successful, the American people will receive only \$260 million for opening this national treasure to the oil barons.

This title includes numerous provisions for special interests which threaten environment and fail to generate any appreciable revenue. It bars the Secretary of Interior from implementing reasonable grazing reform designed to protect sensitive environmental areas and ensure the American people receive a fair return on the use of their resources. In its place, it includes language which virtually guarantees Federal grazing fees will not increase and is completely devoid of any environmental standards.

It incorporates sham mining reform which gives taxpayers the "shaft." Overwhelming majorities of this body have voted repeatedly to eliminate patenting. In fact, the conference report on the Interior appropriations bill was recently sent back to committee because it failed to include a moratorium on patenting. While proponents of this bill will tell you patenting has been reformed by requiring miners to pay "fair market value," they fail to inform Members this term is based on the value of the surface estate and specifically excludes consideration of the minerals below. Desert land in the middle of nowhere isn't worth much more than \$5 per acre if one fails to consider the gold, silver, and platinum which lies below the surface. Proponents will tell Members their approach includes a Royalty which will generate revenue for the taxpayers. They fail to mention there are 13 deductions, including the cost of insurance for employees and environmental compliance, which can be taken before the royalty is assessed. The CBO determined this royalty would not generate any revenue for the Federal Government. Once again, the taxpayers take a hit while miners get a great deal.

In one small victory for the American people, Budget Chairman KASICH stripped the text of H.R. 260, which is designed to close national parks, monuments, and recreation areas, from this package. I worked very closely with the gentleman from New Mexico, Mr. RICHARDSON, and the gentlemen from New Jersey, Mr. PALLONE, to remove this ill-conceived measure from the bill. As many of my colleagues know, the House defeated H.R. 260 by a vote 180 to 231 on September 19. However, about 6 hours later, several Republican members on the Resources Committee offered it as an amendment to the reconciliation bill. This was a blatant attack on the will of the majority and could not be allowed to stand. I believe Chairman KASICH's action demonstrates majority rule is still the most important rule of the House.

In perhaps the most blatant example of legislative "trophy hunting," title 17 abolishes the Department of Commerce by September 30, 1996. In an attempt to score cheap political points, the majority is eliminating the only Department which is aggressively working to open foreign markets, create new business opportunities at home, and prepare our economy for the challenges of the 21st century. This action is completely contrary to the national interest because it threatens the competitive position of this country. If this title is enacted into law, the United States will be the only developed country in the world without a cabinet-level agency responsible for trade pro-

motion and development. Once again, extremists in the Republican Party are putting the narrow interest of some freshman Members ahead of the interests of the American people.

This title abolishes the Economic Development Administration, U.S. Travel and Tourism Administration [USTTA], International Trade Administration, and many other smaller, but worthwhile, programs. Many of the proposed terminations and transfers make no sense from a policy process or fiscal perspective. The EDA assists thousands of communities nationwide in developing infrastructure necessary to support economic growth and job creation. While combining the trade promotion functions of Commerce with the trade enforcement functions of the U.S. Trade Representative may appear to make sense, in fact, proponents of this approach are forcing the Trade Representative to carry out functions which are inherently at odds. Eliminating the USTTA is among the most shortsighted provisions of this bill. Tourism is our largest service export and generated a trade surplus of \$21.6 billion in 1994. Travel and tourism is America's second largest employer, providing 14.3 million direct and indirect jobs. In addition, it generated \$417 billion in sales last year. While governments of other nations around the world are aggressively promoting tourism, this provision undermines of competitive position in the global market place.

Moreover, this title guts the National Oceanic and Atmospheric Administration [NOAA] by terminating many nationally significant programs and scattering remaining NOAA functions across the Federal Government. Under these provisions, research of vital importance to our coastal communities, fishermen and every American will be eliminated or sharply curtailed. Cuts in NOAA will hinder our efforts to rebuild fisheries in New England, the Pacific Northwest, and the Gulf of Mexico, assess the implications of global warming on coastal communities and curb pollution of the marine environment.

I am also terribly concerned about the vicious attacks on Federal employees in this legislation. The bill raises employee contributions to their retirement systems and delays cost-of-living adjustments. The Government promised Federal workers adequate health and retirement benefits when they chose to enter the civil service. Federal employees have upheld their end of the contract by serving their country. It's wrong for the Government to now suddenly change the terms of the agreement in order to pay for tax cuts for the wealthy.

Republicans say they can save \$10 billion from student loan programs. Cutting out programs and raising interest rates may look good on paper, but the real effects on American families will be very different.

Changes in student financial aid programs will be devastating to middle-class Americans trying to send their children to college. It is an outrage that the Direct Loan Program is being legislated out of existence just when hundreds of additional schools were ready to help ease the bureaucratic nightmare for students and their parents. The real beneficiary of direct loan's demise is not the American people, but the banking industry that was beginning to feel some competition.

The elimination of the grace period will not result in the savings projected by the Republicans. After graduation, it often takes at least

6 months to find a permanent position. Without the grace period, many students will start out unable to begin repaying their loans. As the unpaid debt continues to accumulate, the likelihood of default increases.

Limiting the PLUS Loan Program to a fixed amount per child will force many parents to take out loans from other sources. Many will have to resort to home equity loans at very high interest rates. Families with several children may be burdened beyond the breaking point, leaving huge debts and no means to provide for younger children. Under the current program, parents could be confident that, even if other forms of aid were unavailable, PLUS loans would enable their children could go to college.

Finally, the "crown jewel" of the bill—\$245 billion in tax cuts—is a windfall for the rich and large corporations. The wealthiest 1 percent of our citizens, those making more than \$350,000 per year, will see their taxes reduced by more than \$14,000 per year. At the same time, 70 percent of the American people will see their taxes go up or stay the same. Perhaps the greatest injustice is visited on those people at the bottom of the economic ladder, the working poor who are struggling to do the "right" thing by working to support themselves and their families, will see their taxes increase due to massive reductions in the earned income tax credit. The 150 page tax section of this bill reads like a wish list for corporate America: 50 percent capital gains reduction, 25 percent corporate alternative tax for capital gains, and repeal of corporate alternative minimum tax. These provisions are "Robin Hood" in reverse—they take from the poor and give to the rich.

Mr. Chairman, this package sets the wrong direction for this country. It fails to invest in our future, it jeopardizes the health of millions of senior and low-income Americans, and it provides unnecessary tax breaks to the wealthiest among us at the expense of the least fortunate. Moreover, many of its revenue assumptions are based on rosy scenarios or simple delusions which will never materialize. As a result, the American people will be left with the fallout of failed policies as well as empty pockets. Republicans are hurtling along this devastating course because they signed a contract with themselves to achieve certain arbitrary goals and deadlines set forth in an election year stunt. Rather than admitting that election year rhetoric should not be the basis for our economic and social policy into the next century, Members of the majority are repeating over and over "the contract says, the contract says." I urge my colleagues to consider the unprecedented effects of this measure and defeat it.

Mr. RUSH. Mr. Chairman, I rise today to address the most egregious assault on the American people by the Republican majority to date. It comes in the form of the budget reconciliation package. We have seen the missiles fired throughout the year. Medicaid has been cut by \$182 billion. Medicare has been cut by \$270 million. Ironically, the Republicans have proposed a tax cut for the wealthiest Americans at a cost of \$245 billion. Now that the enemy has pillaged these areas, they now seek to launch an all out offensive on any and all areas that serve the needs of American people.

The great injustices of history have been committed in the name of unchecked and un-

bridled majority rule. The Framers of the Constitution warned us about the tyranny of the majority. Their fears have become reality. This bill is tyranny in the truest sense. Programs which assist people in achieving some of the goals we relish as a society are under attack. Affordable housing programs within the RTC and FDIC have been terminated. Student loans have been cut by \$10 billion. As the Republicans march along to achieve their ultimate victory—a tax cut for the wealthiest of Americans—the safety net for the rest of America is being pulled from under them. The earned income tax credit, which helps the poorest of Americans will be reduced by 18 percent. Keep in mind, that individuals who receive EITC have an average salary of \$11,000. The Republican majority has turned its back on the people who chose them to represent their best interests. This measure is tantamount to thievery—the theft of the sanctity of the American people.

Mr. STOKES. Mr. Chairman, I rise in strong opposition to H.R. 2491, the 7-year balanced budget reconciliation act of 1995. The Republican championed budget, H.R. 2491, is firm evidence that there is no end to their attack on the weakest in our society—children and seniors. There is no question that they and their families will be worse off under the Republican budget. H.R. 2491 is just one in the series of—Republican escalating assault, after assault, on the children and seniors of this Nation, and is consistent with the majority's sentiment that the American peoples' knees would buckle once they knew what cuts the Republicans would make.

H.R. 2491 takes away families' hope, takes away their opportunity for a better life, and takes away their ability to achieve the American dream. In return, the Republican measure burdens them with endless suffering, pain, and despair. What an astronomical price the American people are being forced to pay just to give a tax break to the rich. Keep in mind that this price tag has been levied on the American people by a self-proclaimed family friendly—promises made promises kept touted—Republican majority Congress.

Let's be up front with the American people. Tell them exactly what H.R. 2491 is taking away from them, their parents, their children, and their family. The hardship that is buried in the nearly 1,600 page coldhearted Republican championed budget, H.R. 2491, is one nightmare that should never see the light of day.

In addition to dismantling Medicare, gutting it by \$270 billion, doubling seniors health care premiums, forcing seniors to give up their personal physician, and denying seniors nursing home care and nursing home protection, the Republicans' budget repeals Medicaid and guts the program by \$182 billion. The guaranteed coverage for basic health and long-term health care for 36 million poor children, poor pregnant women and infants, and seniors is taken away. Coverage for elderly with Alzheimer's; and coverage for women with breast cancer is taken away. Where can they turn for health care services when under the Republicans' Medicaid Block Grant the States are permitted to deny and ration coverage by geographical area or political subdivision, and the safety net is shattered?

The Republican budget destroys children's opportunity for a good education and restricts their academic achievement. H.R. 2491 takes away Head Start from 180,000 disadvantaged

children; takes away basic assistance in reading and math from over 1 million disadvantaged children; deprives over 32 million students the safety of a drug-free and violence-free classroom; denies summer jobs to over 600,000 students each year; and saddles college students and their families with higher college loans.

The Republican budget jeopardizes the health of millions of children. H.R. 2491 takes away health care for over 4 million needy and disabled children; threatens hundreds of thousands of children's receipt of critical immunizations by repealing the vaccines for children program; threatens the availability of school lunches and other nutritious meals for 32 million hungry children; takes away vital prenatal infant mortality prevention services from 1 million women; and exposes children to hazardous waste, toxic air, lead poisoning, contaminated drinking water, and unsafe housing.

The Republican budget erodes the quality of life for millions of families. H.R. 2491 drastically reduces the earned income tax credit for 17 million low income working families; increase taxes for families with two or more children by an average of \$483; forces over 2 million families to go hungry by taking away their food stamps; takes away heating assistance from 6 million children and their families; reduces dislocated worker assistance and employment training; denies families with disabled children the assistance they desperately need; denies housing assistance to hundreds of thousands of needy hard working families; and places millions of hard working families at risk for homelessness and domestic abuse.

The Republican budget weakens the Nation's economy. The abolishment of the U.S. Department of Commerce jeopardizes the Nation's effectiveness in the world trade market, reduces jobs and venture opportunities, and drastically reduces minority business development opportunities.

Mr. Chairman, is there no end to the Republicans' attack on the most vulnerable in our society? What could poor little innocent children, frail and weak seniors, and hard working families have done to warrant the Republicans' coldhearted attack? How much more will the Republicans take away from children and seniors in order to pay for a tax break for the wealthy? Let's stand up for the needs of those who cannot defend themselves, and for those who entrust us with their future—the children, seniors, and hard working families. I strongly urge my colleagues to join with me in voting against the Republicans' callous assault. Vote no to H.R. 2491.

Mr. HAMILTON. Mr. Chairman, I am deeply concerned about the process the House has followed in considering the Omnibus Reconciliation bill. Those concerns are outlined in my statement before the Committee on Rules on this bill.

I believe that this process represents an unprecedented attack on this institution. I hope my colleagues will keep in mind the concerns outlined in my statement during consideration of this bill.

STATEMENT OF THE HON. LEE H. HAMILTON BEFORE THE COMMITTEE ON RULES ON H.R. 2517, THE OMNIBUS RECONCILIATION BILL

Mr. Chairman. Mr. Moakley, and other members of the Committee on Rules. I appreciate the opportunity to appear before you on H.R. 2517. The omnibus reconciliation package.



I am here today because I am troubled by the pattern of abuse of the legislative process that has been developing during this Congress. This bill exemplifies that abuse.

Now I know that reconciliation bills under Democratic majorities were not pure. Problems with the process have been growing over the years, given that the original reconciliation bill dealt with \$8 billion, and today we cannot even estimate the total sums both "reconciled" and authorized in this package.

This reconciliation bill enters a new universe in its breadth, the sheer number and complexity of proposals, and the extent to which committees of jurisdiction—and thus, all Members of the minority—were shut out of developing this package.

The reconciliation package contains three large items and several smaller provisions that fall within the jurisdiction of the International Relations Committee.

First, H.R. 2517 contains a major legislative proposal dramatically changing the configuration of the Commerce Department. The Committee has jurisdiction over international trade issues, so the dismantlement of the Commerce Department causes great concern. The Committee never considered the measure.

Second, this bill "deems" enacted the entire foreign affairs agencies' reorganization bill. Action has not yet been completed in the Senate.

Third, the bill contains the text of H.R. 927, the Cuban Liberty and Democratic Solidarity Act, approved by the House last month. This bill was altered substantially by the Senate, and should be scheduled for conference.

The purpose of a reconciliation bill is to bring direct spending in line with the targets set by the budget resolution. Among the many problems with this bill, these items in the jurisdiction of the International Relations Committee have nothing to do with budget reconciliation. These items will cost money.

Quite simply, this is the wrong way for the House to go about its business.

#### PROBLEMS WITH THE PROCESS

(1) This process places enormous power in the Leadership, who will consult only with those persons and groups they want to include.

The Committee is bypassed, an entire House of the Congress is bypassed. All decisionmaking about the issues occurs behind closed doors in a group formed by the leaders of the majority. Final decisions are made by the Speaker. You have created a largely secret system.

This is a system which *reduces* accountability. It is an entirely closed process. The average American has no way of learning which Members are involved, which special interest groups are consulted or locked out, and what positions Members have taken on a proposal until it is too late and the House has voted.

Many members of both parties with significant expertise were simply not welcome to contribute to the process.

(2) This process bypasses and undermines the entire committee system.

When the Chairman decides to waive consideration of bills that are central to the committee's jurisdiction, most Members—including, all Members of the minority—are shut out. The Commerce proposal is a case in point. Our Committee had *no* role in developing that proposal. We held no hearings on this proposal, there was no debate, we had no markup, no amendments were permitted, we did not vote. We defaulted on our responsibilities.

The Committee is also stripped of its responsibilities when items that is has consid-

ered and moved through the House are included in the reconciliation package. Moving the Committee's foreign affairs reorganization bill or the Cuba bill through the reconciliation bill removes the Committee from meaningful participation in a conference. It puts these major foreign policy bills into a conference with a mix of 1000 other domestic items. The substance of these bills will not likely be discussed in a reconciliation conference.

In the last Congress, Republicans and Democrats working on congressional reform talked about streamlining, modernizing, rationalizing, and enhancing the committee system. Congressman Dreier and I worked many long hours on these issues. But we did not talk about what has come to be in this Congress: bypassing committees on major policy issues.

(3) This process produces a monster bill.

This bill is simply overwhelming. What we have before us—all 1754 pages—is not really the entire bill. It does not yet include the Medicare package. There are several other bills that are hundreds of pages themselves—such as H.R. 1561 and the welfare reform package—that this bill incorporates by reference.

This reconciliation package will include that majority votes in committees rejected. The "Freedom to Farm" bill, for example.

It includes bills the bulk of which the House has rejected, such as the mining patents and national park concessions proposals.

It includes bills such as the Cuba bill, that have passed the House and Senate in very different forms. There is every reason to send this bill to conference under regular process.

It includes bills—for instance, the Commerce proposal—created by a task force made up only of Members of the majority party, *after* committees have reported out different measures and some committees—such as the International Relations Committee—were apparently instructed by the Leadership not to act at all.

(4) This process will include a tightly constrained rule.

Reconciliation bills traditionally impose severe constraints on time for debate and the opportunity to amend. You will undoubtedly prescribe a restrictive rule, a rule designed to keep the package intact.

The Senate accords only 20 hours of debate (12 minutes per Member) on the bill. In this bill, that means just over one minute per page.

We have had only a few days to digest this enormous bill. And the contents of the bill we take up on the floor are anyone's guess—I expect your rule will include significant "self-executing" changes.

We will probably know even less about the contents of the reconciliation conference report before we must vote on it.

(5) This process is not defensible because the ends do not justify the means.

I understand that the current Leadership has a very different view of the committee system. If the Leadership is driven only by outcome then process is irrelevant. Having the votes at the end of the day is all that matters.

I believe that the essence of democracy is process, and that the end does not justify the means, the means is as important as the end.

That means a process that guarantees that all Members will have an opportunity to be heard, even if they do not have the chance to prevail.

It means a process that allows every Member to offer amendments and to vote, and every constituent to track how their representative has voted as a bill winds its way from committee, to the floor, to conference, and to the President.

It means a process that allows those who have spent time developing expertise in a particular area to have a seat at the negotiating table.

Eliminating consideration by committees, by one House, silencing voices, reducing the number of people at the negotiating table may get bills through the House faster. You may get bills out of conference more quickly. But in the end we will not get better laws. And we will erode the foundations of this institution.

#### CONCLUSION

We are subverting the entire legislative process here, decision by decision. We are taking bills to the Floor that have not been written or even considered by the committees of jurisdiction and expertise.

Protecting the committee system in this House should not be a partisan issue. Safeguarding the legislative process is not partisan.

For these reasons, I urge you to support Mr. HALL's efforts to strip the foreign affairs reorganization provisions from H.R. 2517. I would also support any efforts to strip the Commerce and Cuba provisions from this bill.

And I ask that you think very seriously about the entire way you're planning to move this reconciliation package. Subverting the legislative process does a grave disservice to this body, and to the American people.

Mr. TOWNS, Mr. Chairman, make no mistake about the measure before us today. It is a major setback for nursing home care in this country. In my district alone, cuts in Medicaid will result in a \$32 million loss to just Cobble Hill Nursing Home, and that figure is just for one nursing home.

Not only are the cuts devastating to nursing homes, the elimination of minimum care standards add insult to injury. These standards were passed in 1987 precisely because of widespread abuse, neglect and indecent conditions in the Nation's nursing homes. Under this bill, all these protections are wiped out:

Gone are the curbs on misuse of physical restraints and abuse of drugs;

Gone is the requirement for round-the-clock licensed nursing services;

Gone is the prohibition against evicting patients on financial reasons. Patients now will be subject to eviction or transfer from nursing homes after their private funds have been depleted and before Medicaid assumes payment.

And finally, this bill contains no guarantee of healthy, appropriate meals.

There is not question that nursing home care will return to the dark ages. Mr. Chairman, if we can not protect "those who are the least of these," like nursing home residents, then who can we protect?

Mr. RICHARDSON, Mr. Chairman, this budget reconciliation bill will undermine our commitments to educate our children, provide incentives for hardworking Americans, preserve our environment, and most importantly ensure health care for poor children and the elderly.

This bill makes drastic cuts in Medicaid funding.

My State will lose about 30 percent of its Medicaid funding. New Mexico will have \$1 billion less to spend on Medicaid over the next 7 years.

Let me remind you that the program we are cutting by \$170 billion in this bill provides health care to children and pregnant women, the disabled and elderly in nursing homes.

Let us be clear that voting for this bill means millions of Americans will have no health care—while millionaires will get a tax break.

I have supported and will continue to support balanced, reasonable, reforms in Medicaid—but I cannot support irresponsible cuts to finance a tax cut. I do not support decimating the program that provides a safety net for poor children, pregnant women, the disabled, and nursing home patients.

This bill also sacrifices the quality of health care for 40 million elderly who depend on Medicare.

The hospital association in my State has identified 11 hospitals that they believe will close because of the drastic Medicare cuts in this bill.

Nothing, especially at tax cut for wealthy, is worth sacrificing the health of our children and over 40 million elderly in this country.

Mr. BILBRAY. Mr. Chairman, as county supervisor in 1994, I asked the Clinton administration to declare a Federal emergency over illegal immigration in San Diego County.

That year my county reduced its contract with UCSD Medical center to provide emergency services to indigent patients by 50 percent or a total of \$5 million.

The Board of Supervisors implemented this reduction based on estimates that half of the indigent patients receiving emergency care at UCSD were illegal immigrants, and that these costs should not be the burden of local government.

President Clinton, who denied my request to declare a state of emergency in 1994, is now threatening to veto our balanced budget package.

He should think long and hard about denying hospitals funds to ensure that they can keep providing services to our most vulnerable citizens.

His veto threat particularly jeopardizes California hospitals keeping their emergency room doors open to everyone.

President Clinton allocated only \$150 million in his budget to States nationwide for health care for illegal immigrants.

The 7 year Balanced Budget Reconciliation Act, contains funding to reimburse hospitals for health care which they are required to provide to illegal immigrants.

An approximately \$3 billion trust fund will be made available to States most severely impacted by illegal immigration; California will receive the largest share since it has the highest population of illegals in the Nation.

What we have created is a pot of money to pay hospitals for the services the Federal Government requires them to provide.

It is unprecedented. Previously, the State and local governments and hospitals have borne the responsibility for the Federal Government's failure to secure our borders.

Now, for the first time, hospitals will send the bill for illegal immigrants health care where it rightfully belongs: to Washington, DC.

What we have seen in California is a direct consequence of the Federal Government's failure to secure our borders.

Our ability to provide health care to our poor and disabled citizens is being jeopardized by the increasing costs of providing health care to illegal aliens.

I would point to Los Angeles County health care system's near collapse as

an example of the strain providing care to illegal immigrants places on emergency rooms already stretched beyond their resources.

An estimated 96,000 babies will be born to undocumented women covered by Medi-Cal, California's Medicaid program, at a cost of \$230 million in medical bills this year.

Because hospital workers are prohibited by law from asking a patient's immigration status, these costs are absorbed and paid for out of other parts of the hospital's budget.

An increasing share of these dollars must cover the costs of California's large, and growing, illegal immigration population.

The trust fund we are creating today represents the first time that Congress accepts that providing emergency health care services to illegal immigrants is a Federal responsibility, not a State responsibility.

Past Congresses have failed in this regard.

Today, we take the first step toward addressing this problem. I look forward to working with Speaker GINGRICH and Senator DOLE as we toward reconciling the differences between the House and Senate budget bills and allocating California, and other States, their fair share of these funds.

[From the Blade-Citizen, La Costa, CA, Aug. 26, 1994]

WILSON, BILBRAY ASK CLINTON FOR  
DECLARATION

(By Michael J. Williams)

SAN DIEGO.—First District Supervisor Brian Bilbray, with the support of Gov. Pete Wilson, on Thursday called for President Clinton to declare a federal emergency over illegal immigration in San Diego County.

The demand, made at a press conference at the UCSD Medical Center, comes in the midst of publicity surrounding a wave of Cuban immigrants to Florida.

The flood of immigrants inspired Florida Gov. Lawton Chiles to declare a state of emergency and mobilize National Guard troops in his state.

But illegal immigration into San Diego County is as chronically heavy as Florida influxes like the Mariel boat lift in 1980, said Bilbray, the Republican candidate for the 49th Congressional District.

According to Bilbray, the influx of Cubans and Haitians to Florida's shores pales compared to the wave of immigrants crossing the international border into San Diego County.

"There are 500 people a day coming into Florida, the governor declared an emergency and the president responded," Bilbray said in an interview following the press conference. "We've got three times that number every night. If you're going to hold the line in Miami, doggone it, we're part of the country too."

In the press conference, Bilbray announced that he intends to ask his colleagues on the Board of Supervisors on Sept. 20 to adopt a resolution declaring a state of emergency.

The resolution also asks the governor to seek federal interdiction of illegal immigrants at the border and reiterates a demand of reimbursement to the state and county for the cost of providing services to illegal immigrants.

"The president said that the days of ignoring this problem are over with," Bilbray said. "He's doing it in Miami, and he ought to be doing it in California. We have the just

right to make sure our resources are being used to stop illegal aliens and drugs from crossing the border here."

Wilson, who is campaigning to keep his gubernatorial seat, stated his support for the resolution, which echoes demands he made of the federal government earlier this year.

Immigrant rights advocates have decried the demands as campaign tactics and disputed the claims that immigrants are costing the state billions of dollars in health and social services.

[From the Blade-Citizen, North County, CA, Sep. 24, 1994]

BILBRAY PRESSES ONWARD

WANTS AGGRESSIVE APPROACH TO HALTING  
ILLEGAL IMMIGRATION

(By Michael J. Williams)

SAN DIEGO.—Despite a rebuff from the Clinton administration, county Supervisor Brian Bilbray said Friday he will continue demanding a declaration of emergency over illegal immigration here.

Bilbray said it was hypocritical for the Federal Government to reject the county Board of Supervisors' demand, while honoring a similar demand made recently by Florida Gov. Lawton Chiles in response to the flight of Cubans to his State. The government used the Navy, Coast Guard and other agencies to stop Cubans trying to sail to Florida on rafts.

"We're supposed to be grateful for what they did in Florida?" Bilbray asked. "We deserve the same attention that they have given down there. We may be 3,000 miles away, but we're citizens too. It's like rubbing salt in the wound to those of us who have to live with the illegal-immigration problems."

After county supervisors approved their resolution with the support of Gov. Pete Wilson, Attorney General Janet Reno responded Wednesday with a letter to the governor rejecting the county's plea.

Reno said the Clinton administration has already taken steps to address the county's and state's problems with illegal immigration through Operation Gatekeeper, a plan she announced last weekend.

Under that plan, the federal government would allocate hundreds of additional Border Patrol agents to the Southwestern borders, place high-powered lights at the border, install a fingerprinting system to detect illegals, launch a crackdown on immigrant smugglers and add 110 new inspectors at border entry ports.

Additionally, Reno announced the state will be reimbursed for \$130 million in immigration costs.

"I don't argue that they're starting to move in the right direction," said Bilbray, who is running for Congress in the South Bay. "What I argue is that they're approaching this with a double standard—they're using a slow, methodical approach to the border here, when they used an aggressive, dynamic approach in Florida. We have three times the amount of illegal immigration that Florida has."

Reno also suggested the county can receive federal emergency immigration funding without a formally recognized declaration of emergency.

Though the county has without success sent a \$64 million bill to the White House for the estimated cost of providing services to illegal immigrants, there has been no response to date, said Assistant Auditor and Controller William Kelly.

Reno said in her letter that neither the state nor the county has applied for the funds through her office, which is authorized to distribute them. Kelly said he is preparing

to send out a new bill, this time directly to Reno.

Meanwhile, the county's declaration has fueled indignation from the Mexican foreign ministry.

The ministry sent a letter Wednesday to Bilbray stating that the county's tactic will damage relations between the two countries and undermine the campaign against racism and xenophobia in California.

Bilbray said he was surprised and shocked by the response.

#### CASE STUDIES

In October 1994, a 19-year-old male was crossing the border to visit his children, who live with their mother in San Diego. Witnesses state he was hit by a border patrol vehicle, but the Border Patrol denies responsibility. The man has been in a coma at UCSD Medical Center ever since. He has been denied Medi-Cal because he is not a resident. His family in Mexico has retained an attorney and refuses to allow transfer of the patient to a facility in Mexico. They are suing the Border Patrol. As we have pursued legal authorization to transfer the patient, we have provided over \$400,000 in care for which there is no funding.

A patient of unknown age was struck by an automobile and admitted in October 1994. No liability was acknowledged by the driver, and the patient has a closed head injury and cannot provide information about herself. It appears that the individual was homeless and living in an encampment. The patient was referred to the Medi-Cal program, and the case approved at the end of February for long-term care only. Since the patient was unable to validate residence to obtain Medi-Cal coverage for hospital charges incurred up until her discharge in March, there is not funding for hospital charges of over \$345,000.

An undocumented immigrant who is a 27-year-old quadriplegic with a tracheal tube was granted legal status as Prucol (Patient Residing Under Cover of Law) so that the patient could be cared for in a Skilled Nursing Facility (SNF) and receive Medi-Cal benefits. At some point, the benefits granted under Prucol status were reduced so that while SNF and inpatient hospitalization would be covered, physician services would not. The SNF which had been providing care transferred to the patient to UCSD Medical Center, and now refuses to take the patient back because of the curtailment of Medi-Cal to cover the physician fees. The patient remains at UCSD while we investigate alternatives. So far, charges total \$215,180.

A 24-year-old Ethiopian with a large facial mass arrived in the United States with a valid passport, supposedly after making arrangements with a local physician for treatment prior to leaving Ethiopia. Somehow, the contact with the community physician was never made, and the patient was admitted to UCSD with complications arising from the tumor. UCSD has treated the patient and is facilitating ongoing care with the City of Hope. There is no funding for charges of \$62,141.

#### UCSD MEDICAL CENTER

##### ILLEGAL IMMIGRANTS: AN UNFUNDED MANDATE

The issue of undocumented immigrants using publicly funded services has become a subject of intense public and political debate. The problem was brought into focus during the 1994 election year. Proposition 187 was on the California ballot, and the issue of illegal immigration became a campaign theme for many seeking election or re-election.

