HOUSE OF REPRESENTATIVES—*Thursday, August 5, 1993*

The House met at 10 a.m.

His Eminence Adrian Cardinal Simonis, the Cardinal Archbishop of Utrecht, Primate of the Netherlands, offered the following prayer:

Loving and merciful God, Creator of all that exists, we rejoice and we praise You for the gift of our life and for the freedom we share as a people bound together in unity, peace, and a common longing for true justice.

As a leader of the faithful of the Netherlands, I personally pray in gratitude for the courageous and selfless efforts of those Americans who gave their lives as gifts that my homeland might be forever free from the oppression of war, violence, and injustice. Lord, help us all, especially the Members of this Congress, to work together for those things that, in the end, really matter: Your grace, Your promise, Your peace, and life forever with You. Amen.

THE JOURNAL

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

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

Mrs. LOWEY. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mrs. LOWEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 255, nays 155, not voting 23, as follows:

[Roll No. 402]

YEAS—255

Abercrombie
Ackerman
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Applegate
Archer
Bacchus (FL)
Baesler
Barca
Barcia
Barlow
Barrett (WI)
Bateman
Becerra
Beilenson
Berman
Bilbray
Bishop
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (FL)
Brown (OH)
Bryant
Byrne
Cantwell
Cardin
Carr
Chapman
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Coppersmith
Costello
Coyne
Cramer
Danner
Darden
de la Garza
Deal
DeFazio
DeLauro
Dellums
Derrick
Deutsch
Dicks
Dingell
Durbin
Edwards (CA)
Edwards (TX)
Engel
English (AZ)
English (OK)
Eshoo
Evans
Farr
Fazio
Filner
Fingerhut
Fish
Flake
Foglietta
Ford (TN)
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gillmor
Gilman
Glickman
Gonzalez
Gordon
Green
Gunderson
Gutierrez
Hall (OH)
Hall (TX)
Hamburg
Hamilton
Harman
Hastings
Hayes
Hefner
Hilliard
Hinchey
Hoagland
Hochbrueckner
Holden
Houghton
Hoyer
Hughes
Hutto
Inglis
Inslee
Jefferson
Johnson (GA)
Johnson (SD)
Johnston
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kingston
Kleczka
Klein
Klink
Kopetski
Kreidler
LaFalce
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Lehman
Levin
Lewis (GA)
Lipinski
Lloyd
Long
Lowey
Maloney
Mann
Manton
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCloskey
McCollum
McCurdy
McDermott
McHale
McInnis
McKinney
McNulty
Meehan
Meek
Menendez
Miller (CA)
Miller (FL)
Mineta
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Myers
Nadler
Natcher
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Parker
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Peterson (MN)
Pickett
Pickle
Pombo
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reed
Reynolds
Richardson
Roemer
Rose
Rostenkowski
Rowland
Roybal-Allard
Rush
Sabo
Sanders
Sangmeister
Santorum
Sarpalius
Sawyer
Schenk
Schumer
Scott
Serrano
Sharp
Shepherd
Sisisky
Skaggs
Skelton
Slattery
Slaughter
Smith (IA)
Smith (NJ)
Spratt
Stark
Stenholm
Stokes
Strickland
Studds
Stupak
Swett
Swift
Synar
Tanner
Tauzin
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Traficant
Tucker
Unsoeld
Valentine
Velázquez
Vento
Visclosky
Volkmer
Waters
Watt
Waxman
Wheat
Williams
Wise
Wyden
Wynn
Yates

NAYS—155

Allard
Armey
Bachus (AL)
Baker (LA)
Ballenger
Barrett (NE)
Bartlett
Barton
Bentley
Bereuter
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Clay
Clinger
Coble
Collins (GA)
Cox
Crane
Crapo
Cunningham
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Emerson
Everett
Ewing
Fawell
Fields (TX)
Fowler
Franks (CT)
Franks (NJ)
Gallegly
Gallo
Gekas
Gilchrest
Gingrich
Goodlatte
Goodling
Goss
Grams
Grandy
Greenwood
Hancock
Hansen
Hastert
Hefley
Hobson
Hoekstra
Hoke
Horn
Huffington
Hutchinson
Hyde
Inhofe
Istook
Jacobs
Johnson (CT)
Johnson, Sam
Kim
King
Klug
Knollenberg
Kolbe
Kyl
Lazio
Leach
Levy
Lewis (CA)
Lewis (FL)
Lightfoot
Linder
Livingston
Machtley
Manzullo
McCandless
McDade
McHugh
McKeon
McMillan
Meyers
Mica
Michel
Molinari
Moorhead
Morella
Murphy
Nussle
Oxley
Paxon
Petri
Porter
Portman
Pryce (OH)
Quillen
Quinn
Ramstad
Ravenel
Regula
Ridge
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Saxton
Schaefer
Schiff
Schroeder
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Stearns
Stump
Sundquist
Talent
Taylor (MS)
Taylor (NC)
Thomas (CA)
Thomas (WY)
Torkildsen
Upton
Vucanovich
Walker
Walsh
Weldon
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—23

Baker (CA)
Bevill
Blackwell
Brown (CA)
Dixon
Dooley
Dornan
Fields (LA)
Ford (MI)
Herger
Hunter
Johnson, E.B.
Kasich
McCrery
Mfume
Neal (NC)
Packard
Roberts
Torricelli
Washington
Whitten
Wilson
Woolsey

□ 1024

Mr. STUPAK changed his vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, during rollcall vote No. 402 on the Journal I was unavoidably detained. Had I been present I would have voted "yea."

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore (Mr. MURTHA). Will the gentleman from Florida [Mr. JOHNSTON] please come forward and lead the House in the Pledge of Allegiance.

Mr. JOHNSTON of Florida led the Pledge of Allegiance as follows:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

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 SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 631. An act to designate certain lands in the State of Colorado as components of the National Wilderness Preservation System, and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2667. An act making emergency supplemental appropriations for relief from the major, widespread flooding in the Midwest for the fiscal year ending September 30, 1993, and for other purposes.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 121. Joint resolution to designate October 6, 1993 and 1994, as "German-American Day."

The message also announced that the Chair announces, on behalf of the majority leader, the appointment of Mr. HOLLINGS and Mr. MATHEWS, as members of the Senate delegation to the British-American Parliamentary Group meeting during the first session of the One Hundred Third Congress, to be held in Edinburgh, Scotland, September 1–5, 1993.

The message also announced that the Chair announces, on behalf of the majority leader, the appointment of Mr. HEFLIN, as chairman of the Senate delegation to the British-American Parliamentary Group meeting during the first session of the One Hundred Third Congress, to be held in Edinburgh, Scotland.

The message also announced that pursuant to Public Law 93–29, as amended by Public Laws 98–459 and 102–375, the Chair, on behalf of the President pro tempore, appoints Rudolph Cleghorn of Oklahoma, reappointed to a 1-year term; Stephen M. Farnham of Maine, reappointed to a 1-year term; and Romaine M. Turyn of Maine, appointed to a 3-year term; to the Federal Council on the Aging.

A WELCOME TO HIS EMINENCE ADRIAN CARDINAL SIMONIS

(Mr. QUINN asked and was given permission to address the House for 1 minute.)

Mr. QUINN. Mr. Speaker, I appreciate the Members' attention for just one brief moment. It is, indeed, a pleasure and honor for me to have introduced to all of the Members in the U.S. Congress this morning Adrian Cardinal Simonis, the Cardinal Archbishop of Utrecht, the Netherlands.

We are particularly honored today that His Eminence has joined us here in the Chamber as the highest ranking Roman Catholic official ever to open the session with a prayer.

I also want to thank Father Arch Smith from Buffalo, NY, who is with His Eminence this week before he visits with the Holy Father in Denver, CO, next week.

Your Eminence, on behalf of all of the Members of the U.S. Congress, we welcome you here to the United States and to our Chambers. We thank you for your opening remarks.

A STUNNING ANNOUNCEMENT

(Mr. MCNULTY asked and was given permission to address the House for 1 minute.)

Mr. MCNULTY. Mr. Speaker, while I was acting as Speaker pro tempore yesterday, I was approached on the podium, first by our colleague, the gentleman from New York [Mr. PAXON], who notified me that during the course of the debate which was ongoing at the time, he had proposed marriage to our colleague, the gentlewoman from New York, [SUSAN MOLINARI], who then came to the podium and told me she accepted.

I wanted to announce that today. They have been longtime friends of mine. I had the opportunity to serve with SUSAN's father—and now with her for several years.

BILLY PAXON and I go way back. We were elected to the New York State Assembly together 6 years before we started service in Congress.

They are both outstanding public officials, and very good friends to everyone in the Chamber.

I want to join with all of my colleagues in wishing them the best of health and happiness.

A HEADS-UP FOR WOULD-BE CANDIDATES FOR CONGRESS

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

Mr. RAVENEL. Mr. Speaker, today is the day when the big spenders of this House will seek to indulge their passion by inflicting the largest tax increase the world has ever known upon their people.

Within hours, this Chamber will hear the same tired old noises it heard in 1990 about how the new taxes would bring down the deficit. Of course, the only thing they brought down was President Bush.

Today will also be a great opportunity for many out there in the real world who would like to be elected to Congress next year. They can see and hear those who peddle the Clinton line on C–SPAN shortly, then clip their words from the Journal tomorrow for campaign use.

Win or lose today, all oppressed, frustrated and furious voters will have their chances to get even in the elections of an ever drawing closer tomorrow.

AN OPPORTUNITY FOR MEMBERS TO VOTE FOR THE REAL THING

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

Mr. VISCLOSKY. Mr. Speaker, today, we have a historic opportunity to break from the fiscal insanity of the last 12 years by passing President Clinton's economic plan, which includes the largest amount of deficit reduction in history.

The plan will reduce the deficit, create jobs, cut spending, and is the first step toward securing the brightest future for our children and our Nation.

The plan will work because it is the real thing. It is based on real economic assumptions. Its deficit reduction is real. Its spending cuts are real.

For those who truly want deficit reduction and spending cuts, your choice is clear. Voting "yes" is the only option. A "no" vote will not reduce the deficit or cut spending by 1 cent.

I ask my colleagues to ignore the rhetorical flames fanned by the special interests, the rich, and the business-as-usual crowd. Do the right thing: Vote for the real thing.

RETROACTIVE TAXES WILL KILL JOBS

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

Mr. RAMSTAD. Mr. Speaker, today we will vote on the largest tax increase package in American history.

As if these job-killing tax increases are not bad enough, they were made retroactive to January 1, 1993.

Think of it. Taxpayers who have died since January 1, 1993, will incur greater tax liability for their heirs. Those taxpayers still alive will find out that money already earned, saved, or spent is now subject to retroactive taxation.

One of my constituents called and asked if this means we can make November's election results retroactive.

Mr. Speaker, as today's Wall Street Journal points out, before voting on the retroactive tax increases, Members should take a look at the new Russian Constitution, which states that "laws introducing new taxes * * * are not retroactive."

Members should also read our own Constitution—article 1, section 9—before voting "yes" on retroactive taxes.

I urge my colleagues to say "no" to unconstitutional retroactive tax increases.

Let us show that our own Congress has at least as much respect for the U.S. Constitution as Boris Yeltsin.

THE FOUR HORSEMEN OF THE APOCALYPSE

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

Mr. JOHNSTON of Florida. Mr. Speaker, I have never seen anybody ride four horses at the same time, but the minority leader from the Senate and his four points sounded like the Four Horsemen of the Apocalypse Tuesday night.

This prophet of doom tried to convince the American people that doing the right thing and passing an economic plan would somehow cause the sky to fall and trigger a rain of war, famine, pestilence, and death, the Four Horsemen of the Apocalypse.

He tried to convince the American people to turn their backs on the first real economic leadership we have seen in 12 years. And instead give the failed economic policies of the last 12 years just one more chance.

The minority leader in the other body and many of his Republican colleagues will be very disappointed this evening when we pass the Clinton economic plan, and at long last start our country moving in the right direction, and on the road to economic and fiscal recovery.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MURTHA). The Chair will admonish Members not to criticize individual Members of the Senate or the Senate itself in our debate.

CITIZENS OF SOUTH CAROLINA'S FOURTH DISTRICT SAY "CUT SPENDING FIRST"

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

Mr. INGLIS. Mr. Speaker, I rise today not so much to tell the Chair and my colleagues what I think, but rather to tell the Members what the people of the Fourth District think and what they have told me.

From the time of the President's speech until 5 o'clock yesterday we received 215 calls in my offices against the plan, and 17 for it. That follows 3,560 letters—3,560 letters against the plan, 177 for it.

That also follows a citizens' resolution that we circulated in the district that garnered 2,331 signatures with a very simple message: "Cut spending first."

Today I am forwarding those originals to the President with a copy to the leadership of the House, and I hope this body hears what the people of the Fourth District of South Carolina believe is obvious: Cut spending first; don't raise taxes.

NOW IS THE TIME

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

Mr. PRICE of North Carolina. Mr. Speaker, today we face what may be our last best chance to put our fiscal house in order and to secure our country's economic future.

In the course of our debate today we will hear many complaints, and indeed, each Member of this body probably thinks that he or she could have single-handedly written a better bill than the budget reconciliation bill before us. But we were not sent here merely to complain, merely to register misgivings. At the end of the day it is our obligation to focus on the biggest picture, the longer view, and to reverse 12 years of Government gridlock and voodoo economics.

We are also obligated to tell the truth. Despite the distortions and the overheated rhetoric, the fact is we have a plan that reduces the deficit by $496 billion, mainly through spending cuts, that restores tax fairness, and that lays a solid foundation for economic growth.

□ 1040

There is no alternative plan that even comes close. This is the plan. This is the time. Let us get the job done.

VOTING "NO" IS EASY

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

Mr. THOMAS of Wyoming. Mr. Speaker, this will be an important vote today, and it will be tough for some Members. It is not hard for me. It is not hard for me to vote no, because I am persuaded and convinced that this bill does not do what needs to be done in this country.

We need to create jobs in the private sector. More taxes and more Government does not do that.

We need to reduce taxes and leave the money in the pockets of Americans. This the largest tax increase in the history of this country.

We need to reduce the size of Government. This bill increases spending and the size of Government.

We need to reduce the Federal debt. The Federal debt will increase $2 billion by 1998 under this proposition.

All the taxes that will be gathered up on gas will be spent on increased welfare in this bill.

So Mr. President, I do not find it difficult at all because this bill does not do what needs to be done for this country.

PRESIDENT'S PLAN MOST SIGNIFICANT ATTACK ON DEFICIT IN DECADES

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

Mr. CARDIN. Mr. Speaker, this House will have a choice today either to support the President in the most significant attack on the deficit in decades or choose the status quo. The Clinton plan is a well-balanced, fair attack at the deficit of this country. It starts with spending cuts.

The reconciliation bill conference report has discretionary spending caps which will save $102 billion. Mr. Speaker, we have already acted on a good part of that. The spending cuts are now in the appropriation bills that we passed, and in fact there is $11 billion less than the spending caps that are in the legislation. That is action.

The bill includes entitlement cuts of $56 billion in Medicare alone, and yes, there are tax increases, but the tax increases go for deficit reduction. They are fair, 80 percent of which comes from people who make over $200,000 a year.

Mr. Speaker, we have a choice. The choice is either take action now to deal with our fiscal problems or gridlock. I hope we choose action.

PRESIDENT CLINTON IS WRONG

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

Mr. GOSS. Mr. Speaker, if change is the essence of good government, Italy must have the very best government in the world—it has changed 52 times since World War II. Two nights ago, President Clinton made a thinly disguised partisan attack against any who dare oppose his gigantic tax-and-spend budget change, ridiculing the so-called guardians of gridlock. The President said there are only two choices—his way or gridlock. I say wrong, very wrong.

What happened to the specific no-new-tax choice advanced by JOHN KASICH? Where did DAN BURTON's flexible freeze choice disappear to? What about my own list of 50 specific spending cuts that appear to be lost in the White House mail room? There are other choices, better choices for change than Clintonomics. Italy, by the way just made another change—scrapping its whole system of government. I hope we

do not have to change our President 52 times before we get it right.

PRESIDENT CLINTON'S DEFICIT REDUCTION PLAN

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

Mr. RUSH. Mr. Speaker, I rise this morning to urge my colleagues to stay the course.

To stand firm. To have courage.

Don't be swayed by the guardians of gridlock who are still being led by the failed policies of the "just say no," just do nothing, Republican administrations of Ronald Reagan and George Bush.

Theirs were the policies that rewarded the rich, stuck it to the middle class, and turned their backs on the poor.

Right now, the city of Chicago is struggling to balance a budget that has been devastated by the withdrawal of millions of dollars in Federal funds in the past 12 years and whose schools may not open on time in September.

Therefore, I challenge my colleagues to "just say yes" to the future by supporting the President's economic agenda.

It is time we said "yes" to a plan that is evenly balanced between tax increases on the rich, spending cuts in the Federal bureaucracy and focuses on the needs of children and families.

Saying "yes" to this plan means increased funding for the earned income tax credit. In my district, about 40,800 families will receive approximately $61 million. These funds will provide a strong incentive for low-income families to keep choosing work over welfare.

Mr. Speaker, it is time to vote "yes" for the future by supporting the President's economic agenda.

THE KING OF DA'NILE

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

Mr. LINDER. Mr. Speaker, there is a country and western song about a woman who says: "You can call me Cleopatra, because I am the queen of denial."

We should call Bill Clinton King Tut, because he is the King of Denial.

He denies that his tax proposals, when enacted, will kill small business. In fact, he has made the pathetic claim that small businesses will actually prosper under this plan.

He denies that an increased gas tax will hurt working poor and middle-class families, despite his earlier statement against a gas tax.

He denies that more taxes is the last thing our Nation needs right now, despite recent history and the overwhelming sentiments of the American people.

Bill Clinton is the King of Denial and his tax plan will deny this country the economic recovery we all have waited for.

CLINTON PLAN FIRST STEP ON PATH TO ECONOMIC RECOVERY

(Ms. ROYBAL-ALLARD asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROYBAL-ALLARD. Mr. Speaker, President Clinton's budget is a courageous departure from business as usual. By supporting his budget, we have an opportunity to begin our healing recovery from the failed economic policies of the past 12 years. The budget we must pass today offers positive solutions and takes us in a bold new direction. It restores fairness to the tax system. It attacks the Nation's inherited crippling deficit while ensuring that the responsibilities for deficit reduction are not placed upon the backs of senior citizens and the middle class. It includes needed investments in our most valuable resource—our people—and incentives for businesses to create jobs.

We, as Members of Congress, have a moral responsibility to present the country with this positive approach to the economy rather than the gridlock of the past. This budget is the first step on a path of economic recovery which will lead to a better quality of life for all Americans. There is simply no viable alternative than an aye vote on the President's deficit reduction plan.

DEMOCRAT TAX BILL IS DISASTER WAITING TO HAPPEN

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

Mr. EWING. Mr. Speaker, over the last few days negotiators on the tax bill decided to make the income taxes retroactive back to January 1.

Despite the class warfare rhetoric by the Democrats about soaking the rich, this tax will soak small businesses since 80 percent of businesses pay taxes as individuals. In fact, at least two-thirds of the taxpayers with income over $200,000 are actually small businesses.

The Democrats also like to forget that this bill also soaks senior citizens who are going to get an increase of $400 to $600, and these are not rich senior citizens, they are middle-class Americans. And the President and his supporters claim that no middle-class Americans will be paying any income tax increase. What a shock it will be to these people when they go to pay their tax and find out that they owe tax for 7 or 8 months that have already passed.

Mr. Speaker, this bill is a disaster waiting to happen.

CLINTON PLAN OFFERS HOPE

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

Mr. CLYBURN. Mr. Speaker, I rise today to speak on behalf of those who because of the policies of the last 12 years cannot afford to pay for telephone calls or to purchase postage stamps in order to register their feelings about their current state of affairs, and about the bleakness of their futures.

I rise today to support the President's plan, which I believe provides us with an opportunity to change the course of history. The President's plan provides tax Code fairness. This plan provides that those who make under $180,000 a year as couples and under $140,000 a year as individuals will not see any increase in their taxes.

The President's plan calls for us to undergird the futures of those who make less than $30,000 a year.

Mr. Speaker, I believe the opportunity is here for us to chart a new course for American society.

CONSTITUENTS SAY "NO" TO PRESIDENT'S PLAN

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

Mr. BARTLETT of Maryland. Mr. Speaker, we have heard a lot of what might be considered partisan comments. I would like now to bring a totally nonpartisan comment.

What I hold in my hand represents phone calls and faxes from our district. There are 16 from our district that said we ought to support the President's plan. Here are 219 who say please do not support the President's plan.

□ 1050

Let me read from one of those. This is from Ruth from Manchester, MD. She said, "I do not want to be taxed retroactive to January 1." This is a significant statement. There is a better way. Go back and start over.

Mr. Speaker, this is the message from America. This is a wrongheaded plan. Go back and start over again.

WE WERE ELECTED TO HELP OUR PEOPLE

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

Mrs. MEEK. Mr. Speaker, there is a lot of hot air floating around in the Congress today. Cut spending first, they keep saying.

But where have they been all year? The appropriations bills that have already passed the House contain nearly 300 cuts below spending levels for last year. These are real cuts. Many other programs are only funded at 1993 levels which, in many cases, will mean a reduction in services.

Wait until your constituents begin to be cut and there are reductions in services. Then they are going to see who their real friends are.

The conference report which we will consider today is not just a tax bill. In all, more than half of the deficit reduction, $225 billion, comes from spending reductions.

Mr. Speaker, this is shared sacrifice. We must pass this report, the Clinton plan, for the good of this good country. It is time that we started paying our debts instead of talking.

These things have accumulated during the past 12 years, and my friends to the left of me should understand that. They will undermine our Government.

You keep hearing about letters from your people? Remember, they elected you, and you are here to help them.

TELLING THE TRUTH

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

Mr. SMITH of Texas. Mr. Speaker, we all know the tactic of telling part of the truth rather than all of the truth.

Let me give you some examples from the supporters of the President's economic plan:

They say there is a dollar in spending cuts for every dollar in new taxes. But they do not tell you that they count a Social Security tax increase as a spending cut. And they do not tell you that most of the spending cuts occur 4 years from now and are nonbinding on future Congresses.

They say income taxes go up only on the wealthy. But they do not tell you that 1 million small businesses will be hit because they file individual returns. And they do not tell you that taxing the wealthy will cost jobs, not create them.

They say we have to repent of the last two Republican administrations. But they do not tell you that during the 1980's economic growth increased nearly a third and the economy added 18 million jobs.

Mr. Speaker, we need to tell all the truth.

IT IS TIME TO CLIMB OVER THE WALLS OF STAGNATION

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

Mr. BISHOP. Mr. Speaker, I rise today not to do what is popular but to do what is right, right for the Second District of Georgia, my home State, and right for our Nation.

Mr. Speaker, I must vote to create jobs, to help pull our families out of poverty, to protect the small businessman, to preserve the family unit, to immunize our children from disease, to better educate our people, to reduce our Federal deficit by nearly $500 billion.

The President's plan calls for $256 billion in spending cuts. That is a dollar in cuts for every dollar in taxes.

Mr. Speaker, it is time for us to climb over the walls of stagnation that were built over the past 12 years and build a foundation for change. It is time for change.

On the issue of retroactivity, President Reagan signed into law in 1981, in 1984, and in 1986 tax bills that were retroactive over and over again. This business about retroactivity is hot air.

START OVER ON THE BUDGET PLAN

(Mr. PORTMAN asked and was given permission to address the House for 1 minute.)

Mr. PORTMAN. Mr. Speaker, for the last several weeks, Americans in the Second District of Ohio and across our Nation have heard too much partisan rhetoric in the debate over the administration's budget plan.

There is certainly no monopoly on truth, but I have tried hard to understand what is in this bill and what it means for my constituents.

This is what I have discovered: The plan does not really reduce the deficit or the national debt. It only represents a decrease for certain people's projections of what it otherwise would be. By the administration's own numbers, at the end of the 5-year plan, our national debt will be $1 trillion higher. That is an increase in the debt equal to about $10,000 for every working person in America.

The plan raises taxes substantially on certain individuals with high incomes including those whose income is high because it reflects the income generated by job-creating small businesses they operate.

I found out that close to $100 billion of spending cuts in the plan come from double-counting cuts that occurred in 1990 and from assumed savings from low interest payments that may or may not occur.

Mr. Speaker, we can do better. Let us start over. Let us try to produce a serious package that tells the public the truth.

VOTE YOUR CONSCIENCE TODAY

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

Mr. TRAFICANT. Mr. Speaker, our Tax Code penalizes achievement. It discourages investment. It rewards imports, kills exports, closes factories, kills American jobs.

And what has Congress done about it? It raised taxes every year.

Mr. Speaker, I am a Democrat. I helped to elect Bill Clinton. His heart is in the right place, but I was not elected to blindly support any President or turn my voting card over to the Democrat Party.

It is our tax policy. It is a failure. it is killing America, and I am voting "no," and I am urging every Member to vote their conscience today.

RETROACTIVITY NOT ALLOWED IN THE REAL WORLD

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

Mr. CALVERT. Mr. Speaker, I once heard Washington, DC, described as 68 square miles surrounded by reality.

Never has that description seemed more true than today.

While the President and leaders of his party twist arms and make promises to gain votes for the so-called deficit reduction bill, the people out there in reality have a different view of his legislation.

Yesterday, my office received 137 calls—15 for the President's plan and 122 against it.

Josephine and David Aragon called from Riverside, CA. They say that they have to live on a budget and the Government should too.

Alvin Roberson called from Perris, CA. He said, "Don't raise taxes. Cut spending first."

Mr. Michel Rosati called from Norco, CA, to tell me that the gas tax will increase the cost of everything he buys.

And another constituent called with a question.

She wanted to know if we could hold a new election for President and make it retroactive so we could undo the policies of the last 6 months.

I am afraid not. Retroactivity is not allowed in the real world, only in Washington.

WEDLOCK, NOT GRIDLOCK!

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

Mr. ENGEL. Mr. Speaker, on this day of budget reconciliation and partisan bickering, I want to, on a bipartisan basis, congratulate my good friends and our Republican colleagues from New York, BILL PAXON and SUSAN MOLINARI, who announced their engagement.

Now, BILL proposed to SUSAN on the House floor, and I believe this is the

first time in the history of the House of Representatives that such a proposal has been made on the House floor. So those of you who say there are no redeeming social values to the House, let me tell you that you are absolutely wrong.

I want to give BILL PAXON a bit of good advice. You know, BILL is the Republican Congressional Campaign Committee chairman, and now that he is married, or will be married, he will have increased responsibilities, so I know that he will not have time to plot and plan against Democrats.

So I really do wish them the best.

Now, I traveled to the Balkans with BILL and SUSAN recently a few months ago, and I wanted to ask them if it was the Moon over Kosovo that made them look into their eyes and decide that they loved each other, or was it the lack of heat and hot water at the Grand Hotel which drove them into each other's arms.

Anyway, the Bible says to be fruitful and multiply. I want to just wish them the very, very best. I wish them, in the future, many, many healthy and happy children, and may they all grow up to be good Democrats.

EFFECTS OF BUDGET ON SENIOR CITIZENS IN FLORIDA

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

Mr. STEARNS. Mr. Speaker, by now the American people have heard about the great compromise on the budget.

After all is said and done, we have a package which is the largest tax increase in American history.

I would like to remind the colleagues here this morning and the people that this is going to have a terrible effect on senior citizens. Under this agreement, seniors will face a tax increase on their pensions, their IRA withdrawals, CD's, and other sources of income which place them above a $34,000 threshold.

These taxes were only supposed to hit the rich, right? Wrong. Now the President seems to punish our seniors for being wise with their savings, thinking about their retirement years. Seniors who planned wisely for their retirement now will be slammed with unforeseen taxes.

Let me talk to you about these taxes. In my congressional district, seniors will be forced to cough up $7.6 million in brandnew taxes just this year under this budget agreement. Across the State of Florida, seniors who saved for their future, or who are trying to save for their future, will pay additional taxes of $310 million.

Mr. Speaker, we need to vote this plan down and start anew for the people's sake.

□ 1100

AIDS FUNDING

(Ms. WOOLSEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Speaker, I rise today in a continuing effort to draw attention to a national emergency—AIDS. Today, well over 1 million Americans are infected with the HIV virus in the San Francisco area, which includes part of my district, across the Golden Gate Bridge where almost 16,000 cases of AIDS have been reported, and over 28,000 men, women, and children are currently infected with HIV.

Mr. Speaker, these figures are staggering, and there is no end in sight. AIDS is a real crisis.

Congress recognized this emergency in 1990 when it passed the Ryan White Care Act. Yet, 3 years later, Congress still has not fulfilled its promise to people with AIDS; 1994 funding for the Care Act fell beneath the President's request by $110 million. We must do better.

I urge Members of the other body to provide $336 million in emergency funding for title I, and fully fund the President's request for the other titles of the act. And, once the appropriations bill goes to conference, it is my sincere hope that the committee will agree upon the higher figures.

Mr. Speaker, it is time to put an end to this tragedy by fully funding the Ryan White Care Act.

STATE FLEXIBILITY TO REFORM MEDICAID

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

Mr. HOBSON. Mr. Speaker, on average, inflation in the Medicaid system grows 11 percent annually. Yet Medicaid is grossly deficient, covering only half the people in poverty and leaving 10 million poor people uninsured.

I know that States are clamoring for the ability to reform their Medicaid programs. Having served 8 years as a State senator and having worked on health issues with the National Conference of State Legislatures, I know there is a solution. It is the Medicaid Health Allowance Act, H.R. 2789.

This proposal helps States use Medicaid funds more efficiently by directing those funds into existing health systems that hold down medical inflation. Cities and States that have secured special waivers to initiate such programs have achieved remarkable savings in health care.

For States that participate, this proposal offers health coverage to everyone under the poverty level and allows people up to 200 percent of poverty to buy in to the program.

With this plan no new taxes or spending is required, States have the tools they need to control medical costs, and more Americans have health insurance.

OUR NATIONAL SECURITY IS THREATENED BY OUR LACK OF ECONOMIC SECURITY

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

Mr. DEUTSCH. Mr. Speaker, today the Congress is going to have the opportunity to reduce the deficit by $496 billion over the next 5 years. Although this legislation is controversial, the national debt at this point in time imperils our future economic and national security. The deficit has become like a cancer on our economy, choking private investment and strangling our Nation's growth. After growing steadily over the last 35 years but significantly over the last 12 years the deficit is beginning to compromise our national security.

As Admiral Crowe recently pointed out, our national security is fundamentally threatened by our lack of economic security at this time. The reality is that the budgets that have been presented, whether it is the Kasich plan which reduces the deficit less, or proposals by Senator BOREN, Senator BREAUX, and Senator DOLE which place a greater burden on seniors and working Americans. This plan that will be before us later today is a plan which is truly the plan that is fairest to most Americans and a plan that finally deals with the deficit.

I urge its support later today.

PEOPLE WHO CARED ENOUGH TO CALL: 9 TO 1 AGAINST

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

Mr. GRAMS. Mr. Speaker, I want to say to my democratic colleagues: This is the final hour, this is the point of no return. Think before you vote. If you take the leap, remember, there is no net.

But before you do, I hope you listen to the American people. Poll after after poll shows average Americans clearly understand this massive tax increase is bad for them.

And if you bothered to read your phone messages yesterday, you will find that by 9 to 1, people who cared enough to call, called to oppose the President's plan.

And, you know what, the people will not forget your vote to raise taxes, just ask President Bush.

Mr. Speaker, I know a lot of our Democratic colleagues believe the President needs their vote today to save his job. Well, I hope you remember

that to save the President's job, the price will be the lost jobs of millions of working Americans.

Let me say to my colleagues, if you vote for the largest tax increase in history today. If you vote to make it retroactive to January first and if you vote to kill millions of jobs, you will have no cover. Because the people know better. And the people won't forget.

GOP DOUBLE STANDARD ON RETROACTIVITY

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

Mr. OBEY. Mr. Speaker, I must say I am somewhat amused by the crocodile tears I hear from the Republican side about the retroactivity in the tax bill. The fact is, only families who make more than $140,000 a year will be affected by that provision and that same bill cuts taxes for people who make less than $27,000.

I would also point out that some of the same Republicans who cry crocodile tears about retroactive taxes on the rich were all too happy to vote in 1982 for the proposal which provided retroactive taxes on unemployment benefits for people making $13,000 a year.

That should not surprise people. That is consistent with the Republican position of always finding any excuse to protect the rich but sock it to the middle class.

The fact is in the 1980's, under Republican economic plans, the wealthiest people in this country saw their incomes double from about $300,000 to $600,000. Everybody else lost ground. This package is going to turn that around.

SMALL BUSINESSES WILL SUFFER

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

Mr. BONILLA. Mr. Speaker, when I cast my vote against this tax plan today, it is going to be on behalf of the small-business workers and small-business owners back in my district: people like Jose Cuevas, who owns Jumburrito restaurant in Midland, TX; people like Richard Thum, running the Comet Cleaners chain in San Antonio; people like Jaime Saenz, who runs an auto parts dealership in Carizo Springs in Crystal City. They are shaking in their boots about retroactive taxes for which they will either have to borrow money or lay people off when the taxes come due.

So, I am asking every Member in this body to listen to the compassion in their hearts for these small-business workers and small business owners, and if you do that, you will also cast a "no" vote against this tax plan.

JOHN F. KENNEDY AND SPENDING

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

Mr. SAM JOHNSON of Texas. Mr. Speaker, I have a history lesson for this Congress: 1993 was not the first time to hear the American people say cut spending first. In fact, Democrat President John Kennedy developed a plan around, guess what, tax cuts coupled with budget restraint. Kennedy said:

> If Government is to retain the confidence of the people it must not spend more than can be justified. The best means of strengthening demand among consumers and business * * * is to reduce the burden imposed by our tax system.

What a novel thought—cut spending, reduce the tax burden.

The only budget plan this administration can come up with is huge tax increases, expansion of all Federal programs, and, of course, more hidden fees. I think it is time for the Democrats to remember one of their own. Take John Kennedy's advice. America is saying cut spending first.

WATCH WHAT WE DO, NOT WHAT WE SAY

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

Mr. ISTOOK. Mr. Speaker, a message to the voters: "Watch what we do, not what we say." Talk is cheap; it is our votes which really count.

Today, for example, many Members of this Congress will vote to raise the tax on gasoline and on diesel fuel. Yet, only 2 years ago many of them were condemning such a tax. There were 179 current House and Senate Members who were coauthors of House Resolution 41 and Senate Resolution 63, which said, and I quote, "Federal excise taxes on gasoline and diesel fuel shall not be increased to reduce the Federal deficit." Why not? Then they wrote that the gas tax would have a devastating effect on America's economy and would be unfairly regressive upon people with low incomes. Yet today many of those 179 Members who wanted public praise for opposing the gas tax will turn around and vote for that very tax. Pay attention, America, and be sure to take names of just who talks one way but votes another.

AMERICAN TAXPAYERS' DOLLARS AT WORK—THIS IS ART?

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

Mr. GALLEGLY. Mr. Speaker, this morning on the front page of the Los Angeles Times there is yet another story that very graphically illustrates why the President of the United States and liberal Members of this body feel that we need to increase taxes. It is also very telling about how serious we are about cuts in spending.

The story shows a National Endowment for the Arts project on our U.S. border handing out crisp, new $10 bills to illegal aliens as an art project.

Mr. Speaker, this is the American taxpayers' dollars at work.

□ 1110

THE PRESIDENT'S BUDGET

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

Mr. CRAPO. Mr. Speaker, we have heard a lot of talk about how this program is going to reduce the deficit by $496 billion; but what is not said is that we are not voting on that whole package today. Today's vote is on the first year of the 5-year proposal, and that part of the proposal includes the biggest tax increase in the history of America, with spending increases.

The cuts that we hear about are projected for mainly the third, fourth, and fifth years of the plan, and they are not put into effect with this vote.

That plan hopes that Congress and the President, 3, 4, and 5 years from now will have the same willingness that we talk about today to put the cuts into place.

The people of America know this game. They have seen it played before. We want to have the cuts put into place now.

The problem in Washington is not that we do not have enough revenue. It is that we do not have the willingness to cut the budget.

GRAVE ROBBERY—DEMOCRAT STYLE

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

Mr. CRANE. Mr. Speaker, except in certain midwestern cities, dead people do not vote. That is why dead people are the perfect target for tax increases. This fact has not escaped the Democrats.

Along with all of the other retroactive tax increases in the reconciliation bill, the Democrats would like to increase estate taxes on people who have already died.

I guess I should be fair. In defense of the Democrats, not a single dead person has written in to complain about this retroactive tax increase. Of course their heirs, who will have to see bigger

chunks of the family farm or family small business to pay the estate tax, are pretty upset.

The retroactive increase to 55 percent, or 60 percent in certain cases, in the maximum estate tax rate is not the only Democrat proposal to sock it to dead people. The bill also increases the income tax rate on estates to 39.6 percent for estates with income as low as $7,500—and, of course, this too is retroactive.

More ghoulish tax increases on estates may be coming from the Democrats later this year. Last year, the distinguished majority leader introduced legislation to reduce the estate tax exemption from $600,000 to $200,000. As far as I know, the majority leader continues to support this estate tax increase to fund other proposals.

Then there is the possibility of taxing capital gains at death. In December, President Clinton said that is something he would look at. As far as I know, he is still looking at it and may propose it in a future bill to fund one of his proposals.

MEMBERS EXHORTED TO PASS THE PRESIDENT'S BUDGET

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

Mr. STUPAK. Mr. Speaker, I rise today in support of American families, small businesses, rural Americans, and the people of my district in Northern Michigan.

Certainly, the first 6 months have not been easy for Members on either side of the aisle. But we are here today, poised to change the economic course of this country for the better.

Mr. Speaker, coming from a State that is facing a crisis in financing its children's education, I know how important it is to pass a budget that will ensure that high school graduates will be able to afford a college education. coming from a district where the unemployment rate is consistently in double digits, I know how important it is to pass a budget that helps small businesses by increasing investment and creating jobs. Coming from a region where people work morning to night, but still must raise their families in poverty, I know how important it is to pass a budget that almost doubles the earned income tax credit, to finally give working families a chance—a chance at economic prosperity.

Mr. Speaker, it is necessary to vote for a package that starts us down the road to fiscal responsibility. Let us pass this package today, and let us continue our economic strategy by reforming our health care system.

Mr. Speaker, I stand ready to take the first today. Support the conference report. Pass the budget.

THE CHOICE IS CLEAR

(Ms. PRYCE of Ohio asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. PRYCE of Ohio. Mr. Speaker, my colleagues on the other side of the aisle will face a big decision today. Should they vote for the largest retroactive tax increase in history or should they vote for the American taxpayer?

I feel like the Wendy's lady, you know, the one that opened up the hamburger and said, "Where's the beef?"

I open up the tax package and say, "Where are the spending cuts?" There are no spending cuts. There is no beef, but there is plenty of pork.

Now, should that not go first?

We see the commercials with flags flying, the bugles blowing, and the implication, of course, is that if we do not vote with the President we are unpatriotic.

Well, it may be a loyal Democrat Party vote to vote for the tax-and-spend plan, but there is nothing in this package that stands by the American taxpayer.

When your constituents ask, "Where's the beef?" Would you not rather say that you cut spending first? Vote "no."

THE TOP 10 LIST

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

Mr. DREIER. Mr. Speaker, I have some very good news for our colleagues. We have just received from the home office here in Washington, DC, the top 10 reasons as to why Democrats have voted for the Clinton tax plan.

Mr. Speaker, may I have the drum roll now? I thank my colleagues.

Here they are, the top 10 reasons, Mr. Speaker:

No. 10. Lost arm-wrestling bet with Janet Reno.

No. 9. The devil made me do it.

No. 8. Who am I and what am I doing here?

No. 7. President said he'd tear up negatives if I voted for the plan.

No. 6. AL GORE, what a guy.

No. 5. Thought I was voting for the Clinton ax plan.

No. 4. It wasn't me. It was my evil twin Randy.

No. 3. Die you capitalist pigs.

No. 2. I did what?

And, Mr. Speaker, No. 1 reason why Democrats voted for the Clinton tax plan: To make Bill Clinton a one-term President.

TAX DOLLARS TO ILLEGAL IMMIGRANTS

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

Mr. DORNAN. Mr. Speaker, picking up where my California colleague left off, but with one footnote: Notice what the deficit reduction dollar says at the top: "In God We Trust."

I care. I care about this deficit. I have spoken about it for 20 years.

Picking up where I left off, is there not some aspect of this debate that reminds one of the ax killer who smears in blood on the bathroom windows, "Stop me before I tax again"?

What we have here today is taxation without hesitation.

But I want to reemphasize what my other colleague said, the gentleman from California [Mr. GALLEGLY]. Look at this NEA grant again. Let us go over this again. NEA-subsidized artists are giving away money on the border to illegal immigrants. These are your tax dollars, folks, crisp 10 dollar bills. It is called an art rebate.

These three artists are called conceptual artists. They say they back defiant cultural statements.

The gentleman from California [Mr. CUNNINGHAM], our naval ace, ought to be here. He is already in L.A. Times calling it outrageous. It is part of a $250,000 grant to the so-called artists in San Diego for a project called La Frontera Border. Some of these receiving the art are coming across to do nothing, Mr. Speaker, but steal cars. On the way out they stop and get their $10 rebate from contemporary artists.

Enough is enough, Mr. Speaker. Let's kill the NEA once and for all.

PRESIDENT'S TAX PACKAGE BAD DEAL FOR AMERICA

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

Mr. DUNCAN. Mr. Speaker, the President's tax increase package that we will take up later today is a bad deal for America. The tax increases come out to almost $1,000 per person.

No one should be fooled into thinking that only the wealthy will pay.

The corporate tax increases will be passed on to the consumer in the form of higher prices. The wealthy will buy tax-free bonds and shelter their incomes in other ways.

Taxes always come back in the end to the middle-income and lower-middle-income people. These will, too.

We will take in approximately 1 trillion $400 billion this year with no new taxes. The problem is not a shortage of Government revenue. It is a surplus of Government spending.

All over this country today people are fed up with wasteful Federal spending. They see a Federal bureaucracy so bloated that even a liberal Democrat like President Clinton says it can be reduced by 100,000 employees.

