The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. DELAY) is recognized for 5 minutes.

(Mr. DELAY addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

GREEK INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Mr. Speaker, it is indeed a pleasure to address the House while our presiding officer is a fellow representative from the San Fernando Valley, the area that can best be described currently as the center of world culture. Throughout the ages, however, Greece has been the center of world culture; and that is why I am proud to join with so many members of the Hellenic Caucus in addressing the House with regard to the 179th anniversary of Greek independence.

Mr. Speaker, 179 years ago, on March 25, 1821, the Greek people declared their independence, throwing off the yoke of over 400 years of Ottoman oppression. Greek patriot Regas Fereos issued the rallying cry of the struggle, shouting that it is better to be free for an hour than to have 40 years of imprisonment and enslavement.

Greek freedom fighters looked to the American revolution and American democracy for inspiration, and adopted their own declaration of independence. At the same time, our Founding Fathers were guided by the democratic principles that first arose in Greece, and they took to heart the Hellenic ideals of ancient Greece, the birthplace of democracy.

This is a day for us to reflect on the vital alliance between Greece and the United States and to pay our debt to Hellenic ideals and to Hellenic culture. It is a day for Greek Americans to take pride in the independence of Greece and in the ancient culture of all Hellenians.

Mr. Speaker, as we take note of Greece's great victory in its war of independence, we must also remember that there remain problems in the eastern Mediterranean, problems between Greece and the successor to its former colonial master, Turkey, the successor to the Ottoman empire. We must work to bring peace to the Aegean and the eastern Mediterranean, and to do that we must deal with some of the remaining problems.

A Greek-Turkish dialogue can go forward, and I and my colleagues, so many of us, have called upon Turkey to stop making invalid claims on Greek sovereign territory and take respect for international law regarding the Aegean.

We have passed the Peace in Cyprus resolution, which calls upon a full withdrawal of Turkish troops from Greece. We must also recognize the importance of having Turkey adhere to human rights standards and to respect the ecumenical patriarchy of the orthodox churches in Istanbul, also known as Constantinople. So as we look at history, we must also look at the current situation in the Aegean.

But returning, Mr. Speaker, to the historical ties between Greece and the United States, I should note that since its liberation, Greece has stood by America in each of our involvements in Europe; and America should continue to stand by Greece. Greece is one of only three nations outside of the British Empire that has been allied with the United States in every major international conflict of this century.

□ 1930

One out of every nine Greeks lost his or her life fighting the Nazis in World War II. Through the Marshall Plan, Greeks were able to rebuild; and the Marshall Plan stands as a monument to the close relations between the United States and Greece.

Grease remains a staunch NATO ally in a region of grave concern and, as I have noted, deserves American support.

Mr. Speaker, I would like to join with Greece and the Greek American community and the Hellenic Caucus in celebrating the 179th anniversary of Greek independence. I look forward to working with my colleagues in strengthening relations with this important ally.

The SPEAKER pro tempore (Mr. MCKEON). Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 5 minutes.

(Mr. GILMAN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

EDUCATION SAVINGS ACCOUNTS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentlewoman from New Mexico (Mrs. WILSON) is recognized for 60 minutes as the designee of the majority leader.

Mrs. WILSON. Mr. Speaker, I am the gentlewoman from Albuquerque, New Mexico; and I have been asked to lead a discussion this evening about a bill that will be coming to the floor of the House this week. The bill is H.R. 7, and it is about education savings accounts.

What I would like to do tonight is talk a little bit what about they are, how the current law is set up with respect to education savings accounts, and what the proposed changes are that we are going to be considering on Thursday. Because there is quite a bit of misperception about what these changes will do. But before I do that, I would like to try to set this in the context of where we need to go in America with respect to public education.

In 1900 in this country, at the turn of the last century, 15 percent of American adults had a high school degree. When we turned this century into the 21st century last New Year's Eve, 85 percent of American adults had a high school degree.

The big difference, though, was that, back in 1900, a third of Americans still lived on the farm. They could get a good job and support a family without having a high school degree.

My grandparents did not graduate from high school. My parents graduated from high school but did not go on to college. Like many Americans, I was the first generation in my family to go to college and get a college degree.

But what was good enough for us and what was good enough for our parents or our grandparents is not going to be good enough for our kids. And the reason is that Americans do not work on the farm anymore, except for about 2 percent of us; and the jobs that will be available for our children who graduate in 2010, 2012 and beyond are going to be profoundly different than they were for us when we graduated from high school, in my case, over 20 years ago.

They are going to require more education, more technical training, the ability to read and understand and solve problems, which means that, if we are going to make the 21st century just as much an American century as the 20th century was, we need to recommit ourselves as a Nation to public education.

In my hometown of Albuquerque, New Mexico, a third of our students do not graduate from high school. We have one of the highest drop-out rates in the Nation. We can no longer afford to let any child lag behind; and so we have to recommit ourselves as individuals, as parents, as teachers, as administrators, as communities, and as a Nation to make sure that, by the end of the next decade, 95 percent of our children graduate from high school and three-quarters of them go on to college or technical training or into the military. We need to commit ourselves to a decade of dreams for public education.