For hospitals like UCSD Medical Center, the primary issue is one of funding. Control of the borders is clearly the purview of the federal government. Who has the responsibility for these individuals once they are in the United States is another question.

State and federal laws require hospitals to provide emergency treatment to all individual, regardless of their ability to pay, or their legal status. This includes trauma care, labor and delivery for women giving birth, and appropriate assessment, treatment and follow-up for children and adults with emergency medical needs.

Of ethical and professional importance to physicians is the Hippocratic Oath, taken upon graduation from medical school, which includes the vow that "... The health and life on my patient will be my first consideration ... I will not permit consideration of race, religion, nationality, ideology, or social standing to intervene between my duty and my patient ..."

As a trauma center serving a region that extends south to the U.S./Mexico border; as a hospital that traditionally provides care to a large percentage of the county's indigent patients; and as a facility housing specialized services such as the San Diego Regional Burn Center and Infant Special Care Center, UCSD Medical Center has assumed a large share of the burden of caring for undocumented immigrants. While numbers are estimates based on assumptions reached from evaluating patient records:

An estimated 3,600 inpatients at UCSD Medical Center in 1994 were undocumented aliens, or approximately 17 percent of total inpatients. About 84 percent of these were undercompensated; others were eligible for some form of support or were able to pay for their care.

Of all undocumented immigrants admitted to UCSD Medical Center in 1994 through the emergency room, trauma or some other service mandated by state and federal law, 99 percent were undercompensated patients.

Of all undercompensated illegal immigrants admitted to the Medical Center in 1994, 85 percent were admitted through the emergency room, trauma, or through some other service mandated by state and federal law. The others were admitted through various mechanisms; for example, for follow-up to a previous emergency visit.

In 1993, UCSD provided inpatient care costing between \$27 million and \$37 million to undocumented persons; \$11 million to \$15 million was not reimbursed.

In 1994, the County of San Diego reduced its contract with UCSD to provide emergency services to indigent patients by 50 percent, or a total of \$5 million. The Board of Supervisors implemented this reduction based on County staff estimates that half of indigent patients receiving emergency care at UCSD Medical center were illegal immigrants, and that these costs should not be the burden of local government.

[From the San Diego (CA) Union Tribune, Sept. 30, 1995]

#### BILBRAY FIGHTS ILLEGAL-IMMIGRANT CARE PLAN THAT WOULD STIFF HOSPITALS (By Stephen Green)

When Rep. Brian Bilbray, R-Imperial Beach, served on the San Diego County Board of Supervisors, he didn't mince words in telling President Clinton that the federal government should pay the entire cost of providing services to undocumented immigrants.

During a trip to San Diego, Clinton readily agreed, saying the county should just sent the tab to Washington.

Taking Clinton up on his offer, county officials calculated a bill totaling about \$1 billion and mailed it to the White House. The amount, Bilbray recalled, represented the annual cost of providing medical, criminal justice and other public services to undocumented immigrants in San Diego County.

While Clinton may have agreed in principle, the bill never was paid. California's

politicians still are trying to get the federal government to reimburse the state for the impact of illegal immigration.

Now, Bilbray, along with his colleagues in the House of Representatives from California and other border states, has won a modest victory concerning the long sought federal compensation.

The Medicaid reform bill produced by the House Commerce Committee would do something, for the first time, about the cost to states and local governments of providing emergency medical services to undocumented immigrants.

In California, emergency medical services to undocumented immigrants make up a sizable chunk of the state's Medicaid costs, Bilbray said.

As now written, the legislation recently approved by the Commerce Committee would exempt states from having to match—as they do now—the federal Medicaid money that goes to provide emergency medical services to undocumented immigrants.

So, on the surface, the bill to revamp the federal medical insurance program for the poor would seem to be a big money saver for California and the other states adversely affected by illegal immigration.

But there is a catch—and it's likely to be expensive.

The portion of hospitals' costs of giving emergency medical care to undocumented immigrants that now is financed by the states' contributions to Medicaid would have to be made up from someplace else.

As matters now stand, it appears that local hospitals would be stuck with the portion of the bills that heretofore have been picked up by the states.

That would translate into higher hospital costs, which probably would mean increasing the cost of hospital care for nonindigent patients.

House Commerce Committee Chairman Thomas J. Bliley Jr., R-Va., credits Bilbray and other panel members from California, Texas and Florida for gaining approval of the provisions easing the impact of illegal immigration on state finances.

But Bilbray is far from satisfied, saying the issue of costs to the hospitals must be addressed.

"I am continually hounding the federal government as the biggest deadbeat in the county," Bilbray said.

A meeting of House Republicans from California authorized Bilbray to continue the fight for complete reimbursement for emergency medical services.

Bilbray, who addressed the GOP delegation about the problem, said he and the two other GOP Commerce Committee members from the state—Reps. Carlos J. Moorhead of Glendale and Christopher Cox of Newport Beach—will carry the ball.

"I got all the support in the world from other delegation members to hang tough," Bilbray said.

When Medicare comes to the House floor as part of the omnibus budget reconciliation bill, Bilbray hopes to offer an amendment that would require the federal government—and taxpayers nationwide, not just Californians—to pick up the entire tab for the cost of emergency medical services to undocumented immigrants.

Winning this fight won't be easy. Procedural rules frequently make it difficult to amend reconciliation bills.

But Bilbray expects to have a key ally in this battle in the person of another Californian—Rep. David Dreier, R-San Dimas.

As a senior member of the House Rules Committee, Dreier will have a lot to say about the format for the Medicaid reform debate on the House floor.



Even if Bilbray is able to offer an amendment, there is no assurance it will be approved. But it seems a breach in the resistance to federal compensation finally has been made in the Medicaid reform bill. Other openings may follow.

It is the federal government's own failure to enforce the immigration laws that has resulted in fiscal adversity for California. It is clear to Bilbray and his allies that the federal government has an absolute obligation to remedy the problem that it has created.

Mr. TAUZIN. Mr. Chairman, while I am in support of Chapter 2 (FCC Authorization) of Subtitle A in Title III of H.R. 2491, the Seven-Year Balanced Budget Reconciliation Act of 1995, I would like to bring to the attention of my colleagues three concerns in the statutory language which I hope will be addressed in conference with the Senate.

First, Section 3017, giving the FCC the authority to reject tariffs, in whole or part, would disserve the public interest as it would inhibit the introduction of new services, impede competition, and complicate the FCC's processes by adding an additional unnecessary layer of regulation. Carriers seeking to introduce new services would be hesitant to introduce new services if the FCC were to put tariffs on public notice, invite opposition, and then reject them. Authority to reject part of a tariff, while requiring the carrier to continue to offer the service, is contrary to the concept of carrier-initiated rates.

This process of public notice and comment (including oppositions) before a service can be provided is followed with respect to Section 214 applications. The Section 214 process significantly inhibits telephone company provision of cable services; this provision would extend a similar obstacle to all common carrier services. This obstacle would similarly impede competition by slowing the introduction of services designed to respond to competition, and giving competitors an opportunity to use and/or abuse Commission processes and impose costs on other competitors.

This tariff rejection authority is unnecessary to protect ratepayers. The Communications Act already provides for hearings as to the lawfulness of new rates, terms and conditions; rates found unlawful can be suspended, and subject to an accounting order at the beginning of such proceedings. See 47 U.S.C. § 204(a),(b). If the rates are later found to be unlawful, the accounting order permits refunds to be made. Notice and comment proceedings as to the lawfulness of tariffs add nothing to this ratepayer protection, and create an additional regulatory burden.

Secondly, in part because the Commission can order refunds for rates found to be unlawful, it is unnecessary to give the Commission authority to order refunds for rule violations which may affect rates, as proposed by Section 3018. Additionally, since there is no rate element necessarily involved nor an accounting order associated with application of rules to a particular rate, calculation of the impact on rates of any of the violations described (e.g., violations of depreciation and other accounting rules), is likely to be difficult and arbitrary. The provision essentially appears to serve as a device by which the Commission can intimidate carriers. This type of device is particularly unnecessary since common carriers are already subject to substantial forfeitures of \$100,000 for each violation—up to \$1,000,000. See 47 U.S.C. § 503(a)(2)(B).

Finally, the legislation would amend Section 503(b)(6) of the Communications Act of 1934

(Section 3023) to extend the statute of limitations on forfeitures, and permit the Commission to impose forfeitures on common carriers even when discovered five years after the fact. This provision, intended to permit the Commission to impose forfeitures for rule violations discovered during audits, is unnecessary for two reasons. First, direct review of rates which would be affected by such violations is already available, as described above. Therefore, this provision adds little in the way of ratepayer protections. Additionally, such discriminatory treatment of common carriers is unwarranted.

The statute of limitations applicable to other entities subject to forfeiture authority is one year. It would be unnecessarily discriminatory to extend the period to five years for common carriers alone. Moreover, we recommend that the forfeiture authority itself be revised to end unnecessary discrimination against common carriers.

Presently, Section 503 of the Communications Act provides that broadcasters are subject to potential forfeitures of \$25,000 for each violation, other parties \$10,000, while common carriers are subject to potential forfeitures of \$100,000. The legislative history of this provision suggests that the increased authority for common carriers was intended to permit the FCC to impose meaningful fines, in proportion to the size of the violator. Yet, there is no reason to discriminate between large non-common carriers, e.g. Time Warner (subject only to a \$10,000 maximum) and small telephone companies (subject to a \$100,000 maximum) on that basis. Accordingly, Section 503 should be amended to provide for a single dollar maximum for any type of entity—the FCC would still be permitted to tailor the fine as appropriate.

Additionally, we recommend that rather than being permitted to assess penalties for violations of the FCC-prescribed rate of depreciation, the FCC should not have the authority to regulate depreciation. In a competitive environment, carriers will need to depreciate assets at faster rates than allowed by the FCC. Under price regulation, a carrier has no incentive to depreciate assets faster than appropriate, since any additional booked costs do not permit the carrier to obtain a corresponding rate increase.

Mr. Speaker, I look forward to working on these issues in the next few weeks.

The CHAIRMAN. No further amendment is in order except the further amendment in the nature of a substitute consisting of the text of H.R. 2530, which may be offered only by the gentleman from Missouri [Mr. GEPHARDT] or his designee, is considered read and debatable for 1 hour, equally divided and controlled by the proponent and is not subject to amendment.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ORTON

Mr. ORTON. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. ORTON:

H.R. 2530

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Common Sense Balanced Budget Act of 1995".

(b) TABLE OF CONTENTS.—

TITLE I—ENERGY, NATURAL RESOURCES AND ENVIRONMENT  
Subtitle A—Energy

Sec. 1101. Privatization of uranium enrichment.

Sec. 1102. Making permanent Nuclear Regulatory Commission annual charges.

Sec. 1103. Cogeneration.

Sec. 1104. FEMA radiological emergency preparedness fees.

Subtitle B—Central Utah

Sec. 1121. Prepayment of certain repayment contracts between the United States and the Central Utah Water Conservancy District.

Subtitle C—Army Corps of Engineers

Sec. 1131. Regulatory Program Fund.

Subtitle D—Helium Reserve

Sec. 1141. Sale of helium processing and storage facility.

Subtitle E—Territories

Sec. 1151. Termination of annual direct assistance to Northern Mariana Islands.

TITLE II—AGRICULTURAL PROGRAMS

Sec. 2001. Short title.

Subtitle A—Extension and Modification of Various Commodity Programs

Sec. 2101. Extension of loans, payments, and acreage reduction programs for wheat through 2002.

Sec. 2102. Extension of loans, payments, and acreage reduction programs for feed grains through 2002.

Sec. 2103. Extension of loans, payments, and acreage reduction programs for cotton through 2002.

Sec. 2104. Extension of loans, payments, and acreage reduction programs for rice through 2002.

Sec. 2105. Extension of loans and payments for oilseeds through 2002.

Sec. 2106. Increase in flex acres.

Sec. 2107. Reduction in 50/85 and 0/85 programs.

Subtitle B—Sugar

Sec. 2201. Extension and modification of sugar program.

Subtitle C—Peanuts

Sec. 2301. Extension of price support program for peanuts and related programs.

Sec. 2302. National poundage quotas and acreage allotments.

Sec. 2303. Sale, lease, or transfer of farm poundage quota.

Sec. 2304. Penalty for reentry of exported peanut products.

Sec. 2305. Price support program for peanuts.

Sec. 2306. Referendum regarding poundage quotas.

Sec. 2307. Regulations.

Subtitle D—Tobacco

Sec. 2401. Elimination of Federal budgetary outlays for tobacco programs.

Sec. 2402. Establishment of farm yield for Flue-cured tobacco based on individual farm production history.

Sec. 2403. Removal of farm reconstitution exception for Burley tobacco.

SEC. 14902. TECHNICAL AND CONFORMING AMENDMENTS TO THE RULES OF THE HOUSE OF REPRESENTATIVES.

(a) MISCELLANEOUS CONFORMING AMENDMENT.—Clause (h) of rule X of the Rules of the House of Representatives is amended by striking "or section 602 (in the case of fiscal years 1991 through 1995)".

(b) REPEALER.—Rule XLIX of the Rules of the House of Representatives is repealed.

SEC. 14903. PRESIDENT'S BUDGET.

(a) DEFINITIONS.—Section 1101 of title 31, United States Code, is amended by adding at the end the following:

"(3) 'Expenditures' has the same meaning as the term 'outlays' in the Balanced Budget and Emergency Deficit Control Act of 1985.

"(4) All other terms used herein or in the documents prepared hereunder shall have the meanings set forth in the Balanced Budget and Emergency Deficit Control Act of 1985."

(b) BYRD AMENDMENT.—Section 1103 of title 31, United States Code, is amended by striking "commitment that budget" and inserting "commitment that, starting with fiscal year 2002,".

(c) PRESIDENT'S BUDGET SUBMISSION.—Section 1105(a) of title 31, United States Code, is amended—

(1) in the first sentence by striking "On or after the first Monday in January but not later than the first Monday in February of each year" and inserting "On or before the first Monday in February or the 21st calendar day beginning after the date the Board of Estimates issues a report to the President under section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985";

(2) in paragraph (15) by striking "section 301(a)(1)-(5)" and inserting "section 301(a)(1)-(4);

(3) in paragraph (16) by striking "section 3(a)(3)" and inserting "section 3(3)"; and

(4) by adding at the end the following new paragraph:

"(32) an analysis of the financial condition of Government-sponsored enterprises and the financial exposure of the Government, if any, posed by them."

(d) USE OF OFFICIAL ESTIMATES.—Section 1105(f) of title 31, United States Code, is amended by inserting at the end the following new sentence: "That budget shall be consistent with the discretionary funding limit and the direct spending and receipts deficit reduction requirement for that year chosen by the Board of Estimates and shall be based upon the major estimating assumptions chosen by that Board."

Subtitle K—Truth in Legislating

SEC. 14951. IDENTITY, SPONSOR, AND COST OF CERTAIN PROVISIONS REQUIRED TO BE REPORTED.

(a) IDENTITY, SPONSOR, AND COST.—Clause 4 of rule X of the Rules of the House of Representatives is amended by adding at the end thereof the following:

"(j)(1) Except as provided by subparagraph (2), the report or joint explanatory statement accompanying each bill or joint resolution of a public character reported by a committee or committee of conference shall contain, in plain and understandable language—

"(A) an identification of each provision (if any) of the bill or joint resolution which benefits only 10 or fewer beneficiaries in any one of the following categories: persons, corporations, partnerships, institutions, organizations, transactions, events, items of property, projects, civil subdivisions within one or more States, or issuances of bonds;

"(B) the name of each beneficiary of such provision;

"(C) the name of any Member or Members who sponsored the inclusion of each such provision and an indication of each such provision requested by any agency, instrumentality, or officer of the United States; and

"(D) an estimate by the Congressional Budget Office or the Joint Committee on Taxation, whichever is appropriate, of the costs which would be incurred in carrying out such provision or any loss in revenues resulting from such provision for the fiscal year for which costs or loss in revenues, as the case may be, first occurs and each of the next 5 fiscal years.

"(2)(A) Subparagraph (1) shall not apply with respect to any provision of a bill or joint resolution or of a conference report on a bill or joint resolution if the beneficiary of such provision is the United States or any agency or instrumentality thereof.

"(B) Subparagraph (1)(D) shall not apply with respect to any provision of a bill or joint resolution or of a conference report on a bill or joint resolution if the costs which would be incurred in carrying out such provision or any loss in revenues resulting from such provision are identified clearly in the report or joint explanatory statement accompanying such bill or joint resolution.

"(3) It shall not be in order to consider any such bill or joint resolution in the House if the report or joint explanatory statement of the committee or committee of conference which reported that bill or joint resolution does not comply with subparagraph (1). The requirements of subparagraph (1) may be waived only upon a separate vote directed solely to that subject."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to bills and joint resolutions reported by a committee of the House of Representatives after the date of enactment of this Act.

The CHAIRMAN. Pursuant to the rule, the gentleman from Utah [Mr. ORTON] and a Member opposed will be recognized for 30 minutes each.

Mr. KASICH. Mr. Chairman, I rise in aggressive opposition to the gentleman's proposal.

The CHAIRMAN. The gentleman from Ohio [Mr. KASICH] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Utah [Mr. ORTON].

Mr. ORTON. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. CONDIT], the chairman of our coalition.

Mr. CONDIT. Mr. Chairman, first of all, I would like to thank the coalition members and the staff for all the hard work they have done in putting this budget together. We have worked over the last several months with limited number of staff, and we believe we put a good budget together. The budget obviously is a product of hard work. It is a sound and credible and reasonable alternative. There are some technical and major public policy differences.

But we come to the floor today not armed with any charts. We come today armed with the facts. And we would like to take the opportunity today to have a thoughtful and respectful discussion about our budget and about how it differs from the Republican budget.

We have a great deal of respect for the chairman of the Committee on the Budget on the Republican side and we do not question his motives on his budget. But we do think there is a difference, and we would like very much to have the opportunity to explain that and have a kind and reasonable discussion.

We want to make a commitment. At the end of this process, the coalition members are committed to get this country's financial house in order. We will work with anyone in this House at the end of this process to see that that gets done.

Mr. KASICH. Mr. Chairman, I yield 4 minutes to my friend, the gentleman from New York [Mr. PAXON].

Mr. PAXON. Mr. Chairman, I rise in opposition to the substitute and appreciate the opportunity to address the House.

Before I do, I just want to commend my dear friend and colleague from the State of Ohio, who I think is a gentleman, a true revolutionary making history today for the American people. To my friend, the gentleman from Ohio [Mr. KASICH] I tip my hat again.

Mr. Chairman, today is an extraordinary day for the American people. As Speaker GINGRICH said the other day, the changes we are making for the American people in today's reconciliation bill approach the level of sweeping change advanced by President Roosevelt's New Deal. Without question, our dramatic reshaping of the Federal Government certainly surpasses the magnitude of change advanced by Lyndon Johnson's big government Great Society programs.

Without doubt, history will judge our efforts today as the start of a new era in American life and in American politics.

Unfortunately, not all Members of this body are willing to stake a dramatic new course for America and its people. The liberal Democrat leadership in this body still clings to the failed policies of the past. They still believe that America can continue deficit spending with impunity. They still believe in the Great Society notion that the Federal Government is the leading institution in American life.

A few Members of the Democrat Party in this House have rejected the notion of their liberal leaders and at least made an attempt to present an alternative reconciliation plan that balances the budget in 7 years.

Unfortunately, Mr. Chairman, this Democrat alternative is seriously flawed.

As we set out to dramatically reshape the Federal Government, a government that was built with the hard work and sweat of American taxpayers, it is only fair that we provide the American people with a dividend in the form of tax relief for working families.

The Democrat alternative ignores the very people whose hard earned dollars built the bloated Government we are now downsizing by refusing to provide them with tax relief.

Mr. Chairman, in my own region of western New York and the Finger Lakes, nearly 430,000 children will be eligible for the \$500 tax credit, worth nearly \$220 million to their families—not to government.

Nearly 15,000 senior citizen households will see the 1993 assault on their Social Security earnings reversed.

For the 200 or so couples in my region who were married last week, they will see a slow reversal of the unfair marriage penalty contained in the Tax Code.

And for the 120 or so senior citizens in my community who this week became eligible for Medicare, our reconciliation plan protects their access to health care until the year 2010.

Mr. Chairman, the Democrat alternative accomplishes none of these goals.

Our reconciliation plan is the right answer to get America on a new course. Our reconciliation plan says to the taxpayers back home; we work for you. You are our bosses. You are paying to keep us here and you deserve a dividend as your Government is restructured.

Mr. Chairman, I urge my colleagues to support the Republican plan and reject the Democrat alternative.

□ 1615

Mr. ORTON. Mr. Chairman, I yield myself 5 minutes to explain our bill.

Mr. Chairman, my colleagues, the coalition budget also reaches balance in the year 2002, but does so by reducing the deficit by more than \$30 billion more than the leadership plan before us.

Let me just divert for a minute and tell my colleagues a little story. Most of my colleagues have seen me on the floor with my son, Will. I have learned something from my son over the last several months. That is, when I feed him his vanilla custard first, he does not want to eat the green beans. History proves that our country is the same way. We want desert first.

Mr. Chairman, in the 1980 changes that we went through we made the tax cuts, but we never got around to making the difficult spending cuts. The coalition budget puts spending cuts ahead of tax cuts, in contrast to the leadership plan which borrows money to pay for tax cuts and cuts deeply into critical priority spending areas like education and health care.

The coalition budget proves that it is possible to balance the budget and also restore solvency to the Medicare trust fund to avoid devastating cuts to Medicare, to avoid raising premiums for low- and middle-income seniors. In fact, our plan would have seniors, the average senior, paying \$1,000 less per person over the next 7 years than the plan before us. Mr. Chairman, it also avoids cuts which threaten the solvency of rural and inner-city hospitals.

The coalition budget proves that it is possible to balance the budget at the same time avoiding huge Medicaid cuts contained in the leadership plan that will threaten nursing home care for seniors. Ours retains the nursing home standards in current law, threatened health care for millions of poor Americans, and provide a huge unfunded mandate to the States or, in the alternative, raise premiums on poverty-level seniors by up to \$5,000 apiece over the next 7 years. It also retains the

spousal exemption so that seniors do not have to become impoverished when one spouse goes into the hospital.

The coalition budget also proves that it is possible to balance the budget and at the same time reform welfare in a way that provides tough work requirements, provides for child care, child enforcement, health care, and training skills to allow people to move off of welfare, provides protection for children, avoids new individual mandates on the States which merely implement a new social agenda. It avoids crippling cuts in discretionary spending to protect critical areas like education, health research, job training, economic development, and infrastructure. It avoids severe cuts to agriculture programs which could threaten the existence of family farms and rural communities.

It avoids a tax increase, as Mr. Kemp put it, on working people, 14 million working Americans of low and moderate income, as contained in the leadership plan on the earned income tax credit changes. It avoids unnecessary levels of cuts to student loans, single and multifamily housing programs, Federal worker benefits, and environmental areas. It does not politicize the debt limit and risk financial solvency of the Treasury.

Ultimately, Mr. Chairman, the coalition plan proves that it is possible to balance the budget over 7 years using honest numbers, shared sacrifices, sound priorities, and common sense, without blue smoke and mirrors as Senator DOMENICI called the \$36 billion plug figure in the leadership Medicare plan. Our budget reflects where the majority of Americans would like to see our ideological debate resolved.

Our budget has received endorsements from various and interesting groups from all sides of the political spectrum including the Concord Coalition, the Washington Post, the New York Times, the Philadelphia Inquirer, and the Minneapolis Star Bulletin.

The coalition plan places deficit reduction over ideology, puts spending cuts before tax cuts, and presents a complete and credible package without blue smoke and mirrors. Our budget reflects Democratic priorities, but, more important, it reflects America's priorities.

Mr. Chairman, I urge adoption of the coalition budget and am happy to announce that in the other body Senators SIMON, ROBB, KERREY, and CONRAD are going to be introducing the same bill as an amendment on the floor of the Senate.

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

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from North Carolina [Mr. BURR].

(Mr. BURR asked and was given permission to revise and extend his remarks.)

Mr. BURR. Mr. Chairman, I also come, as the gentleman who stood up

earlier on the Democrat side of the aisle, with no charts, with no maps, even with no buttons, even though I have worn one today, because in fact today the strategy has been clear. The strategy by the minority in this House is that, if we say things that are untrue enough, people will believe them. If we say to seniors that trying to fix Medicare will hurt them, they might believe that. If, in fact, we say to children do not worry about the debt, we are going to solve it at some point, that they might believe it. If in fact we say to the poor enough do not worry about federally driven programs, the States cannot do it, that they might believe it.

As my colleagues know, the fact is that I have had a button on all day that said if not now, when? Well, if not now, when will we stand up for seniors and secure the future of Medicare for them and for future generations? If not now, when will we stand up for children in this country and for once say we are going to begin to do away with the debt problem that we have put on their shoulders? If not now, when? If not now, when will we say to those poor individuals in this country who need Federal assistance we are going to ask their neighbors to design programs because they know better than bureaucrats what they need? If not now, when are we going to do what the American people want us to do, and turn down this substitute, and vote for the reconciliation package that will truly balance our budget in 7 years and save the programs of this Government?

Mr. Chairman, I hope and expect this legislation will foster the development of provider networks, including specialty provider networks because of my interest in assuring seniors that they will have choices relating to behavioral health care, rehabilitation care and other specialty services.

The private sector has engaged in direct contracting with specialty networks in order to lower costs and improve access to quality treatment as well as expand choice for consumers. The Medicare Program should also explore the utilization of these specialty networks for the same reasons.

I believe the Health Care Finance Administration has adequate demonstration authority under current law to test the feasibility and desirability of permitting specialty provider sponsored networks to serve the new Medicare market. A demonstration project would serve to determine whether seniors have access to the most cost-effective quality treatments for specialized services.

Mr. ORTON. Mr. Chairman, I yield 2½ minutes to the gentleman from Minnesota [Mr. PETERSON], who is the chairman for policy of the coalition.

Mr. PETERSON of Minnesota. Mr. Chairman, first of all I want to commend all the chairmen of the task forces of the coalition and Members that served on those task forces for their hard work. It has been a lot of effort put in this budget, and this coalition budget is a honest plan to balance the budget, as the gentleman from

Utah said, in 7 years through real reforms in Government programs. We make tough choices to balance the budget first instead of borrowing money to pay for tax cuts is being done in the other plan. Because we do not have tax cuts up front, we add \$30 billion less to the national debt over the next 7 years than the Republican plan and put the deficit on a much more reasonable guidepath toward a balanced budget. The deficit actually increases in the second year under the Kasich substitute because of that tax increase. The coalition plan does not include this deficit bump in the second year, and in fact reduces the deficit by \$61 billion in the second year. The coalition plan does not include any of the unspecified Medicare savings or budget gimmicks such as pension reversion, merger of the bank insurance fund, back-loaded IRA's, and other tax changes that make the deficit appear smaller in the first year but actually cost the taxpayers money over the long term. If we remove these gimmicks from the plan, the deficit will be \$25 billion higher than in the first 2 years under the Republican plan. The coalition budget backs up the deficit reduction in this bill with tough enforcement mechanisms that make sure we meet the deficit targets. The coalition budget includes budget process reforms such as line-item veto and the lockbox to allow Congress and the President to cut spending further.

In addition, Mr. Chairman, we make a change in here that most anybody looking at this thinks we need to make. The coalition budget includes a 0.5-percent reduction in the CPI. In the Republican plan they pick up the real Bureau of Labor Statistics 0.2 change in 1999. We do what a lot of people say we should do. Five prominent economists chaired by Michael Boskin said that the CPI is overstated by between 0.7 and 2 percent. Alan Greenspan has said that it has been overstated by maybe 1 percent. The CBO says it is anywhere from 0.2 to 0.8 percent. So we picked something that we think makes some sense, and, if we are going to get at this budget problem, we have got to get something out of every area. This CPI is a fair way to spread the burden of balancing the budget evenly by treating all programs equally including tax indexing. There is lots of Republicans, including the Republican majority leader, that support this, and we also have a flat-rate COLA which we think makes a lot of sense for lower-income Americans.

We urge our colleagues' support.

Mr. KASICH. Mr. Chairman, I yield 1½ minutes to the gentleman from Florida [Mr. MICA].

Mr. MICA. Mr. Chairman, last week President Clinton said, "I increased taxes too much and cut spending too little." We all saw it here, and, as my colleagues know, that is really what this debate is all about. Will we continue 40 years of blindly throwing taxpayer money at our problems, or will for one time reverse that failed policy?

Today we must really ask ourselves what has the tax-and-spend policy of these past 30 or 40 years brought us?

We discourage and we penalize people for working. We have destroyed family structures. Our Federal programs are like sieves. They are fraught with waste, fraud, and abuse. In my district nearly 50 percent of our community college entrants need remedial education. Our children must look forward to bleak futures, part-time jobs, low-paying jobs, or service jobs. We penalize our seniors for working. We export our jobs. We discourage savings. We penalize investment, and, to top it all off, the wonderful mess we have created for our people makes them afraid to go out and walk on our streets at night.

Today we have with the budget before us possibly the last opportunity to change all that. I urge the adoption of the Republican budget and urge the defeat of this fig-leaf substitute.

Mr. ORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. PAYNE].

□ 1630

Mr. PAYNE of Virginia. Mr. Chairman, I thank the gentleman for yielding time to me, and I thank all my colleagues in the coalition for their hard work on this substitute.

Mr. Chairman, there are many good reasons why this substitute is better than the Republican bill. But let me just tell you why it's better for all Americans who are, or who will be, served by Medicare.