Families all over this Nation are being hurt because government at all levels is taking so much of their money. These taxes will be seen more in the form of higher prices than on tax returns. Our economy and working people everywhere will be hurt if we pass a massive tax increase now.

SUPPORT PRESIDENT CLINTON'S BOLD ACTION

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

Mr. KOPETSKI. Mr. Speaker, the new President came to the White House in 1933 facing severe economic times in the world and in our country. He asked for support for this leadership, his ideas. The Nation responded, the Congress responded.

Let me quote from his first inaugural address:

> This great Nation will endure as it has endured, will revive and will prosper, so first of all let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.
>
> In every dark hour of our national life, a leadership of frankness and vigor has met with that understanding and the support of the people themselves, which is essential to victory. I am convinced that you will again give that support to leadership in these critical days.

That was Franklin Delano Roosevelt.

President Clinton has earned the leadership. He has earned the trust of this Congress and the people by taking bold action. Let us support him today.

□ 1120

GIVE THE PRESIDENT WHAT HE WANTS: LISTEN TO THE PEOPLE

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

Mr. WELDON. Mr. Speaker, it is time to give the President what he wants and what he has asked for. In January, in the inauguration, in February in the State of the Union Address, in May on reconciliation, and on this past Tuesday evening on "Prime Time Live," he said:

> Let's give the Government back to the people. Let's listen to their demands.

The people are responding in overwhelming number. The Capitol has been flooded with phone calls and faxes. In my office and in the offices of my colleagues, it is 10 to 1. In addition, every national poll is consistent. Ross Perot is in agreement. Even Barton Biggs, the CEO of Morgan-Stanley, said on July 19:

> I am embarrassed that I voted for him and contributed money to his campaign.

He was speaking about Bill Clinton.

Mr. Speaker, it is time to put aside partisan politics. It is time to give this President, what he wants. Let us listen to the people. Vote "no" on the Clinton tax plan.

A FORMER DEMOCRATIC PRESIDENT'S VIEWS ON TAXES

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute.)

Mr. BURTON of Indiana. Mr. Speaker, let me ask my fellow Democrats if they remember who said this:

> An economy hampered by restrictive tax rates will never produce enough revenue to balance our budget just as it will never produce enough jobs or enough profits. * * * Tax rates are too high today and tax revenues are too low and the soundest way to raise the revenues in the long run is to cut the rates now.
>
> The purpose of cutting taxes now is not to incur a budget deficit, but to achieve the more prosperous expanding economy which can bring a budget surplus.

Then he went on to say this:

> There will be new interest in taking risks, in increasing productivity, in creating new jobs and new products for long-term economic growth.

Do you know who said that, I ask my Democrat friends? It was John F. Kennedy. And because they cut individual tax rates 20 to 30 percent and corporate tax rates 10 to 20 percent, they increased tax revenues from 1963 to 1969 from $118 to $183 billion, a 55-percent increase because they cut tax rates.

If you increase these taxes like you are talking about, you are going to put this country into recession, and that is exactly the opposite of what your hero, John F. Kennedy, would do.

AIR STRIKES REQUIRE CONGRESSIONAL APPROVAL

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

Mr. FISH. Mr. Speaker, this week we have heard a great deal of discussion about the possibility of the United States leading a NATO effort to wage air strikes against Serbian forces in Bosnia and Herzegovina in an attempt to break the stranglehold on Sarajevo and ensure delivery of humanitarian assistance to the people there.

I rise today, as I did in January 1991 before the bombing of Iraq, to emphasize my belief that congressional authorization is constitutionally required before an offensive military action as distinct from responding to an attack can lawfully be taken by U.S. Armed Forces.

The legislative and executive branches share responsibilities in the war powers area. How these powers are properly divided, however, remains ambiguous after 200 years. Under section 6 of the U.N. Participation Act, which governs our treaty obligations under the U.N. Charter, the President is authorized to negotiate "Article 43 agreements" with the Security Council to provide forces to the United Nations subject to approval by the Congress. As was the case with Kuwait, there have not been any article 43 agreements approved by Congress with respect to Bosnia, and the U.N. Participation Act can be read as prohibiting the President from using United States forces for that purpose.

I would hope that the Serbs will heed the threat of airstrikes and retreat. However, if they do not, I believe that the President must request that Congress provide authorization for him to act pursuant to U.N. Security Council resolutions 770 and 836. A Congressional resolution, demonstrating a unified United States position, will strengthen the hand of the President and the Secretary General in their efforts to bring lasting peace to Bosnia.

CLINTON TAX BILL WOULD DEMAND SACRIFICE FROM MANY SMALL BUSINESS ENTITIES

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

Mr. HANCOCK. Mr. Speaker, the Democrats have finally admitted that their tax bill will have a major impact on small businesses conducted as S corporation, partnerships or sole proprietorships. All the Democrats want to do now is argue about how many small businesses must sacrifice under their bill. The Democrats don't think it's a big deal to hurt over a million businesses.

Let us just take a simple example of how the tax bill will affect a business.

The Welbilt Machine Shop is an S corporation employing 15 people. Its owners, two generations of Welbilts, paid income taxes of $155,000 on the $500,000 earned by the company. The Welbilts paid themselves $175,000 from those earnings and had to take another $155,000 out their company just to pay their taxes. This left $170,000 in the company for expanding the business.

Under this tax bill, the Welbilts would owe $210,000 in tax on the company's earnings. This would leave only $115,000 in the company after withdrawing the amounts for the Welbilts and their taxes, $55,000 less than under current law. The Welbilts estimate that this new tax bill will prevent them from hiring two people and maybe they will have to lay off people. Job creation? This tax bill is job destroying.

MORE TAXES, MORE SPENDING, MORE DEFICITS PREDICTED UNDER THE CLINTON TAX PLAN

(Mr. BAKER of California asked and was given permission to address the

House for 1 minute and to revise and extend his remarks.)

Mr. BAKER of California. Mr. Speaker, I appreciate very much the opportunity to have this 1 minute to speak to the Members of the House.

Today is the day we try to make water run uphill. Today is the day we go after the 1990 budget agreement one more time—more taxes, more spending, and more deficits. And the people who run this place are going to be surprised when the result is the same, with a debt that is higher then before we raised taxes.

In 1990 it was $100 billion. This year they are going to raise your taxes $260 billion. Twenty-five years

We are now going to do it with 4.3 cents additionally in the gas tax and a tax on Social Security benefits for those of you who were smart enough to have saved to take care of yourself and have more than $35,000 in income. That is the rich. We are also going to do it with an inheritance tax, increased from 50 to 55 percent, if you want to save for your children. And it is retroactive to January 1. If you have a relative who died between now and January 1, is that excluded? No, they get to pay more even though they are stone cold dead.

Mr. Speaker, I hope this plan dies tonight. If it does not, we are going to have new leadership in California and here in the Nation's Capitol, and they will cut spending first.

TAX FAIRNESS IS MAJOR FEATURE OF CLINTON RECONCILIATION

(Ms. PELOSI asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. PELOSI. Mr. Speaker, Senator DOLE and many Republicans are revising history during this important debate, going from microphone to microphone decrying this vital deficit reduction package as the largest tax hike in history.

Perhaps their history book does not go back to the year 1982, when the Republicans controlled the Senate and they and President Reagan wrote what is truly the largest tax bill in history, containing a whopping $260 billion in 1993 dollars.

Perhaps the saddest chapter in the 1982 history book is the one detailing who paid the taxes. Reagan and DOLE socked it to the middle class and seniors while protecting the wealthiest.

Contrary to Reaganomics, President Clinton, on the other hand, asks those who have the most to pay the most. Over 80 percent of the tax burden will fall on those making more than $200,000 a year.

Families making under $180,000 in adjusted income will not pay a penny more in income taxes.

Twenty million working families will receive a tax cut through an expansion of the Earned Income Tax Credit.

Mr. Speaker, let us make this a happy ending. Pass President Clinton's true deficit reduction package.

DEWINE FAMILY SUFFERS TRAGIC LOSS

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

Mr. REGULA. Mr. Speaker, let me state to my colleagues that we have heard the sad news that Mike DeWine, who was a colleague of ours for 8 years, lost his daughter yesterday in an automobile accident. Becky was his third daughter. She had just graduated from college.

This is a wonderful family, and I hope all of us will remember Mike and his family in our prayers.

Mr. Speaker, let me yield to the gentleman from Ohio [Mr. HOBSON], who represents Mike and Becky in that district.

Mr. HOBSON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, today I rise with a heavy heart and with deep sympathy for my dear friend and former colleague Mike DeWine and his wife, Fran, for the great loss they bear. Yesterday at 11:35 a.m., their daughter, Becky, was pronounced dead at Miami Valley Hospital in Dayton following a tragic car accident.

Becky was a wonderful, bright young woman just graduated from college and meeting life with all the enthusiasm and spirit of a 22-year-old.

Her young life was taken from us yesterday. This tragedy tests our faith, yet we know that God will protect her and her family.

I wanted to take this time to recognize their devastating loss. And I want Mike DeWine and his family to know that his former colleagues share his grief and pain.

□ 1130

NEW TAXES NOT NEEDED

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Mr. Speaker, I could not help but listen to my good colleague, the gentlewoman from California [Ms. PELOSI], talk about Ronald Reagan.

Let me set the record straight: in 1981 we debated and passed Reaganomics, which created 23 million new jobs in this country and turned the economy around. Ronald Reagan came to this Member in 1982 and he said, "Jerry, you know, there is a deficit out there, and the Democrats want to pass a tax increase. And they have agreed to give us a spending cut if I agree to the tax increase." He took me up to Camp David and said, "Jerry, I need your vote."

I said, "Mr. President, you are not going to get those spending cuts. You are going to go ahead and agree to the tax increase, they will write it into law, and we won't get any spending cuts at all."

Do you know what? Two years later we spent every nickel of that tax increase, plus 50 percent more, and the deficit went up. No spending cuts were made.

Mr. Speaker, that is why we do not need any new tax increases. Democrats have never met a tax they do not like. We need to make spending cuts, just as we are asking the American people to tighten their belts.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MURTHA). The Chair will ask the gallery not to respond to debate on the floor of the House.

WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2264, OMNIBUS BUDGET RECONCILIATION ACT OF 1993

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 240 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 240

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 2264) to provide for reconciliation pursuant to section 7 of the concurrent resolution on the budget for fiscal year 1994. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read. The conference report shall be debatable for six hours, with one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Energy and Commerce; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary; twenty minutes equally divided and controlled by the chairman and

ranking minority member of the Committee on Merchant Marine and Fisheries; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Natural Resources; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works and Transportation; twenty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Veterans' Affairs; and one hour equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget. The previous question shall be considered as ordered on the conference report to final adoption without intervening motion except one motion to recommit, which may not contain instructions and on which the previous question shall be considered as adopted. After disposition of the conference report, no further consideration of the bill shall be in order except pursuant to a subsequent order of the House.

SEC. 2. House Resolution 235 is hereby adopted.

The SPEAKER pro tempore (Mr. KLECZKA). The gentleman from California [Mr. BEILENSON] is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, I yield the customary 30 minutes to the gentleman from New York [Mr. SOLOMON] for the purpose of debate only, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 240 provides for 6 hours of general debate on the reconciliation conference report, with the time allocated among the committees instructed to report deficit reduction legislation, and the time for each committee equally divided and controlled between the chairman and ranking minority member of each. The conference report will be considered as read. All points of order against the conference report and against its consideration are waived.

The conference report needs a waiver of the three-day layover requirement. The report also exceeds the scope of the conference; for example, the section providing an income tax credit for employees who pay Social Security taxes on their employees' tip income was in neither the House nor Senate bill. To meet the conferees' ambitious deficit reduction target, it was necessary for conferees to exceed scope in order to reach agreement between the Houses.

Mr. Speaker, the rule provides one motion to recommit which may not contain instructions. No further action on this reconciliation measure is in order except by subsequent order of the House. Finally, the rule provides that House Resolution 235 is adopted.

At this point, Mr. Speaker, I would like to explain House Resolution 235. First, the intent is to put in place, in conjunction with the executive order that the President issued yesterday, the entitlement review procedures dropped from the conference report because of the Byrd rule in the Senate. The Executive order directs the Office of Management and Budget to set targets for entitlement spending.

Under that directive, the President must review actual and projected costs for direct spending and revenue legislation and, if actual or projected outlays exceed the target, the President must issue a special direct spending message making recommendations for addressing the overage. The President's special message may include reconciliation directives or may recommend no legislative action.

House Resolution 235 provides for the House to respond to a President's special message issued pursuant to the Executive order. By reference, it incorporates the language from title XVI of the House-passed version of reconciliation. In effect, a resolution incorporating the text of the President's special message would have to be introduced within 10 days of its being issued. If the message is issued before April 15, it would have to be included in the budget resolution reported from the House Budget Committee in a separate title. The separate title would consist either of reconciliation directives, or a recommendation that no legislative changes be made to address an entitlement overage.

If the recommendation is for no action, then the Government Operations Committee would have to report legislation to change the targets and the House would have to adopt the Government Operations measure before considering the budget resolution.

If the Budget Committee failed to report a resolution with the separate entitlement review title, when required, then the Budget Committee would be automatically discharged from consideration of the separate resolution introduced within 10 days of the President's message. Any Member could move that the House proceed to consider the separate discharged resolution.

Under House Resolution 235, a conference report on the budget resolution would not be in order unless it fully addresses the entirety of the entitlement problem specified in the President's message, or it changes the direct spending targets.

Finally, under House Resolution 235, it would not be in order to consider any general appropriation bill until Congress, if required, adopts a budget resolution including the entitlement review problem. The point of order could be waived only by adoption of a single resolution covering all general appropriation bills.

Mr. Speaker, the rule before us today provides ample time to debate what is without a doubt the most important piece of legislation that has come before us during this Congress. I believe that during the course of the next 6 hours, it will become increasingly clear why we must pass this conference report.

The conference report contains a range of legislative changes; all told, they will reduce deficits over the next 5 years by $496 billion, with more than half of the reduction coming from spending cuts. By 1998, the deficit will be about half of the percentage of our Nation's gross domestic product that would be in the absence of this legislation.

We have a great deal at stake today:

Our decision will determine whether we are willing to face up to our responsibilities to the people we represent to stop spending beyond our means—or whether we are going to continue on a course that is bankrupting our country;

Our decision will determine whether we finally take steps to reduce these deficits, and stop piling increasing amounts of debt on our children and grandchildren—or whether we continue to run massive deficits and allow the national debt to continue to soar;

Our decision will determine whether businesses and individuals continue to enjoy the benefits of the lowest interest rates in 20 years, which are providing new and better opportunities to borrow and invest—or whether interest rates creep up again, choking off economic recovery and job creation; and

Our decision will determine whether wealthy Americans are finally asked to pay their fair share of the cost of government programs and services—or whether middle- and lower-income Americans will continue to shoulder more than their fair share of the tax burden.

We must pass this conference report. This measure is the most important step that we can take—in fact, it is our only alternative—to do what we know we need to do, what all Americans know we need to do: reduce the deficit, increase economic growth, create jobs, restore tax fairness, and provide some help to businesses and individuals who are trying to help themselves.

Mr. Speaker, I urge passage of this rule so that we can proceed to the consideration of the conference report.

At this point, I yield to my friend from New York [Mr. SOLOMON] for the purpose of debate only.

Mr. Speaker, I reserve the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I could take all my time on this rule complaining about the procedural situation which it presents to the House:

I could complain about the fact that we are waiving the 3-day layover rule for this massive budget reconciliation conference report—a rule that was designed to allow Members to know what they are voting on.

I would ask every Member in this House here on the floor and back in their offices: who has had time to read this? Look at it. Several thousand pages. Not one Member knows what he or she is voting on here today.

I could complain about the fact that this rule self-executes the adoption of a meaningless new entitlement review process in the House—a matter on which no committee of jurisdiction has ever held hearings or reported out a bill; and here we are today, voting on it blindly.

I could complain about the fact that this rule contains a blanket waiver of points of order—meaning that all manner of House rules violations are being covered-up by this rule; none of us even know what is in it.

I could complain about the fact that a very important prerogative of the minority is being denied by this rule, and that is the motion to recommit this reconciliation bill to conference with instructions.

For 200 years, we have had this right. Why are we being denied it today? Because Democrats are afraid to let their fellow Democrats vote to repeal the 4.3 cent-per-gallon gas tax, to repeal tax on Social Security benefits and on and on and on. Democrats are afraid to let their own Members vote on that issue.

Mr. Speaker, these are all legitimate reasons to complain about this rule and to oppose it. But I will not take the time of this House to elaborate on those procedural objections, as valid as they are.

Instead I want to appeal to this House to oppose this rule for a more important and substantial reason, and that is that it would make in order a bill that is bad for the American people, bad for the American economy, and bad for our representative system of government.

I want to appeal to my colleagues to oppose this rule as a way to say "yes" to deficit reduction, but "no" to going about it the wrong way by raising taxes, raising taxes, raising taxes.

If Members defeat the rule, you can keep the deficit reduction process alive while at the same time registering your strong opposition to the economically devastating aspects of this tax package which has constituents ringing the phones off the hook, asking you to vote against the bill. Are you going to ignore them?

Mr. Speaker, I honestly think the American people want us to succeed at genuine deficit reduction, and I think most Members of this House agree with that. At the same time, the American people are justifiably confused and upset about how we will go about this laudable goal.

Following the President's address to the Nation on Tuesday night, attempting to rally the support of the people behind his package, the calls came in to my office. I sat there until midnight, Tuesday night, and they came in by 10 to 1 opposing this package, opposing it.

The next day, opposition even grew larger. And so did the calls to Senator ALFONSE D'AMATO, who represents the entire State of New York, where I come from.

Why? Very simply, the people correctly perceived it as the same old tax and spend policy they have been getting out of this Congress for the past four decades. They don't think anything has changed, and they are absolutely right.

They don't think Congress and the President are really going to make good on the promised spending cuts, but that Congress will instead take the additional taxes we are laying on the backs of middle-class America and spend it on more government—not deficit reduction—but more government and more government.

Mr. Speaker, I have always had an infinite amount of faith in the down-to-Earth, common sense of the American people.

They might not know all the detailed provisions of this bill or the budget, but they do have a deep-down, gut instinct wheh something isn't quite right.

That is what is generating those phone calls that are jamming the switchboards of the White House and every one of our offices right now. That is what I have been hearing about this bill for some time from my constituents.

They know that the only way the economy will grow is by savings and investment and risk-taking in the private sector by small businesses and more productive workers. And they know that the private sector growth will not occur when $244 billion is taken out of the pockets of the American people and put in the pockets of Government. That only deprives our economy of the capital that is necessary to create all those new jobs that are so necessary.

And the people sure as heck know that we will not get better planning and better investment and more jobs by taxing the private sector retroactively to the beginning of this year. What kind of nonsense and insanity is that? This bill will throw next year's planning and investments out the window. A chairman of the board in an industry that employs 100 people back in my district called me the other day and said, "Gerry, if this bill goes through, I am not going to put on that 50,000 square foot expansion. I am not going to hire those 20 new people. I am going to have to lay off 15."

What kind of insanity is this?

Mr. Speaker, as a former small businessman and as one who now represents a district where thousands and thousands of people have lost their jobs in the last 6 months at IBM and other companies, I know, and my constituents know, that this is the wrong plan at the wrong time for the wrong reasons.

Let us defeat this rule and go back to the drawing board. We can do that, and you have a commitment from this Member of Congress to sit down and work with you about tightening spending.

That is what the people want. That is what the calls coming in here are saying. They do not want retroactive taxes that are bound to retroactivate into a recession.

Vote no on this rule. You can do it, if you have got the guts to do it. And there are about 50 good Democrats over there who are going to vote no on the bill itself. Vote no on this rule.

We will go back upstairs, and we will rewrite this monstrosity into something the American people want. Come on out here and have the guts to do it.

ROLLCALL VOTES IN THE RULES COMMITTEE ON PROPOSED AMENDMENTS TO THE RULE ON H.R. 2264—OMNIBUS BUDGET RECONCILIATION ACT OF 1993 CONFERENCE REPORT

1. Strike the provision that self-executes the adoption of H. Res. 235 (entitlement process review procedures).

Vote (Defeated 4–8): Yeas—Solomon, Quillen, Dreier, Goss; Nays—Moakley, Derrick, Beilenson, Frost, Bonior, Wheat, Gordon, Slaughter. Not Voting: Hall.

2. Strike the self-executed provision referred to above and substitute language providing for a separate debate and vote on H. Res. 235.

Vote (Defeated 4–8): Yeas—Solomon, Quillen, Dreier, Goss; Nays—Moakley, Derrick, Beilenson, Frost, Bonior, Wheat, Gordon, Slaughter. Not Voting: Hall.

3. Strike the provision that denies the minority the traditional motion to recommit the conference report to conference with instructions.

Vote (Defeated 4–8): Yeas—Solomon, Quillen, Dreier, Goss; Nays—Moakley, Derrick, Beilenson, Frost, Bonior, Wheat, Gordon, Slaughter. Not Voting: Hall.

4. Adoption of Rule (Adopted 8–4) Yeas—Moakley, Derrick, Beilenson, Frost, Bonior, Wheat, Gordon, Slaughter; Nays—Solomon, Quillen, Dreier, Goss. Not voting: Hall.

COMMITTEE ON RULES—REPUBLICAN BILL SUMMARY

H. Res. 235—Providing for a required response by the House of Representatives to any special direct spending message submitted by the President. Introduced by Rep. Joe Moakley, August 4, 1993

Purpose: The purpose of H. Res. 235 is to establish procedures for the consideration by the House of resolutions relating to special direct spending messages submitted by the President.

Background and Legislative History: On May 27, 1993, the House adopted H. Res. 186, the rule for the reconciliation bill (H.R. 2264), by a vote of 236–184. The adoption of the rule self-executed into the bill two new titles dealing with the budget process. Title XVI, the "Budget Control Act of 1993," established a new process for addressing overages in direct spending programs. The Senate had no comparable provision in its bill. The matter was dropped in conference rather than risk a "Byrd Rule" point of order which would require 60 votes for a waiver.

To retain the support of fiscally conservative Democrats for the reconciliation package, the Administration, on Wednesday, August 4, 1993, issued Executive Orders to establish both the Deficit Reduction Trust Fund (dropped in conference from Title XV, subtitle C of the House bill), and the direct spending targets of Title XVI. As part of this bargain, the House Democratic Leadership has promised to include in the vote on the reconciliation rule the self-executed adoption of this resolution establishing House procedures for dealing with presidential direct spending messages. Since the rule does not directly include these procedures, as originally contemplated, the Rules Committee will again be avoiding reporting the matter as an original jurisdiction resolution, and will thereby not be required to issue an explanatory report or allow for the filing of additional, supplemental or minority views.

Major Provisions: The Executive Order issued by the President establishes the process for Executive action in connection with the direct spending review process and tracks the language from sections 1602-1604(b) of the House passed reconciliation bill. This includes—

Initial Report by Director—An initial report by the OMB Director within 30-days of enactment of reconciliation setting direct spending targets for fiscal years 1994-97;

Authority to Adjust Targets—Authority for the OMB Director to adjust the direct spending target based on changes in the number of beneficiaries; any increase or decrease in receipts resulting from the enactment of revenue legislation (other than pursuant to a direct spending reconciliation directive); any changes made by the enactment direct spending reconciliation legislation; and any costs of legislation designated as an "emergency" by the President under the Budget Act;

Annual Review by President—Annual review in the President's budget of direct spending and receipts;

Special Direct Spending Message by President—Authority for the President to include in his budget a direct spending message if direct spending in the prior, current or budget year are projected to exceed the targets. The message would include the President's legislative recommendations (and an accompanying direct spending resolution containing reconciliation directives to committees) to address the direct spending overages, in whole or in part, through the enactment of legislation containing offsetting outlay cuts (in either direct or discretionary spending) or revenue increases, or a combination thereof, or to do nothing.

The President's direct spending message in his budget would trigger congressional action (though all special procedures contained in Title XVI, sec. 1604(c)(2), 1605 and 1609, which are adopted by reference in this resolution). These procedures are the following:

Introduction of Resolution—The President's proposed direct spending resolution shall be introduced as a concurrent resolution in the House within 10-days of the receipt of the President's message by the chairman of the Budget committee "without substantive revision." If the chairman does not introduce the resolution within 10-days, any House Member may introduce it. The resolution shall be referred to the House Budget Committee.

Inclusion in Budget Resolution—Whenever the President submits a direct spending message, the Committee on the Budget shall report a budget resolution no later than April 15 containing a separate title that contains reconciliation directives to appropriate committees to reduce outlays or increase revenues * * *. If the separate title recommends no legislative changes, then a statement to that effect shall be set forth in the title.

Separate Vote to Increase Targets—If the separate title recommends that less than the entire overage for the prior, current or budget year be recouped or eliminated, then the Committee on the Budget shall report a resolution directing the House Committee on Government Operations to report legislation increasing the direct spending targets for the applicable year by the amount of the overage not recouped or eliminated. It shall not be in order in the House to consider a budget resolution until the House has voted on the resolution directing the increase in direct spending targets.

Consideration of Budget Resolution Conference Reports—It shall not be in order in the House to consider a conference report on a budget resolution unless if fully addresses the entirety of any overage contained in the applicable report of the President through reconciliation directives requiring spending reductions, revenue increases, or changes in the direct spending targets.

Procedure if Budget Committee Fails to Report—If the Budget Committee fails to report a budget resolution by April 15th containing the required separate title on direct spending if required, the committee shall automatically be discharged from further consideration of the concurrent resolution reflecting the President's recommendations and the resolution shall be placed on the appropriate calendar.

Consideration by the House—Ten days after the Committee on the Budget is discharged of the special direct spending resolution, any Member of the House may move to proceed to its immediate consideration. The provisions of title III of the Budget Act shall apply to special direct spending resolutions, resolutions increasing targets, and reconciliation legislation reported pursuant to directives contained in those resolutions.

Controversies & Comments: Despite the new Rube Goldberg device that is designed to get a handle on the growth in entitlement spending, when all is said and done, there is little if anything in this process that will make a difference from the present process since Congress already reconciles entitlement spending and revenues. Presumably, under the new process, committees will be getting two sets of reconciliation directives to report two kinds of reconciliation bills—one to reduce the deficit, and the other to offset overages in direct spending targets—even though both bills will conceivably be dipping into the same tax or entitlement pots.

The most heralded feature of the new process is the requirement that the House vote on whether it wants to increase the direct spending targets by the amount it does not want to fully offset the direct spending overages. This vote comes in the form of a resolution from the Budget Committee directing the Government Operations Committee to report legislation increasing the direct spending target. But, even if one gets that far, there is no requirement for the Government Operations Committee to actually report legislation increasing the targets or for the House to vote on increasing them.

What if the Budget Committee does not report a directive to Government Operations to report legislation to increase the direct spending target? Presumably, the House cannot consider a budget resolution until it votes on the directive. But, since the House routinely waives all points of order against the consideration of a budget resolution, this penalty is meaningless. Likewise, a conference report on the budget is presumably not in order unless if fully addresses the direct spending issue through reconciliation directives. But again, the House routinely waives all points of order against budget conference reports.

It is interesting to note that while a point of order lies against a budget resolution conference report if it does not include directives to raise the direct spending target, when necessary, there is no requirement that such directives be included in the originally considered budget resolution. Instead, the directive is contained in a separate resolution reported by the Budget Committee to permit a separate vote by the House on whether the Government Operations Committee should be directed to report legislation raising the targets. It is left unclear as to whether the increased targets reported by the Government Operations Committee would be included in an omnibus direct spending reconciliation bill or would be dealt with as separate legislation. The implication is the latter since the initial directive is to report separate legislation.

If the Budget Committee does not include a separate title on direct spending in its budget resolution, then presumably it is discharged of the resolution reflecting the President's direct spending recommendations and any Member may call that up for consideration. But, if the President has recommended no legislative changes, and that is all the resolution says, it is difficult to imagine that any amendment to such a resolution would be germane which recommends legislative changes. Moreover, there is no requirement that the President's direct spending resolution include directives to the Government Operations Committee to report legislation to increase the targets if the President has recommended no legislative changes or only a partial recoupment of the direct spending overages.

The bottom line is that for all newly created procedural hoops designed to get or retain control over "direct spending," Congress can still end up doing nothing more than it now does. When it comes down to it, there is no final enforcement for addressing the so-called overages of entitlement targets. What happens if the Congress fails either to address the overages with legislation or to enact higher direct spending targets? The answer is: Absolutely nothing!

Mr. Speaker, I yield 3 minutes to a very distinguished Member of the Committee on Rules, the gentleman from California [Mr. DREIER].

□ 1150

Mr. DREIER. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, opposition to this plan from this side of the aisle and from those thinking Democrats to which my friend, the gentleman from Glens Falls, NY [Mr. SOLOMON] has referred is really based on a very simple belief. We cannot tax America into prosperity, and we cannot spend the Government out of this deficit.

This morning I was listening to National Public Radio, and one of those Democrats who was wavering, the gentleman from Pennsylvania, RON KLINK, was followed by the NPR reporter.

They talked about the lobbying process that went on, and it ended yesterday with the gentleman from Pennsylvania [Mr. KLINK] saying to his staff, "I would like to see a copy of this measure that we are going to be voting on." His staff said to him, "There are not too many copies around. I have been told that it will be printed in the CONGRESSIONAL RECORD tomorrow."

The gentleman from New York [Mr. SOLOMON] showed the thousand pages there. It actually is a little more concise here in the CONGRESSIONAL RECORD, Mr. Speaker, but as the gentleman from New York has said, how many Members are going to be able to read and develop a grasp of this within the next few hours, as we prepare to cast this vote? This is not the procedure under which we should do this sort of thing.

One of the things that David Broder talked about when he wrote a column earlier on President Clinton is the trust deficit, that being the credibility problem that the President has. Frankly, as we have listened to the arguments on behalf of this measure, that trust deficit has grown dramatically. I would like to give the Members three examples.

They say people who earn less than $30,000 will not pay more taxes. Mr. Speaker, there is an increase in the earned income tax credit, a program which pays the working poor. However, let us be clear. As the Ernst & Young tax guide has said, a couple's earned income and adjusted gross income must be less than $22,370. What I am saying is that anyone who claims this $30,000 figure is really way off base and, frankly, is not telling the truth.

Second, the new high tax rate does not affect people earning less than $180,000. We have been hearing that figure regularly. The President mentioned it the other night. Again, that is not true. Let us be honest with the American people. The new 36-percent tax rate starts at $115,000 in adjusted gross income for singles, and $140,000 in adjusted gross income for couples.

Third, there are as many spending cuts as tax increases. The definition that the tax increasers use for spending cuts is a lot different than what most people think are spending cuts. They double-count $44 billion in spending cuts mandated by the 1990 budget agreement. They would occur without this tax increase. They count as a spending cut the estimated reduction in interest payments on the national debt they hope will occur off into the future. They count the increase in taxes on Social Security benefits as a spending cut.

Real people do not consider these as cuts in Government spending programs. That is why they are just not telling the truth.

Mr. Speaker, let us defeat this rule, go back, as the gentleman from New York [Mr. SOLOMON] has said, and create a package that the American people can support and that a majority in this House can support.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield 7 minutes to the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, by passing this rule, we will add an important new procedure to the deficit-reduction process. We will institutionalize the entitlements enforcement process that the House wrote into the budget reconciliation bill when we first passed it.

Yesterday, the President signed into law his part of the entitlements review process by executive order. Today, we can enact our part of entitlements review, making it a rule of the House by passing this resolution. That is because in this resolution, there are self-executing provisions that would add the following to the rules of the House.

First, they would set up an outlay baseline for direct spending over the next 5 years. We take what the budget economists have projected and make this not just descriptive but prescriptive: We set up an entitlements spending baseline that we will try to track over the next 5 years.

Second, we provide that the President and the House will start the budget process each year with a variance analysis of entitlements, or direct spending. The President, by Executive order, has stipulated that his office will track entitlement spending each year against the baseline. After adjusting the baseline for caseload, or growth in beneficiary population, they will determine the variance over and above the baseline, and if the overage exceeds the baseline by more than 0.5 percent, the President will make specific recommendations in a special budget message to Congress on how to reconcile the overage.

Third, if the President identifies an overage and recommends legislation to recoup or eliminate it, our budget resolution must address the overage through reconciliation spending cuts or revenue increases, and must do at least as much as the President recommends. If the President recommends less than full recoupment or elimination of any overage, the House must vote to raise the outlay targets; and if the House rejects raising the outlay spending target, the budget resolution cannot be considered.

Fourth, though this rule will apply only to the House, the House cannot consider the budget resolution conference report until the overage has been fully addressed, either by increasing the target or by reconciling the overage. And no appropriation bill can be considered until a budget resolution complying with this requirement has been adopted.

Mr. Speaker, we all know that if we are to control the budget and bring down the deficit, we have to control the $750 to $900 billion that we will spend each year on entitlements over the next 5 years. I am convinced that this entitlements review process will help us do that. I am convinced that by putting this process in this rule, we help make this a more credible deficit-reduction package.

Mr. Speaker, I include a statement which elaborates on this process.

Required Action By The President: The President's budget reports actual and projected costs for direct spending (excluding deposit insurance and net interest) and revenues. If costs for direct spending programs exceed the budget resolution levels, the President *must* propose action to address the overage, either through spending cuts or revenue or outlay target increases.

Setting the Outlay Targets: The budget must include total outlays for direct spending programs (actual outlays and projections for the following five FYs), any permissible adjustments and information regarding major categories of fiscal receipts (including variance between projected and actual receipts).

Individual programs are adjusted for changes in the number of beneficiaries for direct spending programs if the number of beneficiaries is a variable in determining costs (i.e., Social Security, Medicare, Medicaid, Unemployment Compensation, Federal Civilian and Military Retirement and Veterans' Compensation). Targets are also adjusted to reflect passage of direct spending or revenue legislation and declarations of "emergency" spending.

Direct Spending Message of President: If the President indicates direct spending is projected to exceed the target, the President must submit a direct spending message to address the actual or projected overage. No action is required if projected outlays exceed the targets by 1/2% estimating margin of error or less.

The message must include an explanation of any adjustment to the outlay projection, the basis of any variance from the projection and a recommendation for addressing the overage. The message may address all, some or none of the overage, and may include legislative changes to reduce outlays or increase revenues.

The President and Congress should "seriously consider" all othe proposals prior to considering means-tested program cuts.

Action in Congress: If the President identifies an overage and recommends legislation to recoup or eliminate it, the budget resolution must address the overage through reconciliation spending cuts or revenue increases, and achieve savings equal to or greater than the President's recommendation.

If the resolution recommends recouping less than the full amount of the overage, the reconciliation must also direct that the outlay target shall be increased by the amount which is not offset. If the targets must be raised, the House must vote directly on the issue by separate vote. If the House rejects raising the target, the budget resolution may not be considered.

The House cannot consider the budget resolution conference report until the overage has been fully addressed (by increasing the target or reporting reconciliation instructions to eliminate the overage). No appropriations bills may be considered unless a

budget resolution complying with the requirement is adopted.

Mr. SABO. Mr. Speaker, will the gentleman yield?

Mr. SPRATT. I am glad to yield to the gentleman from Minnesota.

Mr. SABO. Mr. Speaker, I just want to thank the gentleman from South Carolina for his leadership and help in developing this proposal. I truly believe it is a significant addition to our budget process, because as one looks historically, entitlements have tended in years past to exceed their estimates, and we tend to sort of look at it, not do anything for a period of years, and then we have a big problem. Then we need big bills, and those are difficult to do.

As I understand this process, it means that on an annual basis the President has to review those projections that are being made on entitlement programs. If they are exceeding expectations, he has to come back specifically to the Congress with specific recommendations how we deal with them, require us to specifically deal with whether we accept the President's recommendations, and make adjustments of how we fund or what entitlements we have, so we keep up with this problem on an annual basis.

Mr. Speaker, I just think that is a very substantial change in how the Congress and the Executive operates. I thank the gentleman for what I think is a very substantial contribution to how we deal with future fiscal problems in this country. The gentleman has done a very, very outstanding job.

Mr. SPRATT. Mr. Speaker, I thank the gentleman for his compliments, but I have to return the compliment. This would not be in this resolution and it would not have been in the budget reconciliation bill without his support as chairman of the Committee on the Budget.

As a member of the Committee on Appropriations, the gentleman also recognizes we have pretty well fixed the problem of discretionary spending.

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And we have not dealt with the problem of entitlement spending and its explosive growth in Medicare and Medicaid that has to be dealt with, and this provision causes us to address it.

Mr. SABO. I thank the gentleman.

Mr. SOLOMON. Mr. Speaker, I yield myself 1 minute to respond to the last two speakers, both of whom I have great respect for. Let me just report what the Library of Congress says about this entitlement process enforcement procedure:

The BCA does not contain any provisions dealing with the possibility that any of the required measures might not be enacted into law. There is no automatic response, such as sequestration under the GRH Act, to ensure that an overage is recouped or eliminated.

The truth of the matter is that spending cuts are a promise down the road. Congress has to take further action. This House has to take further action, but it is noted for not taking action when it comes to getting control over the costs of these entitlement programs.

I include for the RECORD this entire report on budget process changes in the House-passed Reconciliation Act of 1993 from the Congressional Research Service, as follows:

[Excerpt from CRS Report for Congress]

BUDGET PROCESS CHANGES IN THE HOUSE-PASSED RECONCILIATION ACT OF 1993

(By Robert Keith and Edward Davis, Specialists in American National Government, Government Division, June 14, 1993)

DIRECT SPENDING TARGETS

A new spending control process is set forth in Title XVI, which is referred to as the Budget Control Act (BCA) of 1993. The process, which covers fiscal years 1994 through 1997, is designed to make the President and Congress more accountable for any direct spending in excess of adjustable annual targets.

Although the term "direct spending" is not defined for purposes of the BCA of 1993, the term is defined in Section 250(b)(7) of the GRH Act (as proposed to be amended by Section 15101 of H.R. 2264) to mean: "budget authority provided by a law other than an appropriation Act or by a law that determines amounts needed to fund mandatory appropriations (including the food stamp program). If a law other than an appropriation Act alters the level of discretionary appropriations, that effect shall be treated as direct spending."

Under this definition, direct spending would include such programs as Social Security, Federal military and civilian retirement, unemployment compensation, Medicare, Medicaid, and farm subsidies.[1] The BCA presumably would use the same definition of direct spending as is used under the GRH Act.

Establishment and adjustment of spending targets

The direct spending targets are established initially and adjusted subsequently by the OMB Director. Initial direct spending targets for each of fiscal years 1994 through 1997 are equal to the total outlays for all direct spending programs for each such year, except for net interest and deposit insurance.

Within 30 days of the enactment of OBRA of 1993, the OMB Director must submit to Congress a report setting forth the initial direct spending targets. The OMB Director's report must be based on legislation enacted within 25 days of the enactment of OBRA of 1993 and, to the extent feasible, must use the economic and technical assumptions that underlie the budget resolution for fiscal year 1994 (Section 16002).

Prior to the submission of the President's budget for fiscal years 1995, 1996, and 1997, the OMB Director must adjust the direct spending targets according to rules set forth in the BCA. Adjustments must be made for: (1) Increases in the number of beneficiaries in programs for which this factor affects costs; (2) the enactment of legislation increasing or decreasing revenues (except for legislation considered under the BCA increasing revenues to deal with a direct spending overage); (3) the enactment of a reconciliation bill pursuant to the BCA,[2] and (4) designated emergencies under the PAYGO procedures of the GRH Act (Section 16006).

Responsibilities of the President and Congress

Under the BCA, the President and Congress must carry out certain responsibilities in the second session of the 103rd Congress and in both sessions of the 104th Congress for fiscal years 1994 through 1997.

As part of the submission of his budget for fiscal years 1995, 1996, and 1997, the President must include an "annual review" providing information on direct spending under the targets and receipts, and in the event actual or estimated direct spending exceeds the targets (causing an overage), a Special Direct Spending Message. If a Special Direct Spending Message is included in the President's budget, then Congress must take certain legislative actions.

Several basic rules guide the operation of this process. First, the requirements of the BCA do not apply to the President or Congress if an overage is less than the "estimating margin," which is one-half of one percent of the applicable target (Section 16008). Under current budget projections, the estimating margin for a covered fiscal year probably would be in the range of about $3 billion to $4 billion. Second, any actions by the President and Congress must be based on the direct spending targets as they have been most recently adjusted. Third, the President and Congress are urged to "seriously consider all other alternatives before proposing reductions in means-tested programs" (Section 16010).

Outlay reductions or revenue increases enacted pursuant to the BCA to address a direct spending overage are not taken into account for purposes of the GRH Act (Section 16007).

President's Annual Review. The annual review of direct spending and receipts to be included in the President's budget submissions for fiscal years 1995 through 1997 must include three elements: (1) information supporting adjustments of the direct spending targets made by the OMB Director; (2) total outlays for direct spending programs (except for net interest and deposit insurance) for the prior, current, and five succeeding fiscal years; and (3) for total receipts, a comparison of current projections and those made on the date of enactment of OBRA of 1993 (Section 16003).[3]

[1] The Social Security trust funds are given off-budget status by Section 13301(a) of the Budget Enforcement Act of 1990 (104 Stat. 1388-623). (Section 15208 of H.R. 2264 proposes to redesignate Section 13301(a) as Section 801 of the Congressional Budget Act of 1974.) It is unclear at this time whether the existing provision exempts the Social Security trust funds from coverage under the proposed Budget Control Act of 1993.

[2] This category provides for two types of adjustment stemming from a reconciliation bill enacted pursuant to the BCA of 1993.

First, the BCA provides for a reconciliation act pursuant to reconciliation directives contained in a separate title of the budget resolution. The direct spending targets must be reduced by the amount of reductions in direct spending enacted in the reconciliation bill. This would seem to result in a "double cut"; if the reconciliation reductions were made to bring direct spending back down to the target level, it is unclear why the target is then reduced by an equivalent amount.

Second, the BCA also provides for a measure raising direct spending targets by stated amounts (which is reported by the House Government Operations Committee). It is unclear that this measure also is a reconciliation act (see discussion in footnote 25); therefore, it is unclear how any stated amounts in such legislation could be applied in the adjustment process.