The bill that we are going to consider on Thursday is really only one little piece of that dream, but it is designed to encourage private investment in education and savings by parents and families and even corporations to invest in public schools and public education.

What does this do? It is called H.R. 7, and it is the Education Savings and School Excellence Act. But it builds on something that is already in public law.

Back in 1997, which was before I was elected to Congress, the Congress passed a law to establish education savings accounts.

So what is an education savings account? About 110 million Americans now have IRAs. To put it in its simplest terms, an education savings account is an IRA for our kids' college education. The way that the law works now is that we can put money into an education savings accounts, into one of

these education IRAs, every year, up to $500, we can put into this account for each child that we have up to the age of 18.

When that child turns 18, they cannot keep contributing into that account, but then the child can use that money that has been saved while he has been growing up to go to college.

Now, they can use the money for a private college or a public college or even a technical school as long as they use the money before they turn 30. So a parent can put $500 a year, a kind of annual Christmas present to put in the education savings account to save for college. And the money that goes into it, they have to pay the taxes on the money that they earn to put in in the first place, but as the money sits there in that education IRA, they do not have to pay taxes on the interest that it earns. So the interest accrues tax free.

Now, the money that is saved up in that education savings account can be used for tuition or fees or books or supplies or equipment and, in some cases, for room and board, as long as it qualifies under the rules, but only for post-secondary education, post-high school. It can be used for college. And it does not matter if it is a public university or a private university or religious school, as long as it is for post-secondary education, public, private or vocational.

So that is what education savings accounts are. They have been in place as part of public law since 1997 in this country.

There have been two previous attempts to expand education savings accounts in important ways. Both of the attempts were bipartisan efforts. In both cases, they were vetoed by the President.

We are going to go back at it again. The principal sponsors of this piece of legislation on the Senate side are Senator TORRICELLI and Senator COVERDELL of Georgia. Those two men have really led this effort to try to encourage savings and expand education savings accounts for more Americans.

So what are the problems with the current bill and where do we want to go with this bill that we are going to be considering on the floor of the House this Thursday?

Right now, a family can only put $500 a year per child into an education savings account in order for it to get the tax benefits, to not have to pay taxes on the interest in that account. $500 a year is not a lot of money when we consider how much college costs have escalated over the last 20 years.

Indeed, if a family puts $500 a year starting when a child is born and does that every year until they are 18, even if they get 7½ percent interest or so, they really are going to only have about $15,000 in that account by the time the child turns 18 and is likely to go to college.

Well, unless they are going to a State university where they get State subsidized tuition, that is not going to go very far when it comes to tuition and room and board and books and fees to pay for college.

So the first thing that the bill will do that we are going to take up on the floor here on Thursday is to change that from allowing $500 per child in savings every year to allowing $2,000 per child, the same that we do now for regular IRAs.

Now, what will that mean in terms of the amount that a family can save? Well, there have been some folks who have done some analysis on this and have gotten out their stubby pencils and computers to do interest rates, which I do not do very well. But if a family started saving $2,000 a year from when a child is born, by the time that child is in first grade there will be over $14,000 in that account. By the time that child reaches middle school, there will be $36,000 in that account. By the time they get to high school, assuming that they had not used it already in elementary and middle school, there would be $46,000 in that account.

If that family put in $2,000 a year and did not withdraw any of it, by the time that that child graduated from high school and turned 18 years old, was a college freshman, they would have almost $72,000 in college savings; and that would all have accrued with the interest tax free. $72,000 is a pretty good chunk of change to save for college and is something that I think most Americans would like to have when their son or daughter gets that important acceptance letter to go to the school of their choice.

So it would expand the ability to save, and it would allow that savings to accrue at a higher rate so that it is more reasonable by the time that somebody finishes high school and gets ready to go to college from an expanded $500 per year per child to $2,000 a year per child.

Now, the second thing that this bill will do on Thursday that we are considering and probably the most controversial aspect of it is that it would allow these education savings accounts to be used not just for college tuition but for tuition and fees and expenses associated with education for kindergartners through 12th-graders. That is a big change, but it is also I think an important change.

The reality is that most parents contribute to their child's education around the edges, whether it is tutoring or summer school or buying books for the classroom or participating in the fund-raiser to buy new equipment for the playground.

Encouraging that kind of savings and investment in schools and giving people a tax break for doing that is a good thing, and we should expand that ability to save and invest in public education from kindergarten through 12th grade.

I see one of my colleagues, the gentleman from Missouri (Mr. HULSHOF), has joined me here and is one of the principal supporters and sponsors of this piece of legislation, and I yield some time to him since he has worked so hard on it.

Mr. HULSHOF. Mr. Speaker, I appreciate my friend from New Mexico yielding and especially for taking the initiative to really focus on what I believe should be a national dialogue, and that is the education of our kids.

I am not embarrassed to admit that I am a 5-month-old parent. And, of course, as a new parent, one's attention begins to focus maybe on different priorities. I know in our household we have, and we have begun to think about the education of our daughter Casey Elizabeth.

Here in Washington, as my friend knows, too often I think we begin to focus on or define our Nation's educational success by how many dollars that we put toward public education. If that were the yardstick, then I think the Republicans here in the House deserve great credit. Since 1995, public funding education has been increased by 27 percent over those several years.