First, the coalition budget saves Medicare by restoring its hospital trust fund. But unlike the Republican budget, our plan doesn't ask our least vulnerable seniors to shoulder an undue burden. We maintain basic part B premiums for seniors at 25 percent while we ask seniors who earn more than \$50,000 to pay more. Overall, our budget provides \$100 billion more for Medicare over 7 years than the Republican plan.

Second, the coalition's reforms in Medicare won't destroy health care in rural and other medically underserved areas. Our plan avoids deep, harmful cuts in payments to these vulnerable hospitals. And we incorporate vital reforms recommended by the bipartisan Rural Health Care Coalition.

Third, the coalition's Medicare reforms expand coverage for preventive medicine.

Fourth, the coalition's budget fights Medicare fraud and abuse better.

And fifth, our Medicare reforms aren't based on gimmicks such as the look-back provision. The reforms made by the coalition are clear and there for the American people to see and understand.

Mr. Chairman, the Republicans have been telling us for months now that we must cut \$270 billion from Medicare to save the program from bankruptcy and to balance the budget.

Our coalition budget proves them wrong on both counts. Our plan ensures the solvency of Medicare, balances the budget, and protects our most vulner-

able seniors, while spending \$100 billion more than the Republican plan on Medicare for the next 7 years.

The New York Times says the coalition's plan shows "the budget can be balanced by 2002 without pummeling the poor or Medicare."

The Washington Post says our budget is "easily the best horse in the race."

These and many other newspapers across the country, as well as the Concord Coalition, are endorsing the coalition's budget.

I urge my colleagues to vote for this substitute.

Mr. KASICH. Mr. Chairman, I yield 1½ minutes to the distinguished gentleman from California [Mr. KIM].

(Mr. KIM asked and was given permission to revise and extend his remarks.)

Mr. KIM. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, we all agree that we cannot continue spending and spending more than we take in. We all know we have to balance the budget. We all agree with that. In private, if you spend more than you earn, you have to file a bankruptcy. My kid can understand this.

The debate is not whether we should or should not. I think the debate is how to do it. Obviously, we have two kinds of solutions. One is a real solution, the Republican solution, which guarantees that the budget will be balanced at the end of 7 years. The other plan is gentler, a band-aid plan, a feel-good plan.

Let me talk about this. Right now our national deficit is sky high. The interest payment alone last year was about the same as our national defense budget. This is a tough time. We need a tough solution, not a band-aid feel-good solution. As a matter of fact, the feel-good solution was rejected yesterday by the other body by 96 to 3. Only two Democrats supported this feel-good plan yesterday in the other body. Forty-four Democrats rejected this band-aid, feel-good plan.

Obviously, the plan we adopt must be the Republican plan. I do not see any other plan except this. This is a tough solution, a realistic solution. We guarantee we will balance the budget at the end of 7 years, which our budget does.

Mr. ORTON. Mr. Chairman, I yield myself 10 seconds to correct the gentleman.

The gentleman reflected that this alternative had been voted on in the Senate yesterday and lost 96 to 3. That is incorrect. This alternative has not been voted on in the Senate. Several Senators indicated their intention to raise it today. That is an incorrect statement.

Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. HALL].

(Mr. HALL of Texas asked and was given permission to revise and extend his remarks.)

Mr. HALL of Texas. Mr. Chairman, I rise in strong support of the coalition's

budget reconciliation plan. It is a fair and responsible proposal that achieves a balanced budget and yet is not unkind in doing so. These are two important points, Mr. Chairman. It is important for our Nation's future that we ensure economic security through a balanced budget, and it is equally important that we protect all of our citizens in the process. It is also vital that we protect the most vulnerable in our Nation—our children, our seniors, our sick, our poor.

As chairman of the Coalition's Health Care Task Force, I would like to address the coalition's plan to reform Medicare and Medicaid. We recognize that reforms are needed to protect the future of these programs. We recognize that we need to slow the rate of growth. We believe that our plan achieves these goals less painfully than the majority's proposal.

The coalition budget achieves a balanced budget while protecting Medicare. It does this by slowing the rate of growth and by giving seniors more choices of health care plans—but it does not force them to change. The reforms contained in our budget have far less impact on Medicare than those in the leadership's budget—by about \$100 billion less. Our Medicare plan increases coverage for preventive care and maintains full home health care coverage. It reduces providers' Medicare reimbursements far less than the leadership budget does. Our plan includes fraud and abuse provisions, medical malpractice reform, and anti-trust relief. It establishes a commission to report every 3 years on the effectiveness of our plan. Most importantly, Mr. Chairman, it maintains part B premiums at 25 percent for low and middle-income seniors and avoids cuts to rural and inner city hospitals. The coalition's Medicare provisions are less painful than those in the leadership's plan—and yet will keep us on target to balance the budget.

Those who need our help the most—those covered under Medicaid—also are protected under the coalition's plan. Our budget maintains Medicaid payment of part B premiums, deductibles, and co-payments for low-income seniors. It continues nursing home standards and protects spouses from exhausting their resources to pay for nursing home costs. These are safety nets that are critical to the health and economic well-being of our citizens, Mr. Chairman, and they must be preserved.

Mr. Chairman, we must honor our contract with the 37 million seniors being served by Medicare. We have an obligation to protect their current quality of care. At the same time, part of our contract with them is to ensure the future solvency of the program. The coalition budget accomplishes both of these. Although I don't agree with all aspects of either the leadership bill or the coalition budget, I believe the coalition budget is the most responsible proposal before the House

today. I, for example, favor some tax relief, such as the \$500 child tax credit and capital gains relief, that will spawn income and not cause outgo, but the argument is strong that we should not cut taxes until we balance the budget. I believe there will be some tax cuts in the final bill.

I believe that we are within a stone's throw of where the Republicans, Democrats, and the President will finally come to. We have an extraordinary opportunity to achieve a balanced budget. This is a goal that I have supported throughout my years in Congress and one that is long overdue. But we must be sure that we are stepping in the right direction, that we are resolute but kind in our efforts to protect Medicare and also balance our budget. Mr. Chairman, I believe the coalition budget is a right step, and I urge my colleagues' support.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Nebraska [Mr. CHRISTENSEN].

Mr. CHRISTENSEN. Mr. Chairman, in November the American people elected a new Congress to come to Washington. They elected us on a number of principles, but the one that I campaigned on was cutting taxes, cutting bureaucracy, and cutting spending. The Democrat alternative falls short on cutting taxes. One in particular is the capital gains tax cut.

A capital gains tax cut is good for the small business person, it is good for the little guy, but we have heard a lot about the fact that it only helps the rich. That is not quite true. If we look at this chart, we will see that in last year's returns, capital gains was filed by people making less than \$50,000, 58 percent of the time. As a matter of fact, 86 percent of all the returns filing a capital gain were from people making less than \$100,000.

Capital gains will spur the economy. We know it. It is proven. It has happened before. It is going to help our seniors, it is going to help our children. It is good for the working men and women of this country. I believe that the Democrat alternative falls short in not returning people's money back to its rightful owner. That is why I support the Kasich substitute, the Republican plan, and why I think we should vote no on the Democrat alternative and vote yes on the Republican plan to balance this budget for the future of this country.

Mr. ORTON. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Arkansas [Mrs. LINCOLN].

(Mrs. LINCOLN asked and was given permission to revise and extend her remarks.)

Mrs. LINCOLN. Mr. Chairman, both of these plans balance the budget. I think that is a lot of what the American people are asking us to do. The way they ask us to do it is in a fair and reasonable way.

I think in a recent article in the Philadelphia Enquirer our group of 23

conservative Democrats, the coalition, are called a group of renegades. We are basically called that because we are the few people here in Washington that are willing to do exactly what the American people want, and that is to put people above politics, especially the partisan politics that are played here in Washington.

As I said, both of these plans balance the budget. Many of us from the coalition agree with the former speaker, that there is a need for tax reform and tax relief. However, what the American people want us to do is to cut spending first, and that is what we do. In specific areas of Medicaid, we are much more reasonable and fair than the Republican alternative. We plan to treat Medicaid more fairly than the Republican budget. The Coalition cuts \$100 billion less than the Republican plan, while still balancing the budget by 2002.

The coalition keeps nursing home quality care standards that are currently in the Federal law. We do not impose liens on family farms or homes, and spouses or children of nursing home residents do not have to spend all of their assets to pay for care. The coalition imposes a per capita limit on Federal spending, instead of limiting growth per State. The coalition will allow Medicaid to continue to guarantee to pay for low-income Medicare beneficiaries.

In my State of Arkansas, roughly 70 to 80 percent of the Medicare recipients of our State have their premiums paid by Medicaid, but most importantly, the coalition will continue to guarantee health care coverage for the three categories of Medicaid beneficiaries: Low-income mothers and children, elderly people needing long-term care, and the disabled population.

I urge my colleagues to take the reasonable approach to balancing the budget.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from North Carolina [Mrs. MYRICK], a former mayor.

Mrs. MYRICK. Mr. Chairman, our colleague, the gentleman from Oklahoma, Mr. TOM COBURN, became the proud grandfather of a little baby girl, Sarah. Today's vote on this balanced Budget Reconciliation Act is going to be an historic vote that is going to make a big difference in Sarah's life. It restores fiscal sanity to our Government. As a mother of five and a grandmother of six, I have a moral obligation to balance this budget. I want my kids to have the same opportunity to succeed that I have enjoyed in this generation. We are looking today at a national debt of \$4.8 trillion.

What this vote on the balanced budget means is very simply that Sarah and my new grandchild, No. 7, who is going to be born in December, will not have to pay \$187,000 just to cover the interest on the debt alone through their lifetimes. We cannot go on literally mortgaging our children and our

grandchildren's future, and saddling them with this huge mountain of debt.

When we pass this bill today, it is going to be the first step in balancing a budget that has not been balanced in 26 years. That is historic. We owe it to our children and we owe it to our grandchildren, and their children, to pass a balanced budget. This bill is the first step in the right direction.

Mr. ORTON. Mr. Chairman, I yield 1 minute to the gentlewoman from California [Ms. HARMAN].

(Ms. HARMAN asked and was given permission to revise and extend her remarks.)

Ms. HARMAN. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, my family and I would personally benefit from the tax cuts contained in H.R. 2491, but they are wrong. I strongly support the coalition substitute, which cuts spending first and defers tax relief until the budget is balanced. As the mother of the bipartisan lockbox, deficit lockbox amendment, let me point out that the coalition substitute is the only, repeat, the only vote we can take today to include a formal deficit lockbox mechanism as part of our 7-year balanced budget program. Only the coalition substitute makes a cut a cut, this year and in the other years.

Deficit hawks, listen up. This is the defining vote for those serious about process reform, reform that will genuinely help to reduce the deficit. Deficit hawks, Republican freshmen, this is the vote you need to make. Support the coalition substitute and its bipartisan deficit reduction lockbox.

Mr. KASICH. Mr. Chairman, I yield 1 minute to the very distinguished gentleman from Wisconsin [Mr. GUNDERSON], the reformer of agriculture in the House.

Mr. GUNDERSON. Mr. Chairman, last June, I joined with my colleagues in the House in voting to balance the Federal budget over 7 years. This is an historic step and, if successful, would represent the first balanced budget in 33 years.

I voted in favor of a balanced budget because it is time that Congress finally take the necessary action to slow Federal spending. Failure to correct the course now will land us in dire straits over time. In fact, if we decide to continue spending at the same levels we had in fiscal year 1995, the annual deficit—the amount by which spending exceed receipts each year—would increase from \$210 billion in fiscal year 1996 to \$349 billion in fiscal year 2002. That increase represents a \$1.165 trillion addition to the national debt. Without any additional changes, the interest on the national debt will increase from \$235 billion in fiscal year 1996 to \$334 billion in 2002.

This again becomes clear if you just look at how much more we spend on interest on the national debt than we spend on our education and training programs. In fiscal year 1995, we spent 66 times more on interest on the national debt than we do on the Head Start program. We spent 32 times more on interest on the national debt than we do on the Title I Program which benefits disadvantaged grade-school kids. We spent 149 times more on interest on the national debt than we did on all

elementary and secondary school improvement programs. We spent 158 times more on interest on the national debt than we did on Federal aid to vocational education, 180 times more than on the JOBS program to get people off welfare, and 212 times more than on Job Corps. Clearly this is a distorted sense of priorities because interest on the debt is only going to grow if we do not take action now.

Today, entitlement spending makes up 64 percent of the entire Federal budget, and spending on discretionary programs, such as defense, education and job training, makes up 36 percent. Without significant shifts in priorities, by 2012 entitlement spending will consume the entire budget. That means unless we institute a significant increase in the income tax, zero Federal dollars spent for our national defense, for any education programs, other than student loans, and countless other Federal programs.

It is vital that we take steps to slow the growth in Federal spending because of the dramatic growth in entitlement programs. Although I continue to support the existence of many of our entitlement programs—especially Social Security, Medicare and student loans—we risk them consuming the entire budget.

#### THE OMNIBUS BUDGET RECONCILIATION ACT OF 1995

The budget that we passed in June was only a blueprint for action on congressional spending. Today, through the Omnibus Budget Reconciliation Act of 1995, we are making tough choices to slow the rate of Federal spending on entitlement programs.

Slowing the rate of growth in Federal entitlement programs is not a cut. Instead, we are slowing the rate of increase in spending. If you look at the big picture this becomes clear. Over the last 7 years, between 1989 and 1995 as a nation we spent \$9.5 trillion. By taking the requisite steps to balance the budget over 7 years, we will still spend \$11.2 trillion. That's \$2.2 trillion more than in the previous 7 years. Clearly, this package makes tough choices, but spending still increases.

Let us take a look at three of the components of the budget reconciliation package that are most important to the third district. The changes in the Student Loan Program, the deregulation of the dairy industry and pro-growth tax cuts. Earlier, I expressed my support for another major component, the Medicare Preservation Act.

#### STUDENT LOAN REFORM

One of the tougher jobs during the budget process was the task given to the Economic and Educational Opportunities Committee of which I am a member. To find \$10.1 billion in savings over 7 years in the Student Loan Program. That is a lot of money. But if you look at the fact that we will spend 242 times more this year on interest on the national debt than on higher education programs, you will realize that this is absolutely necessary. In the end, the committee was successful in crafting a student-friendly package while getting our fiscal house in order.

The package crafted by the committee would eliminate the President's Direct Loan Program. If allowed to expand, the Direct Loan Program would transform the Education Department into a bank and would disregard the long-term impact on the Federal budget. This year, the Congressional Budget Office and the Congressional Research Service have estimated that the Student Loan Program would cost \$1.5 billion over 7 years. The program

would require that the Education Department either hire or contract with hundreds of loan processors—duplicating what the private sector has already perfected.

The student loan reform package passed by the committee would preserve student aid for all students, despite eliminating the direct loan program. Any student who wants financial aid will be able to receive it. Students will continue to have access to Stafford and PLUS loan dollars. The annual student loan volume is projected to increase 47 percent over the next 7 years, from \$24.5 billion in 1995 to \$36 billion in 2002. The annual student loan amount would increase from \$2,340 to \$4,300 over the 7 years.

We have also succeeded in minimizing costs to students, by requiring the financial industry to shoulder its fair share—\$4.8 billion. Students will not accrue or be asked to pay interest while they are still in school. In addition, they will maintain the 6-month-grace period before they are required to start repaying their loans. The only difference is that interest will begin accruing the month after graduation. This will cost graduates on average between \$6 and \$9 per month during the repayment period.

#### DAIRY POLICY FOR WORLD MARKET—THE DAIRY TITLE OF FREEDOM TO FARM

The 1995 farm bill marks a key change in farm commodity pricing, and—especially important to western Wisconsin—a deregulation of the dairy industry. The "Freedom to Farm Act" put forth by House Agriculture Committee Chairman PAT ROBERTS, would save \$13.4 billion over the next 7 years.

The dairy title of the Freedom to Farm Act, which I crafted as chairman of the Dairy and Livestock Subcommittee of the House Agriculture Committee, would deregulate the market in dairy products, leveling the playing field and freeing western Wisconsin farmers from the outdated and market-suppressing milk marketing order system. The change will enable U.S. dairy producers to become and remain players in the world market.

The act would continue market transition payments over the next 7 years, and would fully fund the Dairy Export Incentive Program. In addition, the act would authorize the Secretary of Agriculture to help the industry from export trading companies and continue existing producer and processor promotion programs.

#### TAX CHANGES: PRO-GROWTH, PRIVATE-SECTOR INCENTIVES

Reducing the amount of Federal Government growth also requires that we return control of money which we have traditionally sent to Washington back to the taxpayers. Although I believe that we must be very careful when enacting tax cuts at the same time we are balancing the budget, I have consistently supported pro-growth tax policies. The reconciliation bill before us today will help grow the economy through market incentives.

The reconciliation bill would cut individual capital gains taxes by 50 percent and corporate capital gains rates by 25 percent. These cuts will spur investment to enable the United States to maintain its competitive edge in the world economy. In addition, the bill would create new, expanded savings accounts, like individual retirement accounts, that would allow individuals to withdraw savings tax-free for major investments, such as for the



purchase of a new house or for a child's college or vocational education. But the bill also closes \$27 billion in corporate tax loopholes.

In sum, it is time for us to act to protect our future, to ensure that we have the option of investing in important programs in which there should be a Federal role, such as education and training. The choices that we have made are not easy, and this bill is not perfect by any means. But it represents an important start toward real fiscal responsibility. I wholeheartedly agree with that goal. By eliminating the deficit, and gradually reducing the debt, we will increase the economy's capacity for growth and ensure that our children have a chance at a prosperous future.

Mr. Chairman, I appreciate those comments, but I would like to engage the chairman of the Subcommittee on Health and the Environment of the Committee on Commerce in a brief colloquy.

If I understand the current law, Medicaid eligibility for a person who is disabled is based on whether the Social Security Administration has recognized them to be disabled. Social Security has improved the eligibility determination process to help ensure that disabled people get recognized as disabled and therefore qualify for Medicaid as soon as possible. This is especially important for people who have disabilities that are life-threatening and are at risk of dying before the Government finds them to be disabled.

My question to the chairman of the committee is, Is it the committee's expectation that a State, in establishing its Medicaid, will expedite determinations of eligibility for people with life-threatening conditions?

Mr. BILIRAKIS. Mr. Chairman, will the gentleman yield?

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

Mr. BILIRAKIS. Very clearly, Mr. Chairman, we would expect the States to take such steps to ensure that such people receive expedited determinations of eligibility, and would be very disappointed if they did not take these steps.

Mr. GUNDERSON. Mr. Chairman, I appreciate the reassurance of the gentleman, and look forward to making sure there is no doubt about this after it comes out of conference.

Mr. ORTON. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Chairman, I rise in strong support of the coalition budget. It is clearly the best plan before us. It balances the budget within 7 years, and it provides for less borrowing and less debt than the Republican plan. It is not perfect. I disagree with some of the provisions in there. I would like to see a little more time in understanding the COLA changes. I would have had less Medicare cuts. However, the key difference between the substitute and the Republican bill is the tax provisions. There are no tax cuts in this proposal, because this proposal is serious about deficit reduction.

The Republican budget runs the risk of us repeating the same mistakes that

we made in 1981. In 1981 we thought we could cut taxes. We promised to control future spending. We saw the deficit soar. We could very well end up with the Republican budget devastating programs for our seniors, for our children, and our environment, and still have large deficits. That is the risk we run with the Republican budget.

The coalition budget puts the spending cuts towards deficit reduction, where it should. It does less cuts in order to preserve Medicare, in order to preserve our opportunities for higher education, in order to preserve our programs for the environment. The Members have a clear choice. In supporting the coalition budget, they are supporting cuts for deficit reduction. In the Republican plan, we are talking about cuts in order to provide for tax breaks for the wealthy. I think it is a clear choice, and I am proud to support the coalition budget.

I rise in support of the coalition budget plan. It is the best plan that has yet been proposed for balancing the budget.

Two years ago, we took a major first step toward eliminating Federal budget deficits. The 1993 budget plan has succeeded in bringing deficits down for 3 consecutive years, and the deficit in the year just ended was about half what it would have been.

This year, we have to take the next step, and move toward a balanced budget. The coalition budget will balance the budget in 7 years, through spending cuts that are real, but not harsh. The plan balances the budget more quickly, with less borrowing than the Republican leadership budget.

The coalition budget is not perfect. The cost of living adjustment in this plan raises many serious issues that have not been adequately considered. The level of Medicare cuts would not devastate the program, as the Republican plan does, but they exceed the amount I believe is necessary. I would have preferred alternative spending cuts.

Nonetheless, the authors of the coalition plan have learned the lessons of recent budget history. In 1981, in the Reagan revolution, Congress enacted the Reagan plan of tax cuts and promised spending cuts. What resulted was an explosion of Federal deficit spending.

Today, in 1995, the Gingrich revolution is hell-bent on repeating the fiscal mistakes of 1981. By cutting taxes by \$245 billion, mostly to benefit the most well-off Americans, this plan again puts the cart before the horse. We should not be borrowing hundreds of billions of dollars for tax breaks, while we are still piling up hundreds of billions of debt. With the Republican budget, we could very easily end up slashing programs that are needed for our seniors, students, and the environment, and still have large budget deficits.

The coalition budget is driven by the need to balance the budget, preserve Medicare, and maintain our commitment to higher education. The Republican leadership budget is about cutting taxes and taking the first step toward eliminating Medicare. Do not take my word for it. Speaker GINGRICH, the architect of this plan, yesterday said that he would have gotten rid of Medicare but it would not be "politically smart."

The difference could not be clearer. The coalition budget cuts spending to balance the budget. The Republican budget cuts taxes to

benefit the wealthy, and cuts Medicare as a first step toward eliminating this most successful American program. I urge my colleagues to support the coalition budget, and reject the committee budget.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to my friend, the distinguished gentleman from Pennsylvania, [Mr. WALKER], the czar of science, and the vice-chairman of the Committee on the Budget.

Mr. WALKER. Mr. Chairman, I would like to begin by thanking the coalition for bringing forward a balanced budget to the floor, and allowing us to debate a couple of different balanced budgets out here on the floor. I think that is a useful thing to have done. I happen to think that it is preferable to give the American people an opportunity to get some tax cuts out of all of this to what the coalition has done, but I think it is useful to have a debate about this.

I happen to believe that some of the spending reductions that we are making are in fact responsible spending reductions, because they go toward trying to reform the system a good deal more than what the Coalition does. But again, it is a useful exercise.

The reason why the tax cuts are important is for the reason of what happens in my district. Sixty-five million dollars in tax cuts come primarily to families with children in my district; over 100,000 children in my district are eligible for tax cuts. Their families are eligible for tax breaks under our budget. That is something that gets denied under the Democrats' proposal on the floor. I just think that it is a better plan to give people back a little bit of what they owe.

Mr. Chairman, I am a little disappointed. I must say, in the debate that we had a little earlier today that suggested, for instance, that the Speaker had spoken out against Medicare.

The fact is, some of the charts I saw on the floor and some of the phoney language I heard from the other side is very disappointing because I think some of the people may have known about it. The fact is, the Speaker's quote is quite clear in what we said. He was talking about HCFA. He was talking about a centralized bureaucratic monstrosity that is in the government called HCFA. He said that perhaps at some point we ought to get rid of some of the bureaucracies that surround all of this process.

It seems to me that that is what the American people have told us. They have told us that government is too big and spends too much and that we ought to get rid of a lot of the centralized bureaucracy. I think the American people would agree with that. Nothing was said by the Speaker that indicated that he was talking about Medicare in any way, shape or form.

So I think for some of the disingenuous language that we have heard on the floor today about some of the issues we have seen discussing is disturbing. That being said, Mr. Chairman, it

is a good thing to be debating balanced budgets.

Mr. ORTON. Mr. Chairman, I yield 10 seconds to the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. Mr. Chairman, I would like to remind my friend from Pennsylvania that the chairman of the Committee on the Budget has informed this body that the \$500 per child tax cut is not in his bill.

Mr. ORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Mr. Chairman, I want to thank the gentleman from Utah [Mr. ORTON] for yielding me the time.

Mr. Chairman, I want to reiterate something that has reverberated through this chamber and that is the Coalition budget gets to balance in 7 years every bit as much as the Republican budget gets to balance. However, ours is more responsible, it is wiser and fairer.

Mr. Chairman, I would tell the Members that I do not know of any group of people who have more credibility on the wisdom of a balanced budget in this Nation than the Concord Coalition. Those of you who are listening, the Concord Coalition is a bipartisan group who came together because of their concern, all of our concern, about our national deficit and debt. The Concord Coalition has endorsed the Coalition budget today as being the better way to go for our country.

In welfare reform, for example, we put people to work in a better way and faster than does the Republican plan. We do not rob the people who are trying to stay off of welfare of their earned income tax credit, the working poor, the people who are getting up every day and going to work, trying to stay off of the welfare rolls, that is simply the wrong way to go. They need a helping hand, a hand-up and not a handout. We do that in the Coalition budget.

But more importantly, let me say that we were sent here for an American solution, not a Democratic or a Republican solution, but an American solution, representing people in our districts consistent with the national interests. Democrats, Republicans and Independents. The Coalition budget is an American solution to the disgrace that our national deficit has become.

So when you hear all of this rhetoric about the Republicans have all of the answers, it is simply not true. Neither do the Democrats. This 23 maverick Democrats in the middle, as the Philadelphia Enquirer called us, have the American solution.

Mr. FRANKS of New Jersey. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. FOX].

Mr. FOX of Pennsylvania. Mr. Chairman, I rise today in support of the Republican plan which will balance the budget and give the opportunity for all Americans to have reductions in their

mortgage so that they can better take care of their families and have the American dream realized. It will lower by at least 2 percent their auto loans, which again will put more money back in their pocket. It will also reduce for them the cost of student loans for college, at least by 2 percent or more. Over the life of a loan, we are talking about a lot of money.

It will also help senior citizens by making sure we have the rollback of the 1993 Social Security tax. It will also give senior citizens the ability to make about the \$11,280 we have been talking about, which the ceiling is falsely there now, stifling opportunity; and under our legislative, the total package, we will now have, for the first time, the ability to make up to \$30,000 a year for seniors under 70 without impinging on their Social Security.

So for seniors, for working people, for children, for all Americans, by balancing the budget for the first time since 1969, we will actually help America move forward fiscally for every family.

Mr. ORTON. Mr. Chairman, I yield such time as he may consume to the gentleman from South Carolina [Mr. SPRATT].

(Mr. SPRATT asked and was given permission to revise and extend his remarks.)

Mr. SPRATT. Mr. Chairman, I rise in support of the Coalition substitute. This substitute shows that we can wipe out the deficit without wiping out programs.

We can take on this task today of balancing the budget in 7 years only because 3 years ago, we began the quest for a balanced budget on our side of the aisle.

Let put that in context. On January 13, 1993, one week before he left office, President Bush handed in his "Economic Report of the President." Turn to page 69 of this Report, and you will see that President Bush projected a deficit for 1993 of \$332 billion. In March 1993, this House passed a budget, solely with Democratic votes, which put the deficit on a path downward and steered us away from that projection.

Yesterday, the President announced the results. The deficit for fiscal year 1995 was \$164 billion—half the deficit President Bush projected for his last year in office. But for what we have achieved over the last three years, we would still be looking at deficits as far as the eye can see. We could not even hope to balance the budget in seven years.

Even so, balancing the budget in this timeframe is a tall order. My first problem with the Republican budget resolution was that it took a tough problem and made tougher by stipulating \$350 billion in tax breaks, mostly for upper-income Americans. Those tax cuts have been compromised down to \$245 billion; but guess who bears the brunt of that compromise? Working families, whose Earned Income Tax Credit will be reduced by \$23 billion so that the Alternative Minimum Tax can be taken off the books, and some of the largest corporations in America can be taken off the

hook when it comes to paying a fair share of taxes.

What are the consequences of such tax breaks? It's very simple: spending has to be cut by \$245 billion more than otherwise needed to balance the budget over 7 years. And where do these extra spending cuts fall? On the old and very young, who depend on Medicaid, which the Republicans would slash by \$182 billion. And they hit the elderly again, in the form of higher premiums for Medicare, and benefit payments so low they are sure to shut down small hospitals and rural as well as inner city hospitals.

Not everyone in this House seems concerned by such a scenario. Yesterday, the Speaker, with some pride, told a gathering from Blue Cross-Blue Shield that under his proposal, Medicare as we know it will "wither on the vine."

I cannot vote for a budget that will cause Medicare "to wither on the vine." I am not willing to wreck programs on which peoples' lives depend under the guise of balancing the budget, especially when it is not necessary to commit such carnage.

We have before us a substitute that offers a better way to a balanced budget. It reduces the cost of Medicare by more than I would like, but by enough to ensure that its solvency. It lowers the cost of Medicaid, but saves its integrity. And it puts us on a straighter course to a balanced budget because it avoids any diversion into tax cuts until the task is accomplished.

I urge my colleagues to vote against a budget that will cause Medicare to "wither on the vine," and wreck Medicaid, and run up the cost of student loans. We can wipe out the deficit without wiping out programs that millions of Americans depend on. We should all vote instead for the Sabo-Stenholm-Orton substitute.

Mr. ORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Chairman, I rise in strong support of the Orton alternative.

It is a real and positive alternative that would solidify America's economic future.

Our deficit threatens our health as a nation and our ability to be competitive in our global economy. This Orton package balances the budget and meets our responsibilities to the future.

As a strong supporter of the balanced budget amendment, I recognize that we must make tough choices. We do that. Without attacking the middle class. Without taking Medicaid benefits from children and seniors. Without gutting Medicare.

This bill cuts \$100 billion less from Medicare than the bill rammed through the House by the Republican leadership last Thursday.