[3] The provision does not refer to the fiscal years that should be included in the comparison of revenue estimates, but presumably they would include at a minimum fiscal years 1994 through 1997.

President's Special Direct Spending Message. If the President's annual review of direct spending and receipts indicates an actual overage for the prior fiscal year or an estimated overage for the current or budget year (or a combination thereof), he must include a Special Direct Spending Message (SDSM) in his budget (Section 16004(a)). Conversely if the review does not indicate an overage (or an overage less than the estimating margin), then the President need not include a SDSM in his budget.

The prescribed contents of the SDSM are: (1) an explanation of adjustments of the direct spending targets made by the OMB Director; (2) an analysis of why direct spending exceeds the targets; and (3) the President's recommendations for addressing any overages in the "prior, current, or budget year" (Section 16004(b)(1)).[4]

The President's recommendations, required by Section 16004(b)(1), may consist of proposed legislative changes to "recoup or eliminate" all or only part of the overage or a proposal to make no legislative changes at all.[5] In proposing to eliminate all or part of an overage, the President may recommend reductions in direct spending, reductions in discretionary spending limits under Section 601 of the CBA of 1974, increases in revenues, or a combination thereof. Recommendations to eliminate an overage for any year may cover the six-year period consisting of the current, upcoming, and succeeding four fiscal years (Section 16004(b)(2) and (3)).

The President's SDSM must include: (1) the text of a Special Direct Spending Resolution setting forth reconciliation directives to implement the President's recommendations; or (2) if no "reductions" are recommended, the text of a "special resolution" concurring in this position.[6] The Special Direct Spending Resolution (included in the SDSM) must be introduced as a concurrent resolution by the Chairman of the House Budget Committee ten days after the SDSM is submitted (if the Chairman fails to do so, any Member may introduce the measure after the tenth day), which is then referred to the House Budget Committee.

If the President does not recommend legislative changes to recoup or eliminate all of the overage, he must submit a finding explaining why economic conditions or other specified facts make it inadvisable to do so.

Legislative Response by Congress. The BCA provides for a somewhat complicated legislative process by which Congress must respond to a SDSM from the President, even if the SDSM proposes that no legislative changes be made to deal with an overage. (The process is based upon a set of requirements explicitly imposed on the House and two of its committees, but that eventually would involve the Senate as well.)

Congress may respond to a SDSM in two ways: (1) by considering a budget resolution reported in the House by April 15 that contains, in a separate title, reconciliation directives that would require changes in law to recoup or eliminate an overage (or a statement recommending that no changes in law be made);[7] or (2) if the House Budget Committee reports a budget resolution that does not conform to the requirements of the BCA, by considering the Special Direct Spending Resolution (SDSR) following its automatic discharge from the House Budget Committee (Section 16005).

Under the budget resolution approach, the reconciliation directives in the separate title (if included) must in total equal or exceed the "reductions" recommended by the President, up to the amount of the overage. Thus,

If the separate title in the budget resolution does not propose to recoup or eliminate the entire overage, the BCA provides a process for increasing the relevant direct spending targets by the full amount of the overage not recouped or eliminated. Under this process, the House Budget Committee must report a resolution directing the House Government Operations Committee to report legislation increasing the direct spending targets by the applicable amounts. The resolution containing the directive to the House Government Operations Committee must be agreed to before the budget resolution can be considered in the House (see discussion of enforcement below). The House (and possibly the Senate) is thereby afforded an opportunity to vote separately on the issue of raising the direct spending targets before taking up the budget resolution.[8]

The second approach involves the consideration of an SDRS that has been automatically discharged. In this case, any Member may move its consideration ten days after it has been discharged and the motion is highly privileged and not debatable.

If the House Budget Committee failed to report the budget resolution by the April 15 deadline set in the BCA, if the SDSR were then automatically discharged, and if the budget resolution process (including reconciliation to recoup or eliminate only part of the overage) were then resumed and brought successfully to completion, five separate measures would have been generated by this process:

A budget resolution (including BCA reconciliation directives);

A reconciliation act (pursuant to BCA reconciliation directives);

A House Budget Committee resolution directing the House Government Operations Committee to increase direct spending targets;

A House Government Operations Committee measure increasing direct spending targets; and

A Special Direct Spending Resolution.

Relevant provisions of Title III of the CBA of 1974 shall apply in the House and Senate during consideration of measures required by the BCA.

The BCA does not contain any provisions dealing with the possibility that any of the required measures might not be enacted into law. There is no automatic response, such as sequestration under the GRH Act, to ensure that an overage is recouped or eliminated.

Enforcement Procedures. The requirements of the BCA for congressional action are enforced in the House by three new points of order. First, it is not in order to consider a budget resolution unless the House has agreed to any required resolution directing the House Government Operations Committee to adjust the direct spending targets (Section 16005(c)). Second, it is not in order to consider a conference report on a budget resolution unless it fully addresses (by means of reconciliation instructions or changes in direct spending targets) any overage identified by the President (Section 16005(d)).

Finally, it is not in order to consider any general appropriations bill unless Congress has adopted a budget resolution that conforms to the requirements of the BCA (Section 16009(a)). Section 16009(b) establishes a procedure under which this point of order may only be waived for all general appropriations bills for the budget year through the adoption of a single resolution.

There are no new points of order established for the Senate, but of course Senate consideration of general appropriations bills and conference reports on budget resolutions could be hindered if the points of order were invoked successfully in the House.

Mr. Speaker, I yield 3 minutes to the very distinguished gentleman from Sanibel, FL, Mr. GOSS, a member of the Committee on Rules.

Mr. GOSS. Mr. Speaker, the President made a plea to Americans to support his plan—because he said it is the only choice we have. That is flatout provably wrong.

The President's plan to tax big now, to spend big now while promising small cuts and deficit reduction later is not the only choice Americans have. There is the Kasich budget—that achieved the same level of deficit reduction as is being discussed here today. There is the Burton 2-percent flexible freeze proposal that actually charts out a plan to achieve a balanced budget—and there was even the Goss suggestion of 50 specific domestic discretionary spending cuts to save $190 billion over 5 years and obviate the need for the onerous Social Security and energy taxes proposed by the President.

The Democrat leadership stifled debate on such proposals when reconciliation came to the floor the first time. They are doing it again today. Most Americans do not favor this plan. The polls are devastating. CNN, Gallop, USA Today, and NBC get the message.

My congressional district calls continue to run heavily opposed to the

[4] Although the terms "prior year," "current year," "budget year," and "outyears" are not defined in the BCA of 1993, the latter three are defined in Section 250(b)(12)-(14) of the GRH Act (as proposed to be amended by Section 15101 of H.R. 2264). It is likely that these terms as used under the BCA would have the same or similar meanings.

[5] The term "recoup" is not defined in the BCA of 1993 and it is not clear how an overage that has already occurred in the prior fiscal year can be recouped or eliminated.

[6] Section 16004(c)(1) refers to the President's recommendations for "reductions." It is unclear whether this is intended to mean reductions in an overage or spending reductions. If the latter is the case, then presumably the paragraph also should apply to "increases" in revenues that could be recommended to recoup or eliminate an overage. An unclear use of the term "reductions" also occurs in Section 16005(b), which deals with the congressional response to a SDSM.

Further, the Section 16004(c)(1) refers to a "special resolution," as opposed to a "special direct spending resolution," in the case of a recommendation for no legislative action. Unless the framers intended to distinguish between two types of resolutions, this may be a drafting or typographical error.

[7] Section 301 of the CBA of 1974 requires that the budget resolution be adopted by Congress by April 15; it is therefore unclear why the BCA imposes a reporting deadline in the House of the same date. Further, the budget resolution is divided by section rather than by title under the usual practice; however, this presumably would not prohibit the budget resolution from being divided by title if required by the BCA.

[8] The BCA of 1993 seems to imply in some places that the resolution reported by the House Budget Committee directing the House Government Operations Committee (HGOC) to change the direct spending targets, and the resultant legislation reported by the HGOC, is part of the reconciliation process outlined in Section 16005. However, the nature of reconciliation directives and reconciliation legislation as established in the CBA of 1974, Section 16005(c) of the BCA, and other considerations argue strongly against this implication.

President's tax plan. As more time goes by and more people understand what the President really said that ratio is widening. My constituents understand that the only certainty in this plan is $250 billion in new taxes—the single largest tax increase in our history. The spending cuts and the projected deficit reduction are promises that would not be implemented until 3, 4, and 5 years from now.

President Clinton should not be so quick to dismiss opposition to this plan as partisan. In 1990, this Member voted against a President of his own party—and I did it because I knew what my constituents know: Higher taxes don't reduce the deficit; they simply kill jobs and spur a spend-happy Congress to spend more. Whether the request comes from a Republican President or a Democrat President—my vote is still "no" on a plan that raises taxes before cutting spending.

There is another mistruth out there. It is going to cause senior shock like you do not believe. I read from the Heritage report, admittedly based on the House version originally, and this has been improved slightly. The study contends that it is middle-class seniors who will shoulder the majority of this new burden. I said middle-class seniors. A full 57 percent of the Social Security taxes paid under the plan will be paid by seniors making less than $75,000 a year, middle-class seniors, Mr. President.

I also have to point out for the first time we are taking Social Security revenues, and we are taking them out of the system, breaking a pledge to the people who paid into the system and using those funds for other purposes. We are breaking a pledge, a promise that has been made.

If we are breaking that promise, what other promises are going to be broken?

For the rule before us today, once again the Democrat leadership is unabashedly using its total control over the Rules Committee to achieve its political dealmaking. This time we have a rule that self-executes changes to the rules of the House. These are changes that have had to hearings, heard no testimony, and seen no public comment. They are changes that President Clinton had to promise reluctant Members of his own party in order to secure votes for his tax plan. By voting for this rule, Members will be stamping their vote of approval not only on the substance of the changes—which I am willing to bet few if any of us could explain to our constitutents—but also on the process by which these changes are happening.

I don't really know if these changes are good for the country or bad for the country—but the idea of making them law without giving them due consideration and examining them closely is anthema to me. I urge my colleagues to vote "no" on this President Clinton political expediency rule.

Congress spends too much time revisiting issues and going back to fix mistakes that were made in political haste. Let us slow this process down and take a long, careful look at what we are doing. Vote "no" on the rule.

Mr. BEILENSON. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Minnesota [Mr. SABO], chairman of the Committee on the Budget.

Mr. SABO. Mr. Speaker, sometimes things are said very loudly that are simply wrong, and the assertion that this bill contains no spending cuts is simply wrong.

The fact is we have significant regulation of discretionary spending in this bill. It is capped at below the 1993 levels for the next 5 years, in contrast to the 1980's when discretionary spending was growing at an average of $25 billion a year. There are significant entitlement cuts, $56 billion in Medicare, close to $12 billion in retirement savings, significant Medicaid savings, and significant agricultural savings. They flow throughout this entire bill.

So, if Members on the other side want to quarrel about this bill, fine. But let us stick to the facts.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield 6 minutes to our distinguished whip, the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. Speaker, it is time to bite the bullet. It is time to junk the rhetoric. It is time to vote "yes" or "no" on the biggest vote of the Clinton Presidency.

The question simply is: Can we govern? Will gridlock take over again as it has over the last 12 years?

All of our necks are on the line. Let us be responsible and pass the plan.

What are the alternatives? They are basically four.

One, we can stick with the status quo, leave things as they are. But if that happens, the deficit would rise from $300 billion to over $500 billion. Clearly anything is better than doing nothing.

Or we can support the Republican plan which a majority of Republicans did not even vote for. It falls $80 billion short in deficit reduction, $60 billion is unspecified spending cuts. It does not ask the wealthy to pay one dime for deficit reduction, while it hits agriculture, Medicare, and other health programs twice as hard as the President's package.

Or we can go with the Perot plan. That called for a 50-cent gas tax, more than 10 times as large as the plan we are passing. Persons earning $40,000 a year would have paid $37 a month in new taxes as opposed to $10 a month in the plan we are passing. Overall taxes in the Perot plan are $50 billion higher.

Mr. Speaker, this plan cuts $11 billion more than the President proposed. Opponents say where are the cuts. Well here is a list.

Entitlement cuts, over 30 specific cuts in Medicare and Medicaid that reduce the deficit by $38 billion. Agriculture entitlements, $2 billion. Restructuring the Student Loan Program, $4 billion, and in discretionary spending the list is long.

Here are some examples: Reorienting and cutting foreign aid spending, saving $500 billion. Reducing international security assistance, foreign aid programs $1.6 billion. Streamlining Agriculture Department delivery systems, $730 million. Improving management of VA hospitals to save $1 billion. It eliminates programs like highway demonstration projects, saving over $1 billion, special purpose housing grants, National Oceanic and Atmospheric demonstration grants, earmarked SBA grants, agriculture special grant programs, unnecessary Federal commissions.

Mr. Speaker, this plan is also prosmall business. There are lower borrowing costs. Markets have responded to the President's deficit reduction plan. Long-term interest rates are at a 16-year low, and mortgage rates are at a 20-year low. There is increased expensing for small business, a special capital gains tax cut for investments in small business. The President has strongly supported a new provision to cut capital gains taxes for new investments in small business. There is a retroactive extension of the 25-percent deduction for health insurance premiums, retroactive extension of the ability of State and local governments to issue tax-exempt bonds for small business.

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Mr. Speaker, the choice is clear. Are we going to govern, or are we going to resort to gridlock? Do we want health care and welfare reform and many other initiatives that this country needs? Do we want a crime package?

Before we take up any of those initiatives, we must pass an economic plan.

Mr. Speaker, I am inserting in the RECORD a list of 40 businesses, small and large, that have endorsed the plan, and they have sent a letter to every Member of Congress today. It ranges from ARCO to Bethlehem Steel Corp. to the Jim Walter Corp., to Hewlett-Packard to the Mortgage Bankers' Association, to the National Association of Home Builders, the National Association of Realtors, the National Association of Targeted Jobs Tax Credit Companies, the National Apartment Association, the National Realty Committee, the Public Securities Association, Salomon Brothers, Shell Oil Co., the Southland Corp., Tenneco, Valero Energy Co., and Whitten and Diamond.

Mr. Speaker, this is a good plan, good for business, good for the future. It is a responsible plan. Let us pass it.

Mr. Speaker, I am including at this point in the RECORD the list of companies that I referred to, as follows:

AUGUST 4, 1993.

DEAR MR. SPEAKER: The undersigned organizations, representing millions of Americans, support the budget reconciliation act, HR 2264. We believe that it represents an important step to deficit reduction and job creation. We urge the House to vote in favor of final passage.

Advanced Asphalt Technologies
AFLAC
Anheuser-Busch Companies
ARCO
The Arnold Companies
Associated Financial
Audivox
Bethlehem Steel Corporation
H&R Block
CITGO
EDS
Hewlett Packard
Jim Walter Corporation
The Kamber Group
The Keefe Company
McAuliffe, Kelly and Raffaelli
Mentor Graphics Corporation
Mortgage Bankers Association
NRG Barriers
National Association of Home Builders
National Association of Realtors
National Association of Targeted Jobs Tax Credit Companies
National Apartment Association
National Conference of Certified Public Accountant Practitioners
National Employment Opportunities Network
National Multi Housing Council
National Realty Committee
O'Bannon & Company
Public Securities Association
Revlon
Ryder System, Inc.
Salomon, Inc.
Salomon Brothers, Inc.
Shell Oil Company
TDS Healthcare Systems Corporation
The Southland Corporation
Tenneco, Inc.
Valero
Whitten and Diamond

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, a number of statements have been made about this whole issue of spending cuts. No one here has claimed there are not spending cuts whatsoever.

The fact of the matter is that these spending cuts are in out years. They clearly are illusory. They are not as specific as the American people want them to be.

Mr. Speaker, I yield 2 minutes to the gentleman from Greensboro, NC [Mr. COBLE], a hard-working Member of Congress who fights for the American taxpayer.

Mr. COBLE. Mr. Speaker, I thank the gentleman from Claremont, CA, for yielding me this time.

Mr. Speaker, some weeks ago I came to the well and compared President Clinton's plan to a locomotive running behind schedule whose engineer, in making up for lost time, recklessly accelerated his train. The train I mentioned that day was the "Fireball Mail," the title of a song recorded by the late Roy Acuff and the Smoky Mountain Boys. In retrospect, however, in lieu of the Fireball Mail, I should have referred to the "Wreck of the Old 97," because it is my fear that the President's plan is a train wreck waiting to occur.

President Clinton calls his plan the deficit reduction plan. But it is primarily a tax increase plan, a retroactive tax increase plan, if you will. It will be devastating, in my opinion, Mr. Speaker, to a favorable employment climate.

Tax increases traditionally have not resolved fiscal problems that plague us here and throughout the country, and neither will this plan at hand. It simply gives the Congress more money to spend.

What we sorely need in the Congress and inside the beltway is discipline and a willingness on the part of Members of Congress and the administration to commit to personal sacrifice. When we are willing to personally sacrifice, our constituents will more willingly sacrifice.

The time has come for us to replace imprudence and recklessness with deliberate discipline and sacrifice in this body and on this Hill.

Meanwhile, Mr. Speaker, I will not be holding my breath.

Mr. BEILENSON. Mr. Speaker, for the purposes of debate only, I yield such time as he may consume to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, August 13, 1981, remember that date, August 13, 1981. If that day had not occurred, we would not be here today dealing with a bill like this, because until August 13, 1981, as this chart shows represented by that green line, this country never had a deficit larger than $74 billion.

Then Ronald Reagan walked into this room, galvanized the country, and they got behind the Reagan economics package. We passed it. I did not vote for it. But it was passed unanimously on that side of the aisle except for one vote.

Because military spending was doubled and huge tax cuts were provided to the very rich, the result was that the deficits exploded. They grew from a previous high of $74 billion to well over $200 billion for the rest of the decade.

Who cleaned up in the 1980's? If you take a look at what happened under those policies, if you are the wealthiest 1 percent, if you were in the wealthiest 1 percent, your income more than doubled from not quite $300,000 on average in this country to over $600,000 today. If you were in the middle 20 percent of income-earners in this country, you lost 8 percent in real-dollar terms after inflation, and if you were in the poorest 20 percent of the country, you lost more than 10 percent of your real income over that time.

Mr. Speaker, that is why the package which this rule will enable us to debate today virtually insulates the middle class from any significant tax increase for any working-age family, and if you are making less than $27,0000 a year, there is actually a tax cut.

The only people who get hit are the high rollers, those who make more than $200,000 a year, and those are the people who cleaned up the 1980's.

I make no apology for the fact that we are finally getting the wealthiest 1 percent in this country to pay their fair share for a change, no apology whatsoever.

Now, there are those who say we ought to cut spending first. I would invite you to remember that in the last month on this floor in the 11 appropriation bills which have passed this House, we have had almost 300 individual spending cuts below last year's spending level. That simple, over 300 cuts.

And as the gentleman from Minnesota has indicated, there are billions and billions of dollars more in cuts in the entitlement area in this budget.

Yes, we are getting a lot of phone calls from people, because it is easy for politicians to scare the hell out of people who do not have the full facts, and you ought to be ashamed of yourselves for some of the misinformation that you and your political allies are peddling in this country in the name of free speech. You ought to be ashamed of yourselves. Freedom of speech gives you the right to say anything you want, but if you have a conscience, you will at least keep it honest.

I would make one other point: The architect of the 1981 plan was David Stockman. He was Ronald Reagan's Budget Director. This is what he wrote about what that plan did to the country. He said this:

> By 1984, the White House had become a dreamland. It was holding the American economy hostage to a reckless, unstable fiscal policy based on the politics of high spending and the doctrine of low taxes. Yet, rather than acknowledge that the resulting massive buildup of public debt would eventually generate serious economic troubles, the White House proclaimed a roaring economic success. It bragged that its policies had worked as never before when, in fact, they had produced fiscal excesses that had never before been imagined.

Everybody in this Chamber knows that those misguided policies destroyed the ability of American families to see rising income over the last decade. They devastated farmers. They devastated middle-income people. They benefited only the well-off, and they sent the bill for the party to our grandkids.

Is this bill pleasant today? Of course it is not. But in contrast to the last 12 years where the American people got fed up seeing their Government duck problems, this bill takes those problems on. This bill will produce real deficit reduction. It will for the first time in 12 years admit that we have a basic economic problem that cannot be resolved without making some hard choice.

I congratulate President Clinton for having the guts to take this on.

Is it popular? Of course not, because it has been lied about so much in the country.

But the fact is it is our obligation based on the information we have today to do what we know is right for our constituents and the country.

There is no income tax hit in this package for any working age American family making less than $140,000 a year. You cry about retroactivity. Retroactivity only applies to families making more than $140,000 a year.

□ 1220

You did not cry about it when, in 1982, your majority leader was pushing through a bill which retroactively raised taxes on unemployment insurance for anybody making $13,000 a year. But you cry today about people making over $140,000. I am glad you are doing it; it shows where the Republican Party is really coming from. I am glad that, after 12 years of gutlessness on my side of the aisle, that the Democratic Party at long last has its act together and is going to measure up to its national responsibilities.

It is about time.

Mr. SOLOMON. Mr. Speaker, as I introduce the next speaker, I want to point out that we were just joined on the floor by a very distinguished visitor from the other body, the man who has led the fight against this unbelievable tax package which is going to cost 1.4 million jobs to American workers.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. First of all, Mr. Speaker, real briefly, I have to answer the remarks by the fellow who preceded me up here: Does anybody remember Jimmy Carter? Twenty-one percent interest rates, you could not buy a house or a car or anything; 13 percent inflation; double-digit unemployment. And when Ronald Reagan came into office, he had that mess to deal with. And what happened? Over the next decade we created 21 million new jobs; we increased tax revenues from $500 billion to $1.2 trillion, and the economy took off.

They seem to forget that. But when they talk about spending, I hope everybody remembers that they have had control of this House for the last 40 years, and all spending comes out of the Congress. The President could only veto. They have had control of the other body for all but about 5 or 6 years in the last 40.

So, when they start telling America we are responsible for this deficit and all the problems, remember they appropriate the money, they raise the taxes, and they spend it, and they have had control for 40 straight years.

Now let me get back to what I want to say. One of my colleagues from New Mexico said that it is time for us to bite the bullet. Well, in fact they want to bite the taxpayer again, the largest tax increase in U.S. history. The American people are not going to be fooled.

This bill is 1,000 pages of mischief, 1,000 pages. We got it last night. I know a lot of people are speed readers, but can you imagine reading 1,000 pages of legalese, with all kinds of intricacies, in less than 12 hours or 14 hours? There is so much mischief in that bill I guarantee you would not believe it. There is going to be tax breaks on certain individuals, there is going to be hidden tax increases, there is going to be special deals, like parking lots and football stadiums and other things stuck in that bill. We will find out about it in about 6 or 7 weeks. We are not going to have the time to find it today because we cannot read that fast.

I have got my staff working right now trying to get as much of that mischief as possible. And we are going to do our dead level best to bring that to the public's attention before the day is out.

But the American people are not being fooled. I just got from Indiana—I hope my colleagues will listen to this—1,300 signatures against the tax bill, from Mr. Paul Ogden of the Indiana Conservative Forum—1,300 signatures against it.

Well, you say, that is the conservative forum, obviously they would be against the tax increase. But how about a guy who voted for Bill Clinton? Here is a man who voted for Bill Clinton, who runs a market. His name is Steve Knott, of Knotts Market in Greenwood, IN. He voted for Bill Clinton. Here is what he says about the tax bill. He got 10,000 signatures from one city in one county in my district against this package. The American people are against the largest tax increase in history. They want spending cuts first. You have got these spending cuts at the tail end in the 3d, 4th, 5th years of the 5-year plan. Everybody knows they will never materialize. Listen to America; the people who voted for Clinton, they do not want more taxes.

Mr. SOLOMON. I yield 2 minutes to the gentleman from Kentucky, Mr. HAROLD ROGERS, a very distinguished member of the Committee on Appropriations.

Mr. ROGERS. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise too in strong opposition to this largest tax increase in America's history.

The other night the President told the Nation, "No more something-for-nothing budgets." He says this plan is new, it represents change. I will give him that, Mr. Speaker, his plan is different. In fact, it is so different it is the first plan I know of that offers nothing for something: no economic growth, no middle-class tax cuts, no real spending cuts, no tax fairness. In return for nothing, the President is asking for a whole lot of something, the largest tax increase in America's history; higher taxes on small business, higher taxes on senior citizens, higher taxes on the middle class. The Clinton tax on gas alone will take $100 million out of the pockets of hardworking Kentuckians next year, $100 million in 1 year just for the gas tax increase.

Mr. Speaker, the American people do expect something from the work we do here, things like jobs, better opportunities, and a lower Federal deficit tops their list.

A nothing-for-something budget plan, Mr. Speaker, I urge defeat of this plan. Let us go back to square one. Let us focus first not on tax-and-spend but on cutting wasteful spending first. Let us give the American people something, something they want, and that is cutting wasteful spending first.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan, a distinguished new Member of this House.

Mr. SMITH of Michigan. I thank the gentleman for yielding.

I think we should consider voting against this rule because there is information now available at the Office of Management and Budget and at the Congressional Budget Office that would revise the deficit projections in this bill, significantly lowering deficit projections. It seems to me that if some Members of the Congress knew the claimed deficit reduction estimates were incorrect, some might change their votes. The economy has already deteriorated. I called the OMB and the Council of Economic Advisers and said to them: "Look at what has happened so far this year: in the first quarter we only had a 0.7-percent growth rate; and in the second quarter of this year we only had a 1.6-percent growth rate. Yet, this budget is predicated on 3.1-percent growth in 1993. There is no way that we can achieve that rate, because we cannot jump up to a 5.1 percent growth rate in the last half of the year, up from 1.2 percent in the first half."

So I am concerned, No. 1, that we do not have updated information from the Congressional Budget Office. But I am also very concerned that the President of the United States is not giving us the Midsession Economic Report which, by law he must submit to Congress by July 16. I fear that the reason is that he knows the numbers will disprove his claim of deficit reduction and he does not want to make waves before a very fragile vote on this bill in both the House and the Senate.

So I would hope very much we consider voting against this rule so that Congressmen can have the information they need and should have to make the best vote on this legislation.

Mr. SOLOMON. I thank the gentleman for his remarks.

Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. ISTOOK], another freshman Republican and an outstanding Member.

□ 1230

Mr. ISTOOK. Well, here it is, Mr. Speaker. People are complaining about a tax bill that is retroactive, and they have got a point. But let me tell you what else is going to be rhetoric. That is the disclosure of what is tucked into the fine print of this massive tax bill.

If we followed our own rules, each Member would have 3 days to sift through this massive, giant bill. But, thanks to the way this House is operating, we are being asked to waive time to find out what we are doing, and wait until after we pass the bill before we read it. Pass it now, and read it later. Now that is retroactive.

Right now, what is happening is a giant Washington version of "Let's Make a Deal." The President and congressional leaders have a lot of grabbag goodies they can offer, to make offers to Members who will hold their noses and vote for this, the largest tax bill ever. It will be weeks, maybe months, before all those deals come to light. Maybe all will never be known. And that is wrong.

This is not positive change. This is not helping America. This is not deficit reduction. This is business as usual in Washington. Most Americans recognize this as the same bait-and-switch tactics which were used on the 1990 tax bill. Yogi Berra would tell us, "It's déjà vu all over again." I say it's déjà voodoo all over again. It did not work in 1990; it will not work this time either.

The taxes hit now. In fact, under this bill they started back in January. But almost all the spending cuts are only empty promises, promises of what Congress is promising to do 4 to 5 years in the future. Tax now, cut tomorrow. And tomorrow never comes.

A great example is the fact that $44 billion—$44 billion—of the so-called new cuts are actually cuts that were already promised in the 1990 budget deal; $44 billion are being counted twice—trying to fool people into thinking we are serious.

The American people know the old saying, "Fool me once, shame on you. Fool me twice, shame on me." And that is why they are clogging the phone lines, to tell us in Congress, "Don't do it. Don't pass that tax bill. Instead, get serious about cutting spending. Don't give us more empty promises, pretending you'll cut spending in 4 or 5 years. Cut spending now, and don't kill our jobs, and don't hit our families, with the burden of more taxes."

As usual, the people are right. Vote down this retroactive rule, and the retroactive taxes.

Mr. BEILENSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Speaker, thanks to the leadership for putting tough enforcement in this rule. I rise in support of the rule.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield 1½ minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Mr. Speaker, I thank the gentleman for yielding this time to me.

You can run, but you cannot hide from the responsibility of governing. My colleagues on the other side of the aisle have offered a so-called alternative. That is good, but it has $66 billion in unspecified budget cuts.

They will not tell us where they would make those cuts, but we are just supposed to accept that.

Where will those cuts fall? Well, we do not know, but we know where they will not fall. They will not fall on the people who earn over $200,000 a year, who did so well under Reagan and Bush in the 1980's. They will not fall on the largest and most profitable corporations in America. They will continue the tax shift and the budget burden on the middle class.

The bill before us begins the long, hard road back to fiscal responsibility for our Nation. It will reduce the deficit $496 billion in 5 years. It will begin to restore tax fairness. Ninety percent of the taxes in this bill fall on those who earn over $100,000 a year, those people who did so well in the 1980's.

Families who earn $27,000 a year, or less, will see their taxes decrease under this bill. Most other middle-income families will be held harmless.

I set two bottom line conditions when the bill first passed this House. I said the Btu tax, that 12 percent surtax on every electric bill in the Pacific Northwest, that has got to go. It is not in this bill. We killed the Btu tax.

I said we have to lessen the burden on seniors. No senior citizen couple in this country who earns $44,000 a year or less will pay a penny more in income taxes under this bill. They met that condition.

I also said I need a guarantee for my counties, and we got that by revealing the tax rate for log exporters.

Mr. Speaker, vote for this bill. It is the best alternative.

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, I am looking at a book. The title of the book is "Putting People First. How We Can All Change America." This book was written by Gov. Bill Clinton and Senator AL GORE.

I look at page 91, where it says:

We oppose federal excise gas tax increases that would break the backs of middle class America.

That is what President Clinton is proposing in his book.

I turn over to another page, and it says:

Middle class tax fairness. We will lower the tax burden on middle class Americans.

I could go on here for 20 minutes, reading every page of this book, and we could transform the front page to say, "Putting Taxes First. How We Will Shortchange America," because that is exactly what this bill does.

Mr. Speaker, I urge you to do what your constituents are asking you to do, vote against President Clinton's tax and spend plan that will raise taxes retroactive to last January, increase all gasoline and diesel fuel taxes, make older Americans pay taxes on their Social Security benefits, increase the tax burden of small businesses, and spend every nickel of the $240 billion in newfound tax revenues on new spending programs.

This bill will wreck the economy nationwide.

Please vote "no" on this insane tax-and-spend package that contains these unconstitutional retroactive tax provisions. Please vote "no."

Mr. BEILENSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Speaker, I rise today in support of the rule for the consideration of H.R. 2264, the Omnibus Budget Reconciliation Act.

Let me first say that I believe there are legitimate concerns that have been raised here today about the consideration of this enormous bill. Particularly, I am disturbed that there has been insufficient time for anyone to carefully examine the contents of the hundreds of pages of the bill.

A superseding concern for me, however, is the desperate need we have to control entitlement spending. This rule provides that, upon its adoption, the House is deeded to have adopted certain changes in House rules that implement the annual entitlement review process along the lines of the legislative language we had included in the House-passed bill.

These procedures, combined with the Executive order which President Clinton signed yesterday, will take the first steps toward removing entitlement spending from auto-pilot and forcing the President and Congress to take concrete actions dealing with increases in entitlement spending. The underlying premise of these enforcement mechanisms is accountability on the part of Congress and the President. Having enacted a budget which guarantees deficit reduction, we must stand behind our promise. If entitlement spending exceeds the targets, we must vote to take action in response. If we vote to raise the targets, or vote to avoid action by waiving these procedures, all of us here will be held accountable for those votes. If there are legitimate reasons why we choose not to cut spending or raise taxes to respond to the breech, we should be honest about that, admit we are not holding to our deficit reduction, and have the opportunity to explain why. If we are honest with the public, they will decide, based on good information, whether or not they agree with our decisions.

It is important to realize that even with these caps, there still will be an increase of $260 billion in entitlement programs over the next 5

years. I must say that I would prefer to do far better than that in deficit reduction. Nonetheless, the impact of taking entitlement spending off of its auto-pilot path for the first time ever is an accomplishment not to be minimized.

I am extremely disappointed that our efforts to garner bipartisan cooperation on the House-passed entitlement spending discipline were entirely thwarted by Senate Republicans, leaving Byrd rule procedural problems unsurmountable. I applaud both the President, for responding by announcing the Executive order imposing entitlement discipline, and our House Democrat leadership for endorsing the idea of a rules change.

It is clear that the agreement will accomplish only a small portion of our original intent. Although the entitlement discipline included in the Executive order and changes in House rules will be very similar to the statutory language in the House-passed reconciliation bill, it is not possible for an Executive order combined with House rules changes to be as strong as the entitlement discipline passed by the House. Still, Executive order and rules change represent a significant step forward in controlling entitlement spending by taking entitlement spending off of automatic pilot and placing accountability on Congress and the President regarding entitlement spending. Granted, it is a step backward from the House-passed statutory language, which already had represented a significant compromise from our original position. But at this point, it is our only hope for taking the first step toward entitlement discipline. Passage of the rule is necessary for that to happen.

I urge my colleagues to support this rule.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield the remainder of our time to the gentleman from Kansas [Mr. SLATTERY].

Mr. SLATTERY. Mr. Speaker, I rise today in support of the rule for one important and fundamental reason. This rule contains some important entitlement process reform legislation that is deserving of all our support.

When we look at the budget, I think it is important for us never to lose sight of one basic fact, and that is that the entitlement portion of the budget is currently consuming nearly 50 cents of every $1 that the American taxpayers send to Washington.

In addition to that, it is important for us to realize that if we are ever going to get our deficit under control we have to get entitlements under control.

Real growth in Government spending over the last few years has not been in discretionary spending. It has occurred in the entitlement section of the budget. Many of us worked hard to get an entitlement cap in this deficit reduction package.

Unfortunately, Mr. Speaker, it was the Republican Senators who threatened to filibuster in the other body that prevented us from enacting that and including it in this deficit reduction package. The President has issued an Executive order to implement the entitlement restraint we need. With the passage of this rule the House will have a tool to restrain entitlement spending.

Our leadership has gone on record clearly stating that they are going to be working hard and doing everything necessary coming back after the recess to enact into law the tough entitlement caps that many of us so strongly support.

Mr. CLINGER. Mr. Speaker, in addition to the countless reasons why I will vote against this tax increase legislation, I am also very concerned about provisions in this rule which will, once again, allow a select few individuals on the Rules Committee to turn their backs on the legitimate jurisdiction of the House Committee on Government Operations.

With the passage of this rule, House Resolution 235 is self executed and considered to be adopted by the full House. House Resolution 235 provides for expedited consideration of a message from the President regarding entitlement spending reforms. As it has already been suggested, this resolution provides no guarantees, just more promises. Promises that such future entitlement cuts will come. Perhaps this is a good idea, but who knows. At no time has a committee of this House been given the opportunity to study the provisions included in the President's recently announced Executive orders.

The only time this issue has reached the committee of jurisdiction, the Government Operations Committee, it was pulled from consideration before we even reached a vote. After a relatively brief hearing on budget process reform where entitlement reforms and so-called deficit reduction trust funds were given token consideration, the minority was presented with a draft bill the day before a scheduled markup in the committee. After convening the meeting, the bill was withdrawn and the legislative language was self-executed into the House-passed tax increase bill. The Government Operations Committee once again walked away from its responsibility and no opportunity was given to Members from either side of the aisle to offer amendments.

I was surprised to hear one of the majority Members who sits on the Government Operations Committee, so willingly giving up a major area of our jurisdiction without so much as a hearing. I am calling on my colleagues from both sides of the aisle on the Government Operations Committee to stand up and claim back our jurisdiction. Our right to consider budget process legislation is hanging by a thread due to the willingness of some on the committee to fold to the wishes of the Rules Committee.

Vote against this rule and reclaim the respect of your committee.

Mr. BEILENSON. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SOLOMON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 253, nays 179, not voting 1, as follows:

[Roll No. 403]

YEAS—253

Abercrombie	Geren	Nadler
Ackerman	Gibbons	Natcher
Andrews (ME)	Glickman	Neal (MA)
Andrews (NJ)	Gonzalez	Neal (NC)
Andrews (TX)	Gordon	Oberstar
Applegate	Green	Obey
Bacchus (FL)	Gutierrez	Olver
Baesler	Hall (OH)	Ortiz
Barcia	Hall (TX)	Orton
Barlow	Hamburg	Owens
Barrett (WI)	Hamilton	Pallone
Becerra	Harman	Parker
Beilenson	Hastings	Pastor
Berman	Hayes	Payne (NJ)
Bevill	Hefner	Payne (VA)
Bilbray	Hilliard	Pelosi
Bishop	Hinchey	Penny
Blackwell	Hoagland	Peterson (FL)
Bonior	Hochbrueckner	Peterson (MN)
Borski	Holden	Pickett
Boucher	Hoyer	Pickle
Brewster	Hutto	Pomeroy
Brooks	Inslee	Poshard
Browder	Jacobs	Price (NC)
Brown (CA)	Jefferson	Rahall
Brown (FL)	Johnson (GA)	Rangel
Brown (OH)	Johnson (SD)	Reed
Bryant	Johnson, E.B.	Reynolds
Byrne	Johnston	Richardson
Cardin	Kanjorski	Roemer
Carr	Kaptur	Rose
Chapman	Kennedy	Rostenkowski
Clay	Kennelly	Rowland
Clayton	Kildee	Roybal-Allard
Clement	Kleczka	Rush
Clyburn	Klein	Sabo
Coleman	Klink	Sanders
Collins (IL)	Kopetski	Sangmeister
Collins (MI)	Kreidler	Sarpalius
Condit	LaFalce	Sawyer
Conyers	Lambert	Schenk
Cooper	Lancaster	Schroeder
Coppersmith	Lantos	Schumer
Costello	LaRocco	Scott
Coyne	Laughlin	Serrano
Cramer	Lehman	Sharp
Danner	Levin	Shepherd
Darden	Lewis (GA)	Sisisky
de la Garza	Lipinski	Skaggs
Deal	Lloyd	Skelton
DeFazio	Long	Slattery
DeLauro	Lowey	Slaughter
Dellums	Maloney	Smith (IA)
Derrick	Mann	Spratt
Deutsch	Manton	Stark
Dicks	Margolies-Mezvinsky	Stenholm
Dingell	Markey	Stokes
Dixon	Martinez	Strickland
Dooley	Matsui	Studds
Durbin	Mazzoli	Stupak
Edwards (CA)	McCloskey	Swett
Edwards (TX)	McCurdy	Swift
Engel	McDermott	Synar
English (AZ)	McHale	Tanner
English (OK)	McKinney	Tejeda
Eshoo	McNulty	Thompson
Evans	Meehan	Thornton
Farr	Meek	Thurman
Fazio	Menendez	Torres
Fields (LA)	Mfume	Torricelli
Filner	Miller (CA)	Towns
Fingerhut	Mineta	Traficant
Flake	Minge	Tucker
Foglietta	Mink	Unsoeld
Ford (MI)	Moakley	Valentine
Ford (TN)	Mollohan	Velazquez
Frank (MA)	Montgomery	Vento
Frost	Moran	Visclosky
Furse	Murphy	Volkmer
Gejdenson	Murtha	Washington
Gephardt		Waters

Watt	Williams	Wyden
Waxman	Wilson	Wynn
Wheat	Wise	Yates
Whitten	Woolsey	

NAYS—179

Allard	Gingrich	Morella
Archer	Goodlatte	Myers
Armey	Goodling	Nussle
Bachus (AL)	Goss	Oxley
Baker (CA)	Grams	Paxon
Baker (LA)	Grandy	Petri
Ballenger	Greenwood	Pombo
Barca	Gunderson	Porter
Barrett (NE)	Hancock	Portman
Bartlett	Hansen	Pryce (OH)
Barton	Hastert	Quillen
Bateman	Hefley	Quinn
Bentley	Herger	Ramstad
Bereuter	Hobson	Ravenel
Bilirakis	Hoekstra	Regula
Bliley	Hoke	Ridge
Blute	Horn	Roberts
Boehlert	Houghton	Rogers
Boehner	Huffington	Rohrabacher
Bonilla	Hughes	Ros-Lehtinen
Bunning	Hunter	Roth
Burton	Hutchinson	Roukema
Buyer	Hyde	Royce
Callahan	Inglis	Santorum
Calvert	Inhofe	Saxton
Camp	Istook	Schaefer
Canady	Johnson (CT)	Schiff
Cantwell	Johnson, Sam	Sensenbrenner
Castle	Kasich	Shaw
Clinger	Kim	Shays
Coble	King	Shuster
Collins (GA)	Kingston	Skeen
Combest	Klug	Smith (MI)
Cox	Knollenberg	Smith (NJ)
Crane	Kolbe	Smith (OR)
Crapo	Kyl	Smith (TX)
Cunningham	Lazio	Snowe
DeLay	Leach	Solomon
Diaz-Balart	Levy	Spence
Dickey	Lewis (CA)	Stearns
Doolittle	Lewis (FL)	Stump
Dornan	Lightfoot	Sundquist
Dreier	Linder	Talent
Duncan	Livingston	Tauzin
Dunn	Machtley	Taylor (MS)
Emerson	Manzullo	Taylor (NC)
Everett	McCandless	Thomas (CA)
Ewing	McCollum	Thomas (WY)
Fawell	McCrery	Torkildsen
Fields (TX)	McDade	Upton
Fish	McHugh	Vucanovich
Fowler	McInnis	Walker
Franks (CT)	McKeon	Walsh
Franks (NJ)	McMillan	Weldon
Gallegly	Meyers	Wolf
Gallo	Mica	Young (AK)
Gekas	Michel	Young (FL)
Gilchrest	Miller (FL)	Zeliff
Gillmor	Molinari	Zimmer
Gilman	Moorhead	

NOT VOTING—1

Packard

□ 1257

Mr. GALLEGLY and Mr. KYL changed their vote from "yea" to "nay."