But that is not how I think we should define educational success. To me, it is much simpler than that; that success is defined by how much our children learn. And, of course, I think key in that is trying to get parents to become more involved in the education of their kids.

Now, as my colleague knows, as a mother, we cannot pass a law in this body that mandates parents' attendance at PTA meetings. Some wish maybe we could force that mandate on families, but that is not the role of the Government. But I think there are things that we can do. And as my friend has talked about, the bill that we have on the floor on Thursday this week, H.R. 7, I think is a key component. It is not the answer to all of our educational problems; but I think as far as parental control, we do provide some incentives, yes, through the Tax Code.

Our idea of this bill is very simple. We think that the Federal tax should be eliminated if they are saving for education. As my colleague was pointing out just a few minutes ago, current law that this President signed into law, this education savings account, says that up to $500 a year can be contributed by a family member into an account.

□ 1945

But as you also very ably pointed out that even if, let us say, over the course of the lifetime of your child, from the moment they were born every year until they go to college, the money they would have saved for college is about $15,000 and that is assuming compound interest at about 7½ percent. So I think first and foremost, we have to sort of take that limit off to really encourage parents to be saving even more for the education of their kids.

To me, the perfect bill that the President should sign into law would be,

number one, an elimination of the marriage penalty tax; and since most of that is about $1,400 more per couple, then that family with children can plug that money into an expanded education savings account. As you pointed out, the point is saving for higher education is important.

And yes, perhaps the controversy in this bill as we are probably going to hear in less measured tones as we debate this bill in the next couple of days is, we think that elementary and secondary education expenses should qualify. If your first grader is having a tough time reading, why not use the proceeds of an education savings account to maybe purchase Hooked on Phonics to help bring your child up to the reading level that he or she should be in a particular grade. If you are having trouble with math, maybe a home computer or a computer program that might help a child learn math better, or maybe a foreign language. It could even be expenses like car pooling or transportation expenses. The beauty of an expanded savings account is, it is not the government saying how money should be spent. It is the parents. I think what a powerful ally that a parent can be working with a teacher in addressing the special needs of that particular child.

Mrs. WILSON. I was just sitting here thinking about the tremendous opportunities and possibilities that this brings for more parents who are trying to work with a teacher, whether that teacher is in public school or private school or parochial school or wherever, to meet the individual needs of that child. It is not unusual for a teacher to say, well, we think this is what your child needs and he is not a special ed kid but there are some additional materials or some additional help that might be available and to be able to use tax-free money to do that so that you are reinforcing what the teacher and the school are trying to do with your child so that they can learn and achieve, whether that is kids who are gifted or kids who are having a little bit of trouble or even if your school does not have a foreign language program and your child is particularly interested in it, or there is not music available at the elementary school level and you can bring music into the schools, whether it is parents getting together to do it or a parent doing that individually alongside the school and wrapping educational experiences around a child.

All of us have looked at, what are we going to do this summer. What besides Little League or AYSO soccer or swim lessons are we going to do this summer. There are tremendous opportunities for summer school for kids, whether your child needs some extra help or whether it is that enrichment opportunity that you have really just been working for and saving for. If parents are willing to work and save for that opportunity, we should not be penalizing them by taxing them before they do so.

So this change that we are looking at Thursday is going to do a couple of things: Will go from $500 to $2,000 for the amount you can save per child per year. Will expand it, not just college expenses but kindergarten through 12th grade as well. Expenses so that if it is tuition or fees or materials or supplies or computers, whether they are in a public school, private school, home school, it does not matter. It would be kindergarten on up.

The other interesting change, I think this is an important one when we talk about investing in education beyond what the government does at State, Federal and local levels, is that it will allow corporations to contribute to education savings accounts. The current law says that parents or family members can put money in a child's name in an education savings account. But this bill will expand that and say that if your employer wants to make an annual contribution to the education savings accounts for the children of its employees, it would be allowed.

You can very easily see where that will become a potential corporate benefit that employees will look for, just as they look for health benefits and other kinds of things when they decide who they are going to be working for. I think that that provision could encourage corporations to really make those contributions, and that is particularly important for families that may not be able to save that full $2,000 a year, but their employer is going to help to make up the difference.

Mr. HULSHOF. If the gentlewoman will yield on that point, not just businesses and corporations but not-for-profits would also be allowed under this expanded savings account to provide a contribution as you have suggested, perhaps for that low-income child. It could be a church who might establish on behalf of a parishioner an expanded education savings account to really provide an incentive for that child to continue to go on.

One of the arguments that I hear and probably that we will hear more over the course of the debate on this bill is that allowing, and again we are talking about the interest buildup or the earnings, first of all these are after-tax dollars going into an education savings account and then the power of compound interest being used to create additional earnings, we are talking about allowing those earnings to accumulate tax-free if used for a qualified education expense.

Now, one of the arguments against elementary and secondary education expenses is that only the affluent, or we are taking money away from public education. I think as my friend from New Mexico has the chart right next to her, it speaks volumes. The reductions that we would see in Federal education spending would be zero. No money would be diverted away from public education.