The coalition alternative restores solvency to the Medicare Trust Fund without stealing money from seniors for tax breaks for the wealthy.

Over 7 years, the Medicare provisions in the Republican bill would cut \$2,700 more per senior than this alternative.



This alternative provides a total of \$80 billion more in discretionary spending for priorities such as job training, housing, economic development, and education.

It does not cut student loans—a Republican provision that has students at the University of Maryland justifiably worried about whether or not they can finish their education.

The amendment rejects the most damaging farm program cuts included in the Republican bill.

This sensible alternative also rejects cuts in Federal employee benefits.

The welfare reform provisions in the alternative, which 204 Members of this body supported, represented true reform, that plus parents to work and protects the well-being of children.

Mr. Chairman, this is responsible government. It makes tough choices and gets us to a balanced budget in 2002. As the sponsors have stated it uses "honest numbers, shared sacrifice, sound priorities, and common sense" to get our budget balanced.

Instead, the alternative imposes real discipline on spending. Unlike the Kasich bill it does so while continuing our commitment to invest in Americans to ensure a strong, healthy, educated nation.

Passage of this alternative would be good news for the citizens I represent and for all Americans. I urge a vote for the Orton-Stenholm-Peterson-Sabo alternative.

Mr. KASICH. Mr. Chairman, I yield myself 1 minute to say, with regard to the gentleman from Maryland [Mr. HOYER], if you take the best collection of the Beatles, which in essence is what the Blue Dogs did, they took the best pieces of our plan and recorded an album, any way you shake it or cut it, it still is the fundamentals of the Beatles, and their plan is still the fundamentals of ours.

They are to be complimented for having real numbers and for trying to balance the budget. But let us not dwell too much on the difference between the two proposals. It is the best of what we have to offer, and I compliment them for that.

Mr. HOYER. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I yield to the gentleman from Maryland.

Mr. HOYER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, if we have taken the best of the Kasich program, would it not be best to support it?

Mr. KASICH. Mr. Chairman, the answer is no. The problem with that. I say to the gentleman, is that you take off the icing and you can take the easiest things to do without completing the job and without also giving people some of their money back. But the point is that the Blue Dog budget is a positive document and it bears an amazing resemblance to the document that we will vote on later this afternoon. That is, frankly, why I want to compliment the folks for their program, but they could have done better.

Mr. SMITH of Michigan. Mr. Chairman. I thank the gentleman for yielding.

Mr. Chairman, let us talk about this maybe in a little more simple terms. The fact is is that the Democrat alternative has more taxes, has higher taxes than the Republican proposal and has higher spending than the Republican proposal.

If the gentleman is suggesting that we should take those taxes and cut some of that tax decrease out and use it to balance the budget faster, I think that would be one question; but to go back to the same old story of higher taxes and higher spending is not the way we need to go.

There was a comment that used the word draconian. Mr. Chairman, what we are doing is we are cutting 10 percent out of our budget. A lot of families in the United States cut 10 percent out of their budget in 1 year. We are taking 7 years to cut 10 percent out of our budget. It is ridiculous.

The spending of this Congress is out of shape, it is out of style, and let us get back to the real world and let people keep their money in their pockets.

Mr. ORTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. MCHALE].

(Mr. MCHALE asked and was given permission to revise and extend his remarks.)

Mr. MCHALE. Mr. Chairman, I rise in strong support of the Coalition budget. The Philadelphia Enquirer called it a hint of sanity.

Today, I rise in opposition to the Republican reconciliation bill, H.R. 2491, which will devastate essential Medicare and Medicaid programs, institute tax cuts which will disproportionately benefit the wealthiest in our country, and debilitate entitlement and discretionary programs which are essential to securing the economic and environmental health of this country. I will support the Orton substitute to balance the budget by the year 2002.

Through the \$452 billion in Medicare and Medicaid cuts, the Republicans are asking far too much of our most vulnerable citizens. In my State of Pennsylvania, Medicare currently serves one of six citizens, or more than 2 million people. Medicaid covers one in every seven residents. The impact of these cuts on our seniors will be profound: Forty-five percent of Medicaid dollars spent in Pennsylvania are for long-term nursing care for the elderly, and Medicaid dollars account for more than half of total nursing home care in the United States. These two programs have proven to be remarkably successful. In 1959, only 46% of seniors had health coverage. By 1995, this number had increased to 99%. I do not support cuts in these programs which go far beyond ensuring the solvency of these programs, and will endanger the viability of these programs for future generations.

The Republican bill contains irresponsible tax cut provisions which will benefit the wealthiest, and unfair cuts in the EITC program which will increase taxes on the poorest working families. Two thirds of the Republican's proposed tax cut would go to families in the top fifth distribution of income. Further, in my district, the 15th District of Pennsylvania, \$16,644 hard working families will have

their taxes increased by almost \$2.3 million through the Republican EITC cuts, according to the Treasury Department.

Republican cuts in student loan and education programs will increase the cost of student loans and significantly raise the interest rates on parent loans—making college much less affordable for the middle class. The Republican budget reconciliation also opens the Arctic National Wildlife Refuge the Nation's second largest national wildlife refuge, to oil and natural gas exploration and drilling—paving way for the destruction of one of our most precious and unpolluted natural resources.

The Orton substitute is an effective, financially responsible document which will balance the budget by the year 2002 without drastically cutting Medicare, Medicaid, and other crucial programs and without implementing irresponsible tax cuts before a balanced budget is achieved. The Republican reconciliation bill represents a betrayal of basic principles, while the substitute is a fiscally sound, budget-balancing document which embodies necessary and prudent budget decisions.

Therefore, I urge the defeat of HR 2491 in its current form and the adoption of the Orton substitute.

Mr. ORTON. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. POSHARD].

(Mr. POSHARD asked and was given permission to revise and extend his remarks.)

Mr. POSHARD. Mr. Chairman, earlier this year, the Entitlement Reform Commission told us that all tax dollars would be spent on entitlements and interest on the debt by the year 2012 and if we continue our present course we will bankrupt the nation.

Therefore, we must stop this borrowing and spending and we must balance the budget.

The Medicare trust fund board told us we must act to restore the trust fund balance to its normal 10-12 years instead of the 6-year balance to which it has presently sunk.

Both of these reconciliation bills will balance the budget in 7 years and restore solvency to Medicare.

Only one, however, does it without massive downsizing of Medicare, Medicaid, Education, Agriculture, and Pension funds. That is the coalition budget and it is the one we should support because it puts spending cuts toward deficit reduction, not toward tax breaks for people who are not asking for them.

Mr. Chairman, in 1992 we faced the impending collapse of the Coal Miner's Retiree Health Fund. Several hundred companies who had thousands of retired miners basically said what this bill allows.

They said, "Even though these retirees were our employees all these years, and even though we have signed signatory agreements guaranteeing their health care, through our contributions to the Retiree Health Care plan, now, because we no longer want to be a part of the Bituminous Coal Operators of America, we no longer have any obligation for the health care of these retirees."

Well, a bipartisan agreement in this Congress is 1992, negotiated by a Republican Secretary of Labor and signed by a Republican President said to those companies, "You do have an obligation. You can't just transfer your responsibility to the remaining BCOA companies and force them to pay your bills."

Mr. Chairman, if the bill stands, the remaining companies will assume an additional \$58 billion a year for these orphaned retirees.

We're struggling now for the survival of our coal economy and we're going to put this additional burden on the companies who are still mining!

Increase their costs, the ones that are being responsible? The coal companies who are mining the coal and the unions agreed on this. This isn't a one-sided agreement.

Please don't allow this agreement to be rescinded as a part of the reconciliation bill.

The Coal Act which I helped pass in 1992 helped keep the health fund from collapsing and helped preserve both health care and peace of mind for nearly 100,000 mining families in this nation. The shift of costs and responsibility back to only those companies who are still in business will upset the competitive balance in the coal industry, which is already struggling to comply with the onerous provisions of the Clean Air Act.

While this provision is certainly important to me and thousands of mining families in my district, I am also very concerned about how this bill will negatively impact my district in many other ways.

That is why I am cosponsoring the Coalition Budget, which I have worked to develop along with a host of colleagues who are moderate and conservative Democrats. The people behind this alternative are seasoned veterans in the war against deficit spending.

Our budget is demonstrably better than the leadership proposal in a number of ways. Our budget controls Medicare spending by \$170 billion over five years—enough to restore solvency to the trust fund and to control government spending to help us reach a balanced budget. We don't take an extra \$100 billion out of Medicare to finance unwise and unnecessary tax cuts, as the Republican plan proposes. Likewise, our Medicaid proposal maintains nursing home standards and continues to guarantee health care for the poor and elderly.

On the discretionary spending side, our budget has \$80 billion less in budget cuts for areas such as education, job training, job creation and housing.

And in the area of agriculture, which is the economic foundation of the 19th District of Illinois, we reject the lopsided cuts contained in the Republican budget.

On balance, the coalition budget which I support is clearly better for my district, the State of Illinois and the country as a whole. We reach balance in 7 years. We reform programs such as Medicare, Medicaid and welfare, taking the necessary steps to control rising costs but ensuring there is a way to help people maintain a decent standard of living. There are budget cuts across the spectrum of federal spending, but we have prioritized and balanced our spending plan to help middle-in-

come families afford a home and send their kids to college.

I know that our proposal is not likely to be accepted today. The Republican plan will pass, the Senate will pass its version, and the conference agreement will go to the President and he will veto it. At that point in time, we will have to come back and work as a legislative body to reach consensus and do the job the people sent us to do. The final agreement is also likely to contain some provisions with which I very much disagree, but I will continue to keep an open mind and work in a productive way to do what's right for this country—to balance the budget.

My strong belief is that the budget which I cosponsor and have worked for looks a lot like where the final agreement will be, because I think it is the most fair and balanced approach.

□ 1700

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mr. SHAYS], a distinguished member of the Committee on the Budget.

Mr. SHAYS. Mr. Chairman, I first want to thank the Coalition. The Democratic alternative is a very fine plan. I think there is some if not a good deal that we should be talking about when we ultimately come to a conference agreement between the House and the Senate.

When I look at this budget, I see that their budget balances the budget in 7 years, and that is what we are asking the President of the United States to do. If he does that, we go a long way to having a point of agreement. So I am encouraged that my colleagues on that side of the aisle who will vote for it will be sending a message to the President.

I am also encouraged that it looks at the growth of Medicare and Medicaid and particularly Medicare and attempts to cut the growth by \$170 billion. We are attempting to cut the growth by \$270 billion. So there is a difference of \$100 billion. In my judgment, that \$100 billion change in the growth needs to happen. So we have a disagreement there.

But, on balance, there is a lot that can be complimented about this. I like the plan that we have done, and I believe in the tax cuts. I believe that if we are going to take 7 years to balance the budget, that we can, in fact, afford a tax cut; and I believe that the group that needs it the most are those that have children that are under 17 years of age and can get that \$500 tax credit.

I also believe in the capital gains, because I think it generates economic activity rather than causing a loss in revenue. But, on balance, I congratulate my colleagues. They, I think, have gone a long way in helping the White House and both Chambers realize that, ultimately, we can come to an agreement.

Mr. ORTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. DE LA GARZA].

(Mr. DE LA GARZA asked and was given permission to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Chairman, I rise in strong support of the Democratic substitute and I want to commend my colleagues for their work in its development. I especially wish to recognize my friend from Texas, Mr. STENHOLM. We worked together with other Agriculture Committee Democrats to develop the agriculture provisions now contained in the substitute—the alternative receiving the fewest no votes in the Agriculture Committee.

Mr. Chairman, the substitute amendment does what the American people want. It results in a balanced budget for fiscal year 2002. It is particularly attractive to me and to those who know agriculture because it achieves that goal without endangering the strength of our food and fiber production system and without decimating the nutrition programs that are vital to so many American families.

Mr. Chairman, we pointed out earlier that the cuts in agriculture made by the Gingrich bill are just too severe. Agriculture is the very foundation of our Nation's economy. Our basic farm programs have played a significant role in the farmer/government partnership that has been so successful in assuring that our Nation has a safe, reliable, and affordable food supply. The Gingrich plan to reduce Federal spending on farm programs by \$13.4 billion will threaten the economic viability of American agriculture and thereby endanger our food security.

To take such an enormous risk with our food production system in order to provide a tax cut is a reckless approach to fiscal policy.

Mr. Chairman, the substitute includes savings from agricultural programs. It would reduce farm spending by \$4.4 billion over 7 years. Agriculture always contributes its share to deficit reduction—from 1981 through 1993 we cut \$50 billion out of farm spending. But this substitute cuts these programs in a responsible manner and in a way that preserves the farmer/government partnership that has so successfully served to satisfy our nation's food.

#### FOOD STAMP

This substitute also achieves over \$17 billion in food stamp savings over the next 7 years. These are painful cuts in a vital program that keeps millions of people from going hungry every day; but Democrats are supporting the welfare reform provisions of the substitute because we cannot vote for a bill that incorporates the harsh welfare reform legislation passed by the House last spring. The Democrats are strongly in favor of welfare reform and want the public record to properly reflect our commitment to welfare reform.

Although this substitute will reduce the amount of food stamp benefits people will get in the future, it assures that those benefits will never go below 100 percent of the thrifty food plan. People will continue to get enough benefits so that they can purchase a nutritionally adequate diet.

Unlike H.R. 4 as it passed the House, the food stamp provisions of the substitute bill do not cap the funding for food stamps. The substitute retains the flexibility in funding necessary to accommodate downswings in the economy and the subsequent increases in program participation. If the economy of a locality falters for a time, people thrown out of

work will be able to feed their families under our proposal; adequate funding will be available.

Our proposal contains strong incentives to get people out of the food stamp program and into jobs, but it doesn't kick them out of the program if they are wanting and willing to work and there are no jobs available.

The substitute contains all of the fraud and abuse provisions proposed by USDA. The Gingrich bill contains only about half of those proposals. We must do everything possible to maintain the integrity of the food stamp program, to assure that these vital benefits go to those who need them most.

The substitute bill puts us on the road to true and effective welfare reform without putting huge holes in the food safety net. It cuts farm spending without endangering the foundation of our food production system. I urge my colleagues to approve this substitute.

Mr. Chairman, there are several misperceptions about the different agriculture bills that need to be clarified.

First, we need to talk about reductions. Neither the Democrats nor Republicans are saying that Agriculture should be exempted from the Reconciliation process. Agriculture has always given its fair share. We have cut agriculture over \$50 billion since the 1980's. It is the only major entitlement program that has steadily declined and continues to decline. So we are in agreement.

What we don't agree with is having to cut Agriculture an additional \$9 billion in order to pay for a \$245 billion tax cut. It isn't that we don't like tax cuts. It isn't that we don't support the many tax cuts that are proposed. It is the simple fact that this is an inappropriate time to cut taxes (although I will note that on the working poor we are raising taxes)—when we are trying to balance the budget.

In addition, Chairman Roberts said that American farmers would pay \$15 billion less in interest expenses because of a balanced budget. Mr. Speaker, the Substitute will reduce the interest expenses for American farmers the same \$15 billion because the Substitute also balances the budget.

Second, we need to talk about trade. The Gingrich plan will cut our trade programs by \$1.2 billion. We are now implementing the GATT Agreement that many of us supported. This is a crucial time in Agriculture as we implement this agreement. I fear that many of my colleagues have the perception that, because of the GATT Agreement, we are now on a level playing field with our competitors. Nothing could be further from the truth. Yes, this Agreement will reduce spending in agriculture. However to some extent it locked in the inequities that existed. The EV still currently subsidizes its agriculture 6 times more than the U.S. The Substitute recognizes this crucial fact and fully funds our export programs so that American Agriculture can compete abroad and maintain its markets.

Third, we need to talk about flexibility. It is being represented that one bill allows flexibility and the other doesn't. This is simply incorrect. Democrats and Republicans both agree that farmers want more flexibility in commodity programs. Both the Substitute and "Freedom to Farm" allow producers more flexibility. "Freedom to Farm" allows producers to plant program and other specified crops on their base acres. The Substitute is similar in that it provides this flexibility with the total acreage base concept and with additional safeguards for certain commodities if supplies are in excess.

And fourth, one of the most basic differences between the two provisions goes to the core of what our farms programs are designed to do. My farmers have never said that they want a handout. My farmers have never talked to me about preserving the baseline. They have talked to me about getting a decent price for their crops and about various ways to minimize risk. Farmers don't need a guaranteed payment when prices are high. Many people will say that some times when prices are high farmers don't have a crop to sell. That is why we have tried to make crop insurance a workable program. It still has many problems, but it is a concept that we need to continue to improve. Our commodity programs in the Substitute are designed to provide farmers with risk management when prices are low. "Freedom to Farm" just does not provide the safety net that producers need to survive in the face of certain weather, prices, and world conditions.

Mr. Chairman, Chairman Roberts said that Freedom to Farm will lock up the baseline for farmers so that when we have to pass more cuts in coming years—and he said not to fool ourselves, we will have more deficit reduction bills just like this one—that farm spending will be protected.

Mr. Chairman, I don't know why there will be more cuts and reconciliation bills in coming years. Perhaps the tax cuts are too high or the spending cuts are not real in the Gingrich package, but if you vote for the Substitute, there will be no need for future reconciliation bills because it will balance the budget.

Mr. ORTON. Mr. Chairman, I yield 1 minute to the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. As usual, my friend, the gentleman from Ohio [Mr. KASICH], is right. We do take the best parts of their plan, and we make it better.

As far as our Nation's veterans, the coalition budget makes \$1.5 billion less in spending cuts for veterans' programs. The leadership plan would extend the prescription drug co-payment and raise it by \$1. The Coalition plan does not.

But, most importantly, the coalition plan enacts the text of H.R. 580, a bill that has over 220 cosponsors, and provides much-needed military subvention, allows our military retirees to take their Medicare payments to a military hospital. This is a plan that has been endorsed by the Coalition of Military and Veterans Associations, the Retired Officers Association, the Fleet Reserve Association, the Air Force Association, the Army Association, the Marine Corps League, the Marine Corps Officers Association, the Military Order of the Purple Heart, the National Association of Uniformed Services and 30 other veterans' groups want to see this plan become law.

We have a chance to do that by passing the coalition budget.

Mr. ORTON. Mr. Chairman, I yield 1 minute to the gentleman from Kentucky [Mr. BAESLER].

Mr. BAESLER. Mr. Chairman, the second place I think the coalition budget is superior to the budget presented by the Republicans is in the area of education. The coalition be-

lieves that education is an investment in our Nation's future. The \$10 billion question is whether or not we want to make it harder for young people to invest in our own future. The coalition believes the answer is no.

The Republican plan would eliminate the 6-month, interest-free grace period, thus costing graduate students \$2,500. The coalition plan thinks that is unnecessary and unfair.

The leadership plan would increase the rates that parents have to pay on the plus program. This could cost parents an additional \$5,000 when repaying these loans. The coalition plan does not ask the parents to take on this additional burden.

The leadership plan eliminates direct lending as an option for schools and students. The coalition plan does not eliminate direct lending. The coalition plan believes that education cuts do not heal.

I hope my colleagues will join me in encouraging this investment by supporting the coalition reconciliation plan.

Mr. ORTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas, Mr. PETE GEREN.

(Mr. PETE GEREN of Texas asked and was given permission to revise and extend his remarks.)

Mr. PETER GEREN of Texas. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong support of the Medicare subvention provisions in the coalition budget and endorse the coalition budget.

Mr. Chairman, I rise to give you yet another reason why the coalition alternative deserves your vote. We have included a provision in our alternative on Medicare subvention that has widespread and bipartisan support. It is similar to H.R. 580 which has 222 cosponsors. Not only does this proposal make dollars and cents, it corrects an inequity in the way we provide health care to our military retirees.

This proposal would allow our military retirees to use military treatment facilities with the cost of care reimbursed by Medicare. Under current law, the DOD receives no reimbursement when it treats Medicare-eligible retirees, and they are frequently the first group of beneficiaries to be denied care when budget cuts force cutbacks. Yet the military facility is the more cost-effective provider of care. The current arrangement makes no sense.

Mr. Chairman, there are 1.2 million military retirees age 65 and older in America. These men and women dedicated their lives to protecting our freedom. Right now, these retirees pay into the Medicare program as do all Americans, but Medicare will not cover their care because they receive their health care at military facilities. In 1994 alone, the DOD provided more than \$1 billion in care to 230,000 Medicare-eligible retirees. Medicare should reimburse the DOD for these costs. This is good for the retiree, after all it's his or her first choice, and it is good for the taxpayer because it saves money.

Why is this so? Because health care costs at military facilities are 10 percent to 24 percent less than in the private sector, which is

the price that Medicare has to pay. This proposal will save Medicare and the taxpayers billions of dollars as we struggle with balancing our budget.

But more important than that, I stated that this proposal corrects a basic inequity for our military retirees. Because of shrinking budgets, our military retirees are seeing their access to care diminish, care that they earned by their service to America. This proposal will ensure that these retirees will receive the access to care they deserve, from the doctors they choose.

Mr. Chairman, this reform is long overdue. Many military retirees choose military facilities over private providers, and we should expand that option by having Medicare cover those costs. Our military retirees deserve this and it saves money. Mr. Chairman, this is a no-brainer. It is a win/win situation.

I urge my colleagues to support our military retirees and vote yes on the coalition substitute.

Mr. KASICH. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. DELAY], our distinguished Republican whip.

Mr. DELAY. Mr. Chairman, I thank the chairman of the Committee on the Budget for yielding me the time, and I just want to commend him. It is been a long road for the gentleman from Ohio, but he is here today, and we are all very, very proud of the work that he has done and very proud of him.

Mr. Chairman, I want to rise in support of this historic reconciliation legislation and obviously in opposition of the Democrats' alternative.

Many people have trouble understanding what the reconciliation process really is. I believe it is where we reconcile our campaign promises with our legislative agenda. In other words, we are putting our money where our mouth has been. Pundits have called the Democrat alternative humble. Well as Churchill would have put it, it has much to be humble about. It does not give tax relief for American families, it does not save Medicare, and most of the Democrat leadership will not even support it.

Let me focus on the biggest difference between the Republicans and the Democrats in this debate: taxes. Republicans believe that there is a moral imperative to cutting taxes. If we fail in this endeavor, we will break faith with the families and the voters of this great Nation.

The Democrats in the Congress have a different view. They are squeamish about cutting taxes. It cuts against their philosophy, and it is shown in this substitute. The reason they are against cutting taxes is they want to spend more money. They have branded our efforts to be tax cuts for the rich. Never has so much been said by so few that has been so wrong. When Bill Clinton knows it is wrong, he admitted it himself.

Beyond the rhetoric, here are the facts: Under our bill, a family with two kids earning up to \$24,000 a year will not have to pay any taxes at all. Our plan actually removes 3 million low-income families from the income tax

rolls, and a family of 4 that earns \$24,000 a year or more will pay \$1,000 less in taxes than they paid last year under our plan.

Do we really cut taxes only for the rich? Is a \$500 tax credit for children a tax break for the rich? Since when is it politically incorrect to help families take care of their children? Is our adoption tax credit a giveaway to the rich?

Let me tell you something. Those children who desperately need to find homes that are safe and secure do not think they are rich.

Is our repeal of the President's Social Security tax increase a giveaway to the rich? Frankly, I do not even think the President believes that anymore.

How about the infamous capital gains tax cut? We all know that, without the capital gains tax cut, the economy will continue to chug along at its current 2 percent per year growth rate. I thought I would never see a President of the United States brag about a 2 percent growth rate.

The real victims of this meager growth rate are those who cannot find jobs, those who cannot afford to start their own businesses, those who have never heard opportunity knock. Are they really the rich? They do not think so.

Republicans will not be intimidated by the Democrats' rhetoric on tax cuts. If we cut taxes, we will be doing what the American people sent us here for. We will be keeping our promises with our constituents. There are only positive political consequences when you keep your promises.

I hope the American people remember just one thing: These tax cuts are only 40 percent of the \$600 billion that were raised in tax increases in 1990 and in 1993. These tax cuts are simply a down payment on the principle of smaller, more efficient and more effective government.

Bill Clinton has expressed taxpayer remorse over his efforts to raise taxes in 1993. Maybe now he will get the message that we can cut taxes for families and balance the budget in 7 years.

Mr. Chairman, I just urge my colleagues to support historic change, vote down the Democrat alternative and vote to provide relief for the American family.

Mr. ORTON. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Oregon [Ms. FURSE]. (Ms. FURSE asked and was given permission to revise and extend her remarks.)

Ms. FURSE. Mr. Chairman, I support the Coalition plan because it is fiscally conservative but socially responsible.

Mr. ORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. BROWDER].

Mr. BROWDER. Mr. Chairman, I appreciate the gentleman yielding me the time.

Mr. Chairman, the coalition reconciliation plan balances the budget by 2002 just like the Republican plan but

we do it in a way that is fair and responsible. I am not going to speak about the fairness, but I do want to touch on responsibility.

Earlier this year the Budget Committee traveled around the country for public hearings. Attendance at these hearings probably ran into the thousands. At every hearing, I asked if they thought we should cut taxes before balancing the budget. Overwhelmingly, the public rejected up front tax cuts. By not listening the wisdom of the American public the Republican reconciliation is unnecessarily polarizing the Nation and may cause us to fail to reach any agreement on balancing the budget this year. This is not responsible.

Make no mistake, I and many of my coalition colleagues support cutting taxes. For me, I would like to see something done on capital gains. I want a better deal for family owned businesses on estate taxes. I think a family tax credit—done smartly so it reaches families in need—is a good thing. But not in this bill.

At this stage the tax cut debate has touched off partisan bickering and class and generational warfare. When it comes to the bottom line, why divide the Nation when we are in agreement on what really needs to be done—balance the budget? Even more to the point, who go through this divisive debate when we are all in agreement that Congress soon will take up major tax reforms—many of the proposed reforms will make all our actions on tax cuts today moot.

We are in agreement that the budget should be balanced. The issue today, then, is whether we want to miss this chance just to make a political statement. The coalition sets the stage for bipartisan agreement in the best interests of the country. The Republican bill sets up a veto fight and 12 months of political rhetoric while the country suffers more deficits, more debt.

The coalition says balance first. Then nobody can charge that this is being done to cut taxes for one class while raising costs for another. Passing the coalition reconciliation would let us take up a pure tax bill—real tax reform—outside the scope of this divisive debate, so that the American people can clearly examine the spending cuts that offset the tax reductions. Then we can debate the issues of tax fairness and appropriate levels of taxation clearly and partisanship and class warfare—that is tearing this country apart—will be diminished.

Mr. ORTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama [Mr. CRAMER].

(Mr. CRAMER asked and was given permission to revise and extend his remarks.)

Mr. CRAMER. Mr. Chairman, I rise in strong support of coalition plan to balance the budget in 7 years without egregious cuts, without putting tax cuts ahead of spending cuts, and without huge Medicaid and Medicare cuts.

It is often said on this floor, in reference to a particular bill, that that bill is not a perfect bill.

This may be said of the coalition plan as well.

However, the coalition proposal is the best proposal being considered today and every Republican and Democrat should vote for it.

The coalition plan is based on fairness and fiscal responsibility. The coalition plan is both tough and compassionate.

It is tough because it reaches balance in 7 years with a steady glidepath of deficit reduction and includes tough deficit reduction enforcement provisions.

It is tough because it puts spending cuts ahead of popular tax cuts.

It is tough because it reforms welfare in a way that provides tough work requirements and provides protection for children.

It is compassionate because it restores solvency to the Medicare trust fund and avoids premium hikes for low- and middle-income seniors, and avoids devastating cuts to rural and inner-city hospitals.

It is compassionate because it maintains nursing home standards and Medicare premium assistance for low-income seniors.

It is compassionate because it rejects a tax increase on the working poor.

If Members of Congress are looking for a proactive moderate proposal that reflects true mainstream American values—have I got a deal for you—the coalition reconciliation proposal.

The coalition plan proves that it is possible to balance the budget over 7 years, using honest numbers, shared sacrifice, sound priorities, and common sense.

Both *The Washington Post* and *The New York Times*, considered two of the most conservative newspapers in the country, have endorsed the coalition plan by opining that "it [Coalition plan] is a far better solution to the deficit problem than any other in sight now," and "the plan suggests the budget can be balanced by 2002 without pummeling the poor or Medicare," respectively.

I urge my colleagues to support the coalition plan—a plan that reflects where the majority of Americans would like to see our ideological budget debates resolved.

The CHAIRMAN. The Members should know that the gentleman from Utah has 5½ minutes remaining and the gentleman from Ohio [Mr. KASICH] has 5½ minutes remaining, and the gentleman from Ohio has the right to close.

Mr. ORTON. Mr. Chairman, I yield 2½ minutes to the gentleman from Minnesota [Mr. SABO], the ranking member of the Committee on the Budget and the former chairman of the Committee on the Budget.

(Mr. Sabo asked and was given permission to revise and extend his remarks.)

Mr. SABO. Mr. Chairman, I rise in support of the Orton coalition budget alternative that is before us today. It accomplishes the goal of balancing the budget by the year 2002 in a fashion that is reasonable, fair, and tough but not mean.

Let me speak to some components. Clearly the area of big cuts in the Republican plan is health care. The Orton alternative makes reasonable change

and reform in Medicare. It deals not only with part A of Medicare, it also deals with part B which comes from general revenue and impacts the balance of our budget.

In my judgment, there are 3 numbers that are very clear.

□ 1715

If one wants to simply deal with the solvency of the part A fund for the next decade, you can do \$90 billion of change. If you want to deal with part A, part B, deal with higher premiums for high-income people, balance the budget, you can do it with \$170 billion. If you want to deal with solvency, balance the budget, and then have a tax cut, that requires \$270 billion, changes that I think are totally unacceptable in Medicare, and puts in question the long-term sustainability of those kind of cuts.