Mr. HILLIARD and Ms. SHEPHERD changed their vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Pursuant to section 2 of House Resolution 240, House Resolution 235 is adopted. The text of House Resolution 235 is as follows:

H. RES. 235

Resolved, That, for fiscal years 1994 through 1997—

(1) the provisions of, and the procedures and points of order set forth in, sections 16004(c)(2), 16005, and 16009 of H.R. 2264, as passed the House (One Hundred Third Congress), shall, with respect to the House of Representatives, apply to any special direct spending message the President submits pursuant to a presidential order as if that message were submitted pursuant to section 16004(c)(1) of that bill; and

(2) for purposes of this application, any reference in section 16004(c)(2) to paragraph (1) or in section 16005 or 16009 to section 16004 shall be deemed to be to the appropriate provisions of that presidential order.

GENERAL LEAVE

Mr. BEILENSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include therein extraneous material on House Resolution 240.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from California?

There was no objection.

□ 1300

Mr. SABO. Mr. Speaker, pursuant to House Resolution 240, I call up the conference report on the bill (H.R. 2264) to provide for reconciliation pursuant to section 7 of the concurrent resolution on the budget for fiscal year 1994.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. MURTHA). Pursuant to House Resolution 240, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House for Wednesday, August 4, 1993, at page 18787.)

The SPEAKER pro tempore. Pursuant to the rule, the Committee on Ways and Means and the Committee on the Budget will each control 1 hour of debate, equally divided and controlled by the chairman and ranking minority member; and the following committees will each control 20 minutes of debate, equally divided and controlled by the chairman and ranking minority member: The Committee on Agriculture; the Committee on Armed Services; the Committee on Banking, Finance and Urban Affairs; the Committee on Education and Labor: the Committee on Energy and Commerce; the Committee on Foreign Affairs; the Committee on the Judiciary: the Committee on Merchant Marine and Fisheries; the Committee on Natural Resources; the Committee on Post Office and Civil Service; the Committee on Public Works and Transportation; and the Committee on Veterans' Affairs.

At this time, the gentleman from Minnesota, [Mr. SABO] will be recognized for 30 minutes and the gentleman from Ohio [Mr. KASICH] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. SABO].

Mr. SABO. Mr. Speaker, I ask unanimous consent that following the time allocation for the Committee on Energy and Commerce, 20 minutes be allocated to the Committee on Government Operations to be equally divided and controlled between the chairman and the ranking member.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SABO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we can and must break 12 years of gridlock. We can and must put behind us a period when deficits soared and the incomes of average Americans stagnated.

Mr. Speaker, with the passage of this conference report, America will begin to move in a new path of lower deficits, higher investment and higher incomes and a better life for working families. We will regain control of our economic future.

I am proud of our conferees, both House and Senate. They worked in good faith to produce an agreement in the best interests of America.

This package may not have everything for everyone, but it does have what America most needs: Substantial deficit reduction, tax fairness, and investments in our future.

We have achieved $496 billion in deficit reduction over 5 years, and we have achieved it in a fair way. We have restored caps on progressivity lost over the last 12 years. We asked those most able to pay to share in the burden of deficit reduction.

Eighty-one percent of the increased revenues in this package will fall on those making more than $200,000 a year. We have retained a balance of spending cuts and revenues. We have cut $88 billion from entitlements, $102 billion from discretionary spending, and we achieved more than $60 billion in interest and debt management savings.

We have found room for investments that will help the poorest Americans out of poverty and will spur economic development, particularly for small business.

That is what we have to look forward to: An economy healthier and more vibrant than in decades, a better future for all Americans. That is why the conferees could not and this House must not fail.

The alternative is higher deficits, soaring debt, crippling interest rates, a shaken economy and a dark future for our country. I say to my Democratic colleagues, this package represents the opportunity of a lifetime to turn this country around. There will never be a better time to do it. It will get harder, not easier, if we put it off.

I call upon my colleagues to vote yes for action, yes for change, yes for the economic package that will let us step together into a better and brighter future for all Americans.

Mr. Speaker, I reserve the balance of my time.

Mr. KASICH. Mr. Speaker, I yield myself 3 minutes and 30 seconds.

Mr. Speaker, let me just say that from the very beginning of this process, the Republicans in the House on the Committee on the Budget attempted to be constructive. We put a plan together. We took it to the committee. It was an intellectually honest plan.

Even Mr. Broder, last Sunday, defined it as "intellectually honest" and, perhaps, "politically risky."

I liked that definition, "politically risky." It meant we did something. We took a risk. We took a chance. We tried to change the status quo.

Our plan was rejected, party line.

We then tried to take amendments and we offered amendments to try to downsize government and substitute the downsizing of government for the tax increases. And we started a rallying cry around the country called "Cut spending first." And we did not listen a lot, but we listened a little. The plan went from $5 in taxes to every $1 in spending cuts to $2 in taxes to every $1 in spending cuts.

It is not good enough, but it is a little bit better. And it happened because we tried to be constructive.

Let me tell my colleagues why the Republicans feel so passionately about defeating this plan. We feel passionate about defeating this plan not because any of us have an interest in hurting the President of the United States, because we want to have partisan political gain. That is not the reason why the Republicans have been so passionate.

The reason why we have been so passionate is we believe that this program of massive tax increases, devastating cuts in national security, no real cuts until the last 2 years of this program, no control of Federal spending, a bigger Federal Government, what we are concerned about is that prescription will wreck the economy.

I must tell Members that many of the same Republicans who feel passionately in opposing this President's plan felt just as passionately about opposing the plan in 1990 that our own Republican President brought to this floor. We did not believe it made good economic sense to give Americans a brighter economic future in 1990.

□ 1310

We did not believe that that plan that was put forward that increased the size of the Federal Government and taxed Americans more would create jobs in 1990, and we fought our President with passion, our President. We do not believe that same plan, the clone of the 1990 budget act, will work now.

Whether it is McGraw-Hill or Dean-Witter or Goldman-Sachs or the National Association of Manufacturers, they have one bottom line on this plan. That bottom line is the loss of jobs for Americans.

What Republicans offer today is defeat this plan. We will sit down with you, we will craft a 1-year plan that will bring significant reduction to the deficit, and economic growth to America. We stand ready, willing, and able to be constructive, to engage with you to reshape Government, to reform Washington, to downsize the operations of the Federal Government, and to stay out of people's pockets.

I would just like to say at the onset to my Democrat colleagues who are concerned about where we go from here, I can tell them that the members of the House Committee on the Budget, Republican Members, we want to work with them to help America, to fix the crisis we are currently in on this deficit, and to create a brighter economic future for all Americans, so Americans can be assured that they will be working, their kids will be working, and tomorrow will be a brighter future for everybody with a higher standard of living.

Mr. ROSTENKOWSKI. Mr. Speaker, it is my understanding that the Committee on Ways and Means has allocated 1 hour, 1 hour to be divided between the minority and the majority.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman is correct. The Chair would state that only the Committee on the Budget can reserve time, and the other committees will use all their time.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself 5½ minutes.

Mr. Speaker, I rise today in strong support of this conference agreement.

As a Member of the House of Representatives for more than 34 years, I have cast thousands of votes, many on matters of profound importance to our Nation's security and economy. But, Mr. Speaker, this vote is one of the most significant votes that we will ever cast.

To reduce the deficit, we must both cut spending and raise revenues. This budget agreement does that. It includes more than $255 billion in spending cuts over the next 5 years.

For purposes of deficit reduction, the conference agreement contains nearly $241 billion in new revenues. It is a significant measure, but balanced and fair.

The guiding principle of this conference agreement is fair taxation. In fact, more than 80 percent of the revenues will come from persons earning more than $200,000 a year, and 90 percent will be raised from those earning more than $100,000. To be precise, the rate increases affect only the wealthiest 1 percent of the population.

Mr. Speaker, I note that many of the tax provisions in this bill are effective January first of this year. That is not unusual. In fact, this legislation contains 14 provisions that are beneficial for taxpayers and are effective for prior periods, including extensions of many expired provisions from July 1, 1992, and the repeal of the luxury tax on boats, airplanes, jewelry, and furs as of January 1, 1993. Taxpayers subject to rate increases will also benefit from these other provisions which are effective for periods prior to enactment of this legislation.

To ensure that even the rate increase does not create any undue hardship for taxpayers, the conference agreement allows the additional tax caused by this year's increase to be paid in installments over 3 years, without interest or penalty.

The conference agreement also increases the top corporate rate by 1 percent for high-income corporations. While no one likes higher taxes, leaders of the corporate community support this package. They understand the long-term benefit that will come from a stronger national economy. Small businesses are held harmless from this increase.

The transportation tax in the agreement raises only about a third of the revenues of the House-passed energy tax. At 4.3 cents per gallon, it is the least we can do if we have any concern for this Nation's finances. In fact, the increase will not even return gas prices to last year's levels—gas prices

The legislation contains reasonable, affordable incentives to create jobs. Under the agreement, significant amounts would be invested in research and development through a 2-year extension of the research tax credit. It would allow small businesses to expense $17,500 of new equipment annually and would spur equity investments in small venture capital firms through a 50-percent exclusion of certain capital gains earned on those investments.

Mr. Speaker, the $21 billion expansion of the earned income tax credit provides renewed hope for 18 million working Americans who are struggling to make ends meet. The credit will guarantee, for the first time, that a family of four with a full-time worker will be lifted out of poverty. A modest new credit for childless workers is also included.

In addition, the agreement extends permanently such important programs as the low-income housing credit, mortgage revenue bonds, and industrial development bonds. Further, the agreement extends, through 1994, the targeted jobs tax credit and the tax benefit for employer-provided educational assistance.

The legislation would also authorize empowerment zones and enterprise communities to help revitalize the most economically distressed regions of our country, and earmarks $1 billion of title XX social services money for use in zones and communities.

The agreement before us also advances a number of other important economic goals, like asking foreign taxpayers to pay their fair share of

U.S. taxes. Tax relief for persons whose residences are damaged in natural disasters is also included, as is help for the hard-hit real estate industry.

The Medicare package stands at $55.8 billion, more than the House bill but less than the Senate amendment. Although this is higher than I would have asked, these Medicare cuts are tough but fair. The conferees worked hard to balance the reductions to ensure that elderly and disabled Americans who rely on the Medicare Program will continue to have access to quality health care services.

I am especially pleased that this Medicare package does not impose new burdens on seniors. Most of the Medicare cuts are achieved by reducing payments to hospitals, physicians and other health care providers. About $21 billion in savings will come from reducing the scheduled inflation updates in payments to hospitals for fiscal years 1994 through 1997. Physician payment reductions will save $9 billion.

The conference agreement also addresses a well-documented problem in the health care system of physicians referring patients for services to entities in which the physicians have a financial interest. Current law prohibits payments under Medicare for clinical laboratory services provided under these arrangements. The conference agreement would extend the prohibition to additional services, and would apply it to the Medicare and Medicaid Programs.

The conference agreement extends the regional floor, which provides additional payments to hospitals in high-cost regions of the country. It also expands Medicare's coverage of immunosuppressive drugs provided to patients following a kidney transplant.

I have reservations about the new Medicare and Medicaid Data Bank established in this package—a provision that was not included in the Ways and Means Committee bill. The data bank is intended to strengthen collection efforts on behalf of the Medicare and Medicaid programs when beneficiaries are also covered by private insurance. I am especially concerned about the burden that these new reporting requirements will place on employers. However, the administration has strongly recommended it, and the Senate and others in the House have endorsed it. Consequently, I have reluctantly agreed to include it in this legislation—since we must determine whether a program like this can work before we enact health reform. I have agreed to test the data bank idea in Medicaid and Medicare now. I will

In addition, Mr. Speaker, I regret that numerous provisions of the House bill reported by the Committee on Ways and Means have been dropped due to the application of the Senate's so-called Byrd rule, as well as other Senate points of order. According to the Senate conferees, all of these provisions had to be dropped to avoid a point of order against the bill in the Senate. At no time did the Senate conferees raise policy objections with respect to these provisions.

These provisions should have been included in the conference report. They are needed to make these programs work the way they should. Many of the proposals are time-sensitive—they need to be enacted as soon as possible.

Chief among these is the provision which increases the tax threshold for domestic employees. The House version of H.R. 2264 would have set a more realistic payroll tax exclusion for payments to babysitters and housekeepers than the current $50 a quarter.

Also deleted were important provisions shoring up the disability insurance trust fund, which is projected to go broke in 1995, and increasing the Federal Insurance Compensation Act exclusion for election workers from $100 to $1,000 annually.

Equally important, 25 Medicare provisions had to be deleted. The provisions include:

Reforms developed by our oversight subcommittee to combat fraud and abuse in the durable medical equipment field and in Medicare's payment systems;

Important changes in the Essential Access Community Hospital Rural Hospital Reorganization Program;

Reforms to protect beneficiaries from additional charges as we reduce Medicare payments to physicians; and

Technical amendments needed to remove barriers to seniors' purchase of Medicare supplemental insurance.

More than two dozen human resource provisions were also dropped, including:

Child welfare system standards, protections and requirements; and

Demonstration projects important to welfare reform, such as those related to early childhood development and the new hope demonstration project.

Mr. Speaker, these provisions are not controversial. They enjoy bipartisan support in both Houses. In fact, every one of the Medicare and human resource proposals has passed the Senate and the House at least once before.

Due to my concern about these provisions, I sought, and received, a commitment from Chairman MOYNIHAN that he will introduce the Social Security, Medicare, and human resources provisions immediately after the August recess, and report clean bills containing these provisions from the Finance Committee as soon as possible. One bill would include all of the provisions agreed to in principle by the Health and Human Resources conferees and dropped solely due to the so-called Byrd rule. A separate bill containing the Social Security items will also be developed. Majority Leader MITCHELL has agreed to schedule these bills for floor action as soon as practicable after it is reported, and to seek prompt passage without controversial amendments by the Senate.

Mr. Speaker, with respect to the human resources matters contained in the conference agreement, the budget deficit is reduced by a net amount of $1.2 billion over 5 years. The agreement incorporates the President's proposed $1.1 billion in budget cuts applied to the aid to families with dependent children, supplemental security income, and child support enforcement programs, and $2.1 billion in revenues from a 2-year extension of the 0.2-percent Federal unemployment surtax. These changes are offset by $1 billion each for

I am pleased to report that this conference agreement finally includes a measured response to the alarming trends in reports of child abuse and neglect by investing $1 billion over 5 years in family support and preservation services. Family support services aim to prevent child abuse and neglect by improving child-rearing skills of young parents, providing respite care, and other supportive services. Family preservation services help children who are already at risk of being placed in foster care because of abuse or neglect. These services help families to solve their problems and avoid family breakup. The agreement also includes a substantial research and evaluation component and State court studies aimed at enhancing their effectiveness.

Mr. Speaker, I would also like to make technical comments on several provisions of the conference agreement.

First, in permanently extending the research tax credit, the Committee on Ways and Means affirmed congressional intent that neither the enactment of the credit in 1981 nor the targeting modifications to the credit in 1986 affected the definition of "research or experimental expenditures" for purposes of section 174. The reasons for passing H.R. 1137 in 1954 were to provide certainty with respect to the tax treatment of research and development expenditures and to encourage taxpayers to carry on research and experimentation. Those reasons for enacting section 174 are even more important today given the increasing global market competition our industries now face.

Toward this end, the newly proposed Treasury regulations under section 174 contain modifications to clarify the broad scope of the section by pointing out that research and experimental expenditures are the costs related to activities intended to obtain data needed to eliminate uncertainty concerning the development or improvement of a product. I believe this action underscores and clarifies that it is Congress' intent that expenditures for the applied engineering required to develop a

commercially feasible product and create U.S. jobs are deductible under code section 174.

In addition, the conference agreement includes compressed natural gas [CNG] in the 4.3 cents-per-gallon transportation fuels tax. Because this is the first fuel to be taxed which is not in liquid form, the conference agreement adopts an alternative unit of measurement for CNG. It is my understanding that the U.S. Conference on Weights and Measures is currently considering the establishment of standards of measurement for natural gas. The conference agreement is not intended to create any inference as to the appropriate standard of measurement for purposes other than imposition of this tax.

Finally, section 13261 of the conference agreement provides for 15-year amortization of acquired intangible assets. The legislation applies prospectively, and does not provide taxpayers with an election to settle disputes as if the provisions applied to all prior open taxable years. The statement of managers, however, urges the Internal Revenue Service in the strongest possible terms to expedite the settlement of pending cases. I wish to reiterate that, in settling pending disputes with taxpayers, it would be appropriate for the Internal Revenue Service to allow for amortization of all acquired intangible assets over some uniform period, consistent with the principles of the legislation, rather than requiring a specific life and value for each type of intangible asset acquired. In my opinion, such an approach will produce an appropriate settlement in many pending disputes, may save both taxpayers and the Government the costs normally associated with protracted controveries, and may foster the goal of achieving consistent results for similarly situated taxpayers.

Also with respect to the intangibles provision, the House and Senate committee report language describes the treatment of amounts paid under a covenant not to compete. I wish to clarify that the legislation is not intended to make any change as to what consistutes a contingent payment. If the payments for a noncompete agreement are treated as fixed payments under current law, the amortization provided under the bill is the same as for goodwill and other section 197 intangible assets. The committee report language providing for a deferred, backloaded deduction is intended to apply only to contingent payments.

Mr. Speaker, this agreement may not be the perfect bill—my friends, no bill ever is—but it is, in my estimation, a good product. It is serious deficit reduction, crafted in a responsible manner.

We have balanced spending cuts and tax increases with targeted investments that enjoy broad support. And we have placed the responsibility for deficit reduction squarely on the shoulders of those who are most able to bear the burden.

The American people elected Bill Clinton to lead and change the direction of our country. The President has faced that responsibility squarely and asks us to support this plan. Now it is time to govern. The President has my vote—with pride. He deserves yours too. Vote for the conference agreement.

Mr. Speaker, I reserve the balance of my time.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana [Mr. LIVINGSTON].

Mr. LIVINGSTON. Mr. Speaker, I rise in opposition to the bill, and especially to the provision that gives special privileges to entertainment and sports stars.

I include for the RECORD two letters from constituents and a letter from the Congressional Research Service regarding these provisions:

METAIRIE, LA, *June 20, 1993.*

Mr. ROBERT L. LIVINGSTON,
Rayburn House Office Building, Washington, DC.

DEAR SIR: Is increasing the tax bill for investors and business men and women while exempting entertainers and athletes an indication of our national priorities? My reactions have moved from dismay to incredulity to a smoldering anger over the so-called economic plan passed by the Senate finance committee this week. You are our voice in Washington. Please, please, please stop this self-destructive plan if you can. The future economic prosperity of the nation is at stake.

Sincerely,

IRENE H. GALLAHER.

METAIRIE, LA, *June 20, 1993.*

Mr. ROBERT L. LIVINGSTON,
Rayburn House Office Building, Washington, DC.

DEAR SIR: The tax measure recently approved by the Senate finance committee would place a surtax on people who are productive while exempting athletes and entertainers. Favoring the people who entertain over those who produce and create jobs can not be justification the basis of good economic policy or fairness.

I am confident that you will do all in your power to prevent this kind of stupidity.

Sincerely,

DALE M. GALLAHER.

[Transmittal from Congressional Research Service, Library of Congress]

To: Hon. Bob Livingston.
Attn: Stan Shocki (Constituent Sigurdson).
From: Arnold Solomon—Reference Specialist, Congressional Reference Division.
Re: Taxing of sports and movie stars in the Senate bill.

Your constituent has expressed interest in the taxing of sports and movie stars in the Senate reconciliation bill. There is a provision in the bill that would limit the deduction for Executive compensation to one million dollars. This provision would generally limit the deduction for compensation paid to the top five officers of a publicly-held corporation to no more than one million dollars per year.

This provision does not effect sports or entertainment stars. The Assistant Secretary for Tax Policy Leslie Samuels, stated that this provision is applicable only to top executives. Many of these officers are setting up their own salaries without maintaining "arms length negotiations" with their shareholders or directors. The Assistant Secretary stated that this provision would not affect sports figures and others because they have "arms length negotiations" with management in the setting of their pay or salary.

The Senate passed this legislation June 25, 1993. The Senate and the House must now meet in conference and decide if they accept or reject this provision. At this time, there is no public law.

Please feel free to contact us for any further assistance in this matter.

Mr. ARCHER. Mr. Speaker, I yield myself 5 minutes and 30 seconds.

Mr. Speaker, President Lincoln must be turning over in his grave. One hundred and thirty-two years ago today, he signed into law the Nation's first income tax—designed as a temporary emergency measure to finance the Civil War. Today, President Clinton is raising taxes to finance his version of a class war.

Of course, the administration is not without admirers. One master of illusion, the Great Houdini, must be smiling down on this Chamber today.

Mr. Speaker, when we blow away the smoke and shatter the mirrors, what we get from President Clinton's tax-and-spend road show is nowhere near what he claims, not the $496 billion in deficit reduction, not if we use the CBO numbers, because CBO, based on their estimates, would score it, at best, at $428 billion in deficit reduction. Even that figure is generous because of the President's illusory claims of slower spending growth 4 or 5 years from now.

□ 1320

And then that figure is generous because of the President's illusory claims of lower spending in the fourth and fifth years.

This is the President who said we have all got to use Congressional Budget Office estimates, they are the real estimates, and we have got to reject accounting gimmicks. Then he ignored CBO's baselines and had his bookkeepers invent their own, and counted savings from the 1990 budget agreement twice in order to puff up his deficit reduction numbers. And I do not know if that is smoke and mirrors or what, but if an accountant on Main Street did it, he probably would go to jail.

That fact is, this package includes about $120 billion in promises of net spending reductions, almost all in the third, fourth, and fifth year, 255 billion dollars' worth of real net new taxes and user fees, and about $53 billion in questionable debt service claims. That is what you get when you lay this package against CBO's estimates instead of the ones the administration cooked up.

There will be no net spending cuts in the first year, zero, and virtually none in the second year.

This package includes deficit increasing items totaling $62 billion over 5 years. This new spending probably seems odd to the American people in a so-called deficit reduction package. It is one of the reasons why they are nervous about this bill, the largest tax increase in our Nation's history, yes, the largest. By CBO estimates, new taxes in this bill are $275 billion. The Democrats dispute this, and they talk about the 1982 Tax Act, but the CBO scored the 1982 Tax Act as raising $214 billion in new taxes.

Instinctively Americans know these new tax increases are job-killing poison for the economy. They do not believe for one minute that the Democrats' tax increases are going to create jobs, nor do most of the economists in this country.

The President claims the vast majority of these taxes will hurt only the rich, and that is baloney. He must not have read his own bill.

The so-called rich who are targets for massive retroactive tax increases are the small business men and women who create the vast majority of new jobs. Heaping higher taxes on those jobs creators translates into fewer jobs for working people.

Perhaps we should remember the so-called luxury tax from the 1990 budget deal. It is repealed in this bill because that misguided class warfare scheme backfired and killed the boat-building industry.

Try to sock the rich and you drown working men and women.

Simplistic attempts to minimize the impact of the energy tax on American families will not hold water either. When the Democrats tax transportation, they are not just taxing people who pull up to the gas pump, they are taxing everything that has to be transported.

Senior citizens are among the hardest hit in this package, thanks in particular to increased taxes on their benefits. It must make them feel real special to learn that President Clinton's definition of rich people includes seniors with incomes of just $34,000, and that includes half of their Social Security benefits.

Now, that sounds pretty callous, especially since seniors on fixed incomes are the one group of Americans for whom lower interest rates serve as a financial curse rather than a blessing.

Yes, President Clinton would like the American people to believe his own taxes only hurt rich people, but with over 40 tax increases and 16 user fees in this package, no one should seriously buy that story.

Here is what the taxpayers do understand. When he was courting their vote, Clinton promised the middle class a tax cut. Now he is raising their taxes. He promised to create jobs. Now he is promising tax increases on employers that will kill jobs. He promised $500 billion in deficit reduction. He is at least $73 billion short of that at best.

All of the rate increases in the bill, including estate taxes are retroactive to January 1, potentially unconstitutional, and the installment payments gimmick for individuals does not change the bottom line. He is imposing tax increases on people who have already died.

I urge my colleagues in the House to reject this bill today. Let us solve our deficit problem through spending cuts up front, not tax increases.

Mr. GEKAS. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I yield for a brief comment to the gentleman from Pennsylvania.

Mr. GEKAS. Mr. Speaker, I just want to associate myself with the gentleman's remarks. For weeks he has been preaching about the fact that this package breeds class warfare, and I commend the gentleman, and reiterate that that is exactly what it does, pits one American against another.

Mr. ARCHER. I thank the gentleman for his comments.

I strongly urge a "no" vote on this reconciliation bill.

Mr. Speaker, I reserve the balance of my time.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. STARK].

Mr. STARK. Mr. Speaker, I rise in support of the conference agreement on H.R. 2264, the Omnibus Budget Reconciliation Act of 1993.

I would like to speak about the Medicare provisions included in this agreement.

First, the Medicare agreement will reduce the deficit by $55.8 billion over the next 5 years. This is the highest level of Medicare savings ever achieved, exceeding the previous maximum of $44 billion by nearly 25 percent.

These savings are higher than the $50 billion in savings than I supported, but were a necessary element of the overall agreement. I also tried to split the difference with the Senate at $54 billion, but that too failed.

On the other hand, Medicare costs are growing rapidly, and it is appropriate that this program makes a substantial contribution to deficit reduction. Under this agreement, the annual rate of growth in Medicare will be reduced by 2.3 percent. By 1998, Medicare spending will be $24 billion lower each year than currently estimated.

These savings are spread evenly and broadly across the entire program. Hospitals and other part A providers contribute 62 percent of the reductions in provider payments while physicians and other part B providers account for the remaining 38 percent of provider cuts. These are almost the same proportions that these segments make up of total Medicare spending: 60 percent is part A, and 40 percent is part B.

The agreement protects vulnerable populations and providers. Beneficiaries are protected from rapid increases in their medical costs. Primary care physicians, community health centers, and small rural hospitals also are protected. In addition, the bill includes important expansions that will significantly reduce medical profiteering through physician referrals to entities in which they have a financial interest.

The agreement also includes a small number of spending items. Most significant are the provisions to increase payments to reduce the premium penalty for persons who must buy into part A, and to increase coverage for immunosuppressive drugs for kidney transplant patients.

There are many good provisions in this bill. This is a tough but balanced deficit reduction package. It shares the pain of Medicare budget savings across all providers while protecting the beneficiaries. I urge my colleagues to give it their emphatic support.

Mr. Speaker, unfortunately, I also have to express my grave concerns regarding the other body's so-called Byrd rule. As a result of this procedural rule, policies that would have significantly improved the Medicare Program could not even be considered. Over 80 pages of statutory language were stripped out of the Medicare title. Staff wasted countless hours, scrutinizing every line to ensure that there is nothing that would upset our friends at the other end of the Capitol. Even more absurd is the fact that most of the items stripped were minor and technical provisions that received bipartisan support when they passed both the House and the Senate last year.

I hope that Members on both sides of the aisle share my grave concerns about how this rule has been used, and its impact on reconciliation. I sincerely hope that this rule will be reconsidered before we ever return to the reconciliation process again.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. SHAW], a respected member of the committee.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, there is no congressional district in this country that will be more hurt than mine by higher taxes on Social Security benefits. More than 40,000 households in my district alone will have to cough up an average of more than $1,000 per household because of this increased tax on Social Security.

My colleagues, this is possibly one of the most unfair portions of this tax bill. But to make it worse, the President and the proponents of this bill are scoring this $1,000 per household tax on

Social Security as a cost-cutting measure, as a cost-cutting measure. My colleagues, this is a tax on Social Security, and it is an attack on Social Security, something that I have not seen since I have been in this House of Representatives since 1981.

But I would like also to comment on one other portion of this bill. The President talks about the cost cuts. The cost cuts are out after his Presidency. They are going to come after his term in office, and the way he is going he is not going to have a second term, so he can only assume that he is looking at the next Republican President and pushing this cost cut into his term. Eighty percent of the costs do not go into effect until after 4 years.

Most of the taxes, oh yes, the taxes are going the other way, they are retroactive, and they go back to the Bush administration. He is reaching back into the beginning of this year and saying the taxes we are imposing on this bill are going to take effect at the beginning of this year. What could be more unfair? Push the taxes back to the last Republican administration, and push the cost-cutting forward to the next Republican administration.

This bill is a fraud and should be turned down.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, soon the House will vote on the most important business to come before us this year—passage of the President's budget plan.

This bill contains the largest deficit reduction ever undertaken—$496 billion. Through the earned income tax credit, it offers the poor a reason to stay off welfare and stay at work. It includes permanent extension of mortgage revenue bonds, perhaps our most important housing program for average Americans. And it asks the very wealthy to pay a fair share.

This morning, the Washington Post published some examples of the budget plan's impact on families. These case studies make clear what many of us have been saying: For the vast majority of Americans, the budget plan means no increase in income taxes, and a small increase in gasoline taxes. For many workers, the plan means that income taxes actually go down. Only for a very few Americans—those who earn the very most—will the plan mean an increase in taxes.

Above all, this plan presents very clear choices. We can choose action—or we can choose inaction. We can be for change—or we can be for the status quo. We can try something or we can do nothing at all.

That is my message to my colleagues. If you really believe that your constituents demand business as usual, then go ahead. Vote "no." If you believe your constituents insist on gridlock, vote "no." If you think your constituents would rather ignore a problem than solve it, then vote "no."

But if you believe that Americans elected a new President because they demanded change, then you have only one choice, and that is to vote "yes" on this package. I urge my colleagues to take the first step on the road to fiscal sanity and support this plan.

□ 1330

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. CRANE], another respected member of the Committee on Ways and Means.

Mr. CRANE. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I think we should bear in mind who is going to get hit specifically and the magnitude of the hits.

In my distinguished chairman's district, there are 13,428 seniors who will pay $12,268,548 in additional taxes as a result of this bill, and in my own district, there are 8,029 senior citizens who will pay $7,457,858 more in taxes.

It is not, I think, in our best interests to punish those who have been productive in a lifetime and given so much as this bill is calculated to do.

Another thing is, in response to an appeal made by one of the distinguished Members on our side of the aisle in the Senate, we know there were many phone calls that came into our offices. I got the breakdown from Republican State offices, and there are approximately 15 or 16 States, all 90 percent and above in opposition, and States like New York, a big State like New York, 72 percent in opposition, a State like Texas, 86 percent in opposition, Pennsylvania, 80 percent opposition. I think this is a reflection, and a fair reflection, of the popular assessment of this tax package.

I think something else to be kept in mind is the injury this package inflicts on small business. It is important to bear in mind that small businesses, and I am talking about partnerships, proprietorships, and subchapter S corporations, and they employ 80 percent of our workers, and they are people who are not legitimately in the classification of being rich and fat cats, and the fact of the matter is those individuals are going to experience a hit of a magnitude of up to 45 percent in their taxes, and that will cost employment.

Mr. Speaker, because time is short, I would like to submit the following statement for the RECORD:

Mr. Speaker, to be perfectly honest, and to quote Yogi Berra, this entire debate certainly seems like "deja vu all over again" to me. This Congress has been here before, and I have stood on this floor in the same circumstances imploring my colleagues not to do what they are apparently hell bent on doing. I must say that this Congress does not learn very well from past mistakes and, instead appears determined to go down the same dead end path which it traveled just 3 short years ago in 1990. Although as a history professor I may have a keener interest in learning the lessons of history than many of my colleagues, that still does not excuse their failure to remember the 1990 budget deal. Indeed, in many ways the 1992 Presidential election was a referendum on the failure of the 1990 budget agreement and President Bush's willingness to agree to the Democrat's offer to cut spending only if Mr. Bush would agree to increase taxes.

In my opinion, this bill is all too similar to the 1990 budget agreement which was supposed to provide significant spending cuts in exchange for substantial tax increases. As many of us predicted, we would get the tax increases, but never see the spending cuts. Sadly we were right, and quite the opposite occurred. The final tally on the 1990 budget deal was a $2.37 increase in spending for every new dollar raised in taxes.

If Bill Clinton really wants to deliver on his so-called mandate for change, one would think the last thing he would want to do was head down that same overused path of tax and spend. Tax and spend has been the rallying cry for the House of Representatives for the past 30 years. Unfortunately, the only thing that Bill Clinton has changed is the size of the tax increase. Indeed, he has proposed the largest tax increase in not only our Nation's history, but in the history of the world.

In fact, Bill Clinton's evolution on the subject of taxes should make any taxpayer more than a little nervous knowing that this man will be in the White House for the next 4 years. During the election, Candidate Clinton said he was going to cut taxes for middle-class Americans. Once elected, President Clinton said that the budget situation was supposedly much worse than he had anticipated and, alas, he would therefore have to forego his promised tax cut. Instead, he promised a budget plan that would cut two dollars in spending for every dollar in new taxes. Later he said he would promise one dollar in spending cuts for every dollar in new taxes. The end result—for every dollar cut in spending, we have a $2.13 increase in taxes. And this is not the end of the story because 80 percent of the spending cuts are supposed to be enacted after the next Presidential election in 1996. Again, if the past is any indication of what this Congress will do, you can forget about the spending cuts.

Over the July 4 recess I participated in a half dozen parades in my district. In nearly every block I traveled on the parade route, whether it was in Rolling Meadows, Palatine, Bartlett, Mount Prospect, Hoffman Estates, or Mundelein, I heard constituents screaming "Cut spending first" and "No new taxes." In the past few days hundreds of calls have been placed to my office from all over my district telling me to vote against Clinton's budget package. Opposition has been overwhelming. As an example of this voter outrage, I can report that yesterday I received 109 calls on the Clinton plan and 104 opposed the bill. In talking to my colleagues I have found that their numbers are comparable to mine.

These people are upset because they know they are getting the short end of the stick.

They know this package will be absolutely counterproductive to the goals of economic growth and job creation, goals which, by the way, Clinton promised to pursue during the campaign. In fact, this package will do nothing but discourage economic activity and will actually result in job losses. You don't have to look far to find the problems, and I will briefly hit the highlights of the package.

IMPACT ON SMALL BUSINESS

By retroactively increasing individual tax rates, the Clinton plan will harm thousands of small businesses. Small businesses are the backbone of this country and a few statistics make this abundantly clear. According to the Small Business Administration, businesses with fewer than 20 employees created 4.1 million new jobs between 1988 and 1990. During the same period, businesses employing more than 500 employees had a net loss of 500,000 jobs. Moreover, from 1987–92, firms with fewer than 20 employees accounted for 78 percent of all new jobs created.

Higher individual tax rates are not the only hit on small businesses. Repeal of the Health Insurance wage base cap, increasing the estate tax rates, increasing the gas tax, and reducing the business meal deduction will all take their toll. Indeed, the National Restaurant Association has estimated that the restaurant industry alone can expect to lose 165,000 jobs due to the dramatic reduction in the business meal deduction.

RETIREES

Taxes on Social Security recipients are going up. In all, Mr. Clinton hopes to extract an additional $24 billion out of Social Security retirees over the next 5 years.

GAS TAX

A 4.3-cent-gas-tax increase combined with the extension of a portion—2.5 cents—of the Federal gas tax that was supposed to expire is not good news for anybody, but particularly not good news for those in the Chicago area. Already Chicago has nearly the highest combined Federal, State, and local gas taxes in the country—55 cents. This bill could be described as piling on.

ESTATE TAXES

Estate tax rates will go up—retroactively. This is not good news for small businesses, farms, or anyone else who has worked hard in the hope of passing something on to their children and grandchildren. Of course, Mr. Clinton may be banking on the fact that dead people don't vote.

CONCLUSION

Mr. Speaker, I cannot believe that this Congress is seriously considering this package. Republicans in the House have offered two very serious and detailed alternatives to this plan which would cut spending and not increase taxes. The Democrats in charge of Congress only allowed us to bring one of these proposals to the House floor for a vote, and they rejected that proposal on a party-line vote.

Mr. Speaker, the course Mr. Clinton wants us to pursue is a course that will lead to economic disaster. The American taxpayer deserves better, and I implore my colleagues to defeat this package and draft a new proposal which cuts spending and spares the taxpayer.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. MATSUI].

Mr. MATSUI. Mr. Speaker, what is really interesting about Members on the other side of the aisle is that for the last 13 years they have been talking about how high the Federal budget deficit is.

In fact, Ronald Reagan ran on the basis that the deficit was extremely high. And bear in mind that in the 4 years of Jimmy Carter, when Jimmy Carter was President from 1976 to 1980, the total deficit accumulated over those 48 months was $200 billion. Under Ronald Reagan in his last year in office, we doubled that, about $400 billion in just 12 months, and they have been complaining about the fact that the deficit has been large. It keeps interest rates high.

Well, this is their time. This is their time to reduce the budget deficit.

But, you know, they will find 120 excuses why they cannot do it. We are not going to get one vote on that side of the aisle, and the reality is they will not take the step to go on the dance floor. You are going to be hearing from them whining and moaning all the way through this 6-hour debate about how the taxes are too high, how we are promoting class warfare.

I have to tell you that when Ronald Reagan was running for President in 1980 and he talked about the welfare queen, we did not hear them say, "You are creating class warfare." When he said the burden on the rich was too great in 1981, when he promoted this big tax cut, he did not say that the middle class was, indeed, an effort; he talked about the wealthy being overtaxed. He did not talk about class warfare then. So then all of a sudden class warfare comes up.

Let me tell you that this bill is a fair plan. Eighty-five percent of the taxes will be paid by those families making $180,000 or more a year. In fact, somebody making between $30,000 and $50,000 a year will only have a $5-a-month increase in their taxes. Somebody making $75,000 to $100,000 a year will only have an increase in their taxes of $27 a month, and it is basically the gasoline tax.

The reason we need these taxes, and by the way there are only $4 in taxes for every $5 in spending cuts, is because we need to reduce the deficit for the future, for our children, for those generations that come after us.

We need an "aye" vote on this resolution and get rid of cynicism within the beltway.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. SUNDQUIST], another respected member of the committee.

Mr. SUNDQUIST. Mr. Speaker, to my colleagues let me say there is a reason most of your constituents want to vote "no" on the Clinton tax plan.

To paraphrase the Clinton campaign: "It's the spending, stupid!"

The President claims his plan cuts spending. We say it does not. There is a simple test for this

Get a sheet of paper. On line "A", enter the amount the Federal Government is spending this year. On line "B", enter the amount President Clinton proposes to spend next year. If line "B" is less than line "A", the President has cut spending. If line "B" is larger than line "A", he has not.

That is why this package is a tough sell. Our constituents have told us in no uncertain terms that they want us to cut spending first. And they are smart enough to look at the numbers and figure out that line "B" is greater than line "A".

Our constituents understand shared sacrifice. They are willing to do their share, but they expect Government to match their sacrifice by spending less money.

No one has written or called me to say they are willing to send more so that Bill Clinton can spend more.

This bill does not cut spending, and that is as simple as A-B-C.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Speaker, I support the deficit reduction plan before us today. The easy political thing to do today would be to vote against this package. However, I believe the responsible vote would be to take this bold step.

Everyone in this body, Democrat or Republican, agrees that the deficit must be reduced. That fact is not disputed. The deficit is so high now that it would take $70,000 for every man, woman, and child in the America to pay off the national debt. We all also agree that there must be spending cuts to achieve deficit reduction. This bill includes over $250 billion in spending cuts and savings in the next 5 years. That is a substantial cut in spending and I believe only the beginning of difficult, painful spending cuts. I would like to see more cuts in spending and I will insist on more cuts in the future.

A majority of the Government spending goes to entitlement programs and entitlements are the fastest growing portion of our spending. That is, checks going out of the U.S. Treasury for Social Security payments, Medicare and Medicaid payments, military and civilian retirements payments, education and agriculture subsidies. These are the programs with incredible growth and they are also the programs which are the hardest to make cuts in. This bill makes some tough cuts in all of these programs and there will be more ahead.

Of course a bill like this is going to be controversial. When you pass legislation that includes $250 billion of spending cuts and almost as much in new revenue, you are going to have great controversy.

I believe that the honest and realistic way to bring down our deficit is with a strong combination of spending cuts

and revenue increases. Spending cuts alone will not work. The tragedy of this bill is that there are those who have tried to mislead the public shouting "cut spending first." The fact is that the only people who will see their income tax rates go up are those that make more than $180,000 a year. These are the people who enjoyed the biggest tax breaks over the last decade, and they will now be required to pay a more fair share.

We are fortunate to have a President who is honest enough to make this bold proposal and willing to make the tough choices to reduce the deficit. I believe passing this economic plan is the right thing to do for our future, and that is why I support it.

Mr. ARCHER. Mr. Speaker, I yield myself 15 seconds in order to respond to the gentleman from Texas.

I say to my good friend that the CBO numbers do not support $260 billion in spending cuts, even over 5 years, and what spending cuts are supported by CBO occur, as the gentleman well knows, as promises in the fourth and fifth years.

□ 1340

Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky [Mr. BUNNING], a respected member of the committee.

Mr. BUNNING. Mr. Speaker, I rise in opposition to the President's tax bill and urge my colleagues to join me in defeating this monstrosity, so we can start over on a real deficit reduction plan that will reduce the deficit—one that will cut spending and increase jobs in America.

A couple weeks ago, I sent out a constituent newsletter to the people of the Fourth Congressional District. As you might expect, a good part of that newsletter was dedicated to the President's tax bill and the reasons I felt it was bad for the country and the reasons why I opposed it.

In the original draft of the newsletter, I made a couple light-hearted jabs at the President's tax bill. I mentioned that opposition to the bill was growing as more people learned more about it. I said, people started realizing that Bill Clinton's economic plan is a lot like his haircut—it's much more expensive than it looks.

I also mentioned that the President's Btu tax was a technical energy term—it stands for "Bill tricked you.

Neither of those remarks was in the final version of my constituent newsletter. They were both censored out by the House Franking Commission. The Franking Commission would not approve the newsletter until I removed these two remarks. They said they were too partisan.

But if this bill passes today, and if you vote for this bill today, you will not be able to hide behind smoke or mirrors and you will not be able to censor out the truth.

The Btu tax was dropped in conference. That is one of the few good things that did happen there. But if you vote for this bill today, the term "Btu" still applies—Bill tricked you.

This is not what Bill Clinton promised in the election. This is not what the American people voted for last November. This is not even what Bill Clinton said it was Tuesday night in his Oval Office fireside chat.

He is smooth and he is slick and he is a great teleprompter performer, but regardless of how convincing the President may be, this bill is still tax-and-spend, pure and simple.

