

made measurable differences in the lives of Americans, from access to public libraries, developing the polio vaccine, and even leading in the creation of the emergency number 911. Each and every American has experienced the benefits of the tireless efforts of these foundations.

Madam Speaker, currently there are 47,000 foundations in the United States. In 1998, foundations gave away an estimated \$22 billion in grants. These foundations were also forced to give the Federal Government a grant of \$500 million in 1999.

Under current law, not-for-profit private foundations generally must pay a 2 percent excise tax on their net investment income. This requirement was originally enacted in the Tax Reform Act of 1969 as a way to offset the cost of government audits on these organizations. So some 31 years ago, we instituted a tax on these foundations to cover the audit expense. However, when you look at the number of audits that have been performed, particularly since 1990, the IRS audits on private foundations has decreased from 1,200 to just 191. Yet the excise collection during these 31 years has grown from roughly \$200 million in 1990 to \$500 million in the year 1999.

In addition, private foundations are bound by a 5 percent distribution rule. Foundations must make annual qualifying distributions for charitable purposes equal to roughly 5 percent of their fair market value of the foundation's net investment assets. The required 2 percent excise tax, which is payable to the IRS, actually counts as a credit to the 5 percent distribution rule.

So in a nutshell, what we have here is a private foundation making a charitable grant to the Federal Government every year, and since 1969 the number of audits have gone down; yet the number of charitable foundations has gone up.

Madam Speaker, I do not believe that the Federal Government is in dire need of this excise tax, and in fact in the next 10 years the Federal Government will show a surplus of \$5.7 trillion. In 2002 we are projected to have a \$231 billion surplus. Therefore, I believe that Americans have been more than charitable in giving the government their hard-earned dollars. It is time that we begin the process of returning the money to the people.

President Bush is working to accomplish that goal with his reduction in tax rates, allowing for the increased use of charitable deductions and credits. My bill goes one step further. It gives those charitable organizations relief from the \$500 billion tax that the Federal Government instituted 31 years ago so they can give more of their money back to the people who need it.

I would like to also emphasize, Madam Speaker, that the former President, Mr. Clinton, proposed a reduction in this same excise tax in his fiscal-

year 2001 budget. The Treasury Department noted: "Lowering the excise tax rate for all foundations would make additional funds available for charitable purposes."

So, Madam Speaker, common sense dictates that the elimination of this tax would increase additional charitable giving. I would like to thank my colleague, the gentleman from Illinois (Mr. CRANE), for his support on this bill. I ask my colleagues to take a look at this piece of legislation. I would like their support. It is H.R. 804.

SEATTLE EARTHQUAKE AN EXAMPLE WHY CONGRESS NEEDS A BUDGET BEFORE IT DEBATES A TAX BREAK BILL

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Washington (Mr. INSLEE) is recognized during morning hour debates for 5 minutes.

Mr. INSLEE. Madam Speaker, the Seattle earthquake last week gave us a telling example why it is grossly irresponsible to bring a huge tax cut bill to this floor before we do a budget.

There is a lot wrong with this bill. Many people have heard many of these problems: the fact that it gives 43 percent of all the benefits to just 1 percent of Americans. That is a problem. The fact that it is based on really phony fiscal hallucinations based on these 10-year projections when we cannot even project 10 months from now. That is a problem. But perhaps the biggest kind of problem was made clear to us in Seattle last week on the very day that a 6.8 on-the-Richter-Scale quake hit Seattle. The administration tried to hit our earthquake preparedness programs by trying to kill Project Impact.

Project Impact is a Federal program that is designed to help improve local communities' earthquake preparedness programs, a program Seattle had used to good effect and which was effective in reducing losses. Why did that happen? Well, the Vice President said that Project Impact was ineffective.

Try telling that to the first graders at Stevens Elementary School in Seattle, who I visited last week, the day after the quake, who, until Project Impact came along, did their studying underneath a 1-ton tank of water that was prone to going right through the ceiling and down onto their classroom because it was not secured adequately for a standard earthquake. But then Project Impact dollars came along. The school district secured that water tank and no one got hurt. In fact, in the seven schools in the Seattle school district that had used Project Impact monies, none of the structures that had been dealt with caused any damage.