In fact, the official scorekeeper that we work under, the Congressional Budget Office along with the Committee on Joint Taxation, says that we will have additional resources committed to the education of our kids coming from the private sector, that is, coming from families that we do not see now. In fact, they tell us some of these numbers. Fourteen million families would benefit from this expanded savings account, and about 11 million of those families have kids going to public school. So, in other words, we are committing even additional resources from the private sector, from the families for education expenses at the elementary and secondary education level.

The other point I would make, current law restricts education savings accounts to be used just for public college, obviously a worthy goal, higher education, but that means education savings accounts are useless in addressing problems that are being experienced in elementary school or in high school. And so while you may try to get to college, it might be that if we could have parents working with teachers as allies in the lower grades, then children will be more prepared to enter college. So I think it is a little bit of a myth as far as the argument on the other side that somehow we are taking money out of the Federal education system. Just the contrary. We are committing more private funds, that is, private savings funds committed to the education of our kids, both primarily in public education and yes, perhaps private education or even home schooling. The idea is simple. We do not think any child should be discriminated against based on where he or she chooses to attend school.

Mrs. WILSON. This issue of, well, would it be draining resources from the public schools in some ways. There are some people who disagree with this, but we have for many years in this country used the Tax Code to encourage people to do things, to encourage people to make choices, to encourage people to save for their retirement, to encourage people to invest and buy a home.

What we are doing in this bill with the Tax Code is encouraging them to invest in the education of their children. While some people disagree with using our Tax Code that way, I have to say that I think it is a noble goal. The folks who work at the Joint Committee on Taxation have estimated that this kind of a program based on what is happening in other similar kinds of tax changes would result in $12 billion of investment in our schools that is not there now. $12 billion nationwide, 70 percent of which would go to kids who are in public school to wrap those additional things around them that maybe the public school just could not directly afford but parents working together with teachers might be able to do. I think that that is a noble goal.

There is one other change in the bill that I think is worth discussing a little

bit. Right now, many States have prepaid tuition accounts for State colleges. New Mexico has that kind of a system where you can decide to save pretax and prepay your tuition if you are sending your child to UNM or New Mexico State. There are probably 20 or so States that have similar things set up under State law.

Under the current Federal law, you are not allowed to take advantage of the education savings account if in the same year you are taking advantage of the prepaid tuition account that your State may offer. In other words, you cannot do both for the same child in the same year.

The piece of legislation that we will be voting on on Thursday eliminates that restriction. So if in New Mexico I have a child that I am determined is going to be a Lobo when he is 18 years old and go to the University of New Mexico, I can make a prepaid tuition contribution but I could also be saving money in the education savings account in that same year. It allows parents who are committed to making those contributions up-front and making those savings up-front to do both under Federal law for one and under the State tax law for the other.

Mr. HULSHOF. In addition, and that is so critically important, what a popular idea that is in place in your State and in other States as far as prepaid State tuition plans, to be used again as a tool focusing on higher education.

Here are a couple of other perhaps noncontroversial measures in H.R. 7 that I think deserve some mention in addition to the prepaid tuition plans, ending that taxation on both public and private plans. We also help those that are saddled with heavy student loans. How many of us in this body perhaps have used student loans to invest in ourselves in education to maybe go on to higher education or to postgraduate studies. What we do to try to give some relief to those under that heavy burden of student loans is that we continue, we expand the student deduction, the loan interest deduction under current law, we expand that, allow more time for that deduction to be made possible.

In addition, there is a lot of discussion about school construction. Interestingly as we debated this bill in our committee, in the Committee on Ways and Means last week, we had a representative from the U.S. Treasury, obviously from the administration, and I pointed out in a document that was printed in 1996 that the statement of the administration was they believed the construction of schools is a local initiative. Yet I guess over the course of the last couple of years, we have suddenly changed or at least the White House has changed into thinking that suddenly school construction and modernization should be a Federal initiative. Without getting into the merits of whether it is a State, and I happen to think it is a State and local initiative, in fact in my home county, Boone County, Missouri in the Ninth Congressional District on the April ballot, we will be going to the polls to decide a bond issue as it appropriately should be done at the local level.

But what we also do is provide in this bill relief from some of the complicated rules called bond arbitrage rules that both States and localities use when they make that decision, when they go to the local voters and decide whether to renovate or to build or modernize their school structures, we provide some relief for them. That is also in this bill. Finally, we encourage the private sector to donate computers to schools. And so we have that provision in H.R. 7, as well. Probably not as controversial as some of the other things we have discussed.

As a final point, and I see we have got one of our other classmates here, then I will yield to the two of you. You mentioned the policy, and I want to talk about the policy, about using the Tax Code for certain incentives. Let me tell you why I think that it is just good policy generally to encourage savings. Right now, and for those, Mr. Speaker, that may be wrestling with their 1040 forms and maybe have C–SPAN on in the background, if you look at your 1040 form on line 8A and line 8B, you plug into, as far as part of your taxable income, your adjusted gross income, any interest you may have earned, whether on a certificate of deposit, whether it is on a savings account, the old traditional savings account or any dividends you receive, you have to add that obviously to your taxable income according to current law and Uncle Sam wants his share.