It will not cut the deficit. It will not create jobs. And it will not cut spending.

And no matter what you say, you are not going to be able to hide the tax increases in this bill from the American people come next April 15.

We treat criminals better than this bill treats taxpayers. At least criminals are protected, by the Constitution, from laws passed ex post facto. You cannot make an act a crime retroactively and punish someone for it.

This bill punishes taxpayers for success, after the fact. All the way back to January 1993.

It's amazing. A lot of Presidents have raised a lot of taxes. But Mr. Clinton is the first one who has managed to raise taxes before he was even sworn into office. The Clinton tax increases that we are voting on today actually go back and raise people's taxes on income earned before Mr. Clinton was even President.

I guess we should consider ourselves fortunate. He could have made it retroactive even more and tried to tax the money people made when people were still making money—during the Reagan years before the 1990 tax increase.

You can run and you can hide, but even death is no protection against Mr. Clinton's appetite for new taxes.

Like grave robbers in the night, this bill raises the estate taxes on people who had the misfortune of dying since January. It rips open the coffin and steals the silver dollars from the eyes of the dearly deceased.

If that is not punitive taxation, I don't know what is. I am not touching that grave digger's shovel.

You can hide behind the President's assurances that this bill only taxes the rich. But what about the jobs it destroys. Do you really think that small businesses—the real job creators in this country—are going to be able to expand and hire at the same time they are trying to come up with the money to pay their retroactive tax liability.

Most small businesses, partnerships and S corporations are taxed as individual income taxpayers. And yes, some of them are successful enough to be in the category that Mr. Clinton calls the rich.

They are the folks who do the hiring and growing and who create 80 percent or more of the new jobs in this country by plowing their profits back into their business.

But if this tax bill passes, small business won't be plowing back much. They will be paying up. New jobs—do not count on it. The President is definitely right about one thing: the people who do not get those new jobs which are not created because of his tax bill, they definitely will not be paying higher taxes. They will be unemployed.

Retroactive taxation is not the only inequity here. Look at the taxes on senior citizens.

They are not rich—at least most of them. Six million Social Security households are going to be hit with the largest tax increase in the entire bill, by having 85 percent of their Social Security benefits taxed rather than 50 percent. The number will go up to 8 million by 1998 and higher every year after as inflation pushes more and more Social Security recipients over the threshold.

Some 40,000 households in Kentucky will be paying $32 million more in taxes because of this one provision. And we aren't talking about people with incomes over that magic $180,000 level that the President keeps using; 57 percent of the taxes generated by the elderly surcharge will come from seniors with incomes under $75,000.

Even if you hold your nose long enough to get past the punitive, retroactive tax increases and elderly surcharges in the bill, you are left with one simple fact—this bill just will not work. It will not reduce the deficit.

Tax increases won't reduce the Federal deficit. Congress has proven this over and over again. Every time this body raises taxes, it just turns around and raises spending.

Gimmicks like the President's deficit reduction trust fund will not change that reality. The promised spending cuts will not materialize.

And I have never seen a single economic model which even begins to suggest that you can create prosperity with tax increases. It just cannot be done.

I ask you all to listen to the people for a minute. They are saying—and they have been saying—cut spending first. This bill does not do that. It doesn't cut spending today. It raises taxes yesterday. It raises taxes today. It raises taxes tomorrow. But when it comes to spending cuts, it only promises. It only promises cuts some place down the road at some far off tomorrow—a tomorrow that probably will never come.

We have heard those promises before. We heard them in 1990. The taxes are still here but the promised budget cuts never came.

When I say there are no budget cuts in the bill, I am, of course, speaking in

relative terms. There are some budget cuts—they are few and far between—but even these are phony and temporary.

The President's bill takes a token slap at Federal employees—cutting manning levels and freezing pay. It slashes defense and it cuts reimbursements to doctors and hospitals.

But the only realistic way to cut Federal employment costs over the long run, is to improve efficiency or to cut the size of the Federal Government and to eliminate unnecessary programs. As long as the Federal Government keeps growing, we are going to need good qualified people to run those programs. Temporary employee cutbacks and pay freezes won't do the job.

But the President's program doesn't cut back the growth of the Government and it doesn't eliminate a single Federal program.

The President does propose slashing defense spending. In fact, he plans to decimate national defense by cutting $127 billion. But is that realistic? I don't think so. If he tries to cut that much, some place along the line, he is going to discover he doesn't even have enough aircraft carriers left for photo opportunities.

If he cuts as much as he proposes from national defense, Mr. Clinton is even going to have to ask Mike Dukakis to return the tank he used in the 1988 campaign.

And, of course, I think everybody—if they tell the truth—realizes we can't keep cutting the reimbursement for doctors and hospitals without destroying the quality of health care. The savings aren't real anyway. The costs are just shifted out of the Government's budget into the private sector.

So, even the few cuts that are included in the President's plan are phony or temporary at best.

So, overall, the President's plan was not improved very much in the conference process. It is still a tax-and-spend bill. The cuts are few. What cuts there are, are phony. And the taxes are very real—retroactive—job killers.

The President would have us believe that he is our Nation's savior, with a plan to heal the sick and raise the dead. Instead, his proposal would sicken the economy and tax the dead.

It didn't have to be this way. The Republicans worked hard to come up with a realistic budget alternative that proposed real cuts in real programs. But our proposal was frozen out early on. The majority never gave it a chance or a second thought.

Maybe, if we defeat this bill, we could get together and work out a real deficit reduction plan. That's what we need to do.

This bill is not going to do the job. You will not be able to hide behind empty promises, backroom deals and censorship if this bill is enacted. When April 15 comes around, people are going to learn the truth. It is a tax bill. There is no fairness here. Just taxes.

Mr. Speaker, I urge my colleagues to join me in defeating this mess.

Mr. ROSTENKOWKI. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. I thank the chairman for yielding this time to me.

Mr. Speaker, many of us do not like to enact retroactive provisions; it is not the preferred way. But unlike what my Republican colleagues would have us believe, it is not unusual to find retroactive tax provisions in legislation that is passed. In 1981, 1982, 1984, 1986, all included retroactive provisions in the Income Tax Code. The reason is quite simple: It is very difficult to do a rate change in the middle of a calendar year. It would be very hard administratively to do it.

Sure, you can use a blended rate, but that does not really get at the timing of when income is received.

So, many times we will use retroactive provision in order to conform with the tax year. And that is what has been done in this bill.

The constitutional argument that has been made by my colleagues on the Republican side just does not hold true. There has never been a successful challenge to a retroactive tax provision in the U.S. Supreme Court. To the contrary, in United States versus Darusmont, the U.S. Supreme Court held in the 1976 tax bill that a retroactive provision was in fact constitutional. So, it is in fact no surprise to the American people.

Since the end of 1992, the discussions have been about increased tax rates.

I dare say that many of my constituents who have incomes of above $180,000 and would be impacted by it have tax advisers who informed them of the intended changes in our tax laws.

Let me say, as the chairman pointed out earlier, there is an installment provision to make it easier for people to pay the increased taxes by an interest-free, no-penalty payment over a 3-year period.

Not only are the rates retroactive, but also many of the benefits that are included in this bill, tax benefits, are retroactive. We retroactively repeal the luxury taxes, provide for expansion of small-business expensing retroactively, the 25 percent deduction for self-employed insurance premiums is retroactive.

So, it is fair in both respects.

Let me conclude by saying that it is not unusual to have this provision, and certainly those provisions do not prevent us from doing what we need to do in passing this very important economic package.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from California [Mr. HERGER], another respected member of the committee.

Mr. HERGER. I thank the gentleman for yielding this time to me.

Mr. Speaker, in 1990, Congress adopted a 5-year plan to reduce the deficit by $500 billion. It included a 5-cent-per-gallon gas tax. Most of the spending cuts were postponed until the final 2 years of the plan.

In 1993, we are considering another 5-year plan to reduce the deficit by about $500 billion. It includes an additional 4.3-cent-a-gallon gas tax increase. Again, 80 percent of the spending cuts will not take place until after the next Presidential election. Does this not sound familiar?

What were the results of the 1990 plan? Our economy slipped into a recession, and 3 years later, the deficit is $100 billion higher than it was in 1990.

Will the outcome be any different this time? According to the Congressional Budget Office, this plan will destroy 1.4 million jobs. At the end of the program, our national debt will have increased by 50 percent. By the plan's own figures, Federal spending will be $306 billion higher than it is today. Only in Washington would this be considered a budget cut.

Mr. Speaker, Congress made a catastrophic mistake in 1990. Let us not adopt a carbon copy of that fiasco again today.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. I thank the chairman for yielding this time to me.

Mr. Speaker, this is supposed to be a house of great debate. My guess is the debate here today will not change a single vote. The public has to ask what happened. I think what happened is that the minority very early on opted out of this debate. They now say to start over; they mean do nothing. They say meet us halfway; what they really mean is we will meet you at the OK Corral.

We are focused here on August 5, 1993, the minority is focused on November 1994. Monkey wrench is their emblem.

This is so exemplified by the issue of retroactivity. I went through the debate May 28, just some months ago; we had the same provision on retroactivity. I cannot find any discussion by the minority on this issue. It is a sham issue. It has happened before. Dead people, a deceased person, would have had to earn, if a family member, $180,000 adjusted gross income in just the first months of this year in order to have that provision apply. You are weeping over somebody's estate, $180,000 the first months of this year?

I have been to town meeting after town meeting these last years. I have talked about deficit reduction. This is the day of reckoning, and I intend to live up to my obligation to act.

Let us pass this resolution.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GRANDY], a respected member of the committee.

Mr. GRANDY. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I've been here for only 7 years but this is my third 5-year budget deal. So do not tell me this is our only choice, do not say this is the only game in town, the only train leaving the station. Because I have heard that before.

In fact, I have said that before in 1990 when I got up and defended that budget deal as the best product that Republicans and Democrats from uptown and downtown could produce.

Well, now I know better. If experience has taught me anything, it is that these budget debates are not about taxes, they're about timing. They are about accountability. They are about Congress leading by example and not simply explanation.

That means putting the spending cuts up front first and negotiating whatever revenues are needed to make up the deficit shortfall later. Do that and you will have my support. You will have Republican support. Not every Republican to be sure but enough to lend a bipartisan credibility to a process that right now is nothing more than a backroom deal.

Vote "no" today and keep this process alive. Vote "no" and our President will forgive you. Vote "yes" and your constituents may not.

□ 1350

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. RANGEL].

Mr, RANGEL. Mr. Speaker, it is unfortunate that our Republican friends have seen fit to decide in advance of our bill that they were going to vote against it. I do not think recent history has ever seen a situation where someone has decided en bloc to go against the President of the United States and to do absolutely nothing; but the people I have the most sympathy for are the Republicans who do want to participate, do want to make a difference, but because of party line are unable even to come forward and indicate that there is some part of the bill that they like and would want to support.

In any event, we have the responsibility of moving forward. We would like to do it as a united Congress, but since no one appears to be moving to help, we have assumed the responsibility. We have the Presidency and we are moving forward.

One of the exciting things about this bill is recognizing that the poor really in addition to the pain and suffering cost us a great deal in this country. The homeless cost us a lot of money. The drug and alcohol addicts cost a lot of money, and even today our jails are costing us some $40 billion a year.

In order to stop this hemorrhage, we have to be in a position to buttress up our education, to make certain that all our kids have an opportunity not only to create job training, but to create those jobs.

The President has come forward with a way and blueprint to see what happens when we do pay attention to these factors.

You may call them empowerment zones, you may call them enterprise zones, but it is the nine poorest areas of the country that will have the benefit of the uniqueness to invite business there, to invest in human beings and to get this country back on its feet.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from Michigan [Mr. CAMP], another respected member of the committee.

Mr. CAMP. Mr. Speaker, from my understanding of what this bill contains, and it was not finished until 7 p.m. last night, it can be summed up this way: higher taxes. Higher taxes on American families, higher taxes on older Americans, American workers and farm families; higher taxes on employers who create jobs, higher taxes on transportation fuels, and that is higher costs for every product that moves by land, sea, or air.

Not only is it the biggest tax increase ever, the increase in individual, estate, and business tax rates will be retroactive to January 1, 1993. Someone correct me if I am wrong, but was President Clinton President on January 1, 1993? Were 110 new Members of this body Members of Congress on January 1, 1993?

This bill does not really cut Government spending and does not really cut the deficit. But it does cut one thing. This bill cuts jobs.

The Congressional Budget office has estimated that if Congress defeats this plan, the current economy, by itself, would create 9.4 million new jobs.

The President and administration claim this legislation must be approved because it will create 8.3 million new jobs. If we enact this tax package, we lose 1.1 million American jobs.

Many small employers pay taxes at the individual rate. Their burden will be increased significantly. And yes, these are the same small employers that have been and are expected to create jobs in our economy.

In Michigan, there are 211,000 small employers. This means 25,400 people in my State could lose their jobs.

Mr. Speaker, I submit we cannot vote for this bill when it raises taxes, raises the national debt, does not cut spending, and costs American jobs.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. REYNOLDS].

Mr. REYNOLDS. Mr. Speaker, from 1980 to 1992 the wealthy in this country received the largest tax break in the history of this country. They benefited when others in our society did not have those same opportunities. It is now time for us in America, all of us, including the wealthy, to join in this effort of fairness.

Let us talk about this effort of fairness. In Illinois, the State that I represent, we are going to bring families, both black and white, Hispanic and Asian, up to a respectable level when they work full time. This is not a handout. This is for working families with children and families that work who do not have children, the earned income tax credit.

In my district alone, $48 million will go to 29,000 families who work full time to give them an earned income tax credit.

In the district of the gentleman from Illinois [Mr. LIPINSKI], $29 million to bring those families up, to give them some dignity.

How would you like to work 40 hours a week and still be below poverty? We have millions of families in America today who work 40 hours a week and still are below poverty.

It is time, Mr. Speaker, for us in this country to include everybody in the American dream.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from New York [Mr. HOUGHTON], a respected member of the committee.

Mr. HOUGHTON. Mr. Speaker, I reluctantly stand here to oppose this plan. I would rather be standing beside my brothers and sisters on the other side in a nonpartisan way. On the other hand I would like to feel that to disagree is not to engage in class warfare as some suggest.

I have never opted out. The problem in fact is—I was never included in.

But to get to the point, there are three reasons I oppose this plan.

First of all, there is never ever only one plan. How can there possibly be only one way, as the President suggests? If somebody tells me that, I am immediately suspicious.

Second, history says that taxes and spending reductions together never stimulate an economy. They never have, they never will.

Now if that is the case—and our focus is deficit reduction, what will happen is that we still put an immediate drag on the economy. Volume goes down. No amount of subsequent tax increases or spending cuts will within a reasonable time offset the negative trend.

Third, if you have ever been in business, you know one thing. When your customers are in trouble, you do not shove a price increase at them. You wait. You go inside. You try to cut your own costs first.

Now, we all want to fix the deficit. We all want to be part of the solution—not just naysayers. But this is—believe me—a high-risk plan.

I do not agree with it. Why pass something which has been put together by staff intellectuals—when those of us who have lived in the trenches for near

40 years say it's dangerous. I am willing to spend nights, weekends, all of August working with other people to find a different approach—a practical approach.

Yes, Mr. Speaker, we need to fix the economy. But please, let us do it right.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. LEWIS].

Mr. LEWIS of Georgia. Mr. Speaker, I want to thank my chairman for his superb leadership in bringing this legislation to us today.

Mr. Speaker, I rise today to speak in support of this plan. This budget proposal will cut the deficit by almost $500 billion. In this plan, we may not have all that we want—no one is suggesting that this plan is a panacea—it is not a cure for our economic ills. But, when we pass this plan it will be a major step down a very long road toward getting our economic house in order.

Too many of our friends and colleagues on the other side of the aisle have given up. They are not engaged, they have withdrawn, they are boycotting the process, they are not saying anything, they are not prepared to vote for reducing the deficit, they are not prepared to vote for cutting spending, they are not prepared to vote for anything. They are prepared to continue to vote for gridlock. They just say "no."

I say to you my colleagues, let us give this plan a chance to work—give this President's program a chance to succeed. I say now is the time to do what is right; now is the time to do what is fair; now is the time for leaders to lead; now is the time for us to have courage, nothing but raw courage. Now is the time to do it right.

I know this is a different vote for all of us, but we were not elected to perform the easy task, we were elected to solve some of the problems facing our Nation. I, for one, did not come to Congress a few years ago to get bogged down in the paralysis of analysis.

Today, we have an opportunity to take a big, a necessary step down what is going to be a very long road. We have not had this opportunity before now. We must take it. Let us vote for this bill. Let us vote for the good of the country, not for the party, not for the President, but for the good of the people. It is the right thing to do.

Support the budget reconciliation plan.

□ 1400

Mr. ARCHER. Mr. Speaker, I yield myself 15 seconds.

Mr. Speaker, once again we have heard the spurious number of $500 billion deficit reduction. The President and his minions think if they say it over and over and over again that the American people will believe it.

By whose estimates?

Not CBO's, not CBO's baseline.

By whose estimates?

Mr. Speaker, I yield 1½ minutes to the gentleman from Louisiana [Mr. MCCRERY], another respected member of the committee.

Mr. MCCRERY. Mr. Speaker, since President Clinton offered his deficit reduction plan, there has been a lot of talk about gridlock and partisan politics. In both cases, the talk has been pejorative in nature. Gridlock can be bad or good, depending on one's perspective. Since Democrats now control both the White House and Congress, there is no excuse for gridlock. If the package passes, I suspect there will be many people in this country, including many Democrats, yearning for the days of gridlock.

But what about partisan politics? I hear all the time, "Why can't Republicans and Democrats put aside partisan politics and do what's best for the country?" as if all of us, Democrats and Republicans, simply came to Washington neutral, then were divided up as shirts and skins, with each team having no goal other than to beat the other. But of course that is not the case. Each of us in Congress freely chooses to affiliate with either major political party. And we make that choice based on our philosophy of government. We then rely on that philosophy to make decisions which we think are in the best interests of the country. Naturally, because we have differing philosophies of government, Republicans and Democrats often reach contrary conclusions as to what is best for the country. That's the way our system works, and it's a good system.

The issue before us today goes to the very heart of the difference in philosophy between Democrats and Republicans. This deficit reduction package relies primarily on tax increases to reduce the deficit. Republicans would prefer a package which relies totally, or at least primarily, on cuts in Government programs to reduce the deficit. The difference is that Democrats don't mind big Government, while Republicans would like to reduce the role of Government.

As I said before, Democrats control both the executive and legislative branches of Government, so this package should, and probably will, pass. As a Republican, I think the proposal is wrongheaded and I intend to vote against it. As an American, if this bill passes, I hope I and my Republican colleagues are wrong. But whatever the outcome, the American people should understand that this is not a game of shirts and skins we're playing here.

The names Republican and Democrat mean something, and if the people of this country want less spending, not more taxes, if they want smaller, not bigger, Government, then they need to remember in the next election which team is which.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. SANTORUM], another respected member of the committee.

Mr. SANTORUM. Mr. Speaker, I thank the gentleman from Texas [Mr. ARCHER] for yielding this time to me, and I rise in very strong opposition to this bill because it is bad for America, it does not create jobs, and the people in my district, from what I hear, do not support this bill.

I happen to represent one of the most Democrat districts held by a Republican. I have 71 percent of the people in my district who are registered Democrats, yet yesterday, after the President called for them to let me know how they felt about this bill, we have got 296 people who called my office in opposition to this bill and 47, 47 in support of it. This is a 71-percent Democrat district where President Clinton got 55 percent of the vote. President Bush got 29 percent of the vote. And the number was what? It was 6 to 1 in opposition to this bill.

I say to my colleagues, "Don't you get it? The people do not support this because they know it is bad policy, not bad politics. It is bad politics, too, I will add, but it is bad policy. This is not the medicine they voted for. This district voted for you, but they do not vote for this."

Mr. Speaker, I say to my colleagues, "Go back. Let us do something that is positive for this country that creates jobs, that really will solve the deficit, not just feed this monster of Government with more and more money for it to go out and spend more and more. Let us go back and do what the American public voted for. Let us go back, cut spending first, reform Government, make a difference, and let us do something responsible."

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Mr. Speaker, I rise in strong support of the conference report which we will vote on later today.

This is the single largest deficit reduction plan ever voted on by the House or Senate—nearly $500 billion.

The spending cuts in this plan are real and exceed the new revenues.

Discretionary spending is frozen to 1993 levels for the next 4 years.

And yesterday for the first time ever in our history, the President signed an Executive order to control entitlement spending over the next 4 years which we have incorporated in our House rules.

As the Roanoke Times said this morning in an editorial endorsing the plan: "It remains the most honest budget submitted by a President in more than a decade."

Each of us in this House was elected to make some tough decisions for the constituents we represent.

Mr. Speaker, it is time to act. I urge my colleagues to support the conference report.

Mr. ARCHER. Mr. Speaker, I yield myself 15 seconds.

Mr. Speaker, the gentleman once again is parroting the largest deficit reduction bill ever voted on in this Chamber. Patently false by CBO estimate. Let us talk about the congressional budget estimates because the other side does not want to do it. They want to use the phony numbers of OMB.

Mr. Speaker, I yield such time as she may consume to the gentlewoman from Florida [Mrs. FOWLER].

Mrs. FOWLER. Mr. Speaker, I rise in strong opposition to the tax bill.

The President says this is a 5-year plan of tax increases and spending cuts.

Let us look at those 5 years.

What will the American people get this year? In 1993, they get a tax increase—a retroactive personal income tax increase. They get a 4.3 cents-a-gallon gas tax that will have a devastating effect on tourism and the economy in my State of Florida. Seniors get the biggest hit with increased taxes on their Social Security and drastic cuts in Medicare.

Let us look to the future:

In 1994, the American people will be paying higher taxes.

In 1995, they will be paying higher taxes.

In 1996, they will still be paying higher taxes.

Then finally, at the end of 1996, the President says there will be spending cuts.

That is right, nearly 80 percent of the proposed spending cuts in this package do not occur until fiscal year 1997 and after. Four years after the American people have been paying the largest tax increase in our history.

Mr. Speaker, my constituents have made it clear to me that they want Congress to cut spending first. This plan simply does not cut spending first.

I urge my colleagues to oppose it.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana [Mr. JEFFERSON].

Mr. JEFFERSON. Mr. Speaker, I rise today in support of the budget reconciliation conference report and to ask this House to undertake the dual responsibility of reversing a policy that has led to fiscal and social deficits and to chart a course toward economic stability for the 21st century.

There has been much misinformation about this reconciliation bill. Others on our side have gotten these facts straight, but I am compelled to refute Mr. ARCHER's remarks that senior citizens will be amongst the hardest hit in this bill. That is nonsense. The truth is 88 percent of those who receive Social Security will pay no taxes under this bill and only those who now pay taxes will pay a slightly higher tax, and most of these people who will pay new taxes under this bill have an average net worth of $1 million.

This bill introduces a much-needed policy of investment in our people and our communities. The carefully targeted investment incentives for small businesses in general and for minority-owned or controlled businesses in particular will spur job creation and provide a much needed stimulus to the economic recovery currently under way. The creation of empowerment zones and enterprise communities represents the core of an urban policy that has been too long in the making and upon which we must continue to build in the future to rejuvenate our inner cities.

This bill is historic in that it provides benefits to those who suffered the most deprivation and neglect during the Republican hegemony of the last 12 years—the middle class, the poor, and the working poor—and guarantees for the first time that families with at least one full-time worker need no longer fear living in poverty. In my district in Louisiana, approximately 134,000 households out of a total of 217,000—over 50 percent—will benefit from the expansion of the earned income tax credit [EITC]. Less than 3 percent of the households in my district will see their income tax rates increase and the excise tax on gasoline will cost taxpayers in my district only an additional $28.76 per year.

I wish to emphasize to my colleagues Republican and Democrat alike, that it is imperative that we recognize the solemnity of our decision here today and that we posit the right question. The question is not what will happen if we pass the bill. That question is—what will happen to our country if we fail to act?

If we fail to act, we will see interest rates grow, costing a middle-class family more to buy a car or a home than the modest gasoline tax increases in this bill.

If we fail to act, we will miss the fresh opportunities offered by this bill to small businesses, to real estate investors, and to the larger corporate community to create jobs and stimulate economic growth.

We no longer have the luxury of time to hesitate, to study and to form bipartisan commissions and task forces, time really to abdicate our responsibilities to our constituents and to the Nation. We must act now, and for the first time in a very long time, take the long view of our Nation's destiny. This bill is but a first step in that direction, a most necessary first step and I hope this House will have the courage to take it.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a respected member of the committee.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I want to make five brief points.

First of all, this is not a 5-year plan. It does not raise enough money to fulfill the commitments in this bill. Look at the tax extender provisions. The R&D tax credit for one expires after 2 years.

I could enumerate other important provisions that expire after 18 months or 2 years, but in 2 minutes I do not have the time.

But mark my words: This bill brings us back to this floor of the House in 2 years for another tax bill to raise the full revenues to fund the programs this bill promises to the American public.

Second, Mr. Speaker, the tax increases are immediate. The spending cuts do not materially develop until the third, fourth, and fifth year, and 60 percent of the cuts take place in years four and five. We have never made it to years four and five. Why would anyone believe we can make spending cuts in those years that we can't make this year?

Third, not only do the tax increases take place immediately, but they are retroactive. Many make the case that the 1986 tax bill which retroactively changed the way we valued real estate was a primary cause of the S&L system collapse.

□ 1410

Retroactive tax changes are extraordinarily hostile to people in America, to a healthy, growing economy. We have exacerbated, at least, and possibly precipitated, the collapse of the S&L system through similar action in the 1986 bill and must not create such unintended consequences today.

Fourth, this bill hits small business hard. Do you realize that the increase in the Medicare taxes in this bill is greater than the increase in the gas tax? In other words, small business will pay more in increased HI taxes than all of the American people together will pay in increased gas taxes. That is a heavy hit on the only job creators in our Nation.

Mr. Speaker, I would remind Members also that 4 percent of the small businesses create 70 percent of the jobs, and that 4 percent not only get the HI increase, but they also get a more than 10-point increase in their tax burden, from 31 percent, probably for most, up to 44 percent. That is a truly job killing increase in taxes because every one of those dollars could have been used to hire people.

Last, and fifth, and, this is a grossly unfair bill. It will increase taxes on seniors, the retired single woman at $34,000, and not increase taxes on the single working person until $115,000. That is blatantly unfair, to burden our seniors in a unique way when they are beyond the point of being able to expand their incomes through work. In some, this will be a 100-percent increase in taxes, for all its will be at least a 50-percent increase. Such unfairness builds distrust and disrespect for government and compromises our future.

My colleagues, I urge your opposition of this job killing, unfair, building that facts to achieve the fundamental goal of cutting spending first.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. KOPETSKI].

Mr. KOPETSKI. Mr. Speaker, I guess when your arguments are weak, you reach for the can of red herrings. And that is what my colleagues have done on the other side of the aisle with this retroactivity issue.

The fact is in 1982 when there was a tax bill, 22 Republicans in the House today voted for retroactive provisions. In 1984, 34 Republicans who are still in the House today voted for retroactivity, including the distinguished minority leader, the gentleman from Illinois [Mr. MICHEL], and including the gentleman from Tennessee [Mr. SUNDQUIST]. In 1986, the same thing. The facts are right there in the voting records. And I wonder why they are bringing up retroactivity today. I think it is because they have weak arguments.

Second, let me address the small business issue. The fact is 96 percent of the small businesses in America will not be affected by any tax increases as a business. The fact is small businesses will gain from this bill that the President has proposed.

In the bill we raise from $10,000 the expensing provision to $17,500. We extend the research and development tax credit for small businesses. We extend the deduction tax credit for small businesses. We reinstitute the 25 percent tax credit for their health insurance for sole proprietorships and partnerships.

Yes, there are tax cuts in this, and that is what is going to keep the interest rates down so when the retail shop owner goes to borrow money from the bank for his inventory, he is paying a cheaper rate. And those lower rates mean that the homeowner can get a lower refinance rate on their home and pay a lower interest rate on their mortgage. It means local governments, when they go borrow some money for the bonds to build the new school building, that they will pay a cheaper rate of interest so the property taxpayers in that district will pay less money as well.

Yes, we are down to this bill. Either you want to help America reduce the deficit, or you do not. That is what this means. Vote "yes" or "no." Vote yes today to support the President's plan.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri [Mr. HANCOCK], a respected member of the committee.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1½ minutes to the gentleman from Tennessee [Mr. FORD].

Mr. FORD of Tennessee. Mr. Speaker, today, I stand in strong support of the conference agreement of the Omnibus Budget Reconciliation Act of 1993.

This measure represents the largest deficit reduction package in the history of the U.S. Congress. We cannot stand by and watch our children's future dissolve as the deficit grows at such an astronomical rate.

My Democratic colleagues know that passage of this measure will represent a needed victory for our Democratic President who is working hard to revitalize America and to revive the American dream by restoring the American economy. For this reason too, we must pass the agreement.

We know that the measure reinforces programs that were neglected during the 12 years of Reagan and Bush. We must pass the agreement for this reason, too.

The measure restores tax fairness to this country. Wealthy Americans who benefited from tax cuts and changes during the Republican reign will now pay their share in taxes while helping to cut the deficit. We must pass the agreement for that reason.

But, Mr. Speaker, what we must know is that the Budget Reconciliation Act works in large part to aid our most vulnerable citizens: Children, especially poor children and their families. This agreement is profamily as the President intended, and that is why it should be passed.

As chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, I will be working directly with the President and officials of his administration to end welfare as we know it today. My office has been besieged with questions about when welfare reform will begin. Democrats and Republicans, liberals and conservatives, blacks and whites, the rich and the poor all support welfare reform.

Welfare reform begins here. Right here. A vote for this measure is a vote for welfare reform. A vote for this measure is a vote to begin the end of welfare as we know it today.

The major expansion of the earned income tax credit would lift low income working families out of poverty, and create an economically viable alternative to welfare for single parents to meet the needs of their children. The agreement increases the credit for families with children, taking into account that most welfare recipients want to work, and will work if it pays. Many welfare recipients are employed but not all those employed earn sufficient wages to support their families.

The agreement contains investments unrelated to welfare that help families. The more economic independence families are given, the further away they are able to move from welfare.

The agreement establishes tax and other incentives for empowerment zones to stimulate economic growth and job creation in distressed urban and rural areas.

It extends the Trade Adjustment Assistance Program for 3 years to provide training and income support

The measure enhances child support enforcement, a major component of the proposed welfare reform initiative. It streamlines paternity establishment procedures and strengthens medical support enforcement. Passage of this measure means that fewer children would be forced to rely on Medicaid, or even worse, to go without health insurance when their noncustodial parent is covered by health insurance.

Most important, the reconciliation package includes an additional $1 billion to support families, and to improve the lives of neglected and abused children in the child welfare system.

Child poverty is so widespread that in eight of every nine congressional districts there are more than 10,000 poor children waiting to benefit from these essential services.

Children are the poorest of Americans—child poverty rates have remained above 20 percent throughout the 1980's and into the 1990's, up from 14 percent in 1973. Substance abuse, from alcohol to crack cocaine, is a growing threat to the livelihood of hundreds of thousands of children. Add to this social isolation, the lack of two-parent family formation, and the breakdown of the American extended family, and what do we have?

Children represent our Nation's future. They deserve even more attention than the deficit. Yet, since 1980, reports of child neglect and abuse have tripled. Many of our Nation's child welfare systems—comprised of thousands of State and local governments, and private providers—are considered to be in a state of crisis. The number of children in foster care has grown more than 50 percent in 5 years.

This measure includes important new funds for family support services to help parents nurture and rear their children. The initiative also would fund family preservation services, to help families and children in crisis to address problems and, where possible, avoid or limit long stays in temporary foster care placements. Family support programs are essential because they intervene early with families to enhance child development and family functioning. Some programs are specifically designed to prevent abuse and neglect in targeted, at-risk populations; others provide more general services to a broader population. Do not make children and families pay for the budget problems of this Nation. The children desperately need each Member to agree to this measure.

Mr. ARCHER. Mr. Speaker, I yield the balance of my time to the gentleman from California [Mr. THOMAS], a respected member of the committee.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from California [Mr. THOMAS] is recognized for 4 minutes.

Mr. THOMAS of California. Mr. Speaker, I thank the gentleman from Texas [Mr. ARCHER], the leader of the Republicans on the Committee on Ways and Means, for yielding.

Mr. Speaker, the American people have patiently watched everyone, from the President on down, explain this plan using charts prepared by economists. I think it is about time that the American people had a chance to show us their chart.

People are wondering why the President dropped in the polls after his TV informercial. If anyone wonders at all, I think they need to know that the American people understand this plan. If you want to know what the American people know, take a look at the chart they would prepare to explain this plan.

Now, every weekend they see an arrow like this—"You are here" in every shopping center around the Nation. You are here, August 1993. According to the official numbers from the Committee on the Budget the tax increases start January 1, 1993. Fifty-seven percent of the taxes start January 1. The promised spending cuts come later.

Tax increases have already started, but the promised spending cuts come later, 30 percent of them after the election of 1994. Sixty-one percent of the spending cuts come after the Presidential election of 1996 assuming the promises are kept.

Spending cuts are supposed to happen later; yet, the tax increases have already started.

Mr. Speaker, this is a dumbbell plan, weighted on one end by a majority—57 percent—of the taxes that have already started, and weighted on the other end by spending cuts—over 60 percent after the 1996 Presidential election—that are promised.

The plan is a dumbbell. The American people are not. That is why they are rejecting this plan.

In addition, the President said in his speech, "It is our plan, or no plan." I think the President is wrong. I think we have an opportunity, as was expressed by several of my colleagues, that if we vote this plan down, we can forge a better plan. We can drop the dumbbell. We do not have to have retroactive tax increases and prospective hoped-for spending cuts. We can drop both ends of the dumbbell, if my colleagues on the other side of the aisle are willing.

The President said the other night, "It is our plan, or no plan." I have to tell Members, that sounds an awful lot like "My way or no way." And I think what we are trying to tell the President and urging you folks to understand is that if it is your way or no way, the American people in 1996 are clearly going to indicate that there is an alternative way, and that is the highway.

□ 1420

Mr. ROSTENKOWSKI. Mr. Speaker, I yield the balance of my time to the gentleman from Wisconsin [Mr. OBEY].

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from Wisconsin [Mr. OBEY] is recognized for 2 minutes.

Mr. OBEY. Mr. Speaker, I simply want to say, in response to the gentleman who says that the spending cuts come later, that the fact is we have already passed 10 appropriations bills this year, which have already passed some almost 300 cuts, which are going to affect not next year, not down the line, but this year, almost 300 cuts. Go back, take a look at the bills.

Second, if we are going to compare performance on deficit reduction, this chart demonstrates, the green bars demonstrate what the Reagan promises were on deficit reduction, if we would pass their plan in 1981.

They promised we would get to zero deficit in 4 years. The red bars show they only missed by $185 billion. So I have had it with listening to their promises or estimates about who is going to hit what on deficit reduction.

With respect to jobs, I do not think we have to take any lectures whatsoever from that side of the aisle on job creation. This chart takes the number of jobs created under every President's 4-year term, going back to the end of World War II, and it arranges them in descending order of job growth.

What the chart demonstrates is that Lyndon Johnson produced the greatest job growth in his term, 16 percent job growth. Carter the next highest, Truman the next highest. Guess who drags up the caboose? Guess who produced the slowest job growth rate in the history of this country going back to 1945? The last 4 years under President Bush.

If we take a look at what happened in the 1980's, in terms of real hourly wages, real hourly wages were going up systematically from 1955 through 1980. We passed the Reagan package in 1981.

We have had flat, flat growth in wages ever since. Middle income is being squeezed. Workers are being squeezed.

My colleagues, we have tried it your way for 10 years. Let us try something new.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas [Mr. DE LA GARZA] will be recognized for 10 minutes and the gentleman from Kansas [Mr. ROBERTS] will be recognized for 10 minutes.

The Chair recognizes the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the distinguished chairman of the subcommittee, the gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. Mr. Speaker, I first wish to commend the leadership and the President of the United States for this package that we have before us today for a deficit reduction of $500 billion over the next 5 years. I also wish to commend my chairman, the gentleman from Texas [Mr. DE LE GARZA] for leading us in the Committee on Agriculture to provide for spending cuts.

I have heard on this floor that there were no spending cuts until later years. If Members look at the agriculture portion of this bill, they are going to find spending cuts beginning next year and going on each individual year thereafter. So do not believe them. There are spending cuts in here, starting right away, next year.

I want to say to all of my colleagues that the American farmer is willing to make those cuts in order to bring this country back into an economic condition where everybody can do better. They are willing to do so as long as everybody else does. And under this bill, there are spending cuts.

There is an area of concern that I have with the conference report.

During the conference on this measure, the House conferees reluctantly agreed to include a brief prohibition on the sale of recombinant bovine somatotropin, commonly known as BST. This is a substance that will allow dairy producers to become more efficient if they so choose.

The Food and Drug Administration [FDA] is currently reviewing applications for BST for safety and effectiveness under the Federal Food, Drug, and Cosmetic Act. The House conferees believed that this was the appropriate process for a new product, and we were nearly unanimous in support of stripping the Senate's BST moratorium.

This regrettable provision was included only to overcome the deadlock with Members of the other body who were insisting on some portion of the more onerous moratorium included in the Senate amendment, so that we could avoid continued gridlock. The Senate language placed a 14-month moratorium on the sale, marketing, or use of BST. The conferees ultimately agreed on a prohibition on the sale of BST for 90 days following its approval by FDA.

The conference report limits only the sale of BST, and does not limit a company's ability to use or distribute the product during the 90-day period, or to distribute materials to promote the sale of the product. Producers are not prohibited from using BST nor from continuing to sell milk and meat produced by cows treated with BST.

The conference agreement requires the Secretary of Agriculture to decrease the amount of the reduction in price received by producers under the 1990 Reconciliation Act during the 90-day prohibition period. No other requirement is imposed on the Department of Agriculture or any other Government agency with respect to BST in this bill.

Some have raised concerns that this provision will serve to delay the ongoing review of pending BST applications by FDA. We do not intend or believe

this to be the case. By law, FDA reviews animal drug applications only for safety and effectiveness. FDA has no authority to consider social or political agendas, nor should it. The provisions of this conference report are intended to have absolutely no effect on FDA's review of BST.

If BST is found to be safe and effective, I can think of no rational reason to deny its use to dairy producers. It would become another very important tool in their effort to produce a vital food product. Those of us who are concerned about overproduction of agricultural products need to spend our time developing sound policies that address all production, rather than try to prevent improvements in efficiency.

To attempt to deny this technology is to bury one's head in the sand. This country has grown strong through increased efficiency in agriculture, and to suddenly decide now that we want to freeze where we are, to stall further progress, is at best shortsighted and counterproductive. I do not see this misguided effort as a precedent for how Congress will deal with biotechnology in the future, because I do not believe this brief delay is supported by a majority of either House. It is included in this report only because of the peculiar circumstances in which it was considered, and I do not expect similar actions in the future.

I support the bill, and I thank the chairman for his work here today.

Mr. ROBERTS. Mr. Speaker, I yield 1 minute to the gentleman from Missouri [Mr. EMERSON], a distinguished and outstanding member of the committee.

Mr. EMERSON. Mr. Speaker, there are so many things wrong with this tax plan that I cannot begin to list them all in the brief time I have to speak. But there are two things in this package which I particularly oppose. First, I find it difficult to believe that this Congress and this administration is about to hike taxes retroactively. Americans who have been paying their taxes for the past 7 months are about to be told, "Dig deeper! What you've paid us so far is not enough—we're coming back for more!" Never mind the constitutional due process requirement of notice.

The second thing wrong with this package is the effect that it will have on small businesses in America. Most small businesses pay their taxes at the level of the individual owner, partner, or shareholder, and they will be subject to higher individual rates and to the so-called millionaire surtax. With effective rates slated to exceed 40 percent, many small businesses will find themselves subject to marginal rates well above those of the Nation's largest and most profitable corporations. These small businesses will be paying higher taxes, instead of investing in new equipment and creating new jobs. Last year, small businesses comprised about 99 percent of all American employers, hired nearly 60 percent of the work force and created some two-thirds of all new jobs. This tax package, Mr. Speaker, will kill the goose that lays the golden egg.

Mr. ROBERTS. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Speaker, I rise in strong opposition to the bill.

Today, the Democrat-controlled Congress along with a willing President, are attempting to impose the largest tax increase in the history of this country on our fragile economy.

History teaches us many things. One of the most obvious is that bad tax policy, that is when taxes get too high, causes negative things to happen economically to the American people. And, just as the 1990 budget deal brought this country's longest peacetime expansion—89 consecutive months of economic growth—to an end, I believe the Clinton tax plan will have similar results. A plethora of independent forecasting firms agree. Most analysts predict the economy will falter with the passage of the Clinton plan.

President Clinton ran on the mantle of change. However, this tax bill is a long way from anything new or different. There is little difference between this tax plan and deficit reduction plans of the past. In fact, the Democrat tax plan is very comparable to the Democrat/George Bush failed 1990 budget deal. The similarities are uncanny:

Both claim to cut the deficit by nearly $500 billion.

Both raise income taxes when enacted—well, actually the Clinton tax bill raises taxes retroactively to January 1, 1993, the first time income taxes have been retroactive since the Vietnam war.

The bulk of the claimed spending cuts; that is, spending less than previously planned, are in the later years in both plans. In fact, $44 billion of the claimed Clinton cuts are actually planned cuts from the 1990 budget deal.

In both cases the national debt increases substantially. As acknowledged by the President, his plan will increase the national debt by more than $1,000 billion—$1 trillion—over the next 5 years, and,

Both plans raise the gas tax.

There is little reason to hope that this package will help small business create jobs. Moreover, the profitable small businesses, which usually put their proceeds back into the business to expand and create jobs, will now have to spend their earnings on paying higher retroactive income taxes, higher Medicare taxes, and higher gas taxes.

Just as I objected to a Republican President's budget plan that raised taxes and lacked spending cuts in 1990, I will vote against the tax plan put forward by congressional Democrats and President Clinton. As I have said before, and I will say again, there is no right way to do the wrong thing.