The Orton proposal restores \$100 billion to Medicaid to deal with health care for the most vulnerable of children, of seniors, and of disabled in our country. Because one says let us get our fiscal house in order first, it means that we have discretionary funds so we can deal with the problems of education and housing and economic development in our country. The proposal deals with welfare reform in a tough way, in a method to put people to work but have training and child care there available for them. It does not have the meanness that some proposals have. It gets the job done. It would help people, not hurt them.

So, Mr. Chairman, I congratulate the gentleman from Utah and all the people who worked with him in putting this alternative before us. It is a good alternative. The country would be well served if it became law.

Mr. ORTON. Mr. Chairman, I thank my former chairman for his very knowledgeable statement.

Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. STENHOLM].

(Mr. Stenholm asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Chairman, I first want to associate myself with Chairman Kasich's remarks earlier today when he commented on the remarkable shift in philosophy toward a balanced budget which has occurred in our country. John, you have done as much as any single individual to bring about that shift and I am grateful for the role you have played.

I also associate myself with many of the comments of my ranking member. My Swedish ancestors may turn in their graves but Martin Sabo is one Norwegian who has earned my deepest, highest respect.

Finally, I have been proud to spend hours locked up in rooms with coalition members and our staffs as we fought our way through this massive reconciliation substitute. I am proud of our product, making tough choices, always with an eye toward fairness and reasonableness.

All Members know that launching into the intricacies of the Federal budget can bring about an eye-glazing, bring-numbing boredom. But budgets are about much more than numbers; they are about people and our values.

When the coalition budget reaches balance in 7 years it is not just numbers. It is an assertion of the value that our children and grandchildren should be given as much economic opportunity as we were, not have to pay for our irresponsibility.

By putting spending cuts ahead of tax cuts we reinforce the value that rewards should come after hard work, not before. We are not opposed to tax cuts. We simply learned from the 1980's that when dessert comes first, you never get to the spinach.

The coalition budget makes reforms in Medicare to keep the program solvent well into the next decade. Value: keep the promises you have made, to today's and tomorrow's seniors.

Similarly, the coalition budget finds a numeric middle ground in Medicaid. Value: A society will be judged by the way it treats its most vulnerable citizens, particularly young children needing basic health care, senior citizens needing guaranteed, quality nursing home care, and the disabled.

The coalition budget would fundamentally reform America's welfare system, moving people from welfare to the work force, but also it includes sufficient funding for child care, job training, and other building blocks necessary to make a welfare reform policy more than a pot full of empty political promises. Value: balance compassion with a sense of personal responsibility.

The Coalition budget maintains support for student loans and agriculture. Value: treasure, nurture, and develop your national resources if you want to remain strong and healthy. Unilaterally disarming the American farmer as he seeks to compete in the international market place food makes about as much sense as unilaterally disarming our country militarily. Disarming our American students by depriving them of the education they will need to compete globally is equal folly.

Finally, the coalition budget includes the only meaningful budget enforcement to be found in this debate. Value: if you expect people to believe what you say, you ought to police yourself in ways that show you mean it.

Our budget includes hundreds of numbers but all of those numbers draw a picture of values Americans are desperately seeking in their elected officials and in public policy: responsibility, honesty, fairness, compassion. Vote for a commonsense reconciliation budget full of the common values held by most Americans. Vote for the coalition substitute.

Mr. ORTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. SAWYER].

(Mr. SAWYER asked and was given permission to revise and extend his remarks.)

Mr. SAWYER. Mr. Chairman, I rise in support of the Coalition substitute.

Mr. Chairman, today, Congress is debating the Republican budget reconciliation proposal. This bill is just bad policy.

The Republican bill will cut \$270 billion from Medicare, \$10 billion from student loans, and \$180 billion from Medicaid. I agree that we need to find ways to reduce the budget deficit. However, I am concerned that we have decided to do so by transferring the burden to poor and low-income Americans who are already struggling to get by.

The combination of a large national debt and the aging of the post-war generation will place an even greater burden on younger generations. Our national policies must reflect this changing reality. As we seek ways to balance the budget, we must also continue investing in our Nation's future—including expanding access to higher education. These investments will be essential to preserving living standards and ensuring higher wages for the challenges we face in the future.

Twice before in our history, our Nation was able to grow out of a large national debt by investing in human capital. In the last century, the establishment of the Land Grant College system made higher education something to benefit all Americans. The G.I. Bill further increased access to higher education, strengthening a new American workforce able to face the changing needs of the country and the times. As we once again face a mounting national debt, history can be a model for our policy decisions.

The higher education cuts in the Republican budget proposal will increasingly restrict access to higher education in this country. These cuts will increase the cost of postsecondary education and may put college out of the financial reach of many families. Access to higher education has never been more important. Today, the incomes of Americans with college degrees are over 75 percent more than those with a high school education.

It is no exaggeration to suggest that higher education has helped create the American century. Our system is the envy of the world. We would be shortsighted and foolish not to take the full measure of benefit from this singular, uniquely American, comparative advantage.

I support responsible measures to reduce or eliminate the budget deficit. That is why I support the coalition alternative. This alternative balances the budget while investing in our Nation's future. It dedicates \$50 billion more to education programs and maintains our commitment to student financial aid. The coalition budget reconciliation package does not give tax breaks that will only serve to cut current discretionary spending.

History has shown that we can balance the budget while making the investments in our Nation's future that can help to diminish our debt. Given that record, I believe we are doing ourselves a great disservice by limiting access to higher education by making these cuts. We cannot afford to waste any of the talent that is America's most powerful national resource.

I urge my colleagues to vote for the coalition alternative.

I urge my colleagues to vote against the Republican bill.

Mr. KASICH. I yield the balance of our time, 5½ minutes, to the gentleman from Texas [Mr. ARMEY], the majority leader.

Mr. ARMEY. Mr. Chairman, I thank the gentleman from Ohio [Mr. KASICH], my good friend, for yielding me this time.

My colleagues, historians will have already no choice but to recognize this first session of the 104th Congress as among the hardest-working sessions ever of any Congress at any time. I am sure all of my colleagues will agree with that proposition.

If I could take a moment, Mr. Chairman, I would like to give my regards, my personal recognition of appreciation to all the Members of this Congress on both sides of the aisle, both those with whom I found myself in disagreement most of the time, and those with whom I found myself in agreement. The fact is we worked hard. Now we are at a point in our legislative agenda where it is time to collect our work together and to validate that work and move it forward. This work that we have before us today, this budget reconciliation bill, represents big change.

America has asked of Congress that we make a big change. We pledged to make a big change, and today is the day we can stand and deliver and keep our promise. Big change is unnerving. Those of us who are committed to making it are haunted by a fear that maybe the American people will not understand, and, quite frankly, I must say those who resist our efforts are haunted by the fear that maybe America will understand. But we must put aside our fears regarding the understanding of the American people and recognize that they do understand.

We are not here today asking America to be with us, to be on our side. We are here today prepared to make a vote that says to America, we are on your side. We are ready to give you the change you demand.

For 60 years the Ship of State, this great land, has been sailed consistently in the wrong direction, to the left, in the direction of big government, big taxation, big regulation and a lack of regard and respect for the American people's ability and integrity. With this vote today, we will crank this ship around. We will turn this ship around to the right, and we will sail it in the direction of freedom, integrity, recognition, in the direction of a government that has the ability to know the goodness of the American people and the decency to respect it. That is what this change is all about.

We must look at the direction in which we have sailed and recognize that we have left in our wake a sea of despair, a sea of frustration, and a sea of dependence, in fact a nation that is not fulfilling its great promises and its great dreams.

So now is the time to make the vote. Now is the time to step up to the challenge of those who elected us and those

we represent, the people back home, the good people back home, people who work hard, people who care hard, people who share hard, and, yes, unhappily because of the failures of big government, people back home who despair hard for its failures, and in that, today we are putting together a package, and we will pass a package that promises, first, tax relief to those who work hard, that says to these American people, "We believe you should keep more of the money you earn and make the decisions regarding your family at home instead of ship that money away to Washington where people who do not know you will make mistakes on your behalf."

We have also here the first year's mark to that all-important balanced budget in 7 years. We do that for people who care hard, care hard for the future of their children, and there to say enough, we cannot saddle them with more debt. Then, as we save Medicare for another generation, we again act on behalf of those who share hard and who care hard and do so out of respect for and concern for the medical future of their parents.

This is a serious business.

Finally, on behalf of those who today must only despair hard, we have welfare reform. We dare to change a system that has failed, not because we believe people have abused that system but because we know that system has abused people and made them victims.

This is the vote we must take. In doing that, we must put aside our concerns, our fears, our parochial interests. We must think about America, and we must first reject the politics of fear and the politics of class warfare, and we must vote for the two great promises of America. America is a nation that promises each individual an equality of opportunity, and it is pledged to the all-important, critical guarantee that we will always work to secure the blessings of liberty for ourselves and our posterity, and our posterity is our children.

So I call on my colleagues, step up today, stand and deliver. Vote for this budget reconciliation package brought forward by the gentleman from Ohio [Mr. KASICH] and the Committee on the Budget and all of our hard work, reject this substitute, reject a motion to recommit. Vote for the future of our children so that they shall know our heritage and live it in their own lives.

Mr. DICKS. Mr. Chairman, today Congress faces a decision of great significance, where our actions will affect so thoroughly the lives of our fellow Americans. I urge my colleagues to indicate their most serious consideration of the plight of seniors, children, workers, and the less privileged, by lending their support to the Democratic substitute and rejecting the GOP package.

Both sides of the aisle have been able to agree on a number of important policy issues, and I commend the leadership of both sides for their willingness to address these important points. We have agreed that the Federal deficit must be eliminated. Both sides agree that



there should be a 7-year time period through which to accomplish this. Members agree that the short and long term problems with Medicare and Medicaid must be resolved by this legislation. The House has also been able to agree that the welfare system must be improved to encourage recipients to re-enter the workforce and become positive, contributing members of society.

Unfortunately, the agreement ends here. The Republican budget reconciliation proposal severely cuts many critical Federal programs unnecessarily—for the single purpose of providing a tax cut worth over \$245 billion during the next 7 years, much of which will go directly to individuals who make over \$100,000 a year. At the same time, the Republican plan will cut the Earned Income Tax Credit, which provides critical tax relief to the poorest American workers. Frankly, I am unable to find the logic of a proposal which cuts taxes for the wealthy while raising taxes on the working people of the United States. I do not believe that this is the message the House should be sending to the American people.

This \$245 billion tax cut for wealthy Americans also will force draconian cuts to be made across the board to programs which provide critical services and assistance upon which many Americans rely. The Republican plan brutally attacks seniors by cutting Medicare and Medicaid by a combined \$482 billion. The measure requires seniors and low income individuals to pay greater premiums. It also will reduce payments to hospitals which will force many of these facilities to reduce services or, in some cases, shut down entirely. The Republican proposal will make further cuts to veterans' health programs, increasing their co-payments by 50 percent and increasing the fees veterans must pay to stay in a VA hospital or nursing home. Federal retirees will also be hit by delays in their COLA payments; and other changes adding up to a cut of \$9.9 billion. Is it right to demand that seniors, veterans, and Federal employees pay more while the most wealthy pay less?

This proposal also calls for major reductions to Federal programs supporting our children. Student loans, the most important vehicle through which middle and lower class children are able to attend college, will be cut by over \$10 billion. The Federal direct loan program, which has been highly successful at my alma mater, the University of Washington, is eliminated by the Republican bill. Students receiving loans also will be charged an additional \$3.8 billion over the next 7 years by eliminating the interest-free grace period, increasing the cost of student loans by as much as \$2,500 per student. Is it truly in our Nation's best interest to provide \$255 billion to the richest Americans by raising taxes on students?

The Republican bill also contains a number of policy decisions which are, simply put, bad ideas. This measure would eliminate established Federal standards nursing homes must meet to receive Medicaid funds. These requirements ensure that our parents and grandparents receive adequate care, are served by competent staff, and retain the rights that they deserve. This measure also permits corporations to raid their workers' pension funds for any purpose—including hostile takeovers—thus putting the retirement funds of working Americans at significant risk.

Mr. Chairman, if all of these changes were truly necessary to balance the budget by 2002, perhaps more of us on the Democratic side of the aisle would be willing to support the Republican proposal. However, the Coalition has developed a plan which accomplishes all of the important goals without this terrible assault on the middle and lower class. How can the coalition's plan do this? Simply, by eliminating the huge tax cut which our Nation cannot afford.

The Democratic plan will accomplish deficit reduction while maintaining crucial investments in education and human resources. Our plan will restore the solvency of the Medicare trust fund while cutting health care services by \$195 billion less than the GOP plan. It also provides for other important services such as annual mammograms which the GOP proposal chooses not to include. This plan rejects the Republican tax increase on the working poor, encouraging people to choose work over welfare. Our substitute also confirms Congress's dedication to providing our children with a quality education and maintaining their access to institutions of higher learning by providing \$50 billion more for education than the Republican plan and fully funding Federal student loan programs. Retired Federal employees will not be required to accept again delayed COLA payments under the Democratic substitute. Neither will nursing home residents be asked to compromise their personal safety nor must worker risk the security of their retirement funds.

I ask my friends on both sides of the aisle to consider carefully the decision they are about to make. Ask yourselves, should the effort to balance the Federal budget be a divisive affair—where the rich win and the poor lose; where corporations profit while workers and retirees are asked to pay more? Or should this action require all Americans to bear the burden of deficit reduction equally, with fairness and the common need being our guide? I urge my colleagues to reject the further splitting of the wealthy and middle class in this country and to support the balanced approach inherent in the Democratic substitute.

Mr. SKAGGS. Mr. Chairman, We have two choices today.

The Democratic alternative—the Orton substitute—would balance the budget in 7 years, without tax cuts we can't now afford, without undue cuts in Medicare and Medicaid, without raising taxes on lower-income workers, and while making possible investments we need to keep our country strong in the future. I support it.

This is in sharp contrast to the Republican bill, which I oppose. That bill would also balance the budget in 7 years, but there the similarity ends. It includes a tax cut we cannot afford, most of which goes to the wealthy who least need it. To pay for that tax cut, the committee bill cuts Medicare and Medicaid more than necessary, with over half of the total spending cuts coming from those important programs. It also actually raises taxes on lower-income workers.

Compared to the Republican bill, the Orton substitute cuts \$100 billion less in Medicare, \$100 billion less in Medicaid, \$50 billion less in direct assistance to individuals, \$10 billion less in education, \$10 billion less in agri-

culture, and \$80 billion less in other discretionary spending.

How is that possible? It is made possible by refusing to dig the hole of Federal debt deeper—that is, by refusing to cut taxes before we can afford to. And by ending \$28 billion worth of particularly ill-advised subsidies to corporations.

The Democratic alternative reduces the deficit more, and quicker, than the majority's bill. It cuts a total of \$853 billion from the budget over the next 7 years, compared to \$811 billion in the Republican bill.

While making these deep cuts, our alternative reflects better priorities and wiser policies than majority's bill.

It maintains the earned-income tax credit, which used to enjoy strong bipartisan support as an effective, non-bureaucratic way to enable lower-income people to work their way into the middle class.

It closes tax loopholes that let multinational corporations manipulate their books to avoid paying their fair share of U.S. taxes and that allow billionaires to avoid paying their taxes by renouncing their citizenship.

It protects Medicare and Medicaid, because it is not driven to cut them deeper than necessary because it does not have to pay for a misguided tax cut.

It would provide more resources for nutrition, education, transportation, research, and crime control.

It includes real welfare reforms, with flexibility for States, a crack-down on fraud, and enough funding for day-care, training, and the other needs of people moving off welfare and into jobs.

It maintains funding for student loans, which the Republican bill would cut.

It protects the benefits of Federal retirees and preserves veterans' compensation.

It keeps our public lands in public ownership—unlike the Republican plan, which offers to turn national forest ski mountains over to the owners of ski resorts. The Republican leadership refused to let me offer an amendment to strip that provision from their bill.

The Democratic alternative would not sacrifice the wilderness and wildlife of America's last untouched stretch of Arctic coastline, the coastal plain of the Arctic National Wildlife Refuge, which the majority's bill would open to oil and gas development.

Our alternative would not perpetuate bargain-basement sales of the gold, silver, and other hardrock mineral resources of our public lands.

And it does not include the myriad provisions tucked into the majority leadership's plan, including ones that have little or nothing to do with balancing the budget and everything to do with political posturing and campaigns. Like a requirement to waste even more money on TV Marti, which no one in Cuba sees anyway, by switching to a signal that even fewer Cuban televisions can receive—and which will be even easier for Castro to jam!

And like provisions to eliminate the arms control and disarmament agency.

It's clear to me which of these two choices is better for the country. The Republican plan may be called a reconciliation bill, but I can't

be reconciled into thinking that it's anything but bad for the country. We have a chance to do better—in fact, we have a duty to do better. The Democratic alternative is that better choice.

Mr. RICHARDSON. Mr. Chairman, I rise in support of the Stenholm reconciliation bill that balances the budget in 7 years without the draconian cuts found in the Republican plan.

The Stenholm alternative balances the budget without cuts in education, without extreme cuts to Medicare and Medicaid, and without increasing taxes on the middle class and the working poor.

The Stenholm alternative places deficit reduction first and does not borrow money to pay for tax cuts.

The Stenholm alternative spreads the sacrifice necessary to balance the budget among various areas of the budget. The Republican plan places a heavy burden on middle-class, hard-working Americans while giving a tax cut for the rich.

The Stenholm alternative reforms the welfare program by rewarding work that pays more than welfare.

Mr. Speaker, the Stenholm alternative has been praised by the Washington Post as a "respectable, disciplined alternative" that is "easily the best horse in the race."

The bottom line is the Stenholm alternative balances the budget without punishing the middle class and the poor. This is the bill that the American people have been asking for.

The President deserves credit for his 1993 budget which has brought the fiscal year 1995 deficit to \$164 billion, almost half of what it was when he took office.

Despite forecasts of doom in 1993, our economy continues to grow at a strong, steady pace.

The Stenholm alternative will signal to the markets that we are serious about implementing sound fiscal policy in Washington. The lower interest rates that will result from this budget will allow businesses to expand at a lower cost, it will allow millions of Americans to refinance their loans on homes, cars, and credit cards, it will hasten the retirement of past debts that depress the savings rate of this country.

The Republican budget threatens to shock the economy with enormous tax cuts that could jeopardize the effects of the difficult spending cuts that we have already made.

The Stenholm alternative is prudent and makes difficult choices that we are sent here to make.

I urge my colleagues to balance the budget the smart way, and to support the Stenholm alternative.

Mr. HAYES. Mr. Chairman, when we vote today on this reconciliation bill, we are passing judgement on hundreds of pages of text containing thousands of specific numbers and provisions. As important as those details are—and they are very important—perhaps more crucial are the underlying values embodied in the proposals before us. In the final analysis, people sent me here to recognize, protect, and advance the basic values America holds dear. A group of conservative Democrats called the coalition have a reconciliation bill that best accomplishes that objective.

The values implicit in the Democratic leadership's refusal to submit a balanced budget are unacceptable. At the same time, I believe that

the Republican leadership bill goes too far in too many areas and does not adequately enough protect some of our most vulnerable citizens.

The coalition's budget strikes the right balance. It reflects the common sense and common values held by most Americans. All of us should strongly support it.

The coalition budget reaches balance in 7 years with a steady glidepath of deficit reduction. Value interpretation: Our children and grandchildren should be given as much economic opportunity as we were, not forced to pay for our irresponsibility.

The coalition budget requires tough spending cuts before tax rewards. Value interpretation: Rewards should come after hard work, not before.

The coalition budget makes reforms in Medicare to achieve \$170 billion in savings—compared to the Republicans \$270 billion and the Democratic leadership's \$90 billion—to keep the program solvent well into the next decade. Value interpretation: Keep promises you've made, to both today's and tomorrow's seniors.

The coalition budget finds a numeric middle ground in Medicaid, saving \$85 billion from the program for lower-income citizens. Value interpretation: Runaway costs must be reigned in, but not at the expense of the most vulnerable.

The coalition budget includes a proposal to significantly reform our welfare system. Value interpretation: Balance the compassion imperative just mentioned with a sense of personal responsibility, moving people from welfare to the work force while including adequate funds for child care, job training, and other building blocks necessary to make a welfare reform policy more than a pot full of empty promises.

The coalition budgets maintains support for student loans and agriculture. Value interpretation: Treasure, nurture, and develop your national resources if you want to remain strong and healthy.

Finally, the coalition budget includes the only meaningful budget enforcement to be found in this debate. Value interpretation: If you expect people to believe what you say, you ought to police yourself in ways that show you mean it.

During the debate on the balanced budget amendment, I stood in this very well and stressed that our obligation as public servants and to the Framers of the Constitution is to ensure that the Federal Government live within its means. Prudence and fairness dictate that we get down to the business of cutting the deficit as soon as possible and not postpone the major portion of the burden until the out years. The coalition substitute would leave our children with \$159 billion less debt than H.R. 2491, my Republican colleagues' bill. That is what this debate is about—ensuring a sound financial future for our children and grandchildren—not rhetorical comments about partisan politics or Presidential elections.

I remind my colleagues that my voting record speaks volumes about my philosophy on tax cuts. I supported the Contract With America tax cut package and voted against the President's 1993 tax increases. Increasing the amount of income that my constituents retain has always been one of my, and should be one of our, top priorities. Taxes should, however, only be cut when the hard work of balancing the budget is completed. I believe that the final budget agreement will likely con-

tain a reduced tax cut. The groundwork to do is also in place as indicated by comments of the Speaker and the President.

The coalition proposal represents the views of the majority of Americans and our best opportunity for compromise. Americans want their Federal Government to manage its fiscal affairs with the same responsibility that they are forced to in private life. Americans want the Federal Government to respect their privacy and personal freedoms. Americans want the Federal Government to trust their abilities to make decisions.

But, Americans also expect the Federal Government to carry out its responsibility to protect the general welfare. The coalition substitute does so by being fairer to rural communities, senior citizens, farmers, children, and the American family. Our proposal also balances the budget in seven years. I believe that such a combination achieves a common-sense balance that is essential to guarantee that our long-term and short-term economic future is not jeopardized, and I urge its adoption.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Utah [Mr. ORTON].

The question was taken; and the Chairman announced that the yeas to have it.

RECORDED VOTE

Mr. ORTON. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 72, yeas 356, answered "present" 1, not voting 3, as follows:

[RoII No. 741]

AYES—72

Andrews	Flake	Payne (VA)
Baessler	Furse	Peterson (FL)
Baldacci	Geren	Peterson (MN)
Barcia	Hall (OH)	Pomeroy
Barrett (WI)	Hall (TX)	Poshard
Beilenson	Hamilton	Richardson
Bentsen	Harman	Roemer
Bishop	Hayes	Sabo
Blute	Hoyer	Sawyer
Brewster	Klug	Schroeder
Browder	Lincoln	Scott
Brown (CA)	Luther	Skaggs
Cardin	Martinez	Skelton
Chapman	Matsui	Spratt
Clayton	McCarthy	Stenholm
Condit	McHale	Tanner
Cramer	Meehan	Taylor (MS)
de la Garza	Minge	Thornton
Dicks	Montgomery	Torres
Dingell	Moran	Vento
Doolley	Morella	Visclosky
Duncan	Murtha	Voikmer
Eshoo	Ortiz	Ward
Fazio	Orton	Wilson

NOES—356

Abercrombie	Bilbray	Buyer
Ackerman	Bilirakis	Callahan
Allard	Bliley	Calvert
Archer	Boehlert	Camp
Army	Boehner	Canady
Bachus	Bonilla	Castle
Baker (CA)	Bonior	Chabot
Baker (LA)	Bono	Chambliss
Ballenger	Borski	Chenoweth
Barr	Boucher	Christensen
Barrett (NE)	Brown (FL)	Chrysler
Bartlett	Brown (OH)	Clay
Barton	Brownback	Clement
Bass	Bryant (TN)	Clinger
Bateman	Bryant (TX)	Clyburn
Becerra	Bunn	Coble
Bercuter	Bunning	Coburn
Berman	Burr	Coleman
Bevill	Burton	Collins (GA)



Collins (IL)	Houghton	Pelosi
Collins (MI)	Hunter	Petri
Combest	Hutchinson	Pickett
Conyers	Hyde	Pombo
Cooley	Inglis	Porter
Costello	Istook	Portman
Cox	Jackson-Lee	Pryce
Coyne	Jacobs	Quillen
Crane	Jefferson	Quinn
Crapo	Johnson (CT)	Radanovich
Cremcans	Johnson (SD)	Rahall
Cubin	Johnson, E. B.	Ramstad
Cunningham	Johnson, Sam	Rangel
Danner	Johnston	Reed
Davis	Jones	Regula
Deal	Kanjorski	Riggs
DeFazio	Kasich	Rivers
DeLauro	Kelly	Roberts
DeLay	Kennedy (MA)	Rogers
Dellums	Kennedy (RI)	Rohrabacher
Deutsch	Kennelly	Ros-Lehtinen
Diaz-Balart	Kildee	Rosc
Dickey	Kim	Roth
Dixon	King	Roukema
Doggett	Kingston	Roybal-Allard
Doolittle	Kleczka	Royce
Dornan	Klink	Rush
Doyle	Knollenberg	Salmon
Dreier	Kolbe	Sanders
Dunn	LaFalce	Sanford
Durbin	LaHood	Saxton
Edwards	Lantos	Scarborough
Ehlers	Largent	Schaefer
Ehrlich	Latham	Schiff
Emerson	LaTourette	Schumer
Engel	Laughlin	Seastrand
English	Lazio	Sensenbrenner
Ensign	Leach	Serrano
Evans	Levin	Shadegg
Everett	Lewis (CA)	Shaw
Ewing	Lewis (GA)	Shays
Farr	Lewis (KY)	Shuster
Fattah	Lightfoot	Skeen
Fawell	Linder	Slaughter
Fields (LA)	Lipinski	Smith (MI)
Fields (TX)	Livingston	Smith (NJ)
Finer	LoBiondo	Smith (TX)
Flanagan	Lofgren	Smith (WA)
Foglietta	Longley	Solomon
Foley	Lowey	Souder
Forbes	Lucas	Spence
Ford	Maloney	Stark
Fowler	Manton	Stearns
Fox	Manzullo	Stockman
Frank (MA)	Marky	Stokes
Franks (CT)	Martini	Studds
Franks (NJ)	Mascara	Stump
Frelinghuysen	McCollum	Stupak
Frisa	McCrery	Talent
Frost	McDade	Tate
Funderburk	McDermott	Tauzin
Galleghy	McHugh	Taylor (NC)
Ganske	McInnis	Tejeda
Gedensson	McIntosh	Thomas
Gekas	McKeon	Thompson
Gephardt	McKinney	Thornberry
Gibbons	McNulty	Thurman
Gilchrest	Meek	Tiahrt
Gillmor	Menendez	Torkildsen
Gilman	Metcalf	Torricelli
Gonzalez	Meyers	Towns
Goodlatte	Mfume	Traficant
Goodling	Mica	Upton
Gordon	Miller (CA)	Velazquez
Goss	Miller (FL)	Vucanovich
Graham	Mink	Waldholtz
Green	Moakley	Walker
Greenwood	Molinari	Walsh
Gunderson	Mollohan	Wamp
Gutierrez	Moorhead	Waters
Gutknecht	Myers	Watt (NC)
Hancock	Myrick	Watts (OK)
Hansen	Nadler	Waxman
Hastert	Neal	Weldon (FL)
Hastings (FL)	Nethercutt	Weller
Hastings (WA)	Neumann	White
Hayworth	Ney	Whitfield
Hefley	Norwood	Wicker
Hefner	Nussle	Williams
Heineman	Oberstar	Wise
Hergert	Obey	Wolf
Hilleary	Olver	Woolsey
Hilliard	Owens	Wyden
Hinche	Oxley	Wynn
Hobson	Packard	Yates
Hoeckstra	Pallone	Young (AK)
Hoke	Parker	Young (FL)
Holden	Pastor	Zeliff
Horn	Paxon	Zimmer
Hostettler	Payne (NJ)	

ANSWERED "PRESENT"—1

Kaptur

NOT VOTING—3

Sisisky Tucker Weldon (PA)

Mrs. CUBIN and Messrs. ALLARD, BACHUS, HEFLEY, MCINTOSH, and OBERSTAR has changed their vote from "aye" to "no".

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. DREIER) having assumed the Chair, Mr. BOEHNER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996, pursuant to House Resolution 245, he reported the bill, as amended pursuant to that rule, back to the House.

The SPEAKER pro tempore (Mr. DREIER). Under the rule, the previous question is ordered and the amendment is adopted.

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

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

MOTION TO RECOMMIT OFFERED BY MR. GEPHARDT

Mr. GEPHARDT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. GEPHARDT. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GEPHARDT moves to recommit the bill H.R. 2491 to the Committee on Budget with instructions to report the same back to the House with modifications to preserve and protect the health and income security of our seniors and our children and to achieve fairness by denying revenue reductions favoring the rich and excluding revenue increases on working class families and to retain Section 5003 relating to federal retirement provisions for Members of Congress and Congressional employees.

The SPEAKER pro tempore. The gentleman from Missouri [Mr. GEPHARDT] is recognized for 5 minutes.

Mr. GEPHARDT. Mr. Speaker, let me say, a few moments ago the majority leader, my friend, the gentleman from Texas [Mr. ARMEY] said that for 60 years we have been steering to the left and that now we should vote for a big change and begin to steer to the right. With all respect to my friend, I believe we should not be trying to steer left or right but we ought to steer together forward, to move this great country forward to meet the central challenges of our time.