□ 2000

There is no wonder that we are the lowest savings Nation among industrialized countries. We have already precedent in existing law. We encourage people to put aside money after tax dollars for their retirement, with the Roth IRA, a very popular idea. That is, one puts aside one's after-tax dollars, it accumulates interest or earnings, and then it is not taxed when used for retirement.

We had a provision that we sent to the President called the SAFE Act that would shield about the first $500 of interest or dividend income again, to help the small or moderate investor, not the Wall Street types that make a living at investment, but really trying to help middle-class families.

Along that line, this education savings account, I think, falls right in that good tax policy, and that is trying to provide this incentive to encourage people, especially families, to plug away more money, whether it is putting nickels and dimes or a monthly set-aside from their paycheck into an education savings account for their child or children. Again, what could be more of a worthy exercise than to invest in your own children's future, not rely upon the Federal Government?

Again, I commend the gentlewoman for bringing this issue to the attention of the full House. I look forward to the debate. I hope we can have the debate on policy; and I hope the rhetoric does not get too harsh or hot, although that may be asking for a lot; but nonetheless, I urge, Mr. Speaker, my colleagues to support H.R. 7 when it gets to the floor. I thank my friend for yielding me time this evening.

Mrs. WILSON. Mr. Speaker, I thank the gentleman from Missouri for his leadership on the Committee on Ways and Means, the tax committee that deals with these bills. I also congratulate him on being a new father. I know that that brings a real focus to his commitment to a great education for all kids in this country.

Now we are joined here tonight by one of my other colleagues, the gentleman from Pennsylvania, and I would be happy to yield him some time to talk about this issue.

Mr. PETERSON of Pennsylvania. Mr. Speaker, I thank the gentlewoman from New Mexico, and I congratulate her on her efforts tonight to talk about this issue. I have been listening to both the gentlewoman and the gentleman from Missouri discuss this issue and my first thought is, how could anybody be against this. Why would anybody oppose this? The gentlewoman has talked about all of the new changes, expanding the limits, the usability, and tying it into the State prepaid programs that are already out there. All of that makes sense.

But I think we ought to talk a little bit about why the President and the Vice President are opposed to this legislation and why they have vetoed this legislation twice. It just seems incredible to me that anyone could be opposed to this legislation.

The interesting part, I find, is that when it comes down to the parents and the families who have accumulated this money to prepare for their children's future, someone in government wants to tell them what they can purchase and what they cannot purchase. It just seems so incredible.

I am a product of public education; my children and grandchildren are going to public education, I think as the vast majority of Americans do. But it seems so farsighted to think that if parents would choose on how to spend the money they have saved, their families have put together, would be some threat to public education. But we know, because twice the President and the Vice President have vetoed this legislation because of that fear.

I would use the example of maybe a young lady or a young gentleman that is in high school preparing to go to a certain college, and they find out they need to strengthen their English and so they want to take honors English, and maybe nobody in their family is really good in English so they go down the street and hire a tutor so that they can get into the college, get into the program they want. I am constantly talking to parents who are dismayed because their kids have good grades, but

some weakness that prevented them from getting the courses at the competitive university that they wanted to go to, and why they could not use a little bit of their savings account to hire a tutor down the street who might not have been in the public school system, might have been a university professor down the street who would be glad to assist. It just seems incredible to me that anyone would fear people saving their money to be able to use it for how they want to educate their child in some small way, other than the public system.

Mr. Speaker, I know that when we debate this bill in a day or two, that will be the big issue, that this bill will be destructive to public education. Nothing could be further from the truth, because as parents plan and families save, sacred to education is family involvement. And if we have families involved, putting a little away for their grandchildren, their nieces and nephews, or an employer who is very futuristic and says I would like to help with your children's education, I mean these are all the sorts of things, helping Americans to be self-sufficient.

Middle-class America can only get loans. If you have a decent income, you only get loans; you do not get grants, and college education is becoming more and more expensive. Young people and families are indebted for years. I have staff people who have been out of school for a long time and still have big education loans, paying on them monthly, because they made the effort to get a good education, grants were not available, they had to borrow all of the money, did not come from a family with cash, did not have the money in the bank. This will enable a lot more Americans to participate in the higher education system. It also will help them in the elementary years if they need some extra help, or if they need to go to a special school to strengthen art or strengthen music so that they can get into the famous program at some university that they want to get into. It will help them.

To take away the options of parents like the President and Vice President want to do, in my view, is the basic argument. This whole thought concept is getting people to save for their future and the future of their children. I just find it incredible that anyone would think that we should then control how parents spend that money. Yes, they should spend it for educational efforts, but whether they would hire a private tutor or whether they would go to a private school for a short period of time or in the summertime take some summer classes and not be able to use money out of their educational savings accounts if they did not have the cash available just seems incredible to me. I will never understand the fear of giving Americans a choice once they have had the foresight to save for their children's education.

Mrs. WILSON. Mr. Speaker, I thank the gentleman, and I appreciate his comments here tonight.

