

[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
Army	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	Klecza
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 (GA)
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	Lowe
Bryant (TN)	Furse	Lucas
Bryant (TX)	Galleghy	Luther
Bunn	Ganske	Maloney
Bunning	Gejdenson	Manton
Burr	Gekas	Manzullo
Burton	Gephardt	Markey
Buyer	Geren	Martinez
Callahan	Gibbons	Martini
Calvert	Gilcrest	Mascara
Camp	Gillmor	Matsui
Canady	Gilman	McCarthy
Cardin	Gonzalez	McCollum
Castle	Goodlatte	McCrery
Chabot	Goodling	McDade
Chambliss	Gordon	McDermott
Chapman	Goss	McHale
Chenoweth	Graham	McHugh
Christensen	Green	McInnis
Chrysler	Gunderson	McIntosh
Clay	Gutierrez	McKeon
Clayton	Gutknecht	McKinney
Clement	Hall (OH)	McNulty
Clinger	Hall (TX)	Meehan
Clyburn	Hamilton	Menendez
Coble	Hancock	Metcalfe
Coburn	Hansen	Meyers
Coleman	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	Hinche	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
Dellums	Inglis	Olver
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	Torricelli
Pombo	Sensenbrenner	Traficant
Pomeroy	Serrano	Upton
Porter	Shadegg	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

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.

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

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 rescission, 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 gentlewoman 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 gentlewoman 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 undereducated 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 gentlewoman 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 \$.91 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 inschool 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 instant 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, its 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 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

work. 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 graphically

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 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 2 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 judgment.

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

¹ 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 1 1/2 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 (skolee-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 oppose this bill. Gosh, even Pat Buchanan says the Medicare cuts are too 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 protection 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 eliminates 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 Medigrant 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].

□ 1600

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