What is that? The fact is that America in the last 20 years has fallen to

sixth in the world in standard of living. The fact is that real wages for the middle class in this country have been declining for over 20 years, the steepest decline since 1820. The fact is that American families are working longer, taking second jobs and part-time jobs, having spouses in the work force who did not have to work 20 years ago. And at the end of all that work, at the end of the month and at the end of the year, they have less money to spend than they had 20 years ago.

The fact is that in the boom years of the 1980's, two-thirds of all the new wealth went to the top 1 percent, while most Americans, the bottom 80 percent, saw their income decline in real terms. So that the disparity between the people at the top and the rest of America has grown larger and wider than it has been in decades.

Mr. Speaker, we have two problems. We have two challenges. How do we get the pie to grow again in this country so we can talk about everybody having a larger share of a larger pie; and how, along with that, we can decrease the disparity in income so that there is less room between the middle class and the people trying to get in the middle class and the people at the top. Mr. Speaker, I suggest to my colleagues that the budget we are talking about today does not move us in the right direction on either of those challenges.

Let me talk about disparity of income for a moment. This budget we are about to vote on decreases the earned income credit for families struggling to get in the middle class. In other words, it increases taxes on people that are struggling to get in the middle class, people earning \$25,000 and \$30,000 a year. And in the same budget we have a tax cut, a massive tax cut for people at the top. It takes my breath away. I cannot believe that someone seriously, in 1995, at the same time could make those two suggestions simultaneously. It is wrong. It is morally wrong. It is economically wrong. It is the wrong thing for our country.

Second, the budget does not address how we make the pie grow again. One of our former colleagues from this side of the aisle, Jack Kemp, is an eloquent voice for saying that we will never get rid of the deficit simply by cutting. We have to also grow our way to balance in the budget. I do not agree with a lot of the things that Jack Kemp, our former colleague, prescribed, but I think he was right, we have to grow our way.

Are we going to grow our way out of this deficit if we are cutting student loans, which is the one way people in the middle class have a chance to do better and to advance their young people? Do we make the pie grow if we are cutting Medicare and Medicaid, which, in the case of Medicaid, is the one way that youngsters, two of five youngsters in the country today are on Medicaid. Are they going to have a healthy life.

will they be able to produce and be productive citizens in our society if we are cutting the very way that they can do that?

Agriculture. We have had a partnership in agriculture in this country for as long as any body can remember, programs to help farming families be able to succeed and provide the food and fiber that this society needs, which has been part of the secret of having a large and growing middle class. Most countries spend more for food and fiber than we do, yet this bill takes away those agricultural programs.

Finally, Mr. Speaker, let me say that I think this budget, more than anything that we have dealt with, presents a very clear and different vision between these two parties. This budget really presents a different vision for America.

A very prominent Member in the other body said yesterday, "I was there fighting the fight voting against Medicare because we knew it would not work in 1965." My party, the Democratic party, fought for and enacted Medicare in 1965.

□ 1600

We believe that Medicare has helped the American people probably more than anything we as a people have ever done.

Mr. Speaker, I believe the rhetoric we heard yesterday is really the real debate that we ought to be having. If extremes in the Republican party really do want to get rid of Medicare and to change it so dramatically that it is emasculated, then let us have that debate. Let us be proud to bring that difference to the American people.

If the extremes in the Republican party really believe that the right thing to do is to raise taxes on the middle-class and lower taxes dramatically on the wealthiest people in this country, then let us have that debate between now and 1996.

Mr. Speaker, I say to the ladies and gentlemen of the House in conclusion, this budget and these next 14 or 15 months are about real differences and a difference in vision of where this country should go. Let the American people decide and I believe they will decide for Medicare and for the middle-class of this country, not the wealthiest of this country.

Mr. KASICH. Mr. Chairman, I rise in opposition to the motion to recommit.

Mr. Speaker, this is a great Republican, and frankly we are going to have some Democrats, team effort today to try to meet the challenge. It is a team effort.

But, Mr. Speaker, if I could just for a second lodge a personal note, I started offering budgets in 1989 with my good friend, the gentleman from Connecticut [Mr. SHAYS] and the support of the gentleman from Texas [Mr. STENHOLM]. When we did it, we took on the Republican President of the United States and the Republican chairman of the Committee on the Budget.

Mr. Speaker, the reason we did it is because we were committed to a basic principle that regardless of who was in power, regardless of who was in charge, we just had to like tell it like it was.

We started arguing back in 1989 that we needed to make some hard decisions and, frankly, we discovered this: If we would just slow the growth in Federal spending, if we would just put the Federal budget on a slight diet, we could save the next generation.

It was not partisan. All over this town, if my colleagues read all the scholarly writings and listen to all the analysts and listen to politicians of both parties and listen to the presidential candidates for the last 20, 30 years, frankly they will hear the same thing: We cannot let this continue to go on; we have got to make some hard choices, because if we do not, our inability to make choices and put the country first will destroy us.

This is not a matter of conservative or liberal or Democrat or Republican. This is a matter of using good common sense, like every American family does. We need to establish priorities. We need to shrink the size and the scope of the influence of the Federal Government. And if, in fact, we put America first, we can get it done.

This is what all the political commentators have been saying. Do my colleagues want to know something? It has been tough to take on the sacred cows. The folks that have criticized our program should come over here and listen. It is not easy.

In order to take on the sacred cows, in order to deal with the entitlement programs in this country, we have had to walk across some very hot coals, have we not colleagues on both sides of the aisle? We have had to.

But we have had the courage to do it, and we promised that this day would come. We said that we would finally, once and for all, end the smoke and mirrors, end the gimmicks, stop delaying and balance the Federal budget.

Mr. Speaker, they said it could not be done. Here we have before us today the Seven Year Balanced Budget Resolution certified by the Congressional Budget Office that we, in fact, have met our goal and the people of this country should understand that in seven years we will, in fact, balance the Federal budget and save this country and save the next generation. Why did we do it? Why did we do it? Why did we do it and how did it happen?

Mr. Speaker, I just ask my colleagues to just think about this a little bit. First of all, it took courage. Some of my colleagues know what it is like to go home and have to take the heat when people do not understand all the programs and what we are doing.

Mr. Speaker, I am proud of these people. I am proud to serve with them. Why? It is courage. It is the courage to be willing to put an election on the line; do the right thing.

But the other thing we are missing is why it is being done. We hear about

polls. I am going to tell my colleagues about the poll I take. I started taking it in 1989, and I really took it in 1993, and I really took it this year, because I have to listen, I know I talk a lot, but I have to listen to my colleagues. Mr. Speaker, when they come back from home, know that they are listening to? The people.

Tip O'Neill talked about the beauty of the House being the House the people run. It is true. We get their message later rather than sooner, but in the final analysis, the people rule in this House. And when Members come back when they came back from the August recess and when they came back from the last holiday, what were they were hearing at home? "Don't stop. No smoke and mirrors. No gimmicks. Put the country first. We want you to do it. Save our children." That is what they heard and that is why the program is advancing.

Mr. Speaker, a little about the program. Every time I put these charts up we get a thousand calls to the office asking for charts. Mr. Speaker, let me tell my colleagues about the program. It is unbelievable what we are doing. We are going from \$9.5 trillion in spending over the last 7 years to \$12.1 trillion.

Some in this House want to grow to \$13.3 trillion. I respect them for that, but we are not talking about going down; we are talking about going up. The debate is not about a \$3 trillion increase in spending; it is whether we can restrain ourselves for that last trillion dollars; whether we can meet the challenge on that last trillion dollars to slow the growth of this government so that we, in fact, can balance our budget.

Medicaid. Medicaid is going from 443 to 785. All over America, that is an increase. We are going to give the States flexibility. Know what? We added a little back to Medicaid today. Why? Because we will be big enough to say, if it is too thin, we are going to come in and we are going to help. We will be big enough to say it. I asked my colleagues on the other side the last time to work with us. We will keep working with them.

Medicare. \$926 billion to \$1.6 trillion increase over the next 7 years. How about the per beneficiary? The per beneficiary is going to go from 4,800 bucks to 6,700 bucks. The average person in the private sector who is not a senior citizen is getting 1,900. We are doing a good job by our senior citizens. We are giving them a heck of a lot more and they need it and they are going to get it. We are going to save the program from bankruptcy.

One other thing, Mr. Speaker, we are going to stop generational transfer that begins to rob the next generation that is about to go to work.

Welfare, 492 to 838. Any way we want to count it, if the Cleveland Indians could have a 492 to 838, we would be winning the World Series tonight. That

is an increase. That is more. If Cleveland had 838 and Atlanta had 492, we would be bringing out the champagne in Cleveland tonight. The fact is, we are doing better by this program. Bottom line though, again, \$9.5 trillion to \$12.2 trillion.

Tax cuts. Two schools of thought on tax cuts. Mr. Speaker, to growth advocates I would say, want to know something? Your President, our President, my President is going to sign a reduction in the capital gains tax. I will tell my colleagues why. Because intellectuals, and people who simply get up and go to work every day, know we have got to provide an incentive for risk-taking, because that creates jobs. We will have a lower capital gains tax at the end of this process, because it is for creating jobs.

Number 2, the social advocates, and they are not mutually exclusive, number 2, people who are concerned about the American family, they want to give the family some back. So, we close the Commerce Department down and save \$8 billion. We are going to give some of the money back to the people who supported that bureaucracy all these years. It makes sense.

Mr. Speaker, the results at the end of the day? Do not listen to these think tanks. Let us not even listen to us. Let us listen to the Chairman of the Federal Reserve. Do my colleagues know what he said? In simple terms: If we can balance the budget, we will do two things. We will destroy the fear in the hearts and minds of mothers and fathers that their children will not have a better America than what they had, we will eliminate that if we can balance the budget; and, secondly, we will unleash a prosperity that we cannot even chart in America.

It is about growth; it is about the future; it is about the family; it is about the next generation; about doing the commonsense things that we all believe in and our constituents believe in.

Finally, Mr. Speaker, we have a process called reconciliation.

The SPEAKER pro tempore (Mr. DRIER). The Chair wishes to observe that the gentleman from Missouri [Mr. GEPHARDT] was recognized for the time that he consumed, which was beyond the 5 minutes. We are extending the same courtesy to the gentleman from Ohio [Mr. KASICH], chairman of the Committee on the Budget.

Mr. KASICH. Mr. Speaker, let me finish by saying the word "reconciliation" never made any sense to me. I thought about it this morning. If there is anything this country needs, it is reconciliation. If there is anything this House needs over the longhaul, it is reconciliation.

Mr. Speaker, I was in the gym with the gentleman from California [Mr. MILLER] the other night and I said, "GEORGE, you were doing a lot of things when you were in power that I thought were not so hot, but I liked you anyway, GEORGE." I said, "Now we are in power and we are doing some

things that you do not like. The challenge for you is can you still like us?" Do my colleagues know what the gentleman from California said? "Yes, we can."

Mr. Speaker, at the end of the day, and the gentleman from Minnesota [Mr. SABO] reminds me of this every day, at the end of the day, in the fourth quarter, we have to have reconciliation with ourselves, with the other body, with the administration.

Mr. Speaker, I will promise my colleagues that one of the leaders on this side or this side will ever ask Members to sell out their principles. They cannot do it. What I can tell Members is if we can talk, if we can communicate, if we can listen, if we can understand one another, nothing but good can come from it. Frankly, if we can have reconciliation in this House as part of the leadership of this country, that will spread to the kind of reconciliation we need in this Nation.

Republicans and Democrats, let us lay this plan down. Let us pass it. Let us save the next generation, and let us begin saving America.

(By unanimous consent, Mr. WALKER was allowed to speak out of order for 1 minute.)

WELCOME TO MR. WELDON OF PENNSYLVANIA UPON HIS RETURN TO THE HOUSE FLOOR

Mr. WALKER. Mr. Speaker, I make this announcement simply to ask the House to welcome back our colleague, the gentleman from Pennsylvania [Mr. WELDON], who has had open heart surgery just last week and, in fact, is here for this historic vote.

The SPEAKER pro tempore (Mr. DRIER). Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

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

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

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 180, nays 250, as follows:

[Roll No. 742]

YEAS—180

Abercrombie	Clayton	Engel
Ackerman	Clement	Eshoo
Andrews	Clyburn	Evans
Baldacci	Coleman	Farr
Barcia	Collins (IL)	Fattah
Barrett (WI)	Collins (MI)	Fazio
Becerra	Conyers	Fields (LA)
Beilenson	Costello	Filner
Bentsen	Coyne	Flake
Berman	Danner	Foglietta
Bevill	de la Garza	Ford
Bishop	DeFazio	Frank (MA)
Bonior	DeLauro	Frost
Borski	Dellums	Furse
Boucher	Deutsch	Gejdenson
Browder	Dicks	Gephardt
Brown (CA)	Dingell	Gibbons
Brown (FL)	Dixon	Gonzalez
Brown (OH)	Doggett	Gordon
Bryant (TX)	Dooley	Green
Cardin	Doyle	Cutierrez
Chapman	Durbin	Hall (OH)
Clay	Edwards	Hamilton

Harman	McHale	Sabo
Hastings (FL)	McKinney	Sanders
Hefner	McNulty	Sawyer
Hilliard	Meehan	Schroeder
Hinchey	Meek	Schumer
Holden	Menendez	Scott
Hoyer	Mfume	Serrano
Jackson-Lee	Miller (CA)	Skaggs
Jacobs	Minge	Slaughter
Jefferson	Mink	Spratt
Johnson (SD)	Moakley	Stark
Johnson, E. B.	Mollohan	Stokes
Johnston	Moran	Studds
Kanjorski	Murtha	Stupak
Kaptur	Nadler	Tojeda
Kennedy (MA)	Neal	Thompson
Kennedy (RI)	Oberstar	Thornton
Kennelly	Obey	Thurman
Kildee	Olver	Torres
Klecza	Ortiz	Torricelli
Klink	Owens	Towns
LaFalce	Pallone	Trafficant
Lantos	Pastor	Velazquez
Levin	Payne (NJ)	Vento
Lewis (GA)	Pelosi	Visclosky
Lipinski	Peterson (FL)	Volkmer
Lofgren	Pomeroy	Ward
Lowey	Poshard	Waters
Luther	Rahall	Watt (NC)
Maloney	Rangel	Waxman
Manton	Reed	Williams
Markey	Richardson	Wilson
Martinez	Rivers	Wise
Mascara	Roemer	Woolsey
Matsui	Rose	Wyden
McCarthy	Roybal-Allard	Wynn
McDermott	Rush	Yates

NAYS—250

Allard	Doolittle	Johnson (CT)
Archer	Dornan	Johnson, Sam
Armey	Dreier	Jones
Bachus	Duncan	Kasich
Baesler	Dunn	Kelly
Baker (CA)	Ehlers	Kim
Baker (LA)	Ehrlich	King
Ballenger	Emerson	Kingston
Barr	English	Klug
Barrett (NE)	Ensign	Knollenberg
Bartlett	Everett	Kolbe
Barton	Ewing	LaHood
Bass	Fawell	Largent
Bateman	Fields (TX)	Latham
Bereuter	Flanagan	LaTourrette
Bilbray	Folcy	Laughlin
Bilirakis	Forbes	Lazio
Bliley	Fowler	Leach
Blute	Fox	Lewis (CA)
Boehler	Franks (CT)	Lewis (KY)
Boehner	Franks (NJ)	Lightfoot
Bonilla	Frelinghuysen	Lincoln
Bono	Frisa	Linder
Brewster	Funderburk	Livingston
Brownback	Galleghy	LoBiondo
Bryant (TN)	Ganske	Longley
Bunn	Gekas	Lucas
Bunning	Gerens	Manzullo
Burr	Gilchrest	Martini
Burton	Gillmor	McCollum
Buyer	Gilman	McCreery
Callahan	Goodlatte	McDade
Calvert	Goodling	McHugh
Camp	Goss	McInnis
Canady	Graham	McIntosh
Castle	Greenwood	McKeon
Chabot	Gunderson	Metcalf
Chambliss	Gutknecht	Meyers
Chenoweth	Hall (TX)	Mica
Christensen	Hancock	Miller (FL)
Chrysler	Hansen	Molinar
Clinger	Hastert	Montgomery
Coble	Hastings (WA)	Moorhead
Coburn	Hayes	Morilla
Collins (GA)	Hayworth	Myrick
Combest	Hefley	Nethercutt
Condit	Heineman	Neumann
Cooley	Heger	Ney
Cox	Hillery	Norwood
Cramer	Hobson	Nussle
Crane	Hockstra	Orton
Crapo	Hoke	Oxley
Creameans	Horn	Packard
Cubin	Hostettler	Parker
Cunningham	Houghton	Paxon
Davis	Hunter	Payne (VA)
Deal	Hutchinson	Peterson (MN)
DeLay	Hyde	Petri
Diaz-Balart	Inglis	Pickett
Dickey	Istook	

Pombo  
Porter  
Portman  
Pryce  
Quillen  
Quinn  
Radanovich  
Ramstad  
Regula  
Riggs  
Roberts  
Rogers  
Rohrabacher  
Ros-Lehtinen  
Roth  
Roukema  
Royce  
Salmon  
Sanford  
Saxton  
Scarborough  
Schaefer  
Schiff  
Seastrand

Sensenbrenner  
Shadegg  
Shaw  
Shays  
Shuster  
Skeen  
Skelton  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Solomon  
Souder  
Spence  
Stearns  
Stenholm  
Stockman  
Stump  
Talent  
Tanner  
Tate  
Tauzin  
Taylor (MS)  
Taylor (NC)

Thomas  
Thornberry  
Tiahrt  
Torkildsen  
Upton  
Vucanovich  
Waldholtz  
Walker  
Walsh  
Wamp  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
White  
Whitfield  
Wicker  
Wolf  
Young (AK)  
Young (FL)  
Zeliff  
Zimmer

Neumann  
Ney  
Norwood  
Nussle  
Oxley  
Packard  
Parker  
Paxon  
Petri  
Pombo  
Porter  
Portman  
Pryce  
Quillen  
Quinn  
Radanovich  
Ramstad  
Regula  
Riggs  
Roberts  
Rogers  
Rohrabacher  
Ros-Lehtinen  
Roth

Roukema  
Royce  
Salmon  
Sanford  
Schaefer  
Schiff  
Scastrand  
Sensenbrenner  
Shadegg  
Shaw  
Shays  
Shuster  
Skeen  
Smith (MI)  
Smith (TX)  
Smith (WA)  
Solomon  
Souder  
Spence  
Stearns  
Stockman  
Stump  
Talent  
Tate

Tauzin  
Taylor (NC)  
Thomas  
Thornberry  
Tiahrt  
Torkildsen  
Upton  
Vucanovich  
Waldholtz  
Walker  
Walsh  
Wamp  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
White  
Whitfield  
Wicker  
Wolf  
Young (AK)  
Young (FL)  
Zeliff

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FRANKS of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER Is there objection to the request of the gentleman from New Jersey?

There was no objection.

NOT VOTING—2

Sisisky  
Tucker  
□ 1832

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. DREIER). The question is on the passage of the bill.

Pursuant to House Resolution 245, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas—227, nay 203, not voting 3, as follows:

[Roll No 743]  
YEAS—227

Allard  
Archer  
Armey  
Bachus  
Baker (CA)  
Baker (LA)  
Ballenger  
Barr  
Barrett (NE)  
Bartlett  
Barton  
Bass  
Bateman  
Bereuter  
Bilbray  
Bilirakis  
Bliley  
Blute  
Boehner  
Bonilla  
Bono  
Brownback  
Bryant (TN)  
Bunn  
Bunning  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Canady  
Castle  
Chabot  
Chambliss  
Chenoweth  
Christensen  
Chrystler  
Clinger  
Coble  
Coburn  
Collins (CA)  
Combest  
Cooley  
Cox  
Crane  
Crapo  
Creameans  
Cubin  
Cunningham  
Davis  
Deal

DeLay  
Diaz-Balart  
Dickey  
Doolittle  
Dornan  
Dreier  
Duncan  
Dunn  
Ehlers  
Ehrlich  
Emerson  
English  
Ensign  
Everett  
Ewing  
Fawell  
Fields (TX)  
Flanagan  
Foley  
Forbes  
Fowler  
Fox  
Franks (CT)  
Franks (NJ)  
Frelinghuysen  
Frisa  
Funderburk  
Gallegly  
Ganske  
Gekas  
Geren  
Gilchrest  
Gillmor  
Gilman  
Gringrich  
Goodlatte  
Goodling  
Goss  
Graham  
Greenwood  
Gunderson  
Gutknecht  
Hall (TX)  
Hancock  
Hansen  
Hastert  
Hastings (WA)  
Hayworth  
Hefley  
Heineman  
Herger  
Hilleary

Hobson  
Hockstra  
Hoke  
Horn  
Hostettler  
Houghton  
Hunter  
Hutchinson  
Hyde  
Inglis  
Istook  
Johnson (CT)  
Johnson. Sam  
Jones  
Kasich  
Kelly  
Kim  
King  
Kingston  
Klug  
Knollenberg  
Kolbe  
Largent  
Latham  
Laughlin  
Lazio  
Leach  
Lewis (CA)  
Lewis (KY)  
Lightfoot  
Linder  
Livingston  
Longley  
Lucas  
Manzullo  
Martini  
McCollum  
McCreery  
McDade  
McInnis  
McIntosh  
McKeon  
Metcalfe  
Meyers  
Mica  
Miller (FL)  
Molinari  
Montgomery  
Moorhead  
Myers  
Myrick  
Nethercutt

NAYS—203

Abercrombie  
Ackerman  
Andrews  
Baesler  
Baldacci  
Barcia  
Barrett (WI)  
Becerra  
Beilinson  
Bentsen  
Berman  
Bevill  
Bishop  
Boehler  
Bonior  
Borski  
Boucher  
Brewster  
Browder  
Brown (CA)  
Brown (FL)  
Brown (OH)  
Bryant (TX)  
Cardin  
Chapman  
Clay  
Clayton  
Clement  
Clyburn  
Coleman  
Collins (IL)  
Collins (MI)  
Condit  
Conyers  
Costello  
Coyne  
Cramer  
Danner  
de la Garza  
DeFazio  
DeLauro  
Dellums  
Deutsch  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Doyle  
Durbin  
Edwards  
Engel  
Eshoo  
Evans  
Farr  
Fattah  
Fazio  
Fields (LA)  
Filner  
Flake  
Foglietta  
Ford  
Frank (MA)  
Frost  
Furse  
Gejdenson  
Gephardt  
Gibbons

Gonzalez  
Gordon  
Green  
Gutierrez  
Hall (OH)  
Hamilton  
Harman  
Hastings (FL)  
Hayes  
Hefner  
Hinchey  
Holden  
Hoyer  
Jackson-Lee  
Jacobs  
Jefferson  
Johnson (SD)  
Johnson, E. B.  
Johnston  
Kanjorski  
Kaptur  
Kennedy (MA)  
Kennedy (RI)  
Kennelly  
Kildee  
Kloczka  
Klink  
LaFalce  
LaHood  
Lantos  
LaTourrette  
Levin  
Lewis (CA)  
Lincoln  
Lipinski  
LoBiondo  
Lofgren  
Lowey  
Luther  
Maloney  
Manton  
Markay  
Martinez  
Mascara  
Matsui  
McCarthy  
McDermott  
McHale  
McHugh  
McKinney  
McNulty  
Mechan  
Meek  
Menendez  
Mfume  
Miller (CA)  
Minge  
Mink  
Filner  
Moakley  
Mollohan  
Moran  
Morella  
Murtha  
Nadler  
Neal  
Oberstar  
Obey  
Oliver

Ortiz  
Orton  
Owens  
Pallone  
Pastor  
Payne (NJ)  
Payne (VA)  
Pelosi  
Peterson (FL)  
Peterson (MN)  
Pickett  
Pomeroy  
Poshard  
Rahall  
Rangel  
Reed  
Richardson  
Rivers  
Roemer  
Rose  
Roybal-Allard  
Rush  
Sabo  
Sanders  
Sawyer  
Saxton  
Scarborough  
Schroeder  
Schumer  
Scott  
Serrano  
Skaggs  
Skelton  
Slaughter  
Smith (NJ)  
Spratt  
Stark  
Stenholm  
Stokes  
Studds  
Stupak  
Tanner  
Taylor (MS)  
Tejeda  
Thompson  
Thornton  
Thurman  
Torres  
Torricelli  
Towns  
Trafigant  
Velazquez  
Vento  
Visclosky  
Volkmer  
Ward  
Waters  
Watt (NC)  
Waxman  
Williams  
Wilson  
Wise  
Woolsey  
Wyden  
Wynn  
Yates  
Zimmer

NOT VOTING—3

Hilliard  
Sisisky  
Tucker

□ 1849

So the bill was passed.

REPORT ON H.R. 2546. DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1996

Mr. WALSH, from the Committee on Appropriations, submitted a privileged report (Rept. No. 104-294) on the bill (H.R. 2546) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said district for the fiscal year ending September 30, 1996, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore (Mr. DREIER). All points of order are reserved on the bill.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 1868, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1996

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight, October 26, 1995, to file a conference report on the bill (H.R. 1868) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1996, and for other purposes.

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

There was no objection.

LEGISLATIVE PROGRAM

(Mr. BONIOR asked and was given permission to address the House for 1 minute.)

Mr. BONIOR. Mr. Speaker, I take this time to inquire of the distinguished majority leader the schedule for next week.

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

Mr. BONIOR. I yield to the gentleman from Texas.

Mr. ARMEY. Mr. Speaker, on Monday, October 30, the House will meet at 12:30 p.m. for morning hour and 2

Later he admitted that the subcommittee staff created the document. After that, he wrote a letter of apology to Nan Aron.

It is still unclear which staff actually participated in this deception and what authorization they received from Members. Concerns have also been raised that staff of a member's personal office performed functions which should have been under the direction of subcommittee staff.

Mr. Speaker, some have said in defense of the subcommittee that the forged document with the Alliance for Justice letterhead was merely a harmless graphic which was intended to illustrate the majority's contention that some member organizations of the Alliance received Federal funds.

But if this was merely a harmless graphic, then one of its purposes was to give the impression that there was something improper or illegal in their receipt of Federal funds.

Mr. Speaker, this was an exercise in using an official investigative hearing of a House subcommittee to deceive, rather than to enlighten.

The House and its committees cannot function if Members of the House attempt to deceive each other, as well as the press and the public which we represent, with false information.

The resolution submitted by Ms. SLAUGHTER called for the Speaker to get to the bottom of this incident. The Speaker had already acted earlier to ensure that Members of the House must take responsibility for documents circulated on the floor about pending legislation and amendments.

We still need action to ensure that the integrity of the committee process is respected so that its principal purpose—to gather accurate information which we can use to write legislation and to conduct proper oversight—is respected.

That integrity has been under attack throughout this Congress, not just in the incident we are addressing today.

For example, at the recent Waco hearings jointly conducted by subcommittees of the Judiciary Committee and the Committee on Government Reform and Oversight, we discovered that representatives of a private entity, the National Rifle Association, were treated like professional committee staff of the House; that an attempt was made to allow them access to confidential materials which might be used as evidence in the hearings; and that there was an effort to cover up their role.

As the majority must now realize, those revelations, as well as the incident involving the forged document, were counterproductive. They interfered with whatever message the majority might have been trying to put out. They embarrassed the committees and Members involved. Ultimately, they reflect on the House and on all of us.

Mr. Speaker, we often disagree on policy. But let's not attempt to deceive each other, or the national audience

outside the House, with forged documents, tricks, and misrepresentations. That hurts the House on every legislative issue, not just this one. And that is what the House must speak firmly against. This must not happen again.

Ms. SLAUGHTER. If I could just ask the gentlewoman a question. I know you have seen the press release that was handed out saying that the House voted to vindicate the gentleman involved.

Mrs. COLLINS of Illinois. I did.

Ms. SLAUGHTER. Did you notice that that was written on committee stationery?

Mrs. COLLINS of Illinois. No, I did not.

Ms. SLAUGHTER. Mr. Speaker, I appreciate the leadership of the gentlewoman from Illinois [Mrs. COLLINS] in this committee in trying at least to uphold the laws of the House, but the laxity, as you had pointed out, what we have seen in the Waco hearings and what we saw the other day in the hearings on the White House Travel Office, indicate to me that integrity is in very short supply on that committee.

I wonder if you agree with me, and you were there the day this document came about. I have said many times I think the thing that saddened me most was the fact that the staff and the subcommittee chair thought it was very amusing, and they saw nothing in the world wrong with what had taken place here.

I feel that it is going to be my obligation. If no one else of the 435 Members care about it, it is terribly important to me that this not take place here in this House. This is too sacred a ground that we stand on. Too many people send us here with their total trust that we are going to do the right thing. I can imagine their outrage if they really knew that this is going on. Frankly, I do not know how much more of it goes on. But at least on this piece right here where I was closely involved I intend to make my stand.

Mrs. THURMAN. Mr. Speaker, I strongly support the efforts of the gentlewoman from New York to bring a serious problem to this body's attention. The actions of majority staff of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs are very disturbing, and every Member of this House should be alarmed. The entire House is once again subject to more public outrage about our activities by the production of a phony press release concocted just to make a point.

When the Republican leadership immediately tabled the gentlewoman's resolution yesterday, it certainly sent a strong message to me. Why has the Republican leadership gagged us? Why can't we have a debate? As the gentlewoman has pointed out, quite correctly, forgery is a crime. This matter needs to be examined to ensure that it never happens again. Contrary to arguments from the other side of the aisle, this is not merely a partisan issue: it is a question of institutional integrity.