We are talking about education savings accounts and a bill that is going to be on the floor this Thursday. It is called H.R. 7, and it would expand current law which allows education savings accounts only for college expenses and only allows a 500 per-ear, per-child contribution. The bill we are going to consider on Thursday has already passed the Senate; a very similar bill has passed the Senate. It passed the first week of March, so now this is our opportunity in the House to do the right thing with respect to allowing families to save for education.

I would like to talk a little bit about some of the myths and some of the attacks that this legislation has been subjected to. I think we are probably going to hear more of it over the next couple of days here in the House. But the thing that bothers me about it is that it is like throwing chaff, it is just trying to throw any argument out there, even if it is not valid at all, just to try to block the legislation, when really a lot of it just is not true. I want to talk about it a little bit.

One of the major attacks on this piece of legislation is that it is just another tax break for the rich. I think that that sentence is etched in marble somewhere around Washington. Whatever we want to do, it is just another tax break for the rich. The reality is that one cannot even qualify for an education savings account if one's family income, it starts to phase out at $150,000 a year. So this is for that section of folks who are middle-income Americans, the ones who do not qualify for the grants, the ones who are looking at huge college loans or incredible expenditures, particularly when one gets more than one kid in college at the same time, who want to plan for that in advance.

So the Joint Committee on Taxation looked at this and their estimates are that 70 percent of the people who benefit from this have a family income of less than $75,000 a year. This is about saving for middle-class kids. It does not affect the wealthy kids at all, really.

The other interesting thing about that analysis is that three-quarters of the kids are going to be going to public school. It is about giving families the incentive to save and wrap things around kids that the public schools may not offer.

It is science fair season in New Mexico. I do not know how that is in Pennsylvania, but it is a really big deal in New Mexico. My son is in kindergarten in a public school in Albuquerque, and he is doing his first science fair project. It is not that big a deal in kindergarten, but for some of these kids who are in middle school and high school, some of these science fair projects are both a huge commitment of their time, but also a fair commitment in resources too. Would it not be nice to be able to use tax-free dollars that one had been saving for those kinds of expenses, or when one's kid gets to be in middle school and high school and joins the band and really gets committed to music and wants to take private lessons in addition to playing in the band or the orchestra. It seems to me that if one is willing to support that, one should have the option to use tax-free money to do that in an education savings account.

So that is one myth, that it is for the rich. It is not. The rich do not even qualify, and 70 percent of the folks who are going to benefit from this make less than $75,000 a year, hardly rich in America.

The second myth is that we are going to deplete money from the public schools, that this will all be taken away in some way for the public schools. That is just absolutely flat out not true. Frankly, I got involved in public life because of a commitment to public education and a belief that we have to improve public education and make sure that all of our kids are benefiting from public education.

The idea that doing something like this would take away from the public schools really bothers me. I find that myth to be personally offensive, particularly given that we just passed a budget last week that will increase, yet again, the Federal commitment to education. Mr. Speaker, almost 10 percent this year in increased funds to education. Now, that is more than our State government has been able to do for the last several years, and we will continue our commitment to funding schools. But we should also do things that encourage corporations and nonprofits and parents to save and invest in public education too. That is, I think, good public policy.

The quote here that I have up next to me is from United States Senator BOB TORRICELLI, who is one of the principal sponsors in the Senate. He makes it very clear: this is using private money. It is using a family's own resources. By our estimation, after 5 years, $12 billion in private money will be used to educate children kindergarten to 12.

This cannot be a bad thing. Yet, critics argue it is a diversion of money from public schools. Not one dime of money that is now going to a public school goes anywhere else but to that same school on that same basis. This is new money, private money, a net increase of $12 billion in education. That has to be a positive thing and it does not take a dime away from the school in your neighborhood.

Mr. PETERSON of Pennsylvania. Mr. Speaker, if the gentlewoman would yield, if my math is still good, 75 percent of $12 billion would be those who oppose this legislation for the reasons we have talked about, their fear, are saying no to $9 billion that would flow into the public educational system from private families, not government money, but private money would say no to that because they could not be guaranteed every dime of it.

Mr. Speaker, I had a father yesterday just really upset because his son was

unable to attend a Pennsylvania college that he and all of his family had graduated from. He had very high grades, but he was weak in art and music. And if he would have known that, he would have had him tutored, but he had taken all the art and music that was available to him. But for some reason, he, being unaware of that, was unable to enter the program at the school of his choice. His grades were just under 4.0, so it was not the total, it was the lack of some special needs. Here is a situation where they could have used some of the money they had put away for their children's future to prepare him so that he could enter the field.

I do not think that is uncommon. I hear a lot of parents talking about how their children are doing wonderfully, but there is something missing in their local school program to allow them to be prepared for some very competitive national programs where they may only take 30 a year from across the country, and to enter that select rank, they have to have all of the credentials that that university requires. In those situations, they talk about again taxing the rich. The middle class, many of them are so dedicated about preparing their children for their future and really sacrificing.

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I have had friends who really were poor for a decade, and yet they had a good income because they had two and three children in college at the same time. By the time they wrote those tuition checks year after year after year, they were driving a much older car than they used to, they were going without any new furniture, they were taking smaller and shorter vacations, but their priorities were to educate their youngsters. They can call them rich because they have a good income, but by the time they pay three college tuitions, they are poor when it comes to spending dollars for other things.