This is an effective program. These Federal investments saved lives. We ourselves saw that in Seattle last week. This is an effective program. So why did the administration try to kill it? Well, that is kind of interesting.

The Vice President has said this program was ineffective. But when I asked Joe Allbaugh, our FEMA director, the Federal Emergency Management Agency director, who has done a great job by the way on this disaster, he told me he had not even been consulted. Nobody asked him about Project Impact. Somebody in the Bush administration got out a red pen and just drew it right through that project and tried to kill the program.

Why did that happen? Well, it is pretty clear. This was an indiscriminate cut that was simply made to try to accommodate and make room for these tax cuts, and it is a disgrace. It is a disgrace to know that the first casualty of the Bush tax cut is a program that in Seattle, in fact, prevented casualties. When we do tax cuts before we do a budget, bad decisions are made. And this is perhaps the most visible and first one in this sorry state of affairs.

We should reject this bill. We should go back and do our jobs, do the budget first, and a reasonable, responsible tax cut that meets our obligation to the American people.

ON SOCIAL SECURITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Michigan (Mr. SMITH) is recognized during morning hour debates for 5 minutes.

Mr. SMITH of Michigan. Madam Speaker, I would like to spend just a couple minutes talking about some of the issues that this Congress, both the House and the Senate, are really struggling with, and that is the debt that has been mounting up, the total Federal public debt, of this country. I would like to comment about the legitimacy of a tax reduction and would like to comment on the challenge that is facing this body and the President in terms of keeping Social Security solvent.

First of all, on the debt: if my colleagues will bear with me, let me break down the current Federal national debt of now \$5.7 trillion. Of that \$5.7 trillion, I break it down into three segments:

The treasury debt. When we issue Treasury paper, Treasury bills, Treasury bonds, the so-called debt held by the public, that now represents \$3.4 trillion out of the \$5.7 trillion.

The debt that has been borrowed from Social Security represents \$1.2 trillion, \$1.2 trillion out of the \$5.7 trillion. That is what we have been borrowing pretty much ever since we dramatically have increased the Social Security taxes, the FICA taxes, over the last 20 years. There has been much more money coming in than has been needed, and that is especially true since the 1983 increase in Social Security taxes. So we have accumulated \$1 trillion worth of IOUs that this government owes Social Security when it comes time for Social Security needing that money.

So we have \$3.4 trillion that is Treasury debt, debt held by the public; we

have \$1.1 trillion that is owed the Social Security Trust Fund, and then the other 117 trust funds that the Federal Government has represents additional IOUs of another \$1.2 trillion.

So we divide it in three different levels. Most of the surplus is coming from the Social Security surplus, the excess of Social Security taxes over what is needed to pay Social Security benefits. And I think we should remind ourselves, Madam Speaker, that Social Security is a pay-as-you-go program; that when Social Security taxes come in, by the end of the week, that money is sent out in benefits. So there is no reserve. There are no accounts with individuals' names on it. And that has left us with the problem of how we are going to pay back that money when the baby boomers start retiring in 2008. So we have a huge increase in the number of retirees, recipients, as we are looking at a relatively fewer number of workers that are paying in those taxes to pay the benefits for those retirees.

We have been talking in both the White House and in both Chambers of Congress about paying down the debt held by the public. Some people refer to it as the public debt. Technically, that is not correct. It is the debt held by the public. The dollars that we are using to pay down that debt held by the public are the extra dollars mostly coming in from the Social Security Trust Fund. So we write out an IOU, and we use those dollars to pay down the debt held by the public.

To assume this has anything to do with helping to keep Social Security solvent is incorrect. The only thing that might be worse than using this money to pay down the debt and writing out an IOU is possibly using it for increased spending and starting new entitlement programs. If we do this, and then we have a problem with Social Security in the next 8 to 15 years, it is even more difficult because we have expanded the size of the Federal Government.

