

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