So I guess I still go back to the turning away of $9 billion of investment in public education because $3 billion might go to private education. That seems to me to be very shortsighted and just not having one's eyes on the ball and not looking at this in the big picture. Because we all know that public education, probably in our lifetime, will continue to provide the education for most of our youngsters.

Mrs. WILSON. I thank the gentleman for his comments.

There are some other myths I think we are going to hear some more about. There is one that the gentleman started to touch on. That is the issue of, well, this will just mean that money is going to private schools and it is going to go to parochial schools, and not only is this wrong as a matter of public policy, but it might be unconstitutional. That is also, I think, kind of a red herring. This passes all of the constitutional tests because the benefit accrues to the family and the child. They decide what to use that money for.

I find it amusing that we could say that the current law, which allows education savings accounts to be used in saving, and a child can go to Notre Dame, but it would be unconstitutional to use that same money to send that child to St. Pious High School, which is a Catholic high school in my district. It is fully constitutional and complies with all of the constitutional mandates for use of public funds.

This is not about vouchers, though some people are going to argue that, as well. If we are allowed to take money after we have paid taxes on it and put it in an account so it can accrue interest without paying taxes on that interest, that is our money. We use that money. The only thing that is different about it is that they are not going to take the taxes on it if we say we are going to use that money to invest in our child's education.

That is the only thing that is going on here. This is not about taking public money and funding private or parochial schools. So I think that that is an important myth that we are going to need to deal with over the next couple of days.

I think there is another myth, too. It is really kind of the one that is not spoken. We might as well just come right out and say it.

There are folks who believe that there is a desire to fund these kinds of things and not public schools; that what this really is about is about changing the debate and changing the flow of funds and abandoning public education.

Nothing could be further from the truth. I think this Congress over the last 4 or 5 years has reaffirmed its commitment to great education in this country and great public schools in this country, because every one of us in this room, no matter what party we belong to, benefited from public education, for the most part. There are some folks here on both sides of the aisle who went to Catholic schools, but we all know that America would not be the great Nation it is today without a strong public school system. We have known that in this country, that democracy cannot thrive without a great system of public schools.

The biggest chunk of Federal funding for education here goes into special ed, the IDEA funds. I think it is important to talk about a few facts here on the commitment to education.

The brown bar here is what the President has requested since 1996. In every single year, Congress has appropriated more funds for special education than has been requested in the President's budget. We will do that again this year. In the budget resolution we passed last week, we will increase special education funding this year by $2.2 billion, and $20 billion over the next 5 years. We are committed to a great system of education.

But that also means doing things with the Tax Code to encourage others to be equally committed, whether they are corporations or whether they are parents trying to plan for the future of their children.

The final myth is that what this really is about is encouraging folks to leave the public schools; that this will somehow make it possible for a kid who is in third grade in Albuquerque to go to St. Mary's, rather than to the local public school. That may happen on the margins, but frankly, it is really probably not enough to make that happen in a large sense. If that is what works for that kid, I am not sure that that bothers me at all.

We are not going to see, no matter what we do, a huge exodus from the public schools. The reason is that parents want a great school in their neighborhood. They want to be able to have their kid walk to a school that is safe, that will educate them for the 21st century. They do not want to abandon the public school system any more than we do in this body. But what they do want to do is be able to spend some money on their child's education without being penalized for it under the Tax Code.

Mr. PETERSON of Pennsylvania. Mr. Speaker, if the gentlewoman will yield, she mentioned the IDEA funding, special education funding. I think Congress has really stepped up to the plate there.

When this legislation was passed, special education is a mandate that every child receives the same kind of education, the same quality of education. Some people with serious problems are a lot more expensive to educate than those who do not have those difficulties.

Yet, just back in 1996, if I look at this correctly, we were only paying 3.5 percent of special education costs. If my memory is correct, the legislation that was passed by this Congress before that some years said we would pay 40 percent of the costs of special education. We were at 3.5, and I think we are up to, looking at that chart it is a little hard to tell, it is over 6. So we have almost doubled the Federal commitment.

These are dollars that follow the student and go to all of our schools. That is not true of all Federal money. Much of the Federal education dollar is not spread equally across this country. Some large urban districts do pretty well. There are a few suburban districts which do pretty well. I have lots of districts that get 1 percent of their funding. Yet, we say we are funding 6.8 percent of education.

So the biggest frustration I have had with Federal programs is the complexity. To reach them, you have to have consultants or you have to have specialists on your staff. My rural school districts often do not have an assistant superintendent, let alone a grantsman. They do not have educational consultants nearby, because it is rural. So many of my districts have no idea how to apply to the hundreds of Federal programs that are available, and do not have the expertise to do that.

I will find an occasional anomaly where you will have a school superintendent who worked in a suburban district who was very good at getting Federal money and he brought that expertise to the school with him, but that is the rarity. That is not common.

With the IDEA, when we fund that instead of another Federal program such as construction of schools, which would have only gone to a few schools in this country, the average school never would have seen it, which would have complicated the process, which would have made building of schools more costly, we need to free up those Federal education dollars and get them into the classroom, and get away from all the bureaucratic mumbo-jumbo that is there.

