

report released last month clearly illustrates the inequitable barriers standing between part-time and other low-wage workers and UI benefits. I do not think we need any additional evidence that this problem demands an immediate solution.

I urge my colleagues to support this effort to prevent discrimination against unemployed part-time workers.

IN SUPPORT OF THE BLUNT-BENTSEN RETIREMENT PLAN ACT

HON. KEN BENTSEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 28, 2001

Mr. BENTSEN. Mr. Speaker, it is with great pleasure that I wish today, to join with my distinguished colleague, Mr. Blunt, in introducing legislation to give small employers the chance to show how much they care for their employees. The Blunt-Bentsen Retirement Plan Act would establish the "qualified small employer plan," a new kind of design-based plan available exclusively to employers with fewer than 100 employees.

Today, we, as a nation, are experiencing the lowest unemployment rate in a generation. This recent boom in job creation has been driven in large part by growth in the number of small businesses created. However, even as incomes rise, we have an abysmally low savings rate of 3.8 percent of disposable personal income. There is broad consensus that a substantial number of American workers will be unable to afford a retirement that maintains their current lifestyle, at least not without working more years than currently planned. According to the nonpartisan Employee Benefit Research Institute (EBRI), 36 percent of American workers are not saving for retirement.

Americans think of retirement income in terms of a "three-legged stool," consisting of Social Security, personal savings, and employer-sponsored benefits. Unfortunately, employer-sponsored retirement plans are not available to all American workers. In fact, only 21 percent of all individuals employed by small businesses with less than 100 employees participate in an employer-sponsored plan, compared to 64 percent of those who work for businesses with more than 100 employees. Moreover, only 11.1 percent of working family heads who work at business with 10 or fewer employees actually participate in employer-sponsored plans. According to EBRI's 2000 survey of small employers, thirty-nine percent who currently do not offer plans, contemplate starting a plan in the next two years.

Under current law, small business employers who want to offer a retirement plan to their employees are forced to choose between unappealing options. They can either establish a traditional qualified plan, and manage the prohibitively high compliance and administration costs or set up a highly restrictive design-based plan (such as the SIMPLE or SEP). The Blunt-Bentsen Retirement Plan offers a third option. The Blunt-Bentsen bill would establish the "qualified small employer plan," a new kind of design-based plan available exclu-

EXTENSIONS OF REMARKS

sively to small employers (those with fewer than 100 employees). The Blunt-Bentsen bill seeks to offer small businesses and their employees with opportunities for pension savings commonly available to large corporations and public sector employees. Characteristics of the qualified small employer plan include 100 percent coverage, accelerated vesting, and minimum non-integrated benefits.

The most important aspect of this legislation is that the employer must make an annual, mandatory contribution of at least three percent of an employee's compensation if that employee is at least 21-years-old and has worked more than 1,000 hours in the preceding calendar year. It does not matter whether the employee contributes. Employers have the option of contributing as much as 10 percent. This will undoubtedly give small business employees not only a stake in equity, but a larger stake in the success of that business. In a world largely absent of retirement plans where employers alone make annual contributions, I believe this measure provides a third practical alternative to government mandated pensions and no pension coverage at all. In turn, small business employers are allowed to contribute a higher percentage of their salary to a retirement plan than they would otherwise be allowed under current law.

Second, for a variety of reasons, the number of companies offering defined benefit plans has fallen dramatically. Between 1970 and 1990, the percentage of private sector workers covered by a pension plan decreased by 2 percent from 45 percent in 1970 to 43 percent in 1990. This is not progress.

Finally, an aging population where most men and women who reach age 65 can expect to live at least another decade will surely place some stress on Social Security's ability to pay out benefits. Today, Social Security is the main source of income for 80 percent of retirees. While Social Security is currently strong, it faces challenges to its solvency as the Baby Boom generation nears retirement.

In short, the three-legged stool of retirement security is in jeopardy without a correction. Plans where employers make automatic, mandatory contributions have been replaced by plans where employees make voluntary contributions. No longer do companies automatically bear the risks and costs of professionally made investment decisions. Today, workers have to bear the risks and costs of their investment decisions. Investment decisions can be quite scary for inexperienced, first time, lower- and middle-income investors, who have a lot more to lose than wealthy investors. Employees in these pension plans not only have to take a crash course in "Investing 101" but are less likely to accomplish personal savings with stagnant or slowly rising wages.

It is imperative that Congress put in place new, innovative and cost-effective ways to expand pension coverage. The Blunt-Bentsen bill put a new critical tool in the hands of small businesses to create greater security against the risks and burdens of old age, inflation, and economic downturns for their employees.

REFORMING THE ESTATE TAX

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 28, 2001

Mrs. MINK of Hawaii. Mr. Speaker, yesterday I introduced H.R. 759, a bill that would reform the estate tax and provide an immediate exclusion equivalent deduction of \$5 million.

Clearly the estate tax has a deleterious effect on successful persons who hope to pass along property to their children. In my State of Hawaii, property values are highly inflated and properties which would not result in any estate tax on the mainland are subject to estate tax in Hawaii. In 1997, the latest figures available, 2.5 percent of estates in Hawaii were subject to Federal estate taxes, compared to only 1.9 percent nationwide.

Existing inheritance taxes unfairly penalize ordinary individuals who work hard their entire lives so they can leave something for their children. The tax scale hits family farmers and businesses disproportionately. I have received many letters from constituents detailing the burden the tax has had on their small business.

Currently, the first \$675,000 of estates are exempt from tax. The exemption level will increase to \$1,000,000 in 2006. Family businesses have an exemption of \$1,300,000. These numbers are too low. No small family-owned farm or small family-owned business should have to be sold by the children to pay an inheritance tax.

I agree that a full repeal of the estate tax would give too much tax relief to the wealthiest Americans. My bill merely increases the exemption for estates to \$5 million and makes that change effective immediately.

I urge my colleagues to cosponsor this legislation.

IN HONOR OF BLACK HISTORY MONTH

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 28, 2001

Mr. ENGEL. Mr. Speaker, since 1976 Black History Month has been celebrated in February to recognize the heritage and achievements of African-Americans.

I rise in honor of Black History Month and its 2001 theme—Creating and Defining the African-American Community: Family, Church, Politics, and Culture. As I reflect on this year's theme, I feel we must come together to remember the struggle of African-Americans and honor all of their accomplishments.

At one time, this country erected every conceivable legal, societal and cultural roadblock to prevent African-Americans from having access to education, wealth and politics in our society. In overcoming these roadblocks, they have contributed greatly to America's identity, community, culture and politics. We must recognize the African-American community and the critical role African-Americans have and will continue to have in the development of our country.