I was encouraged at the beginning of this Congress when the new leadership promised that the House would be more open and that debate would be free. What has happened to

that promise? I opposed efforts in the last Congress to gag or shorten debate, and I still oppose these restrictions. To say I am extremely disappointed in what happened here yesterday would be an understatement.

This is a serious problem that casts a dark shadow over this institution. So why have the Republicans also attempted to discredit the gentlewoman from New York? We all received a Dear Colleague from the Republican members of the subcommittee that not only attacked the integrity of the gentlewoman from New York but also evaded the facts. Perhaps it is because the gentlewoman is correct: forgery is a crime. This matter needs to be examined to ensure that it never happens again. Regarding the integrity of the gentlewoman, I wonder how many signers of this Dear Colleague have received campaign contributions from Defense corporations? We don't see the Republicans attempting to subvert the first amendment rights of Defense and other corporations who engage in lobbying activities.

I also question the fact that this was just a simple mistake. If the intent was only to show the amount of Federal dollars received by the Alliance for Justice, why was it necessary to use House Information Resources to produce an exact duplicate of the Alliance's letterhead, even down to its e-mail address?

The legislation that produced this controversy, the restriction of groups from using any of their own funds to lobby, deserved to be debated in a very open forum. I do not see how this is possible now. The fact that the majority staff of this subcommittee believed it necessary to willfully falsify a document to make a point about the need for this legislation certainly sends a unmistakable signal that they and their superiors did not have enough facts to bolster their arguments.

I hope the matter does not end here. Regardless of the propriety or impropriety of the actions by majority staff, the fact remains that the information was false and could have become part of the public record.

Finally, how can we explain this to our constituents? As we all know, the public's perception of Congress is still quite low. This sad situation will only lower our constituents' opinion of both the process and the institution most of us respect. This is the greatest tragedy of all, because it undermines every Member's mission—producing sound and reasoned laws for the public good. How can I tell my constituents back home that I am making the best decisions on important issues when the information I am receiving may be either skewed or fraudulent?

Once again, I salute the gentlewoman's commitment to this serious problem.

#### BUDGET RECONCILIATION ACT

The SPEAKER pro tempore. The gentleman from New Jersey [Mr. PALLONE] is recognized to control the balance of the pending hour as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, could I just inquire, does that mean that I have 5 minutes or that I have how long?

The SPEAKER pro tempore. The gentleman has a maximum of 22 minutes remaining.

Mr. PALLONE. I thank the Speaker and I want to thank the gentlewoman from New York for yielding me the balance of her time.

CYPRUS

Mr. Speaker, I wanted to talk about the Budget Reconciliation Act that we passed today. But before I do that, if I could just spend a couple of minutes on a matter that is very important relating to the state of Cyprus.

Mr. Speaker, Earlier today Cyprus's Minister of Foreign Affairs met with the International Relations Committee for a briefing on the United Nation's and United State's continuing efforts to bring about a peaceful resolution to the illegal occupation of Cyprus by Turkey, which is now in its 21st year. I am, consequently, here tonight to once again lend my support to Mr. Michaelides and all of the Cypriot people in their fight to restore independence to their country.

Mr. Speaker, over the last two decades the international community has demanded that the Turks—who today manage their illegal occupation with a heavily armed force of over 30,000 troops and 300 tanks—allow the Cypriot people to live as a free and independent people in various forms over the years. Most recently, in July of last year the United Nations Security Council passed Resolution 939, which mandated that any settlement of the Cyprus issue must be based on a state of Cyprus with a single sovereignty and international personality and a single citizenship with its independence and territorial integrity safeguarded.

During this time period the United States has also repeatedly urged Turkey to abide by the various United Nations resolutions that have been issued. Just a few weeks ago on September 18, the House passed House Concurrent Resolution 42, which insists that all parties to the dispute regarding Cyprus agree to seek a solution based upon the relevant United Nations resolutions. House Concurrent Resolution 42 also urges the Turks to build upon a gesture of goodwill made last year by Cyprus's President Glafcos Clerides and agree to remove all foreign troops from the island.

For 21 years the entire region surrounding Cyprus has been in a volatile state, casting a pall of instability that feeds the specter of war. The Secretary General of the United Nation has called Cyprus one of the most highly militarized areas in the world. As an international champion for both the notion of self-determination and respect for international law, the United States has an obligation to make sure that when the Foreign Minister leaves our country, he will leave knowing that American people fully support the demilitarization of the island as part of the larger effort to secure a free and wholly independent Cyprus.

As I said when I spoke in support of House Congressional Resolution 42 last month, a Turkish refusal to act on this proposal can only be read as an unwav-

ering determination by Turkey to ignore the rule of law. Indeed, the Secretary General of the United Nations has also noted there has been a lack of progress on this issue due essentially to the lack of political will on the Turkish Cypriot side. There is, however, no shortage of American political will when it comes to assisting Cyprus in its struggle for independence. Indeed, as the House's decision earlier this year to cut United States aid to Turkey demonstrated, there is an ample supply of American political will, and the sooner the Turks realize it, the better it will be for them, for Cyprus, and for the maintenance of international peace.

1945

Mr. Speaker, I would like to now turn, if I could, back to the legislation that we spent most of our time on today, and that is the budget reconciliation bill.

When I had a few minutes during the debate today to talk about why I was opposed to Speaker GINGRICH'S budget reconciliation plan, I made reference to something that I rarely make reference to because I do not really think that surveys or polls are necessarily a good indication of the way people think. But in the poll that was actually done by the New York Times and CBS News that was in the New York Times today, there was reflected essentially what I have been hearing from my constituents relative to the budget, relative to the purported tax cuts and relative to the changes that the Republican leadership is making in both Medicare and Medicaid in this budget bill that was passed today.

Essentially, what the New York Times poll showed was that the public in general feels that and Medicare Medicaid are going to be seriously diminished for the worse as a result of this Republican bill that passed today, also that the tax cuts really are a sham, that they essentially go mostly for the rich and that ultimately this Budget Reconciliation Act, which is purported to have the purpose of balancing the budget, will not accomplish that goal.

I mention those things because I think that essentially they are true. They not only reflect what my constituents say but they reflect the reality of the legislation that was passed today.

If you look at the whole idea of balancing the budget, why would you start out with a tax cut? We all know that, in terms of the revenue that comes in, it is not sufficient to balance the budget. So if the revenue is reduced, and particularly if it is reduced in order to give some cuts to mostly wealthy people, then the balancing of the budget is going to be more difficult, and that is, in fact, what happens with this Republican proposal.

After 7 years, the national debt will be at least 250, some estimates even higher, because of the tax cut, and if you look at the tax cut, it provides

more generous benefits at higher income levels.

We know that the legislation actually would raise taxes on those earning less than \$30,000. So it is not even a tax cut unless you are making more than \$30,000.

We are asking the American people to implement this tax cut mostly for wealthy people and at the same time that we are raising taxes on those below \$30,000. And what are we doing it for? Well, I mean, if you look at what has been the debate for the last week or so on the House floor, you know that what is happening in this bill is that Medicare and Medicaid, Medicare being the health care program for the elderly, Medicaid being the health care program for low-income people, are both being seriously diminished, some would argue ultimately abolished, because of this budget bill.

It is no surprise, really, over and over again today on the House floor, and I will repeat it again, we made mention, the Democrats did, at least, to the Senate majority leader, BOB DOLE, Speaker GINGRICH, and the statements that they made with regard to the Medicare program. We know that from the very beginning, when Medicare was passed back in the 1960's, that most of the Republicans in the House of Representatives and the Senate actually opposed it. And Senator DOLE, who is actually running for president now, was one of the 12 Members of Congress who voted against the Medicare bill at that time back in the 1960's.

Well, again, this Tuesday, earlier this week, he reiterated in a speech before the American Conservative Union, "I was there fighting the fight, voting against Medicare, one out of 12, because we knew it would not work in 1965." What a message that is being sent here by a candidate for President of the United States. He is essentially saying Medicare is a terrible program, and certainly it is no surprise that he and the Republican leadership are trying to essentially gut Medicare today.

Speaker GINGRICH went even further, in a sense. He pointed out that maybe we are not abolishing Medicare today, but that is ultimately what will happen. He says, "Now, we don't get rid of it in round 1, because we don't think that that is politically smart, and we don't think that is the right way to go through a transition period, but we believe it is going to wither on the vine because we think people are voluntarily going to leave it."

So what he is saying, in a sense, is he is saying very straightforwardly to, I think it was, to an insurance group, and this was actually today, that, "Well, we may not be totally destroying Medicare today, but the changes are so radical that it ultimately will disappear," and that is exactly what is going to happen under this legislation.

In an effort to try to achieve tax cuts mostly for wealthy people, not to balance the budget, we are destroying both Medicare, and I would argue also



Medicaid. At least now, though, the Republican leaders are saying that they never liked Medicare from the beginning and that that really is what they are trying to do, get rid of Medicare.

How do they get rid of Medicare? Well, basically, what they do is they squeeze the program in Medicare and Medicaid so much. In other words, they take so much money out of it and they set limits on the amount of Federal dollars that are actually going to be available over the next few years so that it is not possible essentially to operate Medicare and Medicaid the way we have known them.

They also increase taxes on Medicare recipients, on the senior citizens who are part of the Medicare program. They doubling the Part B premium. Part B is the program that pays for physicians care. It could go from something like \$40 today to something like \$90 over the next 7 years. They means-test Medicare Part B for the elderly; those who have higher incomes will have to pay more.

But most importantly, what they are doing here, and this is why the Speaker says that ultimately people will get out of Medicare and it will disappear, is because they make it so difficult to stay in the traditional Medicare program where you choose your own doctor and he gets reimbursed in what we call a traditional fee-for-service program. So little money goes to that traditional system where you choose your own doctor and Medicare reimburses it, most of the increased dollars that are going to be available or most of the dollars that are going to be available go to HMO's or managed care systems. So if you decide you do not want to choose your own doctor and you want to go to a HMO, you are encouraged to do, because more money is going to be available on that side for seniors who go into HMO's or managed care than for seniors who stay in the traditional fee-for-service system where they choose their own doctors. That is how they get to the situation where the Speaker says ultimately Medicare disappears because more and more people will not be able to take advantage of the traditional Medicare.

On Medicaid, the abolition of Medicaid is even more direct under the bill. Medicaid right now is an entitlement, which means that if you are eligible because of your income, you get the health insurance benefit. But instead of providing a continued entitlement, we estimate maybe 35 million or so Americans who take advantage of Medicaid all of a sudden now their future and their ability to get health care is left up to the States. The money that the Federal Government provides, which again is capped and is limited, goes to the States in a block grant and the States decide who they want to cover, how they want to cover, and when they want to cover those individuals, and so essentially they could decide that they do not want to cover certain people or they could make it so

difficult for those people to become eligible and so little money would be available that essentially they do not have adequate health care.

The worst the examples of this are that, I think, for myself, and again where you can see a link between what is happening with Medicare and Medicaid, was brought out last week and again today on the House floor where we mentioned that right now part B Medicare recipients, these are senior citizens who want to have their physician services covered, if they are below a certain income, if they are eligible for Medicaid, Medicaid now pays for their Part B premium. That guarantee, which exists under current law, its abolished.

There are a lot, we estimate about 7 million, widows in this country who are low-income, who right now Medicaid pays for their Part B premium. They no longer have a guarantee anymore that Medicaid will pay for that.

Although the Speaker last week indicated that this bill, or either the Medicare or this reconciliation bill, would take care of those low-income seniors, the reality is that they are not covered under this legislation that passed today.

So I think that when the American public, based on that New York Times poll or based on what I hear from my constituents say, that they are very scared about the future of Medicare and Medicaid because of the legislation that was put forward by the Republican leadership and passed rather narrowly today almost on a partisan vote, there is reason for them to be scared because the Republican leaders, because the leaders, whether it is Senator DOLE or Speaker GINGRICH, basically—

The SPEAKER pro tempore (Mr. LATHAM). The Chair will caution Members not to make personal references to Members of the other body.

Mr. PALLONE. Oh, you mean the Senate? All right. Thank you, Mr. Speaker. I forgot that I am not allowed to make personal references to Senate Members.

What I wanted to say, though, in conclusion, is that it is abundantly clear that the Republican leadership in both houses, both the Senate and the House of Representatives, essentially are not in favor of Medicare, certainly the Medicare that we know of, and so when seniors express their concern and say they are fearful that this bill is going to abolish or significantly change Medicare or Medicaid for the worse, they are certainly accurate in their concerns.

We have some time, though. We have some time because even though this bill passed today, it still has to pass in the Senate. President Clinton has said that he intends to veto the legislation, and the vote today, which was rather narrow, I think it was about 232 to 200, so there were over 200 Members who were opposed to it. I think will send a message to the administration that this is not a bill that should be supported and that it should be vetoed,

and when it is vetoed and it comes back to this body, we will join with all of those who have expressed concern about it to make sure that we can come up with a better bill that does not severely impact Medicare and Medicaid and that ultimately achieves the balanced budget that is necessary to achieve deficit reduction and get this country back on the road to economic prosperity.

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

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

Mr. RIGGS. Mr. Speaker, I have a quick question. I respect the gentleman a lot. I heard the very tail end of his comments.

Is the gentleman committing to support that compromise that you just described if we are able to work one out?

Mr. PALLONE. Oh, absolutely. You know, I guess I should point out to you today that I had a problem with the, some problems with the Democratic substitute that was proposed, and so I ultimately did not support it. But I think that, in general, what that substitute indicated was that it is possible to achieve a balanced budget in 7 years within the time frame that the bill that was passed today proposes and that you can achieve that without having the level of cuts in Medicare and Medicaid that this bill seeks.

One of the ways that the Democratic substitute achieved that was, of course, by eliminating the tax cut.

I think the bottom line is that it is possible to achieve deficit reduction to balance the budget within the 7 years. It certainly is a worthy goal, but you do not have to do it on the backs of America's seniors, which I think is what is happening.

Mr. RIGGS. I appreciate the gentleman yielding.

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

Mr. PALLONE. I yield to the gentleman from Georgia.

Mr. NORWOOD. Mr. Speaker, I have one simple question. I am curious if you would tell me, over the next several years, will the amount of money that we are going to spend on Medicare increase?

Mr. PALLONE. The amount of money that you propose to spend on Medicare would increase in absolute dollars, but what I would say to you is that the problem is that the rate of increase is insufficient to keep a quality health care system. I do not like to get involved in this debate over whether it is a cut or an increase. I think I will acknowledge that it is an increase in the actual amount of dollars, but if you look at the inflation rate and you look at the amount of money that is going to be necessary to keep a quality Medicare and Medicaid system, I think it is inadequate. That is my point.

Mr. NORWOOD. Well, I know you do, and those of us on this side really believe it is very adequate. For the first

time, we are going to give providers of health care the opportunities to help bring down that inflation rate, and I think we will see that happen.

□ 2001

#### "60 MINUTES" REPORT ON THE DEATH OF VINCE FOSTER

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Indiana [Mr. BURTON] is recognized for 15 minutes as the designee of the majority leader.

Mr. BURTON of Indiana. Mr. Speaker, I have been watching the television show on CBS, "60 Minutes," for a long, long time, and I have always respected that program because it was very informative, and I always thought it was factual. And then, just after the last presidential election, I think Mr. Hewlett, the producer of "60 Minutes," said in a national interview that had he exposed all of the information that was available to him at "60 Minutes" during the campaign, that the then candidate for President, who was later elected, would be walking around in the snows of New Hampshire. So it became apparent to me that the "60 Minutes" producers and the people who ran that show had a very strong bias, and that bias was reflected in much of their reporting.

This became apparent to me again about 2 weeks ago on a Saturday night, when I watched Mike Wallace start doing a 20 minute segment on the death of Vince Foster. I have never seen so much misinformation and so much bias in reporting as I saw during that 20 minute segment.

Let me just tell you some of the things that happened, some of the things that "60 Minutes" ignored. Mike Wallace said that every government body that has investigated the death of Vince Foster reached the same conclusion, that he killed himself at Fort Marcy Park.

He did not mention that the independent counsel, Kenneth Starr, has reopened the investigation. Mr. Starr's attorney spent this summer questioning witnesses before a grand jury. The FBI is back in Fort Marcy Park, or was a couple of weeks ago, more than 2 years after Vince Foster's death, looking for the bullet that killed him. Would the independent counsel go through all of this work were there not unanswered questions about the case?

So I believe that Mr. Wallace was incorrect when he said that the conclusion has been reached by every government agency. In addition, many of us in Congress have come to different conclusions as well.

Another thing that he forgot to mention was that the police were not the first people to encounter Foster's body. He mentioned a national park policeman who found the body. The fact of the matter is that the park policeman did not find the body. The body was found by a man called C.W., the con-

fidential witness, who was the first person on the scene.

I have a sworn statement, where I went out to his home with a court reported and two other Congressmen, from the confidential witness. The FBI questioned him extensively and considers him honest and credible.

"60 Minutes" never talked about him or even mentioned on that program that there was a confidential witness that found the body. "60 Minutes" never read his statement.

The gentleman from Pennsylvania [Mr. CLINGER], who is the chairman of the Committee on Government Reform and Oversight in the House, told "60 Minutes" that he knows more about this subject than any Member of Congress, and, although I have high regard for Representative CLINGER, he never interviewed the confidential witness, although he had an opportunity to do so, and he never read his sworn deposition, which was verified.

Mike Wallace went into great detail during this interview about how the gun was found in Foster's right hand. He said critics of the investigation incorrectly stated that Foster was left-handed. Well, that misses the point entirely. When the confidential witness discovered the body, he looked very carefully. He was within 18 inches of Mr. Foster's face. He looked very carefully and saw no gun in either hand. He was very clear in his statement, in the sworn statement before me and the FBI, that when he found Foster, both hands were palm up with the thumbs pointed out away from the body. When the police arrived on the scene, they found his right hand palm down with the thumb pointed in, the gun on the trigger finger, and the gun was partially obscured by his hand and his leg.

When the confidential witness found the body, the head was looking straight up, and there were no bloodstains on his cheek. When the police arrived, the head was still pointing up, but there was a contact bloodstain on the cheek and the trails of blood running from his mouth and nostrils down the side of his face.

Now, how did Foster's hand get moved and why was there no gun in it when the man found it, and later there was a gun in it? How did Foster's head get moved? It is obvious to me that somebody was there and moved the body.

Now, the Park Police officer, Officer Fornshill, was not, as I said before, the first to discover the body. It was a confidential witness. Park Police Officer Kevin Fornshill told Mike Wallace that Foster's body could not have been moved to the park because the vegetation around him was not trampled.

But the fact of the matter is the confidential witness said in a sworn statement that the vegetation below the body, from the feet all the way down to a path that went all the way around the park, it was trampled flat. There was a narrow path at the bottom of the berm that winds around the perimeter of the park. "60 Minutes" would have

known this if they had read his statement, or even decided to look into it and asked.

The confidential witness told the FBI that he saw a half-empty wine cooler body near Foster's body. The Park Police did not find it. What happened to the wine cooler bottle and were there any fingerprints on it? As the confidential witness was leaving the park, he looked inside the white Nissan parked in the lot and saw a half-full package of wine cooler bottles, very similar to the one beside the body, a briefcase, and a suit jacket that looked similar to Foster's suit pants. This was not Foster's car. Foster's car was a gray Honda and it was parked further away, and C.W., the confidential witness, did not walk near it.

Mike Wallace made a big issue out of the amount of blood around the body. He interviewed the medical examiner, who said there was sufficient blood underneath the head and shoulders to conclude that he died at that spot.

This misses the key point. There would have been blood underneath Foster's head, whether he shot himself at the spot or was moved there. The key point is there was no blood spattered on anything behind where Foster was sitting. Anytime someone shoots himself through the mouth, there would be blood splattered all over above him, and there was nothing above him that had any blood on it whatsoever. The vegetation on the path behind Foster was clean.

The first emergency medical services person who arrived at the park, George Gonzalez, commented that it was very unusual for a suicide victim's body to be laid out so neatly, with the feet together and the hands neatly at his side. He told this to the staff of the Committee on Government Operations, and he said: "I find it odd to have the body laid out like it was. I wouldn't expect the hand or body in the position found, the hands perfectly at the side." "60 Minutes," incidentally, did not interview Mr. Gonzalez.

Mike Wallace noted that it was not unusual for Foster's clothes to have carpet fibers on them. Foster's attorney said that Mrs. Foster had just had new carpeting installed in their home. Well, if that is the case, why did the FBI not take carpet samples and match them with the fibers on his clothes? They did not do that.

There were blond hairs on Mr. Foster's body and all over his clothes. Why did the FBI not compare these hairs to the hair of the people Foster knew and was close to?

Here are some other keys points that "60 Minutes" left out in their biased reporting.

First, the Park Police investigation was incomplete and unprofessional. The photos of the crime scene were underexposed and did not turn out. The only photos were of very poor quality, and they were made with instamatic cameras.



No search was conducted for any skull fragments. When you blow the top of your head out with a .38 caliber bullet, there are skull fragments and bone fragments all about where the head was. There was none of this, no blood and no brain particles.

No search was conducted for skull fragments, as I said. Only a very cursory search was conducted for the bullet. White House Counsel Bernie Nussbaum refused to allow Park Police officers or the FBI to search Foster's office. In fact, the night of Foster's death, Bernie Nussbaum, the chief counsel of the President, and two other high level White House aides, Patsy Thomason, who was the chief personnel officer, and Mrs. Williams, Hillary Clinton's chief of staff, searched Foster's office and removed files having to do with Whitewater. This was after the Park Police asked that the office be sealed, and it was not sealed for at least 12 hours while they went through and rifled through those papers. Justice Department officials accused Nussbaum of violating an agreement they had reached regarding the search of Foster's office.

Second, the coroner that conducted the autopsy on Foster has made glaring errors in the past. This was not revealed by the "60 Minutes" show. Dr. James Beyer was the coroner who reviewed and did the autopsy on Vince Foster.

Let me tell you about Mr. Beyer. In 1989 there was an autopsy on establishing the death of a man named Tim Easley. Mr. Beyer, the coroner, ruled that Easley killed himself by stabbing himself in the chest. He failed to notice a defensive wound on the man's hand. The case was reopened, and, after an outside expert reviewed the case, Easley's girlfriend confessed to murdering him, after he had been judged a suicide by the coroner. That is one mistake.

In 1991, regarding a Mr. Tommy Burkett, Mr. Beyer did an autopsy on him and ruled that Burkett had killed himself with a gunshot wound to the mouth very similar to Vince Foster's. He said it was a suicide. Mr. Burkett's family had the body exhumed and reexamined by an outside expert. The second coroner reported that Dr. Beyer had failed to notice a disfigured and bloody ear, indicating a struggle, and a broken jaw, indicating he had been hit in the face and his jaw was broken during a struggle. The FBI is now investigating this case. It obviously was a murder or homicide, and not a suicide.

The first special counsel, Robert Fiske, appointed a board of forensic experts to review the Vince Foster case. They concurred in Fiske's opinion that Foster killed himself at Fort Marcy Park. However, they were not appointed until a year after Foster died, and the only way that they could come to the conclusions they did was to read the coroner's report and use that as a guide to come to their conclusions. So they never saw the body, and they verified he was killed at the park. But the

fact of the matter is, they could not possibly have known that, because they only used the coroner's report to come to the conclusions they did.

So, in conclusion, last summer, when the Senate Committee on Banking and Financial Services held a hearing on Foster's death, the FBI testified there was absolutely no doubt that Foster killed himself, and that he killed himself at Fort Marcy Park.

Now, let us review the problems and glaring inconsistencies with this investigation.

First, the eyewitness who found the body testified that he is sure there was no gun in Foster's hand and the hands were in a different position than when the police arrived. That was not mentioned on "60 Minutes."

Second, the confidential witness said there were no bloodstains on the face when he found the body. There were bloodstains on the cheek when the police arrived, indicating it had been moved. When they moved his body, his head went over to the side and blood drained out on the face.

Third, the confidential witness testified he saw a wine cooler bottle close to Foster's body in the park, and a package of similar wine cooler bottles in a car in the parking lot that did not belong to Foster. Where did they come from? Where did that bottle go?

Fourth, despite extensive searches of the park, the FBI has been unable to find the bullet that killed Vince Foster, and they are still looking for it. Evidently the independent counsel sent them back out there 2 or 3 weeks ago to look for it again.

Fifth, no skull fragments were ever found at the site where Foster's body was found, even though there definitely would have been skull fragments from that kind of a wound.

Sixth, there were no fingerprints on the gun. Get this: The gun was in his hand, and there were no fingerprints on the gun. The FBI said they probably, get this, "melted off in the heat." And yet when they took the gun apart, they found fingerprints there from the time the gun was made at the factory.

Seventh, there were no fingerprints on the suicide note found in Foster's briefcase in his White House office. It was torn up into 28 pieces, and the first few times the briefcase was searched, they could not find the note at all, even though they turned it upside down, and there were no fingerprints on it.

Eighth, the coroner who conducted the autopsy of Foster's body has made glaring errors of high profile cases in the past. In one case, a body had to be exhumed and reexamined in order to change the ruling from suicide to murder.

Ninth, security guards working at the Saudi Arabian Ambassador's residence across the street from the park, within 100 yards, 300 feet, with guards outside all day and night, heard no gunshot.

Tenth, Foster's shoes were completely clean, with no grass or dirt

stains, even though he was supposed to have walked 700 yards through the park to the second cannon.

No. 11, the FBI never made any attempt to identify the carpet fibers or the blond hair on Foster's clothing.

No. 12, the police photos at the death scene did not turn out, leaving a serious lack of documentation of the death scene.

With all of the glaring problems, can you imagine the FBI telling the Senate Banking Committee there could be no doubt about where and how Foster died? With all of these glaring problems, can you imagine what Johnny Cochran, F. Lee Bailey, and O.J. Simpson's other lawyers would have done in a case like this?

Independent Counsel Starr is still investigating this death. "60 Minutes" should not jump to conclusions until Mr. Starr has completed his investigation, and Members of Congress should not jump to conclusions until Mr. Starr completes his investigation as well.

So I just would like to say to my friends at "60 Minutes," Mr. Wallace, Mr. Hewlitt, and everybody else, before you make the kind of determination that you did and do the kind of reporting that you did 2 weeks ago, please talk to all the people involved, especially eyewitnesses. The man who found the body, who gave a sworn statement under oath to me and to two other Congressmen, was never contacted, never interviewed, and nobody has seen that report, even Mr. CLINGER, who is the chairman of the Committee on Government Reform and Oversight here in the House.

So I just say that I think it was a bad piece of reporting, and I would urge them to be more thorough in the future.

#### BALANCED BUDGET RECONCILIATION ACT

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. RIGGS] is recognized for 45 minutes as the designee of the majority leader.

Mr. RIGGS. Mr. Speaker, I am very pleased to take advantage of this momentous occasion to talk with some of my distinguished colleagues a little further on what we did on this floor today.

This vote earlier today on the Seven Year Balanced Budget Reconciliation Act of 1995, as far as I am concerned, is not only the defining moment for the 104th Congress, but clearly it is one of the most historic votes in modern memory.

I had the opportunity to preside for a short period of time today in the Speaker's chair over the debate, and, as I was sitting up there, Mr. Speaker, where you are sitting now, I was really struck. I found myself thinking back

on my first stint in Congress, since some of my friends and families like to teasingly call me a "retread." But I have served in Congress once before, took a time out, I guess a forced vacation or sabbatical, going through a near-death experience politically, and then won election again to Congress, and had, obviously, the good fortune to come back to Washington as part of our new majority.

As I was sitting up there today I thought back on the debate we had in the 102d Congress, when a group of us, led by the gentleman from Ohio, JOHN KASICH, who is now the chairman of the House Committee on the Budget and the primary architect and sponsor of this Seven Year Balanced Budget Reconciliation Act, attempted to force a debate on this floor on balancing the Federal budget.

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As I thought back on that debate, I realized that the terms of the debate back here in Washington have fundamentally changed, and for the better, in my view. I think there is no going back to that time and that tenor in previous Congresses. The debate has changed again because now the debate is framed in terms of what we will do, even if it entails sacrifice on the part of ourselves and our fellow Americans to preserve the American dream for our children, and, frankly, to create a better opportunity, a better future rather for better opportunities for all Americans, particularly for our kids and grandkids.

So back then the debate was cast in terms of why we cannot and will not balance the Federal budget, and today, concluding with this historic vote on final passage for the 7-year Balanced Budget Reconciliation Act, we saw that the debate in the 104th Congress and, as far as I am concerned from here on out, will be cast in terms of how we can and we will and we must balance the Federal budget.

So, Mr. Speaker, things have very much changed. Back then, in that 102d Congress, and what made me think of this is now that the junior Senator from Pennsylvania, one of our former colleagues, Senator SANTORUM came over to join us tonight on this floor for the conclusion of the debate and the vote on final passage. Back then I recalled doing special order with him into the wee hours of the night. Now we are a little more civilized, we have a certain time restraint on special orders to allow our hard working staff to get home. But I remember that on that occasion we both took from our wallets, as I am right now, photographs of our families. We both have young children. As I look at mine, mine are much older than then and certainly have grown much bigger, but I really think what we did today is all about our kids and America's children.

Again I am struck by how much the debate has changed back in Washington, and I look forward to talking about these fundamental changes with

my colleagues on the House floor tonight during the remaining time for our special order.

Mr. Speaker, at this point in time I want to yield to the gentleman from Kansas [Mr. TIAHRT] who can, I think, set the stage for the debate to follow, and then we will go to my colleague, the gentleman from Georgia [Mr. NORWOOD], and my colleague and very good friend the gentleman from Arkansas [Mr. HUTCHINSON], who I think has made some major contributions to the budget reconciliation package.