But back to the issue that we were talking about, the education savings accounts, again, it is our chance to give people a chance to prepare for their children's education and have some money set aside that can grow tax-free. They have paid the tax on it first, but it can grow tax-free. Then they can choose to use it when they feel it is necessary and they cannot afford it out of their general income.

Under the President's and the Vice President's plans, we might have someone who is a senior. The parents do not have the money for a special needed program so their daughter or son could go to a certain school of their choice, and they would miss that opportunity, because it would be somehow wrong for them to choose to pay for that program that would prepare them for their college education.

Again, as I said when I had listened to the earlier discussion, as the gentlewoman began this evening, how anybody could really oppose this bill, how anybody could be fearful that this is going to crush public education or harm public education when it has the potential of contributing $9 billion to public education is just not being honest.

I think when we have this debate on Thursday, I hope that people will be honest, because if they are honest they will not be making those kinds of statements. Allowing parents to save their money and let it grow and then spend it on their child for educational purposes that they think is appropriate is exactly how America should function. To oppose this legislation, I think they are saying, parents, you do not know how to spend your money that you have saved for your children, and just because we did not charge you taxes on the increase in value, you cannot spend it where you think it ought to be spent.

That is taking control from our families and putting it in Washington bureaucracy, in a Washington educational establishment that in my view is afraid of something that they should not be afraid of at all.

Mrs. WILSON. I thank the gentleman from Pennsylvania. I thank him for joining us here tonight.

Just to sum up before the hour ends here, we have been talking about the education savings accounts. We are going to be having a bill on the floor of the House on Thursday about education savings accounts. They exist under current law, but they are limited to only $500 a year per child. They can only be used for college expenses.

We would like to make some changes to that. The Senate has already passed a bill, and we are going to work on it and hopefully pass it here on the floor of the House on Thursday, that would do a couple of things. It would allow you to save not $500 a year per child but to put $2,000 per year per child into that account and allow it to grow, allow the interest to accrue without paying taxes on that interest.

We are going to try to extend it from college expenses down to kindergarten through 12th grade and college expenses, so it can cover tuition or tutoring or supplies or computers or books, whether that is for a child in public school or private school or parochial school or home school.

The estimates are that 70 percent of the kids who are going to benefit from that at the elementary and secondary level are going to be in public school, and that parents will use those funds to wrap things around a child that they may not be getting, or they may be having trouble with in public school.

The third change that the law is going to try to make on Thursday is to let corporations or nonprofits contribute to education savings accounts set up for low-income kids. One of the criticisms is that there is really no advantage to this if you are low-income or low enough income that you are not paying taxes.

Of course, those generally are the kids who qualify for the grants to go to college in the first place. It is middle-income families that are really strapped when it comes to paying for education expenses.

The other thing that the change will do is for those States and for those families who are making pre-paid college tuition payments who have set up an account to go to State school, as many States already have, they would be able to contribute to their educational savings account for that child, also. They would not have to choose either one or the other. That change will be in the law that we hope to pass on Thursday.

They still will not be able to qualify for this if they are rich. They will still have to save and pay interest on the savings if they are making over $150,000 a year as a family. But this is really targeted towards middle-class Americans, to the kids who are wondering when they are in high school how they are ever going to pay for college, and to the parents who are despairing about the same thing. Those are the families that need the help and the encouragement through the Tax Code to invest in education.

I started out talking this evening almost an hour ago now about our commitment to public education and our commitment to our kids in the 21st century. What was good enough for us and what was good enough for our parents and for our grandparents is not going to be good enough for our kids. We need to redouble our efforts and redouble our commitment to education for our children.

Ten years from now, I hope that we are standing here able to celebrate the reality that 95 percent of our kids are graduating from high school and three-quarters of them are going on to college or technical school or into the military.

We are not there yet, but we cannot afford to leave any child behind. No child must be left behind. We have to narrow the gap between rich and poor and black and white and brown, because in America, we will not have a 21st century that is an American century, just as much as the 20th was, unless we do.

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I want to thank my colleagues for joining me here this evening.

THE NEED FOR MEDICARE PRESCRIPTION DRUG BENEFITS AND OTHER VITAL ISSUES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, this evening, I would like to talk for a little bit about the issue of a Medicare prescription drug benefit, because I believe that it is imperative that this Congress, this House of Representatives in particular, pass a prescription drug benefit that is affordable and that every American, every senior citizen, everyone that is eligible for Medicare, would be able to take advantage of.

Mr. Speaker, so far we hear the Republican leadership talking about the need for a prescription drug benefit in the context of Medicare, but yet we have seen no action. No action in committee, no action on the floor in either House.

President Clinton has rightly pointed out that the government must subsidize drug coverage for all Medicare beneficiaries, not just for those who have modest incomes or use large amounts of medicine. Some of my Republican colleagues want to give Federal grants to the States to help low-income elderly people buy prescription drugs. But my point tonight is that that approach is unacceptable, because more than half of the Medicare beneficiaries who lack prescription drug coverage have incomes more than 50 percent above the official poverty line.

Another Republican proposal that I hear from some of my colleagues would give tax breaks to elderly people so they can buy private insurance covering prescription drugs. But again this