Let me mention the tax cuts that will be coming up in this Chamber in the next couple or 3 days as we talk about a tax reduction. If things were perfect, we should not have a tax reduction, but that money should be used to make sure Social Security stays solvent. I think one way to do this is to put it in privately held and owned accounts where the flexibility, where the alternatives of an individual to invest that money are limited, such as in a 401(k). So they would be limited to safe investments. They would be limited to only a certain percentage that could go into equity, stocks, and the remainder would have to go into interest-bearing accounts.

If we were to accomplish that and use this money now, it would simplify and help us solve the long-term problems of Social Security. And I just mentioned, we are looking at surpluses coming in in the next several years of \$5.6 trillion. We are looking at an unfunded liability for Social Security of \$9 trillion.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 2 p.m.

Accordingly (at 12 o'clock and 50 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mrs. EMERSON) at 2 p.m.

PRAYER

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer: Isaias begins his message with these words: "Hear, O heavens, and listen, O earth, for the Lord speaks."

All the heavens and all the earth cannot grasp or contain Your Word, O Lord. Once spoken and unleashed upon our world, Your word catapults imaginings to their heights and penetrates everything to its depths. May our hearing turn to listening and our listening make us so attentive that it leads to new understanding and new ways of acting.

Your Word provokes Isaias to cry out to the people: If only we were free enough to be raised up by its power or strong enough to be embraced by its full passion! Then we like Isaias would be able to hear, in our broadcasted news, the voice of violence coming from our own children. And we would lament as a nation searching for prophetic vision until we and our ways of acting change. We pray for this vision now and forever. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House her approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Ohio (Mr. TRAFICANT) come forward and lead the House in the Pledge of Allegiance.

Mr. TRAFICANT led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

APPOINTMENT AS MEMBERS TO ADVISORY COMMITTEE ON FOREST COUNTIES PAYMENTS

The SPEAKER pro tempore. Without objection, and pursuant to section

320(b)(2) of Public Law 106-291, the Chair announces the Speaker's appointment of the following members on the part of the House to the Advisory Committee on Forest Counties Payments:

Mr. Robert E. Douglas of California and

Mr. Mark Evans of Texas.

There was no objection.

COMMUNICATION FROM HON. RICHARD A. GEPHARDT, DEMOCRATIC LEADER

The SPEAKER pro tempore laid before the House the following communication from RICHARD A. GEPHARDT, Democratic Leader:

HOUSE OF REPRESENTATIVES,
OFFICE OF THE DEMOCRATIC LEADER,
Washington, DC, March 6, 2001.

Hon. J. DENNIS HASTERT,
Speaker of the House, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to section 127 of P.L. 97-377 (2 U.S.C. 88b-3), I hereby appoint the following Member to the House of Representatives Page Board:

Mr. Kildee, MI.

Yours Very Truly,

RICHARD A. GEPHARDT.

NOW IS THE TIME FOR TAX RELIEF

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Madam Speaker, America and indeed this Congress has a lot to celebrate. After years of wasteful spending and rising deficits, our fiscal house is in order. Congress has a balanced fiscal budget. Since 1997 we have paid down approximately \$363 billion of our public debt. We are on the course to paying off the complete \$2 trillion public debt over the next 10 years.

The Republican Congress has walled off nearly \$3 trillion for the protection of Social Security, Medicare and further debt relief.

The nonpartisan CBO estimates that we will have a \$5.6 trillion surplus this year. Our fiscal house is not only in order, it is in the best possible shape it has been in generations. Now is the time to give Americans some much-needed tax relief. If the surplus money stays in Washington, it will only be spent on bigger and more wasteful government bureaucracy. We need to put America's families first. They want and deserve real tax relief now.

FAMILIES AND THE RESPONSIBILITY OF PARENTHOOD

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Madam Speaker, a 15-year-old California student shot and killed two peers and wounded 13 others. Once again, guns are blamed.

Madam Speaker, I disagree. It is time to look at family and the responsibilities of parenthood. But in any regard,