So I will yield to the gentleman from Kansas.

Mr. TIAHRT. Mr. Speaker, I thank the gentleman from California [Mr. RIGGS], and I want to set the framework for the rest of our discussion by giving to the audience here in the House Chamber and elsewhere what the marching orders have been for Congress, and they are expressed on this chart here.

This is something that has been driven by the American people. We have had a lot of polling data that has been given to the Congress and it says there are some things they want to see happen over the course of the remainder of this year. Well, top on the list here is balancing the budget in 7 years.

Tonight, Mr. Speaker, I had the honor of voting for a reconciliation package that does balance the budget in 7 years and it passed on a vote of 227 to 203.

We also received from the American public the request to save Medicare from bankruptcy this year. I want to make a comment that there has been some confusion between tax breaks, which we will talk about in a minute, and saving Medicare. The allegation has been that we are taking cuts in Medicare and giving it to our rich friends, but it is really not true. In fact, it is an outright lie. We are increasing. What is going to happen in Medicare, right now the average recipient gets \$4,800. By 2002 the average recipient will get \$6,700, an increase of \$1,900, 43 percent.

There is a provision called a lockbox in the bill that says that any savings go right back towards health care. They do not go towards any kind of tax breaks. So that has been a big misnomer the American public has had to swim through to get to the truth.

Also, as a request from the American public, we are going to reform welfare. That is an important thing to do because we have a system now that is obviously broke. It is anti-family and anti-work. Just since October 1st, in Wichita, Kansas, we had a toddler that was shot in a gang feud. A two-year-old child was sitting in a car seat out in front of a Quick Trip, which is a convenience store; in a gang-related killing this little child was shot. This is evidence of the breakdown of the American family. It is time that we change this system that has been around since the 1960s because it really is broken.

By any yardstick that we use to measure our social climate, whether it be violence or drug abuse or illegitimacy, they have all gotten worse in the last 30 years, and I think their roots are in the current welfare system.

The last thing I want to talk about is providing that tax relief for families and for job creation that is important, and we will expand more on that later, but one more chart I want to talk about before I yield back. This is from Alan Greenspan, the chairman of the Federal Reserve, and it goes back to the very first point we were talking about, balancing the budget.

We need to look at what are the effects of balancing the budget. Congress has been trying to do it for 25 years. They have been unsuccessful until this year. This year we are successful in getting on a glide path to balance the budget by 2002. But what will be the results, according to the chairman of the Federal Reserve? His vision says that children will have a higher standard of living than their parents.

Mr. Speaker, about a year ago there was a poll where about two-thirds of Americans had lost faith in the system. They did not think that their children would have the same or better opportunities than they had. We are going to restore faith in the system. We are going to provide the opportunity for may children and the children in the fourth district of Kansas and across America to have a higher standard of living than their parents.

Improve the purchasing power of incomes. We have seen a real degradation of purchasing power over the last 40 years. We want to reverse that trend by balancing the budget.

A rise in productivity. If we are going to compete on an international basis we must have a rise in productivity.

A reduction in inflation. We have not seen the inflation like we had during the Carter years, but we are right on the verge with a lot of short-term debt that needs refinancing and long-term debt. We have a very big increase in the money supply. We must check that inflation so we have a reduction in inflation.

We are going to strengthen financial markets. Acceleration long-term economic growth and a significant drop in long-term interest rates. According to Alan Greenspan, a balanced budget would reduce the interest rates 2 percent. And in the average house in Wichita, KS, that would cut the payment about \$100 a month, over a 30-year mortgage about \$36,000 to \$38,000. A significant reduction by simply balancing the budget.

So I think we have had a real challenge from the American public. We have seen a significant step tonight with putting the seven-year Balanced Budget Reconciliation Act in place, passed through the House. And as I yield back, I want to say I was very proud to be a part of that and hope that America will see this significant

achievement and have hope for the future, because I see that hope.

Mr. RIGGS. Mr. Speaker, I appreciate the gentleman's comments and his participation in this special order. He makes, I think, some very significant points, not the least of which, to paraphrase that wonderful and venerable saying, we do not inherit the world from our parents, we borrow it from our children. I think what we are all about tonight, and as a majority party in the Congress, is making a better world for our children.

I really believe, Mr. Speaker, the American people are tired of excuses. As the gentleman from Kansas points out, it has been more than a quarter of a century since Washington last produced a balanced budget. Twenty-five years. And the American people's patience with the excuses, with the Washington gimmicks, has actually worn out.

Last November, and I do not think there is any mistaking the message of last year's election, they demanded an end to ever bigger government, ever increasing taxes and endless deficits as far as the eye can see. They voted for smaller government, lower taxes, and a balanced budget, and that is the clear message to the Republican Congress.

After 10 months, Mr. Speaker, of frankly fighting the entrenched opposition of the defenders of the status quo, for the most part the Democratic minority, which has refused to acknowledge at least what the leader of their party, President Clinton, has recently acknowledged, and that is we must get on with task of balancing the budget. Despite all the obstacles we have encountered, we are able to report to the American people tonight mission accomplished.

So as the gentleman points out, for the discussion that will follow, we have produced today in this historic legislation the first balanced budget in 25 years, which includes a plan passed last week on the House floor as a separate freestanding bill and then incorporated into the legislation on the floor today, a plan to preserve, protect and strengthen Medicare which still allows Medicare spending.

As the gentleman from New Jersey [Mr. PALLONE] finally admitted a little earlier this evening in his special order, we still allow Medicare spending to increase for every senior every year. As the gentleman from Kansas points out, we have a genuine welfare reform proposal that emphasizes work, families and hope for the future. And, last, but certainly not least, in terms of importance, tax cuts to counter, and let us be honest about this, the huge Clinton Democratic tax increase in the last Congress, but tax cuts to strengthen families and to stimulate economic growth and job creation in the private sector, which gives us most of our new living wage jobs.

With that, Mr. Speaker, I want to yield to the gentleman from Georgia [Mr. NORWOOD].

Mr. NORWOOD. I thank my friend from California for yielding, and let me say to the gentlemen, Mr. HUTCHINSON from Arkansas, and Mr. TIAHRT from Kansas, that I am very pleased to share this hour with them. I think it is fortunate that we represent the whole southern end of the United States so that people can know that this is not just a Georgia thing and this is not just an Arkansas thing, this is a movement that we see in our country.

Mr. Speaker, I think it is appropriate for us to recognize how fortunate we are to have such a wonderful speaker pro tempore tonight, the gentleman from Iowa [Mr. LATHAM]. We are privileged to be here with you, sir.

I also want to point out that I would rather be watching the Braves game, the Atlanta Braves are going to finish that series tonight, and I am sorry I will not be there, but today is such an historic day that I wanted us to have a little time tonight to talk about the truth again, because, generally, we have to come in an hour early to hear the misrepresentations and the half truths so we know really what to say to the American people in order to correct their misinformation.

It was interesting to me tonight, Mr. RIGGS, to watch the minority leader, Mr. GEPHARDT, and the fact that he was actually stunned that this body was going to balance the budget. He seemed in disbelief that after 25 years we were actually going to balance the budget. I think for me tonight I was a little stunned, too. I cannot imagine this body having an hour debate where the debate is what is the best way to balance the budget.

Do Members know we actually did that tonight? We had another group that thought we should do it a little different way, but the idea was that we have to balance our budget for our children and our grandchildren.

Now, Mr. Speaker, I want to speak a little bit to why we are dealing with the problem. What really caused this reconciliation package for a balanced budget over 7 years. We in this country, maybe not us, maybe our children and maybe our grandchildren, are in debt \$5 trillion. That is a fact. My 2-year-old grandson owes \$187,000 on his portion of the interest on the debt. If we continue to follow the lead of Mr. GEPHARDT, we would borrow another trillion over the next 4 years, get into the 21st century and start borrowing a trillion every 3 years, and next year we would pay more for the interest on the debt than we actually spend on defense and where would it end?

I think it is pretty clear if we continue to follow the Gephardt plan that we are going to end up bankrupt. We are going to end up a mess in this country with a standard of living that none of us want for our children.

Mr. Speaker, there is another option. We can follow the lead of the great South American economies and we can start printing a lot of money. Well, we all know what happens there. Our econ-

omy goes to ruin. A third option for us might have been to follow the President's lead and continue to do what we are doing and spend whatever we want to spend with no prioritizing, just spend it if we like it, and we could get into the 21st century and our children would be paying 85 cents out of every dollar they earn just for taxes, just to keep this country afloat.

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Now, it is my personal opinion, my children are doing enough. My father paid \$1 out of every \$50 he earned in Federal taxes. My son is paying \$1 out of every \$4 he earns. They are doing enough.

Our only alternative, then, was to do what the people I know in the 10th District of Georgia said do. They said for us to balance this budget by cutting spending. And in addition to that, they said, we do not like the 103d Congress' and Mr. Clinton's \$260 billion tax increase. And if my colleagues do not believe they did not like it, look around this body sometime and look at all the new faces. The American people said we do not want the tax increase.

Now, what I think we are trying to do is exactly what my people at home said do. First, give them their money back. I do not think of this as a tax cut; I think of this as a tax return. We are giving \$245 billion back out of the \$260 billion.

Now, we start doing what they told me to do. Start by cutting the spending. That is precisely what this reconciliation has done. As we talk about more details of our tax return and details of this great Medicare Program, Mr. TIAHRT and I talked about it the other night. I cannot wait for us to get home and start talking to our seniors and give them the details.

Mr. RIGGS, I will yield back in hopes that we will come back and talk more about Medicare.

Mr. RIGGS. Mr. Speaker, the gentleman from Georgia is very distinguished in his professional life. I guess he could call it his "real life." His professional career. He is one of a handful of medical doctors who joined the 104th Congress. He is a dentist by profession and obviously very knowledgeable about the issue of health care.

I know that he has worked hard on the Medicare Preservation Act portion of the budget reconciliation bill. So, I would like the gentleman from Georgia to review for us, briefly if he could, what we were able to accomplish last week when we passed the Medicare Preservation Act on this House floor, and why it was included in the budget reconciliation.

Mr. NORWOOD. First of all, I do not think any American would disagree with us on the point that Medicare part A was going bankrupt. If my mother-in-law was to have Medicare in the year 2002, we had to act. We could not hide behind a rock; we could not wait until the next election; we needed to deal with the problem today. That is

exactly what we have done, and I am very, very pleased with the outcome.

I think we have managed to do some very good things for the patients, if you will. That is how I tend to think about people. But the patients in Medicare are going to be much better off.

First thing, we are going to increase the spending greatly. I know, 40 percent; I get new numbers saying up to 50 percent. But the spending over 7 years is going to increase greatly.

Mr. Speaker, I will use the same tired numbers. We are now spending \$4,800 per recipient. In the year 2002, we are going to be spending \$6,700 per recipient. I know in Washington that is a cut, but in the 10th District of Georgia, that is a \$1,900 increase.

Mr. RIGGS. If the gentleman would yield for me to interject, those figures are actually higher in high-growth States like California. The increase in California is roughly from \$5,000 per Medicare beneficiary today to \$8,000 per Medicare beneficiary in the year 2002.

Our Medicare Preservation Act anticipates that we will spend an aggregate of \$50,000 per Medicare beneficiary in California over the next 7 years.

I thank the gentleman for yielding.

Mr. NORWOOD. If I could, I want to hurry and bring this up. My mother-in-law may be watching. One of the things that is so great about the Medicare plan is the options. The patients are going to have the same options that we have as Congressmen. They are not going to have to have one-size-fits-all. They are going to look at a number of alternatives and they are going to pick the option that is best for that family. A 65-year-old is going to take a different option than an 85-year-old, but the point is, they will have options.

Quickly, let me say, Medicare recipients do not have to do anything. If they want to stay in Medicare exactly as it is today, all they have to do is stay there. They do not even have to make a phone call. If they like part A and part B and Medigap and that suits them and they are happy with their doc, they can stay put.

There is no increase in the copayments; there is no increase in the deductibles. It is exactly like it is. We are not changing anything for anybody.

Now, having said that. Mother-in-law, I want to look at some of the other great options, because there are new ways to have health care. We are going to have provider service networks. Listen, I have been in health care. That is going to be great. The doctors are going to come together. The hospitals are going to come together. They are going to have efficiencies. They are going to work at getting the costs down and not have to worry about the Federal Trade Commission putting them in jail.

Mr. Speaker, that is what has been holding the price up, partly, in health care. The Federal Trade Commission would not dare let two of our hospitals come together and share a CAT scan. Lord knows, that is cheating.

Mr. RIGGS. And that is the antitrust reforms we made.

Mr. NORWOOD. Antitrust reforms are very important in that bill.

Another option for patients will be to try managed care. That is going to be the right thing for certain people. It might not be right for everybody, but recipients can get into these programs for the first 2 years and if they do not like it in 30 days, go back. Try them all. Try even one of them. See what is best for your family.

Medical savings accounts will be terrific. Not for every patient. Not for every person. But they are going to be very good for many families to choose the medical savings account where they simply get a cash rebate from the Government. Rather than them paying a recipient's Medicare bills, the recipient will put that money in the bank and draw interest on it and no tax on it. They will have a catastrophic insurance plan and they even choose the amount of their deductible; \$3,000, \$5,000. It is a terrific bill.

Mr. RIGGS. Mr. Speaker, I very much appreciate the comments of the gentleman from Georgia who is one of the leading architects of the Medicare reforms that are contained in the bill.

Now, if the gentleman would not mind, I want to turn to the gentleman from Arkansas [Mr. HUTCHINSON]. We are also joined by the gentleman from Michigan [Mr. CHRYSLER].

The gentleman from Arkansas [Mr. HUTCHINSON] is one of the principal movers and shakers in the House of Representatives for real reform of the American welfare system; one of the chief architects of the welfare reform provisions contained in the Seven-year Balanced Budget Reconciliation Act.

The gentleman from Michigan [Mr. CHRYSLER] is the leading proponent of the section in the budget reconciliation bill which effectively will abolish the Department of Commerce and at least partially address the criticism from some of our political opponents and other skeptics and pundits across the land who believe that we are not willing to tackle in an earnest fashion the whole issue of corporate subsidies.

Let me turn first to the gentleman from Arkansas and then next to the gentleman from Michigan.

Mr. HUTCHINSON. Thank you, Mr. Speaker. I appreciate the opportunity to join my friend and colleague on a truly historic and monumental night. I have admired the gentleman's contribution for many years back when he was in the gang of seven in his first round in Congress, and I think he had a great deal to do with bringing this day and making it a reality.

Mr. Speaker, I first got into public life and ran for public office back in 1984. We had a business and I have been involved in education. People asked me, "Why would you get into politics and go into the State legislature?" I served 8 years in the Arkansas State Legislature with Bill Clinton as the Governor.

My answer was very simple. I had one motivation. I had three boys who at

that time were pretty young. I had twins who were 12-years-old at the time and I had an 8-year-old. I looked at where our country was headed and even then 12 years ago at the kind of debt that we were accumulating in this country and the burden that we were placing upon them. I wanted to be able to look them in their eyes and say, "You guys, the Nation that I am leaving you, the heritage that I am leaving you may not be what I wanted it to be, but I did what I could to reverse that."

Mr. Speaker, here a dozen years later it is so gratifying to know that all across this country there were people who were feeling that same way and who took the step to get into public life and who have made this day a reality.

For the first time in 25 years, we passed a reconciliation bill that leads us to a balanced budget in the year 2002. I suppose if it had been easier, there would have been a Congress that would have done it before. It has taken courage and there were some choppy waters out there, but today we cast the right vote.

In the midst of all the debate and statistics and rhetoric today, I am afraid it could be easy to forget that the real winners in this vote today, the real winner is the American family. And that is the purpose of this, and I appreciate the gentleman from California [Mr. RIGGS] for organizing this special order to remind us that the real victors today were the families.

The gentleman from Kansas [Mr. TIAHRT] a moment ago had the chart up, the marching orders for Congress: Balanced budget, tax relief, welfare reform, and Medicare reform. When we really look at those issues, they come right back to the American family. There is nothing more that we could do for the American family than balance the budget.

My district director has a 2-year-old little girl, Abby Deatherage, and we have all fallen in love with her. When Abby was born 2 years ago, she inherited \$18,000 worth of debt and she is going to pay \$187,000 over her lifetime just to pay her part of the interest on the national debt, and it has gotten worse every day.

Mr. Speaker, we finally have started to change that with this historic vote today.

Mr. RIGGS. If I may interject for a moment, that will be taxes that she will pay over the course of her lifetime as a wage earner and taxpayer just in interest on the national debt for no productive purpose. This is money that otherwise could have gone perhaps for college education, home purchase, health care, but instead it will go just to pay interest on the national debt at the present rate.

Mr. HUTCHINSON. That is her paying for our luxuries and what we wanted to consume during our generation.

Let me illustrate it a different way. It is not a partisan issue. There was a bipartisan commission on entitlements. It was chaired by Democrat Senator KERRY, and it made this observation. In just 17 years, the year 2012, Federal mandatory spending, that is entitlements, plus interest, that is mandatory spending, entitlements plus interest, will consume all of the total amount of revenues collected.

Not a penny for roads; not a penny for courts; not a penny for Head Start; not a penny for drug enforcement; not a penny for the FBI, national defense, and on and on we go. All of it consumed on entitlements and on interest.

Mr. RIGGS. And that is the course we were on until today.

Mr. HUTCHINSON. Until today.

Mr. NORWOOD. Let me ask a question about that. Had we not changed things, I can expect that the likely solution would well have been to raise taxes until we get up to the President's number of 85 cents out of every dollar, leaving our children to live on 15 cents of every dollar.

Mr. HUTCHINSON. My colleague is exactly right. The liberal solution has always been raise taxes. But the interesting thing is that the Joint Economic Committee that produced a report in 1992 demonstrated that during the last 40 years, every time Congress raised taxes \$1, they increased spending \$1.59, which I think is the clearest evidence that raising taxes is not the solution to deficit spending. Rather, it is to control spending and that is what this Congress took a big step toward today.

Ronald Reagan said, "Never give a big spender a bigger allowance." That is what we have been doing for too long.

Mr. Speaker, I would like to talk about tax relief. Back in my district, there are some awfully patriotic people. They say, We would like to have a tax cut, but why cut taxes if this is the time to balance the budget?

I think the gentleman from Georgia [Mr. NORWOOD] said it well. He explained the situation that we face appropriately. They deserve a dividend out of the savings that we are generating. The tough choices that we have made, they deserve to get a dividend on that.

There is nothing I have worked harder on than this \$500-per-child tax credit. My Senate colleague from Minnesota, ROD GRAMS, and I worked very hard to get it into the Republican budget 2 years ago when the Republican budget did not seem anything more than a symbolic gesture. It became part of the Contract With America, and now it is passed today.

In 1948, the average family paid 3 percent of its income to Uncle Sam and today that same family pays 24.5 percent. When we combine it with State taxes, local taxes, the cost of government regulation, the average family pays 52 percent of its income to the Federal Government.

Mr. Speaker, that is more than they pay for clothing; more than they pay for food; more than they pay for recreation; more than they pay for health care. All of those things combined, they are paying more to the Federal Government in taxes.

Then they say, "You are cutting Medicare so that you can give breaks to the wealthy." Who are we really giving relief to? That \$500-per-child tax credit will benefit most the middle-class working person who has seen his lifestyle squeezed over the years. If he makes \$30,000 and they have two children, that couple is going to see their Federal taxes cut in half.

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If they make \$25,000 a year, two children, that \$500 per child tax credit will mean that they owe nothing.

Mr. NORWOOD. They do not pay any taxes.

Mr. HUTCHINSON. Those are not rich people. They will not owe anything at that wage level.

Mr. NORWOOD. It depends on who defines rich. I notice some on the other side say anybody who has a job is rich. A family of four making \$25,000 a year is not rich. You mean to tell me they will not have to pay any? All of their tax liability goes away?

Mr. HUTCHINSON. That will be the effect.

Mr. NORWOOD. What a great move.

Mr. RIGGS. That family of four effectively gets a \$1,000 tax break each and every year until those two children turn 18, and I believe the estimate was that the \$500 per child tax credit will completely eliminate the Federal tax liability for something like 4.7 million American families with incomes below \$25,000 a year.

Mr. HUTCHINSON. They are suddenly going to discover, when this becomes a reality next year, that they are the rich people that people said we were cutting taxes for.

I might point out, I want to commend the gentleman from California [Mr. RIGGS] for his efforts on insuring that the earned income tax credit for even lower-income working Americans, those making \$12,000 to \$20,000, to insure that this budget reconciliation will make them a winner as well, that there will be no working Americans with children who will be net losers because of this budget reconciliation bill. I think that is very important. We want to reward working Americans and working American families. That is what this budget reconciliation can do. The issue is who can spend it better.

For years, for a generation now, we have confiscated the taxes, the wages of hard-working Americans, brought that money to Washington; we in our wisdom in the Washington-knows-best mentality decided where it should go, sent it back to them in the form of entitlements after we took out a huge surcharge back in Washington.

Back in Arkansas, we kind of have the notion God made the family to be the primary caretaker of their chil-

dren, not the government, and that the moms and dads of middle America will know better how to use that money for the benefit of their children and their families than bureaucrats in Washington, DC.

Mr. NORWOOD. Just for a second, you mentioned the earned income tax credit, and you know and I know we have heard so much unbelievable rhetoric about that.

Do you know that this 7-year reconciliation balanced budget bill increases that by 35 percent? "Increase" in Georgia, that means going up, you know, 35 percent more for the earned income tax credit.

Mr. RIGGS. Likewise, we increase spending, of course, on Medicare, Medicaid, and the welfare program, although at a slower rate than the present course.

So I thank the gentleman from Arkansas very much for his contribution, and I was really remiss. I introduced him as one of the leading architects of welfare reform in the House of Representatives. He is certainly that. But he is also the chief proponent of the \$500 per child tax credit going back to the last Congress in his first term in Congress. I want to thank the gentleman for what he has done to provide much-needed tax relief for American families.

I want to turn to the gentleman from Michigan, who, as I mentioned earlier, was the chief proponent, or is the chief proponent, of our plans for reinventing the Federal Government by beginning with the elimination of the Commerce Department.

I also want to signal to my colleagues that we have a little bit less than 15 minutes remaining on our special order.

I yield to the gentleman from Michigan.

Mr. CHRYSLER. I thank the gentleman. It is good to be here joining you at this moment, certainly a moment of history when this Congress has passed Medicare reform, welfare reform, balanced budget, certainly the dismantling of the Commerce Department, which is near and dear to my heart, but also tax cuts.

You know, I would like to take a minute, and my colleague from Arkansas, you know, I think you hit it right on the head. The Republican Party is the party for people that work. That is really what we are saying here. You know, when you talk about these tax cuts, the only people that say that they do not want a tax cut are people that can afford it. But people that work, they are the ones that really want it. You know what this thing is all about, and the Democrats know what this is all about, they are railing against this tax cut.

I mean, it was, first of all, school lunches. We heard that back in May, school lunches; we were eliminating the School Lunch Program, we were taking the food out of the children's

mouths. But guess what happened in August, a school year started, and we have not heard one story or one comment from anyone about one child in this country that did not get their school lunches. Is that not amazing?

I think it speaks volumes about the rhetoric we heard today, and what we are trying to do to balance this budget, what that really means is instead of spending \$3 trillion more than what we are spending today over the next 7 years, we are going to spend \$2 trillion more than what we are spending today over the next 7 years. The Democrats know that. They know we are increasing spending. The only way to get to a balanced budget in 7 years is to increase the growth of revenue, and the only way to increase the growth of revenue is to have these tax cuts.

You know, it is not money the Federal Government has that we are going to say we are going to give you some money back. It is money that we are saying to people out there, keep it, do not send it in, you will make a better decision about spending it. The Democrats know it. They know that we need those tax cuts. All of us in this country need those tax cuts in order to get this balanced budget, and we need to make sure, as we did tonight, as the Senate will do tomorrow, that there will be \$245 billion worth of tax cuts in this.

There also is certainly a provision in this thing that says we have to have the spending cuts first, and they have to be certified before the tax cuts kick in. I think it is important for the American people to know that.

Mr. RIGGS. Is that the lockbox language?

Mr. CHRYSLER. I was going to say, set up the lockbox provision, that says that when we eliminate a program, those savings go to eliminating the debt which is other than the deficit. So we have set up a number of things.

Mr. RIGGS. Just on that one point, to make sure I clearly understand what the gentleman is saying, the gentleman is saying our 7-year balanced budget plan has to be certified as getting us to a balanced budget, and perhaps even generating a budget surplus, an unheard-of idea in this town, but a budget surplus, a balanced budget and a budget surplus by the year 2002 before any tax cuts can take effect.

Mr. CHRYSLER. That is exactly right. Now, the American people need to know that, because there is a lot of demagoguery going on about this, and it is amazing to me, the American people need to know that this is not the Government's money. This is their money. All of us. We are the taxpayers. We are the government, in fact, and most Americans, it is a strange phenomenon, but most Americans think the money withheld from their paycheck is not even their money, and, you know, it is the single largest expenditure they make, as the gentleman said, higher than the car that they buy, higher the clothes and the food they put on their tables, the clothes they

put on their backs. This is a tremendous expenditure on the part of the American taxpayers. It is their money. It is not government. We are not cutting taxes. We are just letting people keep more of what they earn and save, and we need a little less government. We need lower taxes. We need to let people make their own decisions about how they spend their money and not government, because we need to preserve the opportunity, certainly that all of us have had in our lifetimes, for our kids because when it is their turn, they deserve the same opportunity that we have had.

That is what this is all about.

Mr. RIGGS. I appreciate the gentleman's comments. Very eloquent. The gentleman made a crucial point. The gentleman actually made the point that by allowing people to keep more of what they make, more of their hard-earned money, we actually create an incentive for average Americans to plan and save for their own retirement, which helps reduce the strain on the entitlement programs. I think that is a crucial point.

Mr. CHRYSLER. When we let people keep more of what they earn and save, we let them make their own decisions how they spend it, they are always going to make the better decisions. They are going to go out and buy something. When they buy something, somebody has to build that something. When somebody builds something, they are earning a wage and paying taxes. That is how you create revenue for the government.

Mrs. MYRICK. If the gentleman will yield, the gentleman from Michigan makes a very good point, you know, when you talk about government funds, and it is really our money and the taxpayers' money. Have we ever considered the fact that why do we not just talk about, instead of saying government funds, taxpayers' funds or taxpayers' money every time that we mention it? Because really and truly there is a mentality up here that says, "Oh, it is the government's money," and so the American people really do not have the benefit of the thinking to realize that we are here to say, hey, wait a minute, this is your money, and we want to give it back to you. Just a thought.

Mr. CHRYSLER. It is a very good thought. Certainly, you know, we all need to understand that we have got to talk in language the American people understand. We talk about Medicaid and Medicare. The average American out there does not understand the difference. This Medi Grant Program is much clearer than Medicaid, and certainly things like Most Favored Nation status for China should be called normalizing trade relations. Community Reinvestment Act should be called high-risk lending because that is exactly what it is. When the American citizens, the American taxpayers, can understand what we are talking about in clear and concise language, then

they will feel more a part of the government and there will be more respect for it.

Mr. RIGGS. I look forward to doing further special orders with my colleagues. I know, with the frantic pace we have been keeping in this Congress, we will be on next week on to other matters. Really I think we hopefully will at least periodically pause and reflect on what we have done here today. We still have a ways to go. Obviously, we will have to work out any differences between the House and Senate versions of this balanced budget reconciliation bill. Then we have to see what the President does, the one remaining obstacle to the critical reforms we discussed here tonight. I am committed to coming back here and reinforcing our actions and making sure we convey our message to the American people because again this is by far and away the most momentous and historic vote in any Congress in modern times.

I want to go very quickly to my colleagues to give them an opportunity to make some closing remarks.

Mr. TIAHRT. As we close, I want to say the 7-year Balanced Budget Reconciliation Act is for Gene and Kathy Ewert, who have Tia, Trevor, and Katie. It is a \$500 tax break for each one of those. That will cover several months; rent. For David and Kay Walker, who have three sons, Daniel, and Body, that will be \$500 for each of those boys, and that will cover several months of house payments, and it is very important to David because he is on strike right now.

So this tax package that we have in the 7-year Balanced Budget Reconciliation Act is for families, and I am excited about that, and I am happy that we can still balance the budget, get the workings of government going and take care of families here in America.

Mr. RIGGS. I thank the gentleman for his comments and participation.

Mr. NORWOOD. In closing, I will make three quick little points. No. 1, I would like to thank the gentleman from Arkansas [Mr. HUTCHINSON] on behalf of my 29-year-old son and two of the most beautiful children you have ever seen for the \$500 tax credit. I know that it is going to the right place for the right people.

I think it is very important that we say to the American people, because I know it drives me crazy when they talk about tax cuts for the wealthy, when 90 percent of these tax returns that we are going to give people back are for families with incomes of \$75,000 or less, and 75 percent of the capital gains that we are going to return to people go to families with \$50,000 or less.

In conclusion, I want to talk about a lady back in my district. I will not talk about her name, but I think it points out what this tax cut, tax return bill does as much as anything. She is a single parent with two children, and she makes \$17,500 a year. Under our present

system, she gets back each year \$939, under the current tax rate, and the earned income tax credit. Under our plan that we passed today, that family

will get back \$2,214. That is \$1,275 more for a low-income working single mom than she would get under the current law.

Mr. RIGGS. I thank all of my colleagues again. I thank the gentleman from Arkansas and the gentleman from Michigan.

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