I urge everyone, both Republicans and Democrats, to oppose this destructive plan.

Mr. ROBERTS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Oregon [Mr. SMITH], who is the ranking member of the Subcommittee on Department Operations and Nutrition.

Mr. SMITH of Oregon. Mr. Speaker, I thank the gentleman for yielding time to me.

This plan is bad for agriculture. It is bad for America.

It cuts $3 billion out of production agriculture. It increases by the same time $2½ billion in food stamps. That is a transfer from production agriculture to food stamps.

I thank that is dead wrong. It cuts the market promotion program that returns $7 for every $1 invested.

That is the way we sell our goods overseas. That is the bright spot in the economy, in agriculture, in export. It carves into the very heart of agriculture.

Finally, in this short time, let me say, this is the largest redistribution-of-wealth plan in our history. It transfers wealth from agriculture to food stamps, from rich to the poor, from county to the city. Class economic warfare, indeed. This is socialism.

Mr. ROBERTS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from California [Mr. POMBO], a member of the committee.

Mr. POMBO. Mr. Speaker, I rise today in opposition to this plan for a number of reasons, the biggest of which is, it is bad for my district.

The gas taxes and the increased income taxes are going to be devastating to small business in my district. They are going to be especially tough on agriculture.

When we look at the high energy use, like agriculture, it drives up the cost of production. Farmers are price takers. They are not allowed to make their own price for what they are going to sell their products for.

They take what the market will bear. Unfortunately, in the situation that we have created with this bill, we have created a situation that farmers cannot get out from under. They are going to have to absorb the taxes right from their bottom line.

Being the only Member of this body who can stand up and say, last year my sole job was that of farming, I can honestly say that this is bad for agriculture.

Mr. ROBERTS. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I rise in opposition to the President's budget plan.

First, on behalf of my farmers and ranchers and all of those who are involved in agriculture, I want to thank the distinguished chairman of the House Committee on Agriculture, the gentleman from Texas [Mr. DE LA GARZA].

The gentleman from Texas [Mr. DE LA GARZA] has indeed worked overtime to make this budget plan less harmful to rural America. In that regard, the chairman and my colleagues across the aisle were handed a lemon by the Clinton administration, and they have

truly labored to produce something called lemonade.

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Both of us Republicans who served on the reconciliation conference worked within those parameters with the chairman. In this regard, I would tell my colleagues, our role was much like riding shotgun on a stage headed in the wrong direction.

Mr. Speaker, I do not have the time to fully go into the latest changes and details that were put into this budget plan as they affect agriculture. The latest 45 pages were received late yesterday. They left little time for study. I am very concerned about extending the farm bill beyond 1995 for some crops and not others, a market promotion program now based on the perception of reform as opposed to results, a food stamp spending increase over and above the cost-of-living adjustment, and welfare reform and changes in other commodity programs.

There is more, there is much more. At the request of one Senator, there is a moratorium on the use of BST that is, a biotechnical breakthrough in dairy, and the moratorium makes about as much sense as putting a moratorium on milking machines. There is less money to help States in regard to food stamp fraud and abuse. We are going to have to deal with those problems as each farm program policy snake crawls out of the budget package, not to mention the increase in the gas tax.

However, my colleagues, let us step back from the individual brambles and thorns in this budget and take a look at the whole briar patch. This budget debate is not between Republicans and Democrats. This debate is whether or not 41 conservative Democrats will join with the Republicans to offer a more realistic and conservative budget plan. This is not deficit reduction, as has been said before. Simply put, if we measure by what we are spending, the level of taxes, the size of the deficit, and the national debt this year and what is going to happen at the end of 5 years, spending goes up, taxes go up, the deficit is not significantly reduced, and the national debt goes up by more than $1 trillion.

Only in Washington do we define a reduction in the amount of increased spending as deficit reduction. The question is, why are we going through all of this hoopla and so-called gridlock to produce a budget package that will increase spending, taxes, the long-term deficit, and the debt? Yet some of my colleagues, some in the press, some who are just listening and watching and reading, say it does not matter; "Just do something. Touch and embrace this hot stove, hug the hot stove, ride the stagecoach, ride the stagecoach off the cliff, mount the posse and ride off in the wrong direction."

My colleagues, stopping the train before a train wreck is a positive step. I have every confidence that a more conservative, bipartisan majority could, and more importantly should, at least get the train headed in the right direction. My Democrat colleagues, vote "no." Help us achieve true deficit reduction.

Mr. Speaker, I rise in opposition to the President's budget plan and ask permission to revise and extend my remarks.

First, in behalf of my farmers and ranchers and all those involved in agriculture, let me thank the distinguished chairman of the House Agriculture Committee. The gentleman from Texas [Mr. DE LA GARZA] has worked overtime to make this budget plan less harmfull to rural America.

In that regard, the chairman and my colleagues across the aisle were handed a lemon by the Clinton administration and they have truly labored to produce lemonade. Those of us Republicans who served on the reconciliation conference worked within those parameters and with the chairman.

In this regard, our role was much like riding shotgun on a stage headed in the wrong direction and out of control. Mr. Chairman, I do not have the time to fully go into the latest changes and deals that were struck in this budget plan as they affect agriculture. The latest 45 pages were received late yesterday, leaving little time for study, but I am very concerned about extending the farm bill beyond 1995 for some crops and not for others, a market promotion program now based on the perception of reform as opposed to results, a food stamp spending increase over and above the cost of living adjustment and before welfare reform, and changes in other commodity programs.

There is more, much more; at the request of one Senator, a moratorium on the use of BST—that is a biotech breakthrough in dairy—and the moratorium makes about as much sense as putting a moratorium on milking machines. And, there is less money to help States prevent food stamp fraud and abuse.

We will have to deal with those problems as each farm program policy snake-crawls out of this budget package. Not to mention the increase in gas taxes.

Let us step back from the individual brambles and thorns in this budget and take a look at the whole briar patch. My colleagues, I know and appreciate with all of the disagreement, diversity, and disorganization within the majority party that this may represent the best you can do.

But, with all due respect, this budget debate is not between Republican and Democrats. The debate is whether or not 41 conservative Democrats will join with Republicans to offer a more realistic and conservative budget package.

Let us use a different yardstick to truly describe what this package is—this is not deficit reduction. Simply put, if you measure by what we are spending, the level of taxes, the size of the deficit and the national debt this year and what will happen at the end of 5 years, spending goes up, taxes go up, the deficit is not significantly reduced and the national debt goes up—by more than a trillion dollars.

Only in Washington do we define a reduction in the amount of increased spending as deficit reduction. The question is, why are we going through all of this hoorah and so called gridlock to produce a budget package that will increase spending, taxes, the long term deficit and the debt?

Yet, my colleagues and some in the press and some who are listening, watching and readying, say it does not matter, just do something. Touch and embrace the hot stove. Ride the stagecoach off the cliff. Mount the posse and ride off in the wrong direction. My colleagues, stopping the train before a train wreck is a positive step.

I have every confidence that a more conservative bipartisan majority could and should at least get the train headed in the right direction. My Democrat colleagues, vote no and help us achieve true deficit reduction.

Mr. Speaker, I would ask how much time I have remaining.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from Kansas has 3 minutes remaining.

Mr. ROBERTS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Wisconsin [Mr. GUNDERSON], the ranking member on the Subcommittee on Livestock of the Committee on Agriculture.

Mr. GUNDERSON. Mr. Speaker, I will include for the record a rather detailed statement dealing with the whole dairy section of the bill, because I want to talk about something else. I want to follow up on the remarks of our distinguished ranking member, the gentleman from Kansas [Mr. ROBERTS].

Under this conference agreement we will be spending $244 billion more in 1994 than we take in. In 1995, we will have a deficit of $232 billion. In 1996, it will be $209 billion. In 1997, it will be $201 billion. In 1998, it will be $213 billion.

The conference agreement before this Congress and this country at this point in time over the next 5 years, based on the best economic assumptions to date, will add over $1 trillion to the national debt. It does not matter whether we are for or against taxes, whether we think the ratio of spending cuts to taxes is fair or not, whether we believe or do not believe in retroactive taxation, and frankly, whether we support or oppose the BST moratorium.

None of that matters when the bottom line is we are adding $1 trillion to the national debt. The question before this Congress and this Nation today is, can we and should we do better? I plead with my colleagues on both sides of the aisle, but in particular the Democratic side of the aisle, here is one Republican who stands ready to join them the minute we say, "We can do better than this," in a bipartisan way, with absolutely everything on the table, to show the American people we can be on a downward trend in annual deficits and the national debt; that we are not going to bankrupt America's future, that we are going to use this window of

opportunity in a bipartisan way to do something real. The agreement before us does not do that. We can all do much better.

Now, if I could take a few moments to address that portion of the conference report for which I was a conferee—Agriculture. From the perspective of the dairy industry and the Federal dairy price support program, I was pleased that we could produce a win—win—win situation with the change in the so-called butter/powder tilt.

Indeed, by removing surplus butter from the market at no more than $.65/pound we not only save $259 million in expenditures on the dairy price support program, but we also make our butter more competitive in the world market. Most importantly, we will use a portion of this savings in 1996 and 1997 to reduce the current assessment on dairy farmers from 11.25 cents/cwt to 10 cents/cwt. That puts $125.00 back in the pocket of a dairy farmer with 50 cows and a 20,000 pound herd average in each of those 2 years.

As pleased as I am with that portion of the conference report, Mr. Speaker, it certainly does not offset the damage done to American public policy on technological innovation and export competitiveness by the meaningless 90-day moratorium on the sale of synthetic BST; that is, bovine growth hormone, included in the reconciliation package.

Since 1985, the National Institutes of Health, the American Medical Association, the American Dietetic Association, the Council on Agricultural Science and Technology, and dozens of other independent, science-based associations have studied synthetic BST and have found that it is safe for human consumption.

Indeed, every drop of milk we drink currently contains BST. Further, there is no chemical difference between naturally occurring BST and that which has been genetically reproduced in the laboratory. In fact, there is no scientific test that can distinguish between BST produced by a cow and BST genetically reproduced in a laboratory when they are mixed together in a glass of milk.

Yet, we have individuals who, for whatever reason, are trying to whip up consumer hysteria over the safety of synthetic BST. In the process, they are compromising the future competitiveness of not only the American dairy industry, but all of American agriculture, in the world market by discouraging technological innovation that helps farmers produce more efficiently.

Some point to an alleged 7-year ban of synthetic BST by the European Community [EC] as justification for an American ban of that product as well. This argument fails for several reasons. First of all, no such ban has been enacted and will not even be considered by the EC ministers until December of this year. Even if that ban is enacted, the EC has dozens of other non-tariff barriers that have kept—and will keep—our dairy products out of the EC market until a GATT agreement is reached. Accordingly, a EC ban on BST is irrelevant.

Second, and of equal importance, is the fact that our major export markets for American dairy products—the countries of the former Soviet Union and Mexico—already have approved BST for sale and use within their borders and, most assuredly, will accept American dairy commodities made from milk produced with synthetic BST.

Mr. Speaker, the decision of whether or not to employ a particular technology in his or her farm operation ought to be left to the farmer. I trust the ability of farmers in my district to make that decision. Apparently not all of my colleagues have the same faith in their constituents that I do in mine.

Finally, Mr. Speaker, let me make a few comments about the frustration that we experienced with the Byrd rule from the other body. From what I can determine, the Byrd rule means that the other body can strike nonmonetary language they do not like from the reconciliation package while keeping similar language they do like. For example, the agriculture portion of the reconciliation package contained language protecting our rural electric cooperatives from losing some of their best customers to other utilities simply by virtue of the exercise of municipal annexation. This would have assisted those cooperatives in remaining competitive and in providing additional rural development opportunities in spite of the loss of 5 percent Government loans. This provision was struck by the Parliamentarian in the other body.

On the other hand, nonbudgetary reforms of the Market Promotion Program for which neither a hearing has been held nor other public testimony received, were left in the package because of their importance to members of the other body. Clearly, there are glaring inconsistencies in the application of the Byrd rule which need to be negotiated and cleaned up prior to our next exercise in reconciliation.

All in all, Mr. Speaker, there is very little in this legislation that we can call good public policy. I, therefore, urge my colleagues to vote against it and to join me in a bipartisan effort to produce a better reconciliation package—not only for our sake, but the sake of future generations of Americans.

Mr. ROBERTS. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Illinois [Mr. EWING], a member of the Committee on Agriculture.

Mr. EWING. Mr. Speaker, I rise in opposition to this bill for the taxpayers and the voters of the 15th District of Illinois.

Mr. Speaker, I rise in opposition to the budget reconciliation conference report. Clintonomics is bad economic policy, and it is policy that will disproportionately affect farmers and other rural residents.

Under this bill, $3 billion is cut from farm programs, on top of $57 billion in cuts over the last 10 years. No area of the budget has contributed more in recent years than agriculture. At a time when spending on other entitlement programs is increasing dramatically, agriculture has shown continual and real reductions. We in agriculture have already given our share, and then some.

I think it is important to point out that farm programs are not welfare. They make our farmers more competitive, protect us against unfair foreign competition, and help us to provide food to the American public that is safer and cheaper than anywhere else in the world.

I am especially concerned about cuts in programs that make our farmers more competitive overseas, including cuts of $405 million over 5 years in the Market Promotion Program. Programs such as MPP help us to crack markets where unfair trading practices have kept U.S. companies from competing. Cuts in these programs will directly affect the bottom line of American farmers.

The cuts in the agriculture portion of the budget are almost directly offset by increases in food stamp spending of $2.5 billion over 5 years. Even without this increase, no new food stamp recipient would be denied benefits, and no existing recipient would be denied cost-of-living increases. Few programs have seen increases of the magnitude of the food stamp program in recent years, and to further increase spending on this program, when welfare reform has not even come before the Congress yet, is truly unconscionable.

The gas tax in this budget will fall especially hard on rural residents. A rural family with two drivers may end up spending several hundred dollars more each year because of this tax increase.

Additionally, the increase in the Federal estate tax from 50 to 55 percent will affect many farm families, and the retroactive nature of this tax will create serious cash flow problems for some families.

I have focused only on those portions of President Clinton's economic plan that will affect farm and rural residents. There are many other onerous provisions in this bill, and no shortage of reasons to oppose it. This bill increases taxes before much in the way of spending cuts, and the spending cuts it does make come disproportionately from agriculture and defense. For these reasons and others I oppose Clintonomics and oppose this bill.

Mr. ROBERTS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Florida [Mr. LEWIS], the ranking member of the Subcommittee on Specialty Crops and National Resources of the Committee on Agriculture.

Mr. LEWIS of Florida. Mr. Speaker, I thank the gentleman for yielding time and for his work on the agriculture portion of this bill. Due to his hard work most of the Republican concerns have been addressed.

Unfortunately the rest of the bill is a travesty. As I said before, it's not the same old thing, it's even more of the same old thing.

All rhetoric aside, we must ask ourselves one thing, will it work? History tells us the answer is "No."

Time and time again this Congress raises taxes and promises spending cuts. Everytime the same people rise to defend the plan and everytime the spending cuts never come. When will they learn?

Instead of changing plans and cutting spending they just go for more taxes.

This is not a deficit-reduction plan, it is a Government growth plan, and that is not what the American people want. Let us start all over again, and start with spending cuts. Oppose this plan.

The SPEAKER pro tempore. The time of the gentleman from Kansas [Mr. ROBERTS] has expired.

Mr. DE LA GARZA. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Speaker, the Agriculture portion of the Omnibus Reconciliation Act of 1993 contains alarming, precedent-setting language which impacts the future of our Nation's science and technology endeavors. As a budget conferee to the Agriculture Subconference, I signed the report in the spirit of cooperation and compromise—agreeing with an overwhelming majority of the Agriculture Committee's work. However, I am extremely concerned about language—based purely on social and economic claims—prohibiting the commercial sale of bovine somatotropin [BST], an animal drug that is pending approval by the Food and Drug Administration [FDA].

Congress has traditionally avoided legislating requirements for specific products already subject to rigorous standards and regulations. In the case of BST, requirements are in place to thoroughly evaluate its effectiveness and safety before FDA can approve it for commercial use. If ultimately approved, then the marketplace, not Congress, should determine the future of the product.

If Congress preempts FDA on the review of this technology, we will establish a dangerous precedent that Congress knows better than FDA scientists about whether or not a product should be available. Although some argue that economic and social judgment should be taken into account, Congress should not replace the Food and Drug Administration or the marketplace in making decisions about individual products. In so doing, we would unjustifiably hinder critical research and product development. What company will risk the substantial investment involved in researching and developing new technology only to learn that their product is subject to the political whims of Congress? Yet unfortunately, through this budget process, individuals have been allowed, for the first time, to arbitrarily manipulate the rules for approval and introduction of new innovations and technologies.

We should recognize our imprudence and strive to not repeat this type of legislative moratorium on new technology. I otherwise commend the work of the committee chairman for his diligence in addressing these difficult issues.

Mr. DE LA GARZA. Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma [Mr. ENGLISH].

Mr. ENGLISH of Oklahoma. Mr. Speaker, the House Agriculture Committee was directed to find savings in the Rural Electrification Administration [REA] Program for purposes of meeting the objective of this budget reconciliation package. I am pleased to say that indeed the House and Senate conferees were able to reach agreement on language that, according to CBO, results in savings of $161 million over the next 5 years.

This provision of the agriculture section of the reconciliation package not only saves money, but results in a substantial and positive change in the REA Program. Specifically, strict criteria has been developed which REA borrowers, both telephone and electric, must meet before qualifying to participate in the program. Like any Federal agency, the REA must continue to wisely utilize our tax dollars. The language originally contained in this reconciliation package would have done just that.

Unfortunately, the extensive REA provisions were deleted because of their inability to comply with the Senate's Byrd rule. However, I rise this afternoon to place in the RECORD the entire REA bill language upon which Agriculture conferees agreed.

In addition to the REA provisions which have been eviscerated by the Byrd rule, the conferees also agreed to language which would require the Secretary of Agriculture to use funds of the Commodity Credit Corporation to fund the Conservation Reserve Program and the Wetlands Reserve Program. Adoption of the provision was a good faith effort by the conferees to keep a commitment that had been made to the environmental community in 1990. This provision, too, has felt the bitter sting of the Byrd rule. The language of both this and the REA provision is as follows:

Subtitle B—Restructuring of Loan Programs

SEC. 1201. ELECTRIC AND TELEPHONE LOAN PROGRAMS.

(a) INSURED ELECTRIC AND TELEPHONE LOANS.—

(1) IN GENERAL.—Section 305 of the Rural Electrification Act of 1936 (7 U.S.C. 935) is amended—

(A) by striking subsections (b) and (d);

(B) by redesignating subsection (c) as subsection (b); and

(C) by inserting after subsection (b) (as so redesignated) the following new subsections:

"(c) INSURED ELECTRIC LOANS.—

"(1) HARDSHIP LOANS.—

"(A) IN GENERAL.—The Administrator shall make insured electric loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per year to any applicant for a loan who meets each of the following requirements:

"(i) The average revenue per kilowatt-hour sold by the applicant is not less than 120 percent of the average revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service.

"(ii) The average residential revenue per kilowatt-hour sold by the applicant is not less than 120 percent of the average residential revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service.

"(iii) The average per capita income of the residents receiving electric service from the applicant is less than the average per capita income of the residents of the State in which the applicant provides service, or the median household income of the households receiving electric service from the applicant is less than the median household income of the households in the State.

"(B) SEVERE HARDSHIP LOANS.—In addition to hardship loans that are made under subparagraph (A), the Administrator may make an insured electric loan at an interest rate of 5 percent per year to an applicant for a loan if, in the sole discretion of the Administrator, the applicant has experienced a severe hardship.

"(C) LIMITATION.—The Administrator may not make a loan under this paragraph to an applicant for the purpose of furnishing or improving electric service to a consumer located in an urban area (as defined by the Bureau of the Census) if the average number of consumers per mile of line of the total electric system of the applicant exceeds 17.

"(2) MUNICIPAL RATE LOANS.—

"(A) IN GENERAL.—The Administrator shall make insured electric loans, to the extent of qualifying applications for the loans, at the interest rate described in subparagraph (B) for the term or terms selected by the applicant pursuant to subparagraph (C).

"(B) INTEREST RATE.—

"(i) IN GENERAL.—Subject to clause (ii), the interest rate described in this subparagraph on a loan to a qualifying applicant shall be—

"(I) the interest rate determined by the Administrator to be equal to the current market yield on outstanding municipal obligations with remaining periods to maturity similar to the term selected by the applicant pursuant to subparagraph (C), but not greater than the rate determined under section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) that is based on the current market yield on outstanding municipal obligations; plus

"(II) if the applicant for the loan makes an election pursuant to subparagraph (D) to include in the loan agreement the right of the applicant to prepay the loan, a rate equal to the amount by which—

"(aa) the interest rate on commercial loans for a similar period that afford the borrower such a right; exceeds

"(bb) the interest rate on commercial loans for the period that do not afford the borrower such a right.

"(ii) MAXIMUM RATE.—The interest rate described in this subparagraph on a loan to an applicant for the loan shall not exceed 7 percent if—

"(I) the average number of consumers per mile of line of the total electric system of the applicant is less than 5.50; or

"(II)(aa) the average revenue per kilowatt-hour sold by the applicant is more than the average revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service; and

"(bb) the average per capita income of the residents receiving electric service from the applicant is less than the average per capita income of the residents of the State in which the applicant provides service, or the median household income of the households receiving electric service from the applicant is less than the median household income of the households in the State.

"(iii) EXCEPTION.—Clause (ii) shall not apply to a loan to be made to an applicant for the purpose of furnishing or improving electric service to consumers located in an urban area (as defined by the Bureau of the Census) if the average number of consumers per mile of line of the total electric system of the applicant exceeds 17.

"(C) LOAN TERM.—

"(i) IN GENERAL.—Subject to clause (ii), the applicant for a loan under this paragraph may select the term for which an interest rate shall be determined pursuant to subparagraph (B), and, at the end of the term (and any succeeding term selected by the applicant under this subparagraph), may renew the loan for another term selected by the applicant.

"(ii) MAXIMUM TERM.—

"(I) APPLICANT.—The applicant may not select a term that ends more than 35 years after the beginning of the first term the applicant selects under clause (i).

"(II) ADMINISTRATOR.—The Administrator may prohibit an applicant from selecting a term that would result in the total term of the loan being greater than the expected useful life of the assets being financed.

"(D) CALL PROVISION.—The Administrator shall offer any applicant for a loan under

this paragraph the option to include in the loan agreement the right of the applicant to prepay the loan on terms consistent with similar provisions of commercial loans.

"(3) OTHER SOURCE OF CREDIT NOT REQUIRED IN CERTAIN CASES.—The Administrator may not require any applicant for a loan made under this subsection who is eligible for a loan under paragraph (1) to obtain a loan from another source as a condition of approving the application for the loan or advancing any amount under the loan.

"(d) INSURED TELEPHONE LOANS.—

"(1) HARDSHIP LOANS.—

"(A) IN GENERAL.—The Administrator shall make insured telephone loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per year, to any applicant who meets each of the following requirements:

"(i) The average number of subscribers per mile of line in the service area of the applicant is not more than 4.

"(ii) The applicant is capable of producing net income or margins before interest of not less than 100 percent (but not more than 300 percent) of the interest requirements on all of the outstanding and proposed loans of the applicant.

"(iii) The Administrator has approved a telecommunications modernization plan for the State under paragraph (3) and, if the plan was developed by telephone borrowers under this title, the applicant is a participant in the plan.

"(iv) The average number of subscribers per mile of line in the area included in the proposed loan is not more than 17.

"(B) AUTHORITY TO WAIVE TIER REQUIREMENT.—The Administrator may waive the requirement of subparagraph (A)(ii) in any case in which the Administrator determines (and sets forth the reasons for the waiver in writing) that the requirement would prevent emergency restoration of the telephone system of the applicant or result in severe hardship to the applicant.

"(C) EFFECT OF LACK OF FUNDS.—On request of any applicant who is eligible for a loan under this paragraph for which funds are not available, the applicant shall be considered to have applied for a loan under title IV.

"(2) COST-OF-MONEY LOANS.—

"(A) IN GENERAL.—The Administrator may make insured telephone loans for the acquisition, purchase, and installation of telephone lines, systems, and facilities (other than buildings used primarily for administrative purposes, vehicles not used primarily in construction, and customer premise equipment) related to the furnishing, improvement, or extension of rural telecommunications service, at an interest rate equal to the then current cost of money to the Government of the United States for loans of similar maturity, but not more than 7 percent per year, to any applicant for a loan who meets the following requirements:

"(i) The average number of subscribers per mile of line in the service area of the applicant is not more than 15.

"(ii) The applicant is capable of producing net income or margins before interest of not less than 100 percent (but not more than 500 percent) of the interest requirements on all of the outstanding and proposed loans of the applicant.

"(iii) The Administrator has approved a telecommunications modernization plan for the State under paragraph (3) and, if the plan was developed by telephone borrowers under this title, the applicant is a participant in the plan.

"(B) CONCURRENT LOAN AUTHORITY.—On request of any applicant for a loan under this paragraph during any fiscal year, the Administrator shall—

"(i) consider the application to be for a loan under this paragraph and a loan under section 408; and

"(ii) if the applicant is eligible for a loan, make a loan to the applicant under this paragraph in an amount equal to the amount that bears the same ratio to the total amount of loans for which the applicant is eligible under this paragraph and under section 408, as the amount made available for loans under this paragraph for the fiscal year bears to the total amount made available for loans under this paragraph and under section 408 for the fiscal year.

"(C) EFFECT OF LACK OF FUNDS.—On request of any applicant who is eligible for a loan under this paragraph for which funds are not available, the applicant shall be considered to have applied for a loan guarantee under section 306.

"(3) STATE TELECOMMUNICATIONS MODERNIZATION PLANS.—

"(A) APPROVAL.—If, not later than 1 year after final regulations are promulgated to carry out this paragraph, the public utility commission of any State develops a telecommunications modernization plan that meets the requirements of subparagraph (B), the Administrator shall approve the plan for the State. If a State does not develop a plan in accordance with the requirements of the preceding sentence, the Administrator shall approve any telecommunications modernization plan for the State that meets the requirements that is developed by a majority of the borrowers of telephone loans made under this title who are located in the State.

"(B) REQUIREMENTS.—For purposes of subparagraph (A), a telecommunications modernization plan must, at a minimum, meet the following objectives:

"(i) The plan must provide for the elimination of party line service.

"(ii) The plan must provide for the availability of telecommunications services for improved business, educational, and medical services.

"(iii) The plan must encourage and improve computer networks and information highways for subscribers in rural areas.

"(iv) The plan must provide for—

"(I) subscribers in rural areas to be able to receive through telephone lines—

"(aa) multiple voices;

"(bb) video images; and

"(cc) data at a rate of at least 1,000,000 bits of information per second; and

"(II) the proper routing of information to subscribers.

"(v) The plan must provide for uniform deployment schedules to ensure that advanced services are deployed at the same time in rural and nonrural areas.

"(vi) The plan must provide for such additional requirements for service standards as may be required by the Administrator.

"(C) FINALITY OF APPROVAL.—A telecommunications modernization plan approved under subparagraph (A) may not subsequently be disapproved. Notwithstanding paragraphs (1)(A)(iii) and (2)(A)(iii), and section 408(b)(4)(C), the Administrator and the Governor of the telephone bank may make a loan to a borrower serving a State that does not have a telecommunication modernization plan approved by the Administrator if the loan is made less than 1 year after the Administrator has adopted final regulations implementing this paragraph.".

(2) RURAL TELEPHONE BANK LOAN PROGRAM.—Section 408 of such Act (7 U.S.C. 948) is amended—

(A) in subsection (a), by striking ", (2)" and all that follows through "408 of this Act," and inserting ", (2) for the acquisition, purchase, and installation of telephone lines, systems, and facilities (other than buildings used primarily for administrative purposes, vehicles not used primarily in construction, and customer premise equipment) related to the furnishing, improvement, or extension of rural telecommunications service,";

(B) in subsection (b)—

(i) by striking paragraph (4) and inserting the following new paragraph:

"(4) The Governor of the telephone bank may make a loan under this section only to an applicant for the loan who meets the following requirements:

"(A) The average number of subscribers per mile of line in the service area of the applicant is not more than 15.

"(B) The applicant is capable of producing net income or margins before interest of not less than 100 percent (but not more than 500 percent) of the interest requirements on all of the outstanding and proposed loans of the applicant.

"(C) The Administrator has approved, under section 305(d)(3), a telecommunications modernization plan for the State in which the applicant is located and, if the plan was developed by telephone borrowers under title III, the applicant is a participant in the plan.";

(ii) in paragraph (8)—

(I) by inserting "(A)" after "(8)";

(II) by striking "if such prepayment is not made later than September 30, 1988" and inserting "except for any prepayment penalty provided for in a loan agreement entered into before the date of enactment of the Omnibus Budget Reconciliation Act of 1993"; and

(III) by adding at the end the following new subparagraph:

"(B) If a borrower prepays part or all of a loan made under this section, then, notwithstanding section 407(b), the Governor of the telephone bank shall—

"(i) use the full amount of the prepayment to repay obligations of the telephone bank issued pursuant to section 407(b) before October 1, 1991, to the extent any such obligations are outstanding; and

"(ii) in repaying the obligations, first repay the advances bearing the greatest rate of interest."; and

(iii) by adding at the end the following new paragraphs:

"(9) On request of any applicant for a loan under this section during any fiscal year, the Governor of the telephone bank shall—

"(A) consider the application to be for a loan under this section and a loan under section 305(d)(2); and

"(B) if the applicant is eligible for a loan, make a loan to the applicant under this section in an amount equal to the amount that bears the same ratio to the total amount of loans for which the applicant is eligible under this section and under section 305(d)(2), as the amount made available for loans under this section for the fiscal year bears to the total amount made available for loans under this section and under section 305(d)(2) for the fiscal year.

"(10) On request of any applicant who is eligible for a loan under this section for which funds are not available, the applicant shall be considered to have applied for a loan under section 305(d)(2)."; and

(C) by adding at the end the following new subsection:

"(e) Loans and advances made under this section on or after November 5, 1990, shall

bear interest at a rate determined under this section, taking into account all assets and liabilities of the telephone bank. This subsection shall not apply to loans obligated before the date of enactment of this subsection. Funds are not authorized to be appropriated to carry out this subsection until the funds are appropriated in advance to carry out this subsection.".

(b) FUNDING.—

(1) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—Section 314 of such Act (7 U.S.C. 940d) is amended to read as follows:

SEC. 314. LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.

"(a) DEFINITION OF ADJUSTMENT PERCENTAGE.—As used in this section, the term 'adjustment percentage' means, with respect to a fiscal year, the percentage (if any) by which—

"(1) the average of the Consumer Price Index (as defined in section 1(f)(5) of the Internal Revenue Code of 1986) for the 1-year period ending on July 31 of the immediately preceding fiscal year; exceeds

"(2) the average of the Consumer Price Index (as so defined) for the 1-year period ending on July 31, 1993.

"(b) FISCAL YEARS 1994 THROUGH 1998.—In the case of each of fiscal years 1994 through 1998, there are authorized to be appropriated to the Administrator such sums as may be necessary for the cost of loans in the following amounts, for the following purposes:

"(1) ELECTRIC HARDSHIP LOANS.—For loans under section 305(c)(1)—

"(A) for fiscal year 1994, $125,000,000; and

"(B) for each of fiscal years 1995 through 1998, $125,000,000, increased by the adjustment percentage for the fiscal year.

"(2) ELECTRIC MUNICIPAL RATE LOANS.—For loans under section 305(c)(2)—

"(A) for fiscal year 1994, $600,000,000; and

"(B) for each of fiscal years 1995 through 1998, $600,000,000, increased by the adjustment percentage for the fiscal year.

"(3) TELEPHONE HARDSHIP LOANS.—For loans under section 305(d)(1)—

"(A) for fiscal year 1994, $125,000,000; and

"(B) for each of fiscal years 1995 through 1998, $125,000,000, increased by the adjustment percentage for the fiscal year.

"(4) TELEPHONE COST-OF-MONEY LOANS.—For loans under section 305(d)(2)—

"(A) for fiscal year 1994, $198,000,000; and

"(B) for each of fiscal years 1995 through 1998, $198,000,000, increased by the adjustment percentage for the fiscal year.

"(c) FUNDING LEVELS.—The Administrator shall make insured loans under this title for the purposes, in the amounts, and for the periods of time specified in subsection (b), as provided in advance in appropriations Acts.

"(d) AVAILABILITY OF FUNDS FOR INSURED LOANS.—Amounts made available for loans under section 305 are authorized to remain available until expended.".

(2) RULE OF INTERPRETATION.—Section 309(a) of such Act (7 U.S.C. 939(a)) is amended by adding at the end the following new sentence: "The preceding sentence shall not be construed to make section 408(b)(2) or 412 applicable to this title.".

(c) MISCELLANEOUS AMENDMENTS.—

(1) LOANS FOR RURAL ELECTRIFICATION.—Section 2 of such Act (7 U.S.C. 902) is amended—

(A) by inserting "(a)" before "The Administrator";

(B) by striking "telephone service in rural areas, as hereinafter provided;" and inserting "electric and telephone service in rural areas, as provided in this Act, and for the purpose of assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems;"; and

(C) by adding at the end the following new subsection:

"(b) Not later than January 1, 1994, the Administrator shall issue interim regulations to implement the authority contained in subsection (a) to make loans for the purpose of assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems. If the regulations are not issued by January 1, 1994, the Administrator shall consider any demand side management, energy conservation, or renewable energy program, system, or activity that is approved by a State agency to be eligible for the loans.".

(2) LOANS FOR ELECTRICAL PLANTS AND TRANSMISSION LINES.—Section 4 of such Act (7 U.S.C. 904) is amended by inserting after "central station service" the following: "and for the furnishing and improving of electric service to persons in rural areas, including by assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems".

(3) CURTAILMENT OR LIMITATION OF SERVICES PROHIBITED.—

(A) IN GENERAL.—Section 7 of such Act (7 U.S.C. 907) is amended—

(i) by striking "SEC. 7. The" and inserting the following:

"SEC. 7. PROPERTY PLEDGED FOR LOANS; CURTAILMENT OF SERVICES.

"(a) IN GENERAL.—The";

(ii) in the second undesignated paragraph, by striking "No borrower" and inserting the following:

"(b) SALE OF PROPERTY BY BORROWER.—No borrower"; and

(iii) by adding at the end the following new subsection:

"(c) CURTAILMENT OR LIMITATION OF SERVICES PROHIBITED.—

"(1) PROHIBITION.—

"(A) IN GENERAL.—Section 306(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(b)) shall apply to an electric borrower of a loan made or guaranteed under this Act in the same manner in which such section applies to an association referred to in such section.

"(B) PRIOR LOANS.—

"(i) IN GENERAL.—Subparagraph (A) shall apply only in areas included within the boundaries of any municipal corporation or other public body that include new facilities financed by loans made or guaranteed by the Administrator after the effective date of this subsection, but not including the refinancing of loans made or guaranteed prior to the effective date of this subsection.

"(ii) COMPETITION.—Nothing in this subsection is intended to prevent a State from permitting competition for new consumers in areas affected by this subsection in the same manner that the competition is permitted in areas not included within the boundaries of a municipality.

"(C) PRIOR ACTIONS.—Nothing in this subsection shall apply to any action of an electric utility taken prior to the effective date of this subsection, including an option to purchase facilities of a borrower granted under the law of a State enacted prior to July 1, 1993.

"(D) AUTHORITY OF ADMINISTRATOR.—Nothing in this subsection shall reduce the authority of the Administrator to protect the security for, or any other interest of the Rural Electrification Administration with respect to, any loan made or guaranteed under this Act for distribution, generation, or transmission.

"(2) NOT PROHIBITED.—

"(A) STATE PROVISIONS.—Nothing in this subsection shall prevent a State from enacting and enforcing any provision concerning the curtailment or limitation of services of a borrower that meets or exceeds the requirements of paragraph (1).

"(B) OTHER ACTIONS.—Nothing in paragraph (1) shall prevent—

"(i) a municipality from imposing a usual, customary, and nondiscriminatory fee on a borrower under this Act;

"(ii) a borrower, a municipality, or other electric utility from entering into a voluntary agreement that relates to any prohibition described in paragraph (1); or

"(iii) a municipality from extending the corporate boundaries of the municipality to include an area that receives electric service from a borrower under this Act.".

(B) INTERIM FINAL RULE.—Not later than November 1, 1993, the Secretary of Agriculture shall promulgate an interim final rule to implement section 7(c) of the Rural Electrification Act of 1936 (as added by subparagraph (A)). The rule shall become effective on February 1, 1994.

(C) EFFECTIVE DATE.—Except as provided in subparagraph (B), this paragraph and the amendments made by this paragraph shall become effective on February 1, 1994.

(4) DEFINITIONS.—Section 13 of such Act (7 U.S.C. 913) is amended—

(A) by inserting ", except as provided in section 203(b)," before "shall be deemed to mean any area"; and

(B) by striking "city, village, or borough having a population in excess of fifteen hundred inhabitants" and inserting "urban area, as defined by the Bureau of the Census".

(5) GENERAL PROHIBITIONS.—Section 18 of such Act (7 U.S.C. 918) is amended—

(A) by inserting "(a) NO CONSIDERATION OF BORROWER'S LEVEL OF GENERAL FUNDS.—" before "The Administrator"; and

(B) by adding at the end the following new subsections:

"(b) LOAN ORIGINATION FEES.—The Administrator and the Governor of the telephone bank may not charge any fee or charge not expressly provided in this Act in connection with any loan made or guaranteed under this Act.

"(c) CONSULTANTS.—

"(1) IN GENERAL.—To facilitate timely action on applications by borrowers for financial assistance under this Act and for approvals required of the Rural Electrification Administration pursuant to the terms of outstanding loan or security instruments or otherwise, the Administrator may use consultants funded by the borrower, paid for out of the general funds of the borrower, for financial, legal, engineering, and other technical advice and services in connection with the review of the application by the Rural Electrification Administration.

"(2) CONFLICTS OF INTEREST.—The Administrator shall establish procedures for the selection and the provision of technical services by consultants to ensure that the consultants have no financial or other potential conflicts of interest in the outcome of the application of the borrower.

"(3) PAYMENT OF COSTS.—The Administrator may not, without the consent of the borrower, require, as a condition of processing an application for approval, that the borrower agree to pay the costs, fees, and expenses of consultants hired to provide technical or advisory services to the Administrator.

"(4) CONTRACTS, GRANTS, AND AGREEMENTS.—The Administrator may enter into such contracts, grants, or cooperative agreements as are necessary to carry out this section.

"(5) USE OF CONSULTANTS.—Nothing in this subsection shall limit the authority of the Administrator to retain the services of consultants from funds made available to the Administrator or otherwise.".

(6) DEFINITION OF RURAL AREA.—Section 203(b) of such Act (7 U.S.C. 924(b)) is amended by striking "one thousand five hundred" and inserting "5,000".

(7) INSURED LOANS.—Section 305 of such Act (7 U.S.C. 935) (as amended by subsection (a)(1)) is further amended—

(A) by striking "SEC. 305. INSURED LOANS; INTEREST RATES AND LENDING LEVELS.—(a) The" and inserting the following:

"SEC. 305. INSURED LOANS; INTEREST RATES AND LENDING LEVELS.

"(a) IN GENERAL.—The"; and

(B) in subsection (b), by striking "(b) Loans" and inserting "(b) INSURED LOANS.—Loans".

(8) ELIGIBILITY OF DISTRIBUTION BORROWERS; ADMINISTRATIVE PROHIBITIONS.—Title III of such Act is amended by inserting after section 306B (7 U.S.C. 936b) the following new sections:

"SEC. 306C. ELIGIBILITY OF DISTRIBUTION BORROWERS FOR LOANS, LOAN GUARANTEES, AND LIEN ACCOMMODATIONS.

"For the purpose of determining the eligibility of a distribution borrower not in default on the repayment of a loan made or guaranteed under this Act for a loan, loan guarantee, or lien accommodation under this title, a default by a borrower from which the distribution borrower purchases wholesale power shall not—

"(1) be considered a default by the distribution borrower;

"(2) reduce the eligibility of the distribution borrower for assistance under this Act; or

"(3) be the cause, directly or indirectly, of imposing any requirement or restriction on the borrower as a condition of the assistance, except such requirements or restrictions as are necessary to implement a debt restructuring agreed on by the power supply borrower and the Government.

"SEC. 306D. ADMINISTRATIVE PROHIBITIONS APPLICABLE TO ELECTRIC BORROWERS.

"The Administrator may not require prior approval of, impose any requirement, restriction, or prohibition with respect to the operations of, or deny or delay the granting of a lien accommodation to, any electric borrower under this Act whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Administrator.

(9) LOANS FROM OTHER CREDIT SOURCES.—Section 307 of such Act (7 U.S.C. 937) is amended by adding at the end the following new sentence: "The Administrator may not request any applicant for an electric loan under this Act to apply for and accept a loan in an amount exceeding 30 percent of the credit needs of the applicant.".

(10) CAPITALIZATION.—Section 406 of such Act (7 U.S.C. 946) is amended by adding at the end the following new subsection:

"(i) The Governor of the telephone bank may invest in obligations of the United States the amounts in the account in the Treasury of the United States numbered 12X8139 (known as the 'RTB Equity Fund').".

(d) EXPANDED ELIGIBILITY FOR LOANS FOR WATER AND WASTE DISPOSAL FACILITIES.—Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) is amended by inserting after the first sentence the following new sentence: "The Secretary may also make loans to any borrower to whom a loan has been made under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), for the conservation, development, use, and control of water, and the installation of drainage or waste disposal facilities, primarily serving farmers, ranchers, farm tenants, farm laborers, rural businesses, and other rural residents.".

(e) RURAL ECONOMIC DEVELOPMENT.—Section 364 of such Act (7 U.S.C. 2006f) is amended by adding at the end the following new subsection:

"(g) RURAL ECONOMIC DEVELOPMENT.—

"(1) IN GENERAL.—A borrower of a loan or loan guarantee under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) shall be eligible for assistance under all programs administered by the Rural Development Administration.

"(2) PARTICIPATION.—The Administrator of the Rural Development Administration shall encourage and facilitate the full participation of borrowers referred to in paragraph (1) in programs administered by the Rural Development Administration.".

(f) REGULATIONS.—Not later than October 1, 1993, interim final rules shall be issued by—

(1) the Administrator of the Rural Electrification Administration to carry out amendments made by this section to programs administered by the Administrator;

(2) the Administrator of the Rural Development Administration to carry out amendments made by this section to programs administered by the Administrator; and

(3) the Secretary of Agriculture to carry out amendments made by this section to programs administered by the Farmers Home Administration.

(d) USE OF COMMODITY CREDIT CORPORATION.—Section 1241 of such Act (16 U.S.C. 3841) is amended—

(1) in subsection (a)—

(A) by striking paragraph (1) and inserting the following new paragraph:

"(1) During each of fiscal years 1994 through 2000, the Secretary shall use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out chapter 1 of subtitle D."; and

(B) in paragraph (2), by striking "subtitle D" and inserting "chapters 2 and 3 of subtitle D"; and

(2) in subsection (b), by striking "subtitles (A) through (E)" and inserting "subtitle A through this subtitle".

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. Mr. Speaker, just a few minutes ago the other gentleman from Missouri, who spoke from the other side, mentioned the retroactivity of taxes. I want to tell my farmers out there, and every farmer in the United States, that that retroactivity only applies if your adjusted gross income, if you are married, is over $185,000.

I do not know of too many of those farmers in my district. Perhaps the other gentleman does. However, I do have a lot of farmers in my district who are young and just starting out, and they have children. Their income is under $30,000. They are going to be better off under this tax bill and under this plan than they are under present law. They are going to be better off, I will say it again, they are going to be better off under this plan than they are under present law. They are going to be paying less taxes.

Why are the Members opposed to young people getting started on a farm, opposed to them paying less taxes? I feel they should have that opportunity to farm, just like their forefathers did.

Mr. BOEHNER. Mr. Speaker, there are many reasons to oppose this regressive tax plan. Through one small provision, the 75-percent domestic content requirement, Congress is about to do profound damage to tobacco growers and workers.

I believe such a requirement will decrease export cigarette sales and encourage manufacturers to produce cigarettes abroad. The devastating effect will be twofold: First, an effective decrease in the use of U.S. leaf in export cigarettes made abroad; and second, fewer U.S. cigarette manufacturing jobs.

A few well-meaning southern Democrats have included this provision to protect their growers. This provision will ensure growers only 1 or 2 good years. After that, growers will be seriously hurt when manufacturing moves offshore, thereby reducing the demand for domestic tobacco.

U.S. growers depend not only on the actual production of the crop, but also on the downstream activities related to the manufacturing and consumption of the product. Given declining U.S. demand for cigarettes, our only growth opportunities are in expanding our overseas markets. This provision will encourage those manufacturers who can to move overseas to meet their foreign demand. Smaller companies will be forced out of the business all together—further reducing the number of buyers of U.S.-produced tobacco.

While I understand the growers concern about the rising use of imported tobacco by U.S. manufacturers and want to do what is right and reasonable on imports, I believe this proposal will do more harm than good.

Some Members of this body find it hard to understand that trade is a two-way street. This provision is totally inconsistent with our goals in the ongoing trade negotiations. In addition, it could open the door to retaliation by our trading partners. This relation would make it harder for our own farmers to sell U.S. leaf in those countries.

American leaf growers and workers would be better served by having as many cigarettes as possible produced in this country.

While I remain committed to supporting the American tobacco grower and the tobacco industry I believe this provision does more harm than good. The question each of us must ask is will our growers be better or worse off if this provision is enacted. I believe long-term, they will be hurt by this requirement.

I urge my colleagues to vote against this bill so that this, and other small mischievous provisions, do not become law.

Mr. DE LA GARZA. Mr. Speaker, I yield myself such time as I may consume.

Mr. KINGSTON. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. Mr. Speaker, I yield to the gentleman from Georgia.

Mr. KINGSTON. Mr. Speaker, later today the House of Representatives will vote on the budget reconciliation package. This legislation will impose the largest tax increase in history on working men and women of America in return for vague and unenforceable promises of congressional spending cuts 3 to 5 years down the road.

The leadership of the House will force this issue to a vote, even though most Members of Congress have not even been provided with a copy of the final document, and when average Americans will not learn its contents for weeks.

Mr. Speaker, this is government at its absolute worst. If the budget compromise is really as wonderful as the administration and the majority say it is, then nothing would be sacrificed by allowing for a short period of time over the August recess to enable all Members and the American public to fully examine and understand that which is about to be enacted.

Mr. Speaker, what is it that we in Congress are trying to hide from the American people? President Clinton, his Cabinet members, and the Members on your side, assure us this budget package is the greatest thing since sliced bread, that it will set America on the road to elimination of the deficit, reduction of the national debt, while also creating jobs and job opportunities in glorious abundance. Don't worry, be happy! Just be sure to omit the details, the deals, and the fine print.

All I seek is a fair and reasonable opportunity to examine the final package. We should be allowed to determine whether or not the American public is being told the truth or if they are being sold yet another partisan, political bill of goods.

Americans are not afraid of sacrifice, and they certainly want to see a change in the way the Federal Government handles its finances. However, the working women and men in the Georgia First District did not just fall off the back of a turnip truck. They know the difference between sacrifice and suicide.

I do not know how others in this Chamber may feel, Mr. Speaker, but I absolutely refuse to vote in favor of any budget until I have at least seen it, read it, and have had a chance to gather the input on its impacts from the people who sent me here to represent them in Washington.

By the way, the input the President asked for started by phone calls into my office as soon as his televised speech was over. Since then the calls and telegrams have run 215 against the bill and 14 for the bill.

□ 1440

Mr. DE LA GARZA. Mr. Speaker, I rise in support of the conference report.

I support this legislation because it is time for this Government to change the way it does business. It is time to make the hard and difficult choices we have avoided for too many years about tax policies and spending policies.

This legislation will make a real and significant reduction in the Federal deficit. Our actions here will help restore confidence in our economy. This legislation will help keep interest rates and inflation down. This legislation lays the foundation for the economic recovery of rural America and our entire Nation.

AGRICULTURE RECONCILIATION PROVISIONS

Mr. Speaker, I want to briefly describe the provisions agreed to by the agriculture conferees.

To meet the budget resolution, the agriculture conferees had to make at least $2.95 billion worth of reductions in the programs in our jurisdiction. According to the Congressional Budget Office, the provisions in this bill are projected to reduce agriculture spending by a total of more than $3 billion over the next 5 years.

This $3 billion is on top of the $13 billion reduction required under the 1990 budget agreement. The agriculture function of the budget is the only major entitlement until now that has had budget discipline forced upon it.

Let there be no question that agriculture programs are contributing their share to deficit reduction. In fact, since I became the Agriculture Committee chairman in 1981, our committee has cut projected spending in our jurisdiction by $56 billion.

As every one of my colleagues knows, this has been a very, very difficult year for thousands of farmers in the Midwest and in the Southeast.

In the Midwest, those who farmed near the rivers have had their crops—and even their homes—destroyed by the record-setting floods. Millions of acres were never planted at all. And the lucky ones who finally got their crops planted now run the risk of an early frost that could cut short an already too-short growing season.

Just as devastating is the searing drought that has stunted crops in parts of the Southeast. Those farmers got their crops planted but will harvest little or nothing this fall.

Crop insurance and the crop disaster payments to be funded by the midwest flood relief supplemental will help these people recoup some of their losses. But it will be a year before any of these farmers will harvest another crop. Now is not the time to further reduce the primary safety net programs that seek to stabilize farm income.

In this conference report we chose policy options from the House and Senate bills that carry legitimate budget savings, but have a minimal adverse effect on farm income.

We made modifications in the acreage limitation guidelines for the wheat, feed grains, cotton and rice programs. These changes will scale back Government spending by more than $1 billion over the next 5 years.

We cut projected spending under the dairy program by nearly $260 million. The soybean loan rate is lowered by 2 percent. The current assessments on sugar and peanut producers are increased to offset more of the future cost of those programs. Assessments are also levied on the growing amount of tobacco being imported into the United States.

We have reluctantly imposed lower enrollment targets for two of our successful farm-related environmental programs—the Conservation Reserve Program and the Wetlands Reserve Program—that will save nearly $470 million over the next 5 years.

The conference agreement also makes major and significant reforms in several other agricultural programs to cut spending and improve efficiency. These changes will address various criticisms of these programs. These changes also address issues raised in President's Clinton's own budget submission.

We mandate changes and reforms in the crop insurance program. It is time we put this very necessary program on the road to operating in a much more actuarially sound manner.

We reduce the spending ceiling for the Market Promotion Program, one of our export promotion programs. We refocus and reform the program. Participants must now use its assistance to counter unfair trade practices in a foreign country. We also include language to promote the involvement of smaller companies in this program.

Mr. Speaker, this conference report will also require spending reductions and major changes in the operation of the honey, wool, and mohair programs.

This conference agreement will lower the government-guaranteed price floor for honey producers by 9 percent over the next 5 years. This will effectively make the honey program operate at no net cost to taxpayers and still provide producers with a price stabilizing marketing tool.

The conference report also gradually lowers the maximum benefits a honey producer may receive by two-thirds by 1998. These changes are expected to reduce honey program spending by $24 million over the next 5 years.

We use a similar phase-in of lower payment limits for wool and mohair producers too. These changes will save an estimated $48 million in the operation of the wool and mohair programs.

These reforms are good for taxpayers and good for the agricultural producers involved. Federal spending is being reduced. At the same time we are preserving the ability of these programs to provide some semblance of economic stability to producers of these agricultural products.

FOOD STAMP PROGRAM PROVISIONS

I am very pleased the conference agreement endorses the Mickey Leland Act to improve the Food Stamp Program. To fit within the available funding, we have had to scale back many of its original provisions. Nevertheless, this initiative is still an important step forward.

This bill will help poor families afford to both heat their homes and put

food on their table. This bill will encourage absent parents to meet their child support obligations. It will provide food assistance to more of the working poor. And it will encourage children to finish school and enroll in adult employment and training programs.

Nothing is more important to our society than ensuring that all Americans have access to a decent diet.

I want to point out that the funds for the food stamp increase do not and cannot come from farm program reductions. The Food Stamp Program is a discretionary account and farm programs are mandatory direct spending.

PROVISION DEALING WITH SALE OF BST

Mr. Speaker, the conference report also has a provision that addresses the sale of a genetically engineered animal drug known as bovine somatotropin (BST). Currently, a number of companies have applications pending before the Food and Drug Administration seeking to have this drug approved.

The Senate bill would have prohibited the sale of BST through September 30, 1993. The House bill included no similar provision. The House conferees on this provision—including members from the Committee on Energy and Commerce—were generally in opposition to intervention in the animal drug approval process.

The conference agreement prohibits the sale of BST during the 90 days following the date on which an application is first approved by the FDA. In addition, during that 90-day period, the assessment on all milk marketings will be reduced by 10 percent. Assessment receipts are used to partially offset the costs of administering the dairy price support program.

No provision in the compromise is intended to change—either directly or indirectly—the processes and procedures governed by the Federal Food, Drug, and Cosmetic Act and regulations thereunder regarding the process of considering any application for a new animal drug.

Mr. Speaker, we find that much of the future's promise for agriculture is grounded in advances in biotechnology. These advances will lead to lower costs of producing food and fiber, benefit our economy by leading to increases in productivity, and help to fend off the effects of famine which afflict so much of our world. I know that my colleagues in the House will join me in embracing scientific advances that show promise for advancing American agriculture.

PROVISIONS DROPPED BECAUSE OF POTENTIAL BYRD RULE OBJECTIONS

I can assure my colleagues that the agriculture title of this conference report has been thoroughly cleansed of extraneous provisions that might be subject to the Byrd rule in the Senate. Of the original 113 pages of agriculture bill language approved by the conferees, only 60 pages are before you today.

I will bring three of these items to the Members' attention. These items were in the House-passed bill.

Out is the entire set of proposed reforms in the loan programs of the Rural Electrification Administration [REA] for rural electric and rural telephone cooperatives. Unfortunately, these changes only affected authorization levels, not direct spending.

Out is a conference agreement to extend the operating authority for all commodity programs through 1997.

Out is the authority to use the Commodity Credit Corporation to ensure funding of enrollments into the Conservation Reserve Program and Wetlands Reserve Program.

OTHER PROVISIONS THAT WILL HELP RURAL AMERICA

Mr. Speaker, I want to commend my colleagues on the Ways and Means Committee for the work they have done on the tax portions of this package.

This legislation asks only a small sacrifice by most of the middle class. The income tax increases will affect only high-income Americans. The 4.3-cent-per-gallon gas tax will cost the average driver less than $30 per year.

The working poor with children will have a tax reduction because of the expansion of the earned income tax credit.

The tax provisions will promote small business growth. It will give people tax incentives to start small businesses. It will allow small businesses to expense more of their depreciable assets. It will relax the passive loss rules. And it will permanently extend housing review tax credits, mortgage revenue bonds and small issue industrial revenue bonds.

The tax provisions are also fair to American farmers. On-farm use of fuel will be exempt from the gas increase. Small farmers will be able to expense a greater amount of their depreciable assets. The 25-percent deduction for health insurance paid by self-employed farmers is extended

Mr. Speaker, the Omnibus Budget Reconciliation Act of 1993 is a comprehensive and balanced approach to deficit reduction. It makes budget cuts in nearly all phases of government operations. It has more spending cuts than revenue increases.

This budget plan will reduce the deficit. This budget plan will help keep interest rates and inflation down—and that means it will help create jobs. That's good for rural America and our entire Nation. I urge my colleagues to support the President and support this conference report.

Mr. Speaker, following this statement, appears a brief summary of the conference agreement on the agriculture title.

SUMMARY OF AGRICULTURE PROVISIONS OF CONFERENCE AGREEMENT ON BUDGET RECONCILIATION

Eliminate "GATT trigger" language on minimum ARPs (Projected 5-year savings = $586 milion):

The Conference Agreement would remove the authority of the Secretary of Agriculture to waive minimum Acreage Reduction Program (ARP) levels, that is, the amount of cropland a farmer must idle in order to qualify for certain farm program benefits. The Conference Agreement does, however, eliminate the minimum ARP levels for grain sorghum and barley. The Conference Agreement retains "GATT trigger" language requiring the use of wheat and feed grain marketing loans.

The "GATT trigger" provisions, included in the Omnibus Budget Reconciliation Act of 1990, give the Secretary of Agriculture authority to waive the minimum ARP rates specified in law if no GATT agreement was reached by June 30, 1992. The Conference Agreement revokes that authority to lower projected government spending.

The Conference Agreement leaves in place the following ARP levels established in 1990: at least a 7.5% ARP for corn, unless the stocks-to-use ratio is projected to be less than 20%; at least a 7% ARP in 1994 and a 5% ARP thereafter for wheat, unless the stocks-to-use ratio is projected to be less than 34%.

Modify Pay/92 programs (Projected 5-year savings = $297 million):

The Conference Agreement would reduce the 0/92 program (for wheat and feed grains) and the 50/92 program (for rice and cotton) to 0/85 and 50/85, respectively. Both modifications would be effective beginning with the 1994 crops. The Conference Agreement would maintain the existing 0/92 and 50/92 options for producers faced with prevented planting or failed acreage, and for minor oilseeds or other alternative crops planted on permitted acres.

Under the proposed 0/85 option, a wheat/feed grains producer may devote all or a portion of their permitted crop acreage to conserving uses and receive deficiency payments on 85% (rather than current 92%) of total payment acres. Under the proposed 50/85 option, a cotton/rice producer may plant between 50–85% of the crop's permitted acreage and receive deficiency payments on 85% of total payment acres.

Adjust cotton stock-to-use target (Projected 5-year savings = $175 million):

The Conference Agreement would reduce the targeted stock-to-use level to 29.5% for the 1995–96 crop years, and 29% for the 1997–98 crop years. Current law mandates that the Secretary set the Acreage Reduction Program (ARP) rate for cotton at a level that would result in a ratio of carryover to total disappearance of 30%.

Lower dairy program costs (Projected 5-year savings = $259 million):

The Conference Agreement sets in statute a readjustment of the purchase prices under the milk price support program for butter (no more than $0.65/pound) and for nonfat dry milk (no less than $1.034/pound). The Conference Agreement would also continue an assessment on milk production, lowered to 10 cents per hundredweight in 1996. The minimum milk support price remains unchanged at $10.10 per hundredweight.

Increase sugar program assessments (Projected 5-year savings = $12 million):

The Conference Agreement would require a 10% increase in the assessment rates established in 1990 on raw cane and beet sugar, beginning with marketings in fiscal year 1995.

Modify oilseed loan program provisions (Projected 5-year savings = $159 million):

The Conference Agreement would (1) reduce the soybean loan rate from current $5.02 per bushel to $4.92 per bushel, and reduce the minor oilseed loan rate from $8.90 per hundredweight to $8.70; both effective with the 1994 crop, (2) eliminate the current 2-percent loan origination fees for soybeans and minor oilseeds beginning with the 1994 crop, and (3) require that soybean and oilseed producers settle all outstanding CCC oilseed loans by September 30 of each year.

Reduce peanut program costs (Projected 5-year savings = $6 million):

The Conference Agreement would require a 10% increase in the current 1% assessment on peanuts, beginning with the 1994 crop.

Reduce honey program costs and maximum payments (Projected 5-year savings = $24 million):

The Conference Agreement would: (1) effectively make the program operate at no net cost to the Federal government by ratcheting down the minimum price support level for honey from 53.8 cents per pound to 47 cents by the 1998 crop year; (2) ratchet down the maximum annual payment a producer may receive from current $150,000, to $125,000 in the 1994 crop year, $100,000 in the 1995 crop year, $75,000 in the 1996 crop year, and $50,000 in the 1997 and following crop years; and (3) eliminate the marketing assessment beginning in crop year 1994.

Reduce wool and mohair program costs and maximum payments (Projected 5-year savings = $48 million):

The Conference Agreement would: (1) ratchet down the maximum annual incentive payments a wool or mohair producer may receive under the programs from current $150,000, to $125,000 in the 1994 marketing year, $100,000 in 1995, $75,000 in 1996, and $50,000 in 1997 and following years; (2) prohibit USDA from deducting marketing charges in determining net sales proceeds for shorn wool and shorn mohair; and (3) eliminate the wool and mohair marketing assessment beginning with marketing year 1993.

Assess tobacco imports to maintain no net cost tobacco program (Projected 5-year savings = $29 million):

The Conference Agreement would: (1) require domestic manufacturers of cigarettes to certify the percentage of domestic tobacco used, with penalties and domestic purchase requirements for any imports in excess of 25%, (2) require assessments on tobacco importers for Federal deficit reduction and to help maintain a no net cost tobacco program, (3) require comparable fees for inspecting imported and domestic tobacco, and (4) extend the Secretary's authority to waive quota reduction floors for the 1995 and 1996 crops.

Reduce and target funding for Market Promotion Program (MPP) (Projected 5-year savings = $405 million):

The Conference Agreement would (1) reduce maximum MPP funding from the current authorized level of $148 million annually to $110 million, beginning with fiscal year 1994; (2) direct the Secretary to implement certain program reforms to target assistance to counter and offset unfair foreign trade practices; and (3) promote greater participation from small entities. MPP is an export promotion program that helps producers and processors of U.S. agricultural products develop export markets.

Limit CRP enrollment; limit and extend WRP enrollment (Projected 5-year savings = $469 million):

The Conference Agreement would cap enrollment of land into the Conservation Reserve program (CRP) at 38 million acres through 1995. This is 2 million acres lower than the minimum enrollment target under current law. The Conference Agreement directs the Secretary to reserve 1 million acres of enrollment during 1995. Currently, there are 36.5 million acres in CRP.

The Conference Agreement would reduce total acreage enrollment into the Wetlands Reserve program (WRP) to a minimum of 330,000 acres through 1995, and a minimum of 975,000 acres through 2000. Enrollment authority would be extended through 2000. Current law requires enrollment of 1 million acres into WRP through 1995.

Increase Forest Service recreation fees (Projected 5-year savings = $44 million):

The Conference Agreement would extend authority of the Secretaries of the Interior and Agriculture to charge admission and user fees for various Forest Service-managed recreation areas and facilities.

Reduce loss ratio for Federal crop insurance (Projected 5-year savings = $501 million):

The Conference Agreement would require the Federal Crop Insurance Corporation to take steps necessary to improve the actuarial soundness of the Federal Crop Insurance program so as to achieve a projected overall loss ratio of no greater than 1.1 by the fiscal year beginning Oct. 1, 1995. These steps include instituting requirements for actual production history records by farm producers, expanding the current "Group Risk" pilot program, creating a nationwide database to track participation according to social security numbers, and other measures under current authority to improve actuarial soundness while maintaining fairness and effective coverage for producers.

Refinancing and prepayment of FFB loans (Projected 5-year outlay savings = $1 million):

The Conference Agreement would modify refinancing and prepayment conditions for electric loans owed by rural electric cooperatives to the Federal Financing Bank (FFB).

Sale of bovine growth hormone (Projected outlay cost = $5.3 million):

The Conference Agreement would (1) delay the commercial sale of bovine growth hormone (BGH)—also called bovine somatotropin (BST)—for 90 days following approval by the Food and Drug Administration, and (2) require a 10% decrease in the assessment levied on all producers during that 90-day period.

Expand Food Stamp benefits to help needy Americans (Projected 5-year cost = $2.5 billion):

The Conference Agreement would provide increased food assistance to low-income individuals through changes in the Food Stamp Program. Among these provisions are:

Families with high shelter expenses.—The Conference Agreement would increase the shelter cap deduction for households in the contiguous 48 states from the current $200 to $231 on July 1, 1994, and to $247 on Oct. 1, 1995. The shelter deduction cap would be removed entirely, effective Jan. 1, 1997. The shelter deduction equals the amount of a household's shelter costs that exceed 50% of its income, currently capped at $200.

Treatment of earned income tax credits.—The Conference Agreement would exclude earned income tax credits received by households from consideration as resources for 1 year following their receipt.

Homeless families in transitional housing.—The Conference Agreement would exclude from food stamp income the full amount of vendor payments for transitional housing for homeless households.

Nutritional assistance to Puerto Rico.—The Conference Agreement would increase nutritional assistance for the Puerto Rico block grant from current $1.091 billion to $1.097 billion for fiscal year 1994, and from current $1.133 billion to $1.143 billion for fiscal year 1995.

Improving access to employment and training.—The Conference Agreement would raise dependent care deductions to the local market rate, but no more than $200 per month for each child under 2 years old and $175 for other dependents.

Vehicle value.—The Conference Agreement would gradually raise the vehicle fair market value from the current $4,500 to $4,550 on Sept. 1, 1994, to $4,600 on Oct. 1, 1995, and a base value of $5,000 on Oct. 1, 1996 (adjusted on that date and annually thereafter to reflect the Consumer Price index).

Vehicles used to carry fuel or water.—The Conference Agreement would exclude from a household's financial resources, used in determining eligibility, any vehicle used to transport the primary water or heating fuel for the household.

Simplify household definition.—The Conference Agreement would make certain changes to simplify the household definition for households with children and others. This provision is to allow adult siblings and their families to be treated as separate households when they are forced by economic circumstances to share a home if they don't purchase or prepare food together.

Disqualification for trading contraband for food stamps.—The Conference Agreement would require a 1 year disqualification of a recipient from the Food Stamp Program for a first occasion of a court finding that the recipient has traded controlled substances for food coupons, and permanent disqualification on a second offense. Trading of firearms, ammunition or explosives for food coupons would bring about permanent disqualification on first offense.

Increased penalty for trafficking in food stamps.—The Conference Agreement would clarify that a retailer can be assessed a civil money penalty of up to $40,000 for selling firearms, ammunition, explosives or controlled substances for violations in a single investigation.

Food stamp quality control system.—The Conference Agreement would streamline the appeals process for quality control claims. The Conference Agreement would require the use of an annual national average and a sliding scale to determine the level of penalties assessed on states for error rates. The Conference Agreement would require that an administrative law judge, instead of the Secretary of Agriculture, determine whether to waive all or part of a state's quality control liability. State agencies would be assessed interest on outstanding liabilities if the appeals process takes more than 1 year.

Implementation dates.—The Conference Agreement would establish various implementation dates, including phase-in dates, to conform the provisions to the available funding.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from Texas [Mr. DE LA GARZA] has 1 minute remaining.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Mr. Speaker, I thank the gentleman for yielding the time.

Mr. Speaker, I had problems with the earlier, initial version of this bill because of the Btu tax. It seemed to me

that it was essential that we get rid of that, that we lighten the burden on the middle class.

That has occurred. We now find ourselves with a deficit reduction bill, the only bill available, there are no other options, which not only keeps the burden light on the middle class, but in fact cuts taxes in a net way for most of my farmers and ranchers and small business people in South Dakota by the time a $20 or $30 gas tax is paid, but then is offset by restoration of health insurance deductibility, and that alone is going to result in a tax cut.

There are crocodile tears being shed over the middle class and small business. But we should not lose sight that in reality those who object to this bill are looking out for those Americans who are making $250,000 a year. They are looking out for the wealthy.

The ordinary American says make it as fair as you can, but for heaven's sake let us make progress on deficit reduction, cut the excuses, cut the explaining, cut the finger pointing and let us get on with it. This bill does it. There is no other alternative, and we have to go forward with this piece of legislation.

The SPEAKER pro tempore. All time for the Committee on Agriculture has expired.

The Chair will next recognize the Committee on Armed Services. The gentleman from California [Mr. DELLUMS] will be recognized for 10 minutes and the gentleman from South Carolina [Mr. SPENCE] will be recognized for 10 minutes.

The Chair recognizes the gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today I rise to report on the work of the House Armed Services Committee with respect to the reconciliation conference report.

I am pleased to say that our conferees came to an agreement with our Senate colleagues, and together we met the defense target in the reconciliation bill. Our conferees agreed to a 5-year direct spending reduction of $2.357 billion. This savings is a result of a delay in the COLA adjustment for retirees of the uniformed services.

This agreement does not change the percentage of the COLA, only the timing of it. The conferees agreed to delay COLA's for nondisabled retirees for 3 months in fiscal 1994, and by 9 months in fiscal 1995 through 1998.

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Therefore, the fiscal year 1994 COLA would be paid on April 1, 1994. The COLA's in the years 1995 through 1998 would be paid on October 1 in those years.

As I stated, COLA's for disabled retirees and for survivors would not be affected by this provision and will continue to be paid on the dates established in current law.

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Mr. Speaker, I realize the provision I just outlined is but one piece of the larger reconciliation bill. Let me take a moment to focus on the larger picture.

Mr. Speaker, we have heard a great deal today and in the days before about the unfairness of the compromise budget before us, and I myself would have done differently, as many of my colleagues know. In fact, I am very proud and very pleased to have been associated over the past several years with my colleagues on the Congressional Black Caucus in its effort each year to bring forward a progressive budget alternative for the past decade.

These initiatives offered a truly progressive and enlightened alternative to settle spending priorities which remain a valuable blueprint worthy of consideration.

The situation we find ourselves facing today would be greatly different, I would submit, if the CBC alternative approach had been adopted during the past decade.

Mr. Speaker, I have my own criticism, as do many of my colleagues here. I share the distaste of many of my colleagues of some of the spending cuts that are proposed, but I intend to support this budget compromise.

Those who do not support it are often heard remarking about how unfair it is, how it raises taxes too much, how it does not cut spending enough, how it takes this country down the wrong road. The irony, Mr. Speaker, is that we are hearing this from many, in many cases, from those who brought us down the road to this crisis.

We must not lose sight of a very important central concept, the deficit causes debt, debt causes borrowing, borrowing costs money, a great deal of money in interest on this debt.

Now, consider the following, Mr. Speaker: In 1981, the Reagan administration inherited a debt just over $900 billion from President Carter. The deficit in the last year of the Carter administration was $73.8 billion. In the 12 years of the Reagan-Bush administrations, the debt skyrocketed to $4.3 trillion.

Mr. Speaker, if you subtract the 0.9 trillion that is the Carter debt, the cost of servicing the Reagan-Bush debt at a median interest rate slightly in excess of 6.9 percent is the whopping $236 billion per year.

Mr. Speaker, remember, and I say to the Members of the House, we are here today trying to find $496 billion over the next 5 years. So let us keep this whole debate in proper perspective so the cost of serving the Reagan-Bush debt for the next 5 years, the period we are now agonizing over on the floor of this House in this budget, will be $1,179.2 billion, or $1.18 trillion.

Mr. Speaker, if we are going down the wrong road in the package that gives us $496 billion in deficit reduction, we might remember who brought us to this intersection in the first place. After 12 years of tragic policies of the two previous administrations, we are now being blamed for trying to find a way to pay their debt.

Finally, Mr. Speaker, let me compliment the chairman of the Committee on the Budget, the gentleman from Minnesota [Mr. SABO], for his tireless work on behalf of this bill.

I am proud to say that I will support this bill and the President as we work together to reduce the deficit while at the same time addressing the investment needs of our Nation.

Mr. Speaker, I reserve the balance of my time.

Mr. SPENCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the only true cuts in this bill come from defense. My colleagues will all recall that nondefense discretionary spending grew by $30 billion in the 5-year Budget Resolution we adopted earlier this year. Defense spending was reduced $186 billion during the same 5 years. I repeat, under the Budget Resolution, defense spending is cut by $186 billion over the next 5 years.

The proponents of the President's budget plan argue that it is a deficit-reduction plan, but it is really a business-as-usual tax-and-spend plan. It increases spending, it increases taxes, in fact, it proposes the largest tax increase in history. The only true spending cuts in the plan come from defense, it increases corporate taxes, it increases income taxes retroactive to January 1, it taxes Social Security, the tax on gas is increased 4.3 cents per gallon. These taxes will affect all Americans, not just higher income people as the President and his supporters assert.

The bottom line of the President's plan is that if implemented, this alleged deficit-reduction plan will increase our national debt by $1.4 trillion. This is true even with the largest tax increase in our history.

Proponents also call this budget a job-creation plan. It is just the opposite. This plan will destroy more than 1 million jobs over the next several years. In defense alone, at least 250,000 jobs are being lost per year. The defense cuts in this bill will also destroy an additional 1 million private sector defense related jobs by 1997. The numbers are staggering, as is the economic impact.

Mr. Speaker, I call on all my colleagues to vote in opposition to this tax-and-spend plan.

Mr. Speaker, I reserve the balance of my time.

Mr. DELLUMS. Mr. Speaker, I yield 3½ minutes to my distinguished colleague, the gentleman from Missouri [Mr. SKELTON], chairman of the Subcommittee on Military Forces and Personnel.

Mr. SKELTON. Mr. Speaker, I thank the gentleman for yielding me this time.

The budget resolution for fiscal year 1994 provided reconciliation direction to the Armed Services Committee in two areas:

First, the committee was directed to report legislation that saves outlays equal to the amount that would be saved by a freeze on military pay in fiscal year 1994. I should point out that the committee was faced with the requirement this year—for the first time ever—to reconcile pay because of the way the CBO baseline was constructed.

Second, the committee was directed to report legislation to achieve savings in direct spending of $2.4 billion for fiscal years 1994 through 1998. These savings were premised on the notion that all Federal civilian and military retirees would receive only a half-COLA—or cost-of-living allowance—until they reach age 62.

After lengthy and heated debate, the Armed Services Committee reported legislation that achieved the required savings but redesigned the retiree COLA to provide a series of delays over the 5-year period. In the committee's view, this rolling COLA, as we dubbed it, was far more equitable because it did not single out one segment of the retiree population to bear the brunt of the required savings.

In the conference deliberations, the Senate conferees stressed that the question of a pay raise was, under the so-called Byrd rule, extraneous to the reconciliation process and, therefore, subject to a point of order. As a result, the House receded to the Senate, dropping the issue of pay from the bill. Instead, each Armed Services Committee dealt with the military pay raise as a part of the Defense authorization bill.

On the issue of retiree COLA's, the conference agreement meets the required direct spending savings by melding the House and Senate versions of the COLA delay applicable to all retirees, both over and under age 62, while continuing to exempt survivors and the disabled. Here's the payment schedule:

The fiscal year 1994 COLA would be delayed 3 months, from January 1, 1994, until April 1, 1994—this is the same as the COLA delay for Federal civilian retirees included elsewhere in this bill;

For fiscal years 1995 through 1998, the COLA would be delayed until the following October.

I know that a number of Members are starting to get mail from military retirees asking why they seem to have been singled out in the reconciliation process. We have worked with our Senate colleagues to make the Federal civilian and military retiree COLA delays the same for fiscal year 1994. Beyond 1994, the COLA payment dates for military and Federal civilian retirees are not the same because the required savings in the budget resolution for the two groups of retirees were very, very different.

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Mr. SPENCE. Mr. Speaker, I yield 4 minutes to the gentleman from Arizona [Mr. KYL], the ranking member on the Subcommittee on Military Forces and Personnel.

Mr. KYL. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in opposition to the reconciliation conference report.

Mr. Speaker, I am pleased that the conferees followed the leadership of the House Armed Services Committee and authorized the 2.2 percent pay raise for active duty military—the bare minimum to keep up with inflation—I am disappointed with the inequitable manner in which military retirees—as compared to all Federal retirees—are treated in the conference agreement.

As described by Chairman SKELTON, the COLA for military retirees is delayed by 3 months in fiscal year 1994 and by 9 months from 1995 to 1998. It will be 1999 before the COLA for military retirees reverts back to current law and be payable on January 1.

The COLA for Federal retirees on the other hand, is delayed by 3 months for 3 years, reverting to current law in 1997.

While I would prefer no COLA delay for either Federal or military retirees be adopted, at the very least, both sets of retirees should be treated equally.

Federal civilian retirees are very deserving of their COLA, but this formula is unfair to the people who our country owes the most: the veterans of WWII, Korea, Vietnam, the Persian Gulf.

It is unfair to the 107 constituents in my district who survived the bombing of Pearl Harbor; it is unfair to my constituent who survived the attack on the Liberty; it is unfair to my constituents who were POWs in Vietnam; it is unfair to the 1.6 million retirees in my home State of Arizona.

For 30 years, military and Federal retirees have received identical COLA's, same date, same percent. There is no reason to change this linkage now.

My office has been flooded with letters and calls opposing the reconciliation conference report and, in particular, the unfair treatment of military retirees.

Let me just read from two or three of these letters.

The gentleman from Apache Junction writes:

In 1944 I quit High School to volunteer for the draft. I served in combat for my country on three different occasions. I know life isn't always fair and that I was lucky to make it to retirement but it sure makes a fellow cynical to see those in power abuse the old covenants that they made with their servicemen and women.

From Phoenix, a gentleman writes:

Please tell me why both the House and the Senate favor Federal civilian retirees over military retirees. Is this the thanks we get for putting our lives on the line for our country? I lost part of my air crew in the skies over Germany during World War II. If this sounds like I am bitter, you can certainly believe it.

From Scottsdale, Arizona:

We can understand that there are measures to be taken in regards to the budget deficit and we only ask that fair treatment be given to all Americans. We who have served in the military, as well as those now serving, do so with honor. We appreciate your review of the above Act and ask your support in this matter.

And finally, a gentleman from Mesa, AZ, writes: "I don't care what you do, but make it equal to all."

Mr. Speaker, I agree with these constituents, and I strongly oppose this conference report.

Mr. Speaker, the way proponents are selling this tax bill would make Joe Isuzu proud. Tax the middle class and senior citizens, and call it soaking the rich. Take $275 billion in taxes out of the economy, and claim it will create jobs. Add a trillion to the national debt, and claim it is the biggest deficit reduction plan in history.

Fortunately, the American people do not need Joe Isuzu's captions to recognize a snow job. Calls and letters into my office have been running about 9 to 1 against the Clinton plan.

Mr. Speaker, the President said the other night that there are only two choices. His plan or no plan. The problem is: his plan is worse than no plan. Based on Congressional Budget Office projections, 1.1 million more jobs will be created if we do nothing—nothing—than if we pass the Clinton plan.

The fact is, there are other choices. The ranking member of the Budget Committee, Congressman JOHN KASICH, offered a credible alternative that was debated twice in the House. The New York Times editorialized, back in March, that the Kasich budget is a deficit reduction plan "that is far more specific than the Democrats are contemplating." It would reduce the deficit by $430 billion, without raising taxes, and without touching Social Security. How? It cuts spending.

What the President wants the American people to believe is that alternatives are gridlock, just as taxes are contributions, spending is investment, and you are rich if you drive a car or are retired. He is peddling the notion that you should be penalized if you are successful, take risks, and create new jobs.

Mr. Speaker, this bill represents everything that is wrong with the Federal Government, the way it does business, and the way it manages the Nation's budget affairs.

That is why the White House has had to scramble and deal and plead for the votes to pass it. It will not work. You cannot increase taxes by the largest amount in history—$275 billion—suck that much out of the economy—and possibly think that it will help people.

What does this bill mean? People struggling just to make ends meet will be hit with another gas tax increase—$301 more for a two-driver family in Arizona over the next 5 years. That is on top of the last gas tax increase in 1990 which was supposed to be their contribution then toward reducing the deficit.

Over 5 million Social Security recipients, with incomes as low as $34,000 a year, will

see their taxes rise. That is President Clinton's reward for having lived a frugal life and for prudently planning for their retirement.

On average, Arizona taxpayers will pay an additional $3.1 billion in taxes over the next 5 years—about $2,300 per household. And, somehow, that is supposed to make them better off.

The fastest growing small businesses, which accounted for 70 percent of all new jobs created between 1987 and 1992, are also slated for a big tax increase. Many will pay a higher tax rate than large corporations.

And if all of that were not bad enough, some taxpayers will be hit with retroactive tax increases. Even people who died earlier this year will have their taxes increased; their relatives or estates will pay.

While taxes go up and up, the American people are given only vague promises of

How can anyone buy that when the Clinton bill scraps the out-year spending cuts from the last budget deal just as those spending cuts are coming due? That is right. It scraps the spending caps enacted in 1990 which would require $44 billion in discretionary spending cuts without tax increases. In other words, just as the out-year spending constraint from the 1990 budget deal is about to kick in, the spending cuts are dropped in favor of higher taxes and higher spending in the Clinton plan.

The fact is, the Clinton plan does not cut spending at all. Spending rises $300 billion over the next 5 years. More than $1 trillion will be added to the national debt.

While the plan is short on spending cuts, it is long on gimmicks. Like only temporarily extending certain tax incentives, so that we can assume a revenue increase once they expire. Only everyone knows full well that they will be extended again and again indefinitely. The gimmick allows Congress to spend against revenues it knows will never materialize.

The so-called deficit trust fund, which the President established by executive order to win votes, could really be called the trust deficit fund. It equates to making the minimum payment on a credit card bill, while you keep on charging up to the limit. Only unlike the average American, Congress has the ability to raise its credit limit every time it bumps up against it.

Even the Washington Post just this morning labeled the Deficit Trust Fund symbolic, pointing out that the President cannot order Congress to use the new tax revenue to reduce the deficit. It could be raided for new spending.

And indeed, with $300 billion in new spending and $275 billion in new taxes, Congress has already spent all the additional money, and more.

Then there were the backroom deals to win the votes. We may never know all the deals that were cut, but they all came at a price—a price taxpayers will pay.

Backroom deals. Gimmicks. More spending. Higher taxes. Fewer jobs. It did not work in 1990, and it will not work in 1993.

Mr. Speaker, this bill leads us in the direction of economic decline, and bigger budget deficits. Let us scrap it and start over. We can work together to produce common sense alternatives that will do the job.

Mr. SPENCE. Mr. Speaker, I yield 1½ minutes to the gentleman from Rhode Island [Mr. MACHTLEY].

Mr. MACHTLEY. Mr. Speaker, I rise in strong opposition to the conference report on the budget reconciliation bill—because we can do better.

Brian Dickinson, in a very insightful column appearing in yesterday's Providence Journal-Bulletin entitled, "Of Congress, Sham, Delusion and Budgetary tricks," wrote:

> Sweating and puffing, and beaming with their imagined achievement, the Democratic titans of Congress have hammered together what they trumpet as a deficit-cutting budget. They may consider it a splendid product. It is not. This pact has been so eroded by truckling to the status quo that its enactment would be only marginally better than doing nothing.

Mr. Speaker, we are told that we must enact this package because it is the only option available. We are told that the only choice we have is to pass this admittedly bad package, or pass nothing at all.

Let me say to my colleagues that I take strong issue with this sentiment. We simply can and must do more than enact this bill. We must create a better bipartisan bill.

This package will not solve our fiscal problems. At best, it will only marginally reduce the already huge increases in the growth of our deficit.

Even if the package is enacted, the deficit will grow exponentially after 1997 because we are making no structural change.

For those of you who were here in 1990, you heard the same arguments you are hearing today. For those of you who were not here in 1990, remember this: The promises of the 1990 illusory budget package were never realized, and neither will those of this package.

As Brian Dickinson states, "this package may keep the deficit from ballooning even more wildly out of control, but is far too little to affect the chronic imbalances in the Government's fiscal equation."

Just look at August's Money magazine—this is the biggest tax hike ever, hitting not only the wealthy, but the middle class and 1.2 million small businesses.

This much in taxes taken from the economy will kill any recovery.

On the other hand, the spending cuts are less real—they are delayed—80 percent of them scheduled to take place in 1996. And almost all of these real cuts occur only in armed services, only 70 percent on one line item.

Not one Federal program has been eliminated, and Federal spending will rise from $1.49 trillion to $1.75 trillion.

Rather than being a all-or-nothing proposition, today's vote is much more. It gives Congress an historic opportunity to demonstrate leadership.

Today, we can reject this package, and sit down to talk in a bipartisan way about real deficit reduction, both on the tax and spending side.

So I reject the notion that this package is our only choice. We owe the American people a better answer.

The final paragraph of Mr. Dickinson's editorial reads:

> Yet we elect our leaders to lead, and in difficult situations this can demand something more elevated than chatter about gasoline prices or nervousness about next year's election. We pay these people to make tough choices and to keep the ship of state on a steady course. Lately, however, Congress seems incapable of doing either.

Let us find a better solution by rejecting this bill. Let us sit down and right this ship of state.

Let us lead as we were elected to do together—Democrats and Republicans.

Mr. DELLUMS. Mr. Speaker, as we understand the rules that govern this particular process, this side of the aisle has the opportunity to close debate.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman is correct.

Mr. SPENCE. Mr. Speaker, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. WELDON].

Mr. WELDON. I thank the gentleman for yielding this time to me.

Mr. Speaker, I would like to address my comments to those Members who may be on the fence, those Members who do not want to support their President. Let me tell you I understand how you feel. I was in the same position in 1990. President Bush came to us with a plan that increased income taxes, increased gasoline taxes, promised spending cuts in the out years and slashed defense spending.

Like you all, I was lobbied hard by the President. I voted against that plan and against my President. Today I consider that one of my best votes since I have been here for 7 years. There are two key reasons, from a defense standpoint, why this plan cannot work. No. 1, it relies heavily on defense cuts. Your leaders from your party who are tops in terms of defense initiatives and priorities for this country have said we cannot live with $128 billion in defense cuts over 5 years. So, if those cuts do not come about, the plan falls apart.

The second thing is jobs. Both the Office of Technology Assessment and the Congressional Budget Office have done reports and studies that have shown if we implement those cuts over 5 years, 1.5 million to 2.8 million American people in defense-related jobs will lose their jobs, out of a total of 5.5 million people working in defense-related industries.

So, because this will not be able to be sustained and because the jobs will be lost in the defense areas, I ask you to do what is right, vote against your President. I guarantee you will not regret this vote a year from now.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. DORNAN].

Mr. DORNAN. I thank the gentleman for yielding this time to me.

Mr. Speaker, taxation without hesitation. American taxpayers did not create this deficit spending. Politicians in Congress did and, therefore, I rise

today in strong opposition to the Clinton tax-hike plan, and I do so for a very simple reason. The problem with our economy is that there is too little employment and too little growth. This plan will do nothing to improve that condition and will actually make it worse. And the fact that it will not reduce the deficit in any significant way, if at all, is another reason to reject this tax monstrosity—the largest redistribution of wealth in our Nation's history.

Suck the life out of defense and then tax, tax. The most destructive part of this plan is the big tax increase on the so-called wealthy. To sell this program of higher taxes, Clinton and his liberal allies here in the House have turned to the standard liberal theme of class warfare, though they have couched it in terms of "progressivity," "fairness," and "equality." But as the great French author and parliamentarian Victor Hugo pointed out, "equity" to politicians is nothing but the "political translation of the word envy." To be sure, envy is this plan's long suit. And it carries with it an unmistakable odor of anticapitalism. But considering that this is the most anticapitalist, antibusiness President to ever serve in the White House, I suppose this should not be a surprise.

How high do these taxes go? Well, the new top marginal rate is slated to rise to 39.6 percent from 31 percent. However, the actual top rate would be much higher for some people due to several hidden provisions in the bill, such as limits on itemized deductions and the phase-out of personal exemptions. Indeed, the accounting firm of Deloitte & Touche found that some self-employed, upper-income taxpayers with large families would wind up paying an effective marginal rate of over 44 percent. That is a 42 percent increase from current law.

Let's be clear. These taxes on the rich will cost jobs, middle and working class jobs. Lots of them. The gentleman from Ohio [Mr. TRAFICANT] made this point in his own inimitable fashion when we previously debated the House version of this bill, saying that he wanted an economic environment in which the rich would hire his constituents.

But don't take my word for that this plan will cost jobs. The Congressional Budget Office, by whose numbers Clinton said he would abide, estimates that if Congress took no action 9.4 million jobs would be created over the next 4 years. Clinton tells us his plan will create 8 million new jobs. In essence then, the Clinton plan will lose 1.4 million jobs.

What is often overlooked in the debate about fairness is that the wealthy are the people who take the risks and do most of the hiring. If the rich all earned their money the same way the Speaker earned, if that is the right word, some of his the past few years; that is, with almost no risk involved, maybe Clinton's animus toward the rich would be justified. But the vast majority of the wealthy are wealthy because they are extraordinarily productive.

Now Clinton likes to say that his taxes will affect only 4 percent of all businesses, or those with incomes of $180,000 or more; that is, the most successful ones. But it is these successful businesses that create the vast majority of the new jobs in this country. Indeed, 10 percent of America's small businesses create 70 percent of the jobs. Why punish the economy's most productive sector, the one that generates the most jobs?

Furthermore, as a Member who represents an area with one of the highest costs of living in the United States, Clinton's tax-the-rich scheme is very bad news. Although Orange County, CA, residents have higher incomes than many Americans, they also pay far more for goods and services. For example, the Clinton plan would tax individuals with adjusted gross income of $115,000 at the 36-percent rate. To have the same purchasing power in Arkansas, however, you would only need to earn $85,000 a year, which puts you at the 31 percent marginal rate. The result? The Arkansan can live as well as the rich Californian without being taxed like one. This provision is patently unfair to those, like my constituents, who live in expensive areas of the country.

The middle class gets hit with more than just job loss in this bill. They are also being asked to pay a 4.3-cent-per-gallon tax on gasoline. To my colleagues who think this is an embarrassingly low figure, like the gentlelady from the District of Columbia who described it as "so modest it gets blushes rather than protest," I would remind them that this is on top of the 5-cent-a-gallon tax levied in the 1990 budget debacle. It is not insignificant and it will have consequences.

The Clinton plan also socks it to senior citizens. Older couples earning as little as $44,000 and single retirees earning as little as $34,000 will see 85 percent of their benefits subject to taxation, up from the current 50 percent. Let that be a lesson to all those who worked, sweated, and planned for a comfortable retirement. It looks like the one thing they didn't plan on was Willie Clinton.

But probably the worst feature of Clinton's tax-hike plan is that the higher tax rates are retroactive to the beginning of this year, 20 days before Clinton was even inaugurated. That means individuals and small business people will have to scramble for the next 5 months to pay their taxes for this year. The Wall Street Journal noted that a lot of taxpayers and small businesses will have to "dig into capital or take out loans on the final installment of their estimated taxes. They'll have to cough up three quarters worth of taxes out of one quarter's income—for that compressed period a tax rate of 75 percent or so." This will have an immediate and negative effect on investment, employment, and consumer spending, all the things we need to get our economy moving.

Incredibly, in the ensuing public uproar over this provision Clinton and the Democrats decided that maybe it wasn't such a good idea after all, and have changed it to allow taxpayers an extra 2 years to come up with the loot. As my Democratic California colleague and bill opponent RICHARD LEHMAN so aptly put it, "That's an admission that it's a foolish policy." And it is still retroactive.

Let me try to put these higher taxes in some perspective. Consider that Clinton hopes to raise in new revenues an amount equal to the gross domestic product of the Netherlands, one of the richest countries in Europe.

Now I have purposely not touched on the deficit reduction aspects of the bill because this package was originally presented as an economic growth package. It only became a deficit-reduction package later on, when it became politically convenient. But it is a dubious proposition that this bill will achieve the deficit reduction targets the President has established. Very dubious. All history works against it.

As I detailed in my remarks when we debated this issue earlier in the year, the rich will not roll over and play dead the moment the Clinton tax-gang puts the arm on them. No siree. They will engage in the time-honored practice of tax evasion, and they have the best accountants and lawyers money can hire. Richard Nixon recognized this reality when he was in the Oval Office. Herb Stein writes in his book "Presidential Politics" that, "Once in 1969 during a discussion of ways to close tax loopholes (Nixon) said that whatever we did would not matter because sophisticated lawyers would find a way to beat the system. He attributed this wisdom to his recent experience practicing law in New York City."

If we want a real life example of the way the truly rich can beat the system we need look no further than the White House. If you recall, First Lady Hillary Clinton made sure all income from her Arkansas law practice through 1993 was paid to her in December 1992, when it would not be subject to her husband's about to be implemented higher taxes. Indeed, one of the reasons growth was so high in the fourth quarter of 1992 was this phenomenon being repeated throughout the country.

Let me now sum up the Clinton deficit-reduction plan. I'll even assume that Clinton's overly optimistic revenue

Government spending will increase by $300 billion.

The national debt will increase by $1 trillion.

Some 80 percent of the President's promised spending cuts will not occur until after the next Presidential election in 1996.

Not a single Federal program will be eliminated. Not a one.

In 1997 the deficit under the best of circumstances will be about where it was in 1989, at just under 3.0 percent of GDP.

After reducing the deficit to $210 billion in 1997 from $285 billion this year, the deficit will begin climbing again, reaching $350 billion 3 years thereafter.

This is success? This is deficit reduction? This is the god of change? One can only wonder what Clinton will propose at that time, assuming he is returned to office, which doesn't look promising at this moment. Will he propose even more taxes? What level of taxation will be enough to quench his insatiable thirst? Taxation without hesitation. A far more likely scenario, one that is shared by most economists and financial analysts, is that the Clinton tax plan will result in a higher deficit, higher interest rates, higher inflation, and much higher Government spending. Which is why Barton Biggs, chairman of Morgan Stanley Asset Management, recently told Forbes magazine—it's on the cover:

> We want to get our clients' money as far away from Bill and Hillary as we can. The President is a negative for the U.S. market. I'm embarrassed that I voted for him and contributed money to his campaign.

Another Wall Street giant, Edward Yardeni, chief economist at C.J. Lawrence, put it this way.

> The best thing (members of Congress) can do for the economy is figure out a politically acceptable way to walk away from the program.

If the Clinton tax hike is passed the media will have a field day with stories about his tremendous victory, "the comeback kiddie", et cetera. But that is the way big media views the world. They look at things solely in terms of winners and losers. The element that is missing in the current coverage of this tax bill is summed up in two simple questions: Will it work? If it doesn't, what then?

I mean, what kind of victory is it to pass a so-called deficit reduction package if it doesn't reduce the deficit? The American people won't view that outcome as victory, but as abject failure.

Personally, I am disappointed that so many Americans apparently see Republican opposition to the Clinton plan as being driven only by politics, when in fact Republican opposition is driven by principle. You only have to look to the 1990 budget deal put forth by a Republican President for proof of that. Only 33 House Republicans reluctantly supported that bill despite some heavy duty arm-twisting by a President of our own party. Only 33. That's it. I was one of those who defied President Bush and his persistent team on that vote. When I did resist their blandishments, no one accused me of doing it for political reasons. I voted "No" in 1990 for the same reason I am going to vote no today. The plan will raise taxes and slow the economy, but it will not cut the deficits year after year.

The Clinton tax plan is so flawed that it is impossible for Republicans to support it. Even our most liberal Republican members won't touch it.

Given Clinton's proclivity to shade the truth, and that is a pathetic euphemism, it is to be expected that he would resort to disinformation and obfuscation to sell his snake oil. But to hear Willie Clinton say that this package is not business as usual, but represents change, well, it is just too much. Let us go

Let me close my remarks with this simple observation. The deficit is not the problem. The size and scope of Government is. Remember, this deficit came about because Government spending increased at a much faster rate than our intake of revenues. Tax cuts had absolutely nothing to do with it.

The solution is obvious. The Federal Government, as our Founders understood, cannot and should not solve all our problems, many of which should be addressed closer to the people, at the local or State level. The Federal Government should only concern itself with those areas under its purview, as defined by our solid Constitution. Unfortunately, these limits have been routinely ignored over the years, and that is the real source of our deficit problem.

Before Congress spends a dime on anything it should ask: Is the activity we are now being asked to fund a legitimate function of the Federal Government? Is it constitutionally sound? Is it?

I think I know what the answer would be for much of the spending that takes place. Which is why I suggest we begin getting a handle on our deficit by eliminating extra-constitutional programs such as the National Endowment for the Arts, the Legal Services Corporation, Amtrak, the Economic Development Administration, the Rural Electrification Administration, the Market Promotion Program, the——

The list goes on and on and on.

After eliminating unnecessary and unwarranted programs we could then implement a cap allowing only 2 percent growth in Federal spending program by program. This common sense, balanced, broadbased approach would balance our budget in 5 years, whereas the Clinton plan seeks to only cut the deficit by less than half. If we defeat this bill today we could get busy on such a plan and pass it before the end of this very fiscal year. But we must defeat this Clinton plan first.

The choice is clear. We can pass this destructive monster the tax whale today and continue to have huge deficits hanging over our heads, or we can do the right thing, the responsible thing, and defeat this bad bill and head back to the drawing board. For my nine grandchildren I plead for a no vote on the reconciliation conference report.

Mr. SPENCE. Mr. Speaker, I yield our remaining time to the gentleman from Maryland [Mr. BARTLETT].

Mr. BARTLETT of Maryland. I thank the gentleman for yielding this time to me.

Mr. Speaker, we cannot have a strong military without a strong economy. What is happening now reminds me of the last days of George Washington, where, after bleeding him once and he still did not get better, his doctors concluded what they needed to do was to bleed him again. He finally died.

We had the first bleeding of our economy recently, in 1990. Our economy did not get better. Now the liberal economic doctors are back, and they figure the right medicine is to bleed it again: we need more taxes, we need more spending, we need more regulation. This kind of medicine did not work for George Washington, it is not going to work now. Let us not have our economy go the way of George Washington.

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Mr. DELLUMS. Mr. Speaker, for the purpose of closing out the debate on this side of the aisle, I am very pleased to yield the remaining time to my distinguished colleague, the chairperson of the Subcommittee on Research and Technology of the Committee on Armed Services, the gentlewomen from Colorado [Mrs. SCHROEDER].

Mrs. SCHROEDER. Mr. Speaker, I thank the gentleman for yielding this time to me.

I just want to say, I am delighted because finally we are getting some facts out here. It has pained me to listen to people on the other side go on and on about there were no cuts, no cuts. We are now ending the second committee coming down here, and what has the other side been saying? Too many cuts, there are too many cuts.

Mr. Speaker, we have now seen why we have gotten pushed to this point. That is the side of spend and borrow, spend and borrow.

They did it in the Committee on Armed Services because they kept saying, "The threat, the threat."

Let me tell you what the threat is now. The threat is the debt. The threat is the debt because we had 12 years of unrelenting spending and no one had the guts to pay for it on that side.

It is very hard for people here to say we are going to change our ways. We have made some very painful cuts. They have been so big, you have been

hearing the other side yell about them; but we have been trying to spend cleverly. If we do not pass this today, the projection is we will go to a $7.5 trillion debt. Now, if you added those up in $1 bills, it would go out in space so far that traveling at 17,500 miles an hour it would take 41½ years to get to the end of that.

There is no way my children, my grandchildren or anyone else is going to do that.

So you have now seen what drove us to this position. Remember this. How wonderful it is when truth finally breaks through all the political rhetoric.

The SPEAKER pro tempore (Mr. MURTHA). All time has expired for the Committee on Armed Services.

The Committee on Banking, Finance and Urban Affairs is next on the schedule.

The chairman of the committee, the gentleman from Texas [Mr. GONZALEZ] is recognized for 10 minutes.

Mr. GONZALEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Banking, Housing and Urban Affairs met its over $3 billion in budget savings through a variety of measures. On the banking side, the committee endorsed the practice of 29 States by adopting a Federal deposit preference scheme. Under depositor preference, the FDIC and RTC will have a first claim on the assets of all failed banks and thrifts, thereby increasing the savings to the Federal deposit insurance funds. I note that is no way does this permit Federal deposit insurance funds to be used to pay uninsured depositors. The committee also requires the Federal Reserve to transfer to the Treasury $213 million of accumulated surplus capital.

With respect to housing programs, the committee's language will permit the Government National Mortgage Association to charge fees for REMICS, which are pools of securities backed by mortgages guaranteed by GNMA. This will put GNMA on par with Freddie Mac and Fannie Mae. The legislation also authorizes HUD to utilize IRS tax information to verify the income of participants in assisted housing programs to determine their eligibility for and level of benefits, but contains safeguards to protect the privacy of participants and ensure the accuracy of the information. Finally, the bill requires HUD to accelerate the rate at which the one-time up-front mortgage insurance premium is recognized on an FHA-insured loan.

These measures, adopted by the committee on a bipartisan basis, meet the required goals. I thank the members of Banking Committee and the Budget Committee for their help in achieving these budgetary goals.

The SPEAKER pro tempore. The gentleman from Iowa [Mr. LEACH] is recognized for 10 minutes.

Mr. LEACH. Mr. Speaker, I yield myself 50 seconds.

Mr. Speaker, it is the view of this Member that a plan that raises taxes and cuts jobs is not good for the economy and in this context I would stress the radicalness of the change in the Tax Code that applies to subchapter S corporations. While regular corporations will have top tax rates raised from 34 to 35 percent—or effectively 3 percent—subchapter S corporations will have top tax rates raised from 28 to 41 percent—an almost 50 percent increase in tax burden. Instead of small business being encouraged by Government it will be stifled by the Tax Code. Where does this administration think new jobs will be created? Instead of raising subchapter S taxes, the principal item on the table today should be the indexing of capital gains for inflation. Such an approach would free up capital and free up land. It would create jobs instead of joblessness.

Mr. Speaker, in his State of the Union Address President Clinton sounded a clarion call for deficit reduction. His music was right. Unfortunately, the programmatic script reconciliation—this bill—is more a tragicomedy than romantic thriller. Instead of proposing that Government set an example and tighten its belt, the administration has called for the largest peacetime tax hike in history, a multi-billion-dollar increase in spending, and the postponement of any deficit reduction until the third year of his program.

What we are seeing is the development of one of the great philosophical demarcations of the century. At issue with middle class Americans is whether it's the spending appetite of the Government that should be disciplined or the pocketbook of the taxpayer that should be tapped. The administration is suggesting that the deficit can be reduced tomorrow if we raise taxes and jolt the economy with new spending programs today. Skeptics like myself believe that proposals for bigger Government are likely to deter job creation and that postponing deficit reduction is a prescription for lower economic growth. We believe the challenge is to address the deficit now, primarily by holding the line on spending.

In the context of a plan laid on the table, it is fair for the President to ask critics to outline a precise alternative. Here is a preliminary reaction.

Rather than raise new taxes and increase the size of Government, I would suggest the economy would be better off if Congress reduced, statutorily, Federal spending 2½ percent in fiscal year 1993, 5 percent in 1994 and 1995, with Social Security, Medicare, and Head Start programmatically excepted. Within the context of this budgeting restraint, the President should be given the authority to transfer up to 10 percent of any program's budget to another. In making such programmatic adjustments the case for an increase in education funding, particularly early childhood and postsecondary, is in order, as are modest jobs initiatives along the lines of the old Civilian Conservation Corps, especially as they relate to summer employment—not out of a belief Federal jobs programs lead to the formation of a larger national jobs base but out of concern that pockets of America are ignored at society's peril. As long as the challenge of communism remains on the wane, the primary, but not exclusive, area where old revenue commitments can be reduced is in the defense arena. In addition to reducing spending on weapons systems such as SDI and the Osprey, I would suggest the case for a gigantic fiscal commitment to the space station and super collider lacks persuasiveness.

On the tax side, I would eliminate the new tax break the bill provides for real estate developers as well as the current right of merger suicidalists to deduct interest on debt assumed in large leveraged buyouts [LBO's]. American free enterprise functions best with the widest possible distribution of ownership. Conglomeration should be penalized, not subsidized by the taxpaying public. I also have doubts about tax breaks that are specific to industries, such as intangible drilling write-offs and the oil depletion allowance. In exchange for eliminating such specific industry tax breaks and what in effect is a conglomeration subsidy, I would lower capital gains taxes, preferably to 15 percent, and index capital gains for inflation.

Putting aside the possibility of such structural changes in the Tax Code, the above macro-economic approach would reduce the deficit over $200 billion in 3 years—$125 billion in spending cuts, $50 billion in projected program increases, and $25 billion in interest costs. In addition, I have little doubt—but here we are dealing with the conjecture of assumptions that go into econometric models—that the spur of lower interest rates with disciplined Federal spending and taxation would produce more tax paying jobs than the Clinton program and thus a larger tax base. Ironically, it is not at all clear, despite the jobs program rhetoric of the new administration, that bigger Government, which is the President's approach, means a bigger number of jobs. What is clear is that a program of deficit reduction without tax increases is most likely to boost the total number of private sector jobs. Hence, the fiscal deficit is likely to be reduced with such an approach substantially more than the figures indicated through spending restraint alone and substantially more than under the Clinton program, in the out years as well as the near term.

Real changes are also needed in the way Congress does business. The case for a line-item veto, balanced budget

amendment to the Constitution, and campaign finance reform are overwhelming. These three initiatives are interrelated: The first decreases both the impulse to spend and the unfairness by which Federal dollars are allocated by reducing the influence of legislative power brokers; the second puts restraints on Congress as a whole; and the third reduces the influence of special interest groups, both on spending and tax policy.

The challenge for the new administration is to shift priorities, as it is committed to do, without radically increasing either Federal spending or the deficit. The size of Government may in the long run be a more important variable than the size of the deficit. Nevertheless, while perhaps impossible to graph, I would suggest the existence of Leach's "Law of Disorderly Deficits" whereby at some point a seemingly incremental increase in the deficit, whether precipitated by a tax cut or new program expenditure, has a cyclonic straw-breaking effect, so punishing to market confidence, so strangling of private savings that the cost of all borrowing quantumly escalates. The first casualty of fiscal ill-discipline is the private sector borrower, the second the taxpayer, and the third any financial intermediary which lacks the capacity to hedge or adapt lending rates quickly.

Here, the role of America's banking system cannot be underestimated or President Clinton's good fortune overestimated.

Today, the biggest problem in banking relates more to the role of banks in strengthening the economy, than the role of the economy on the strength of banks.

The Bush years can be characterized as a 4-year retrenchment period in which our Nation's public financing system weakened but our private sector banking system stabilized. By the end of this year, if the legacy of S&L mistakes is finally put behind us, the United States should have the strongest banking system in the world.

President Clinton thus has the unique opportunity to build on a much stronger and more stable financial system than Mr. Bush inherited. While Bush's challenge was to increase the viability if not survivability of our banks, with runs on some banks a real possibility 4 years ago, President Clinton has the luxury of emphasizing ways the banking system can be incentivized to serve more aggressively the economy at large. At issue is not just the creation of community development banks, but, far more importantly, a regulatory climate that emphasizes bank strength—strong capital reserves—and banker discretion—the flexibility to make commercial loans on character as well as financial assessments.

Having gone from a period in which a yellow light on safety-and-soundness concerns has led to a red light on lending, the challenge is to give banks the green light to lend, especially for commercial activities.

If a macroeconomic environment can be established which causes an unleashing of entrepreneurial lending, all of the more ballyhooed public-sector jobs initiatives of the President will pale in significance.

The financial infrastructure is there. The only question is whether public sector leadership is up to the task of disciplining itself and thereby freeing up the private sector to create real jobs for real people.

In this bill each committee was asked to do its part to reduce the deficit. While, overall, the bill increases taxes without cutting spending—except as related to reducing increases in spending which might otherwise occur—the part under the jurisdiction of the Banking Committee cuts spending without raising taxes or tax equivalents—despite the recommendation of the administration that revenues be raised through the mechanics of a whopping increase in fees on banks.

Unlike the tax and spending provisions that comprise the heart of this reconciliation bill, the banking title represents sound public policy. It was developed in a bipartisan fashion with definitive input from the minority. It was premised on the assumption that what the country needs is less regulation, not greater taxation.

A Nation's economy is only as strong as its banking system. And if banks, saddled with excessive regulation or taxes, are unable to provide credit to entrepreneurs, small businesses, exporters, farmers, or consumers, then the economy will shrink, rather than grow.

Under the administration's budgetary parlance their recommendations were characterized as a budget cut, even though they suggested the Federal Government should bring in new revenue from whopping new assessments. The budget resolution passed earlier this year endorsed the administration's proposal and instructed the House Banking Committee to implement fees on banks or pass legislation which would provide budget savings equal to or greater than that provided by such fees.

Fortunately, the House Banking Committee adopted an alternative without new taxes which was agreed to by the Senate and is incorporated in the bill being considered today.

What seems to be lacking in Washington today is simple common sense. Also perspective. Any sense of history would suggest this is no time for America to lose self-confidence or turn with panic to the Government to solve an ever larger percentage of societal problems. There is no reason the 1990's shouldn't become the greatest boom decade in American history. In all but a few areas the United States is leading our industrial competitors. Inflation is down; GNP growth is positive; spending in the nonproductive defense arena is shrinking; world trade is growing; the banking system is secure; and, most importantly, America is at peace with the world, although more than a few societies may not be at peace with their own citizens or neighbors.

The counterbalancing negatives are the weakness of politicians and their failure to rein in budget deficits as well as the existence of stark social dichotomies, largely in inner city areas, where drug and prejudice-based quasi-caste systems flourish. If Government can reestablish a model of fiscal prudence, opportunity fairness, and leadership ethics, the engine of American economic ingenuity should be able to power an awesome recovery. Unhampered by leadership mistakes, the potential of America knows no bounds. Even with a few, the economy should prosper. But if a market economy is robbed of its incentive rationale, the greatest political experience in the history of the world could be sorely tested.

Mr. Speaker, I yield 50 seconds to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Speaker, this Member rises today in strong opposition to the conference report on the budget reconciliation bill, H.R. 2264. It is not on the basis of equity that this Member disagrees with this plan. It may be necessary that some groups—wealthy Americans—pay more taxes to bring our House in order. Even the increase in the gasoline tax is not totally unacceptable since there is also an increase in the earned income tax credit to assist more low- and middle-income Americans. However, the legislation is fatally flawed and inconsistent with what most Americans want in its failure to cut spending before enacting increases in taxes and fees. The message should have been clear to the President to cut spending first.

This measure is no solution to our Nation's fiscal or economic growth problems. The imbalanced reliance on additional new taxes, especially those on small business, in combination with the anticipated new costs of health care reform, will probably abort the economic recovery, increase the deficit at the end of 5 years, and reduce the number of jobs in America. Already we see many Americans preparing to invest a larger share of their wealth abroad, and this legislation will accelerate that trend as investors seek to secure higher returns on their capital than will be available in America.

Mr. Speaker, increasing taxes and fees alone are not going to solve our fiscal dilemma. The Congress and the President must listen to our constituents—they want us to cut spending

first. This legislation goes the opposite direction with a huge net increase in spending. Yet absent are elements to stimulate our economy and create jobs. Again, the message should have been clear to the President to cut spending first.

The budget reconciliation measure does not go nearly far enough to cut spending, and what little cutting is done, comes not now, but well down the road. The drafters of this legislation had such zeal for raising taxes that they made many increases retroactive.

The measure increases the estate tax retroactive to January 1, 1993. If we pass this measure, families who have already settled the estates of their deceased loved ones, will be forced to recalculate the tax on that estate and pay still more to the Federal Government. However, the retroactive estate tax provisions were not included in the administration's recent concession which graciously allows wealthier Americans an extra 24 months to pay their retroactive income tax increases.

If this measure showed that same zeal for cutting spending rather than for increasing taxes, this Member would have a different view of it.

The administration has said that critics of this measure should provide more specifics regarding cuts. Mr. Speaker, responding to a specific challenge from President Clinton to offer our own additional cuts if we did not believe the spending cuts were sufficient this Member provided specifics. On March 3 of this year, this Member sent President Clinton a list of 27 additional cuts which would save $157.5 billion over 5 years. These cuts are not around the edges; most eliminate whole programs or even whole agencies. The administration would do well to pay more attention—to not just ask for specifics—but to pay attention to specific spending cut plans when they are offered by Members such as myself.

In the event that the administration might still be interested in additional spending cuts, this Member will repeat his fall-back proposal. Since it seems to be so difficult to fund a consensus on spending cuts, I suggest that each agency's budget should be cut by 3 percent for each of the next 3 years, with no cost-of-living adjustments—unless the President asks for an exception for dire humanitarian reasons or in order to respond to emergencies such as natural disasters.

While this Member is strongly opposed to the budget reconciliation measure and requests that his colleagues reject this legislation outright, this Member pledges to begin work immediately with colleagues on both sides to draft a new plan that really cuts spending first. This Member will state his willingness to stay here and work through the August recess until a legitimate budget plan is crafted that really addresses the call of the American people to cut Federal spending, and give us real deficit reductions, job creation, and economic growth.

Furthermore, in this Member's judgment, there are not two dozen Democrats in the Senate or 50 Democrats in the House who, in their hearts, believe this is the right plan. They are supporting this legislation out of partisan loyalty and because of armtwisting by the leadership.

As it stands, Mr. Speaker, the measure before us has all the elements for a man-made fiscal and economic disaster. It should not be passed and this Member urges his colleagues to oppose it.

Mr. LEACH. Mr. Speaker, I yield 50 seconds to the gentleman from California [Mr. MCCANDLESS].

Mr. MCCANDLESS. Mr. Speaker, the biggest problem in this plan is the lack of reality and common sense. Taxes do not hit the country in a vacuum; they are not levied without having a major impact on people and business. This tax bill will have far-reaching and material consequences.

So far this year, we have a six-tenths-of-a-percent and 1.6-percent growth rate in the first two quarters. This bill is relying on a 3.1-percent growth rate for 1993, an unobtainable goal.

The actual growth rate next year, according to Laura Tyson, the President's chairwoman of the Council of Economic Advisors, will probably be 2.5 percent, not 3.1. This six-tenths-of-a-percent change will result in $16.2 billion being added to the deficit in 1 year alone.

A recent report concludes that because of this slower growth, and the likely change in investment patterns by those affected by higher rates, the Federal Government will take in $174 billion less than the administration has projected over 5 years.

The administration knows of these overestimates. That is why OMB has failed to issue an accurate and complete mid-session review of the budget. They do not want us to know the truth.

Mr. Speaker, the math in this bill does not add up.

Mr. GONZALEZ. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. COLEMAN].

Mr. COLEMAN. Mr. Speaker, passage of the Clinton administration's deficit reduction package represents a historic change for the country and El Paso. Congress voted to reverse 12 years of squeeze-the-middle-class policies of the Reagan-Bush years.

Certainly, there are plenty of critics who pan the Clinton administration deficit reduction plan as having done too much or not enough. In comparison to what? I had a front row seat for a decade of the Reagan-Bush years and their initiatives hardly resulted in greater investment or smaller deficits.

When Ronald Reagan moved into the White House the deficit was just over $74 billion and the national debt was just under $1 billion. When George Bush moved out of the White House the deficit was racing past $300 billion and the national debt stood at just over $4 trillion.

The test of the Clinton deficit plan should not be perfection. Rather it should be, does this plan offer a change of direction from failed trickle-down economics that brought us shrinking incomes, record unemployment, soaring debt, and more families living in poverty than in the last 40 years. The Clinton plan delivers that change of direction. Surely, even given its worst assessment, the Clinton plan delivers that change of direction. Surely, even given its worst assessment, the Clinton plan could come nowhere close to the reckless results of the past two Republican administrations.

And what do my Republican colleagues choose to do to set this situation right? Nothing. Not a single member of the party which brought us this debt was willing to begin to reverse the spend now, pay later policies which their party wrought. More than 40 Republican members voted "no" on every plan, even their own party's.

Instead, the Republican Party embarked on an unprecedented campaign of misinformation. Falsely alleging the middle class would get soaked and that small business would be robbed by the Clinton plan. Now the facts.

Not a single family with a gross adjusted income under $180,000 a year will pay a penny more in income taxes. Need I repeat that? Families with higher incomes will pay higher taxes, as they should. During the last decade, the wealthy saw their incomes increase at a rate of about 136 percent as a result of trickle down economics. During this same period, middle-class families' incomes fell.

The Clinton plan restores progressivity and tax fairness and asks that the wealthiest do the most to help reduce the deficit. Middle-class families are asked to pay only about $1 a week in the form of the gas tax. And every penny of that weekly dollar will go directly to reducing the deficit.

But the Clinton plan does more than just reduce the projected deficit by about $500 billion. It also invests in families and in small business.

In El Paso alone, families living in poverty despite both parents' full-time jobs will receive $86 million in assistance to lift them out of poverty and reward their economic contribution. More than one in three of every family in El Paso will see their taxes cut and their incomes increased. Fewer than 1,000 families in the entire county actually have incomes high enough to require that they pay higher income taxes.

Most importantly, the small businessowners of our country are finally going to get their just rewards for having done their best during the long recession to keep their heads above water and create jobs. The Clinton plan will provide some of the most lucrative tax incentives ever offered to small business. To say otherwise is dishonest. Even the Wall Street Journal's analysis of the small business package last week carried a headline that read, "Higher Expenditure Ceiling, Retroactive Too, Promises an Array of Breaks."

The package includes a 50-percent cut in the capital gains tax rate for investment in

small business, a 75-percent increase in expensing of investments in equipment, and an extension of the health insurance deduction for the self-employed. In fact, 95 percent of small business, or 6 million entrepreneurs, will see their taxes go down under the Clinton plan.

This is not the largest tax increase in history. It is the largest deficit reduction package in history because it restores tax fairness and cuts $260 billion from projected Government spending. Those are the facts.

Mr. GONZALEZ. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Speaker, I want to note that one of the things in here brought forward by the Banking Committee is a provision originally suggested by the gentleman from Texas [Mr. STENHOLM] in the Budget Committee as a deficit-cutting measure.

As the chairman mentioned, it authorizes the use of income tax information to verify the income of people who are in assisted housing.

One of the things we are trying to do is to reduce fraud, to reduce misuse so that we can, as a matter of fact, serve efficiently those who need it.

The point I would make is that while it is controversial with some people, it was the suggestion of the gentleman from Texas [Mr. STENHOLM] that we incorporate it in as part of the reconciliation package and it is to reduce potential fraud and waste and existing fraud or abuse in the housing programs.

All residents who are receiving federally assisted housing, whether public housing or section 8, will now have their income taxes subject to verification.

Finally, Mr. Speaker, I notice Members have been talking about a section that cuts more. I would note that we have voted on many appropriation bills already this year, and I wonder whether people who need a special section to cut were absent during those appropriation bills.

Mr. LEACH. Mr. Speaker, I yield 50 seconds to the gentleman from Georgia [Mr. LINDER].

Mr. LINDER. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, what we learn from history is that we learn nothing from history. Thirty-four months ago this body passed a budget just like this that grew the Government, stalled the economy, and increased the deficit. So will this.

Between 1984 and 1990 the Governments of Mexico, Bolivia, Jamaica, Colombia, and Chile reduced their top tax rates and increased their revenues both relative to gross domestic product and in absolute terms.

□ 1520

Mr. Speaker, we must take lessons from nations that increase their taxes and reduce their revenues, and States that reduce their taxes and increase their revenues. Mr. Speaker, this is precisely the wrong formula.

Mr. LEACH. Mr. Speaker, I yield 50 seconds to the gentleman from Michigan [Mr. KNOLLENBERG].

Mr. KNOLLENBERG. Mr. Speaker, it has been said that those who forget the lessons of the past are condemned to repeat them.

Today I fear that this Congress is going to repeat the same mistake it made in 1990. That year, Congress passed a deficit reduction plan that was supposed to cut deficit spending $496 billion—the exact same amount as today's claim.

The 1990 plan taxed the so-called rich, it raised gas taxes a nickel, and it contained, allegedly, massive spending cuts, all put off until later years. Sound familiar?

Now if the 1990 plan had worked, it would be one thing, but it failed miserably. Under that plan, the deficit was supposed to be cut to $25 billion by 1995, the deficit will in fact be $285 billion.

The 1990 plan lengthened the recession, it increased unemployment, it increased the deficit, it increased Federal spending, and perhaps most striking, despite its massive tax hike, we actually brought in less revenue from the rich.

This 1993 Clinton plan—a plan that no Member in this Chamber has even had time to read—will destroy 1.4 million jobs. This plan will increase spending, it will increase taxes, it will punish success and hard work, and it will not put us on the road to lower deficits.

Defeat this plan, and let us begin tomorrow to put together a plan of $500 billion in spending cuts.

Let me give just one example of why this plan is so foolish. In it, we increase the gas tax on all Americans by 4.3 cents. But this money will not even be used to reduce the deficit. The $24 billion it raises will simply go to pay for more food stamps and an expansion of the earned income tax credit, a spending program which is now being massively increased for the third time in 6 years. This approach makes no sense at all, we are just raising taxes on the middle class so that we can spend more.

This is extremely unfair in a plan that is being advertised as deficit reduction. We should be cutting spending not increasing it.

The American people deserve a better plan, it is time to begin again.

Mr. GONZALEZ. Mr. Speaker, I yield 1½ minutes to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. Mr. Speaker, all over America today, ordinary people are worried about their jobs. They read about General Motors, IBM, and Boeing laying off tens of thousands of workers.

When we talk about international competition, they worry more about struggling against Mexican workers than the Japanese or Germans.

Our cities are in trouble.

Our children are growing up with violence and drugs.

We overspend our income by $400 billion a year—and the time has come to put a stop to it.

We must not be the first generation of Americans to turn our backs on our responsibilities to our children.

This is not a package liberals are happy with.

This is not a package conservatives are happy with.

This is certainly not a package the Republicans are happy with.

But it is a package that will reduce the deficit, which is a cancer that is killing America.

This isn't a vote about getting reelected.

It's a vote about acting in the best interests of our country.

Vote "aye" on this legislation.

Mr. LEACH. Mr. Speaker, I yield 50 seconds to the gentleman from Minnesota [Mr. GRAMS].

Mr. GRAMS. Mr. Speaker, it is said that those who fail to learn the lessons of history are doomed to repeat it. Well, here we are, just 3 years after the record 1990 tax increase, repeating the mistakes of the past.

Like this tax increase, the 1990 tax package was supposed to dramatically cut the deficit.

And like this tax increase, it was sold to the American people as the way to improve the economy.

Here we are, just 3 years later. We have a record deficit and a sagging economy. Yet, here we are, debating another record tax increase.

Mr. Speaker, there should be no doubt.

If this bill passes, the result will be the same. It will kill millions of jobs, hurt the economy, and even if it works as planned, the deficit will be right back where it is now in just 5 years.

And you know what? I will bet the Democrats in Congress will be just crazy enough to ask us for yet another record tax increase.

Mr. Speaker, I urge my colleagues to vote "no" on this proposed tax-and-spend package.

Mr. GONZALEZ. Mr. Speaker, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. KANJORSKI], a member of the committee.

Mr. KANJORSKI. Mr. Speaker, I rise today to use a chart that was prepared by three of the most able people on my staff: Mike, Carol, and Eva. This chart is important because it answers a very important question that many American people have, which is how this bill will directly impact them.

As chairman of the Subcommittee on Economic Growth of the Banking Committee, I have had the opportunity to talk to the international experts and hear the testimony of the economists

who have testified before us. Just last month Al Greenspan told us that, if we do not pass this package, we are going to have a reversal in the markets of interest rates, which will cost the average American hundreds of dollars a month. What is it going to cost us? The American public deserves to know.

In response to the question, I would like to point to my chart. If your family earns under 140,000 taxable dollars a year, you are apt to lose $191 every month if this bill is not passed, because the interest rates will go back to the way they were about 24 months ago. In order to keep that $191 profit, we are asking the average American family to contribute $3 a month. $3 a month, or less than a dime a day, if you are an average, middle class, American driver. I don't think that's too much.

Mr. Speaker, there is one other point that I am going to make for the American people. We have had a lot of hue and cry around here about what this bill is going to cost small business. Let me tell my colleagues what it is not going to cost business. Ninety-six percent of American businesses have no new taxes under this bill. The only 4 percent that will have new taxes are fortunate enough, as Americans, to earn more than $180,000 of income in their small businesses. Small corporations having profits of under $10 million have no tax consequences at all.

For us to sit here today and have misnomer, misstatement, and disinformation dispersed to the America public is a mistake. This is an opportunity to support this President who has the nerve to take the first step, and I urge my colleagues to pass this bill.

Mr. LEACH. Mr. Speaker, I yield 1 minute to the gentleman from Alabama [Mr. BACHUS].

Mr. BACHUS of Alabama. Mr. Speaker, like everyone else in this body, my office has been overwhelmed with constituents calling to express their views on this so-called budget plan. My office answered 440 calls yesterday, and 422 of those said emphatically, "vote 'no' on the budget plan."

Mr. Speaker, we should remember that we are sent here as Representatives. I will heed my constituents' advice and vote "no." I urge my colleagues to listen to their callers, listen to their constituents, have confidence in what they say. Do not violate their trust. They trust us to represent them.

Vote "no" on this budget plan.

Mr. LEACH. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. HUFFINGTON].

Mr. HUFFINGTON. Mr. Speaker, as Jim Pinkerton noted today in the Los Angeles Times, "The tax provisions of the bill will make California the big loser if it passes." Currently, Californians file almost 12 percent of all Federal tax returns. With this tax measure in place, we would pay 16 percent of the increased bill. That means $40 billion will be taken out of California's economy over the next 5 years. This tax plan could cost California 359,000 jobs next year. As an added kick in the teeth, the income tax increases will now be retroactive to January 1. I do not know how any of my fellow colleagues from California could vote "yes" on this tax bill.

This tax bill misleads the American people into thinking there are significant cuts in Government spending when all this bill includes is increased spending and higher taxes.

I implore my colleagues to stop this tax boat before it sails away with the American taxpayers' hard-earned 1993 incomes. Our Founding Fathers thought taxation without representation was bad; they would need to look no farther than this tax bill and see that taxation with representation is even worse.

□ 1530

Mr. GONZALEZ. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. FLAKE].

Mr. FLAKE. Mr. Speaker, today we come to a very vital moment in our history as we consider those communities that have historically been neglected. Here we have a President who has moved us beyond rhetoric and moved us beyond historical procrastination which has resulted in nothing more than a situation wherein this body has decided over and over again not to do anything.

Mr. Speaker, we now have an opportunity to do something. We have an opportunity to make sure that earned income tax credits are available for those who need them. We have an opportunity to make sure that immunizations are available for many of our young people who do not have access to them. Those who are living in communities that have been neglected will discover that in this package the enterprise zone legislation allows for the rebuilding of those communities.

Mr. Speaker, it is not time for us to continue with our rhetoric and our constant procrastination. It is time to move forward. Let us stop the talk. Let us get about the business of governing this country. Let us move forward. This bill allows us to do it.

Mr. Speaker, I hope that all Members will join together and say this is the way we will go. We will support this President because we know it is the right thing for the American people.

Mr. GONZALEZ. Mr. Speaker, I yield 1 minute to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, this is a far-from-perfect piece of legislation, and I and other members of the Progressive caucus have fought as hard as we could to make this legislation less onerous and less painful for the working people, the elderly, and the poor of America. We have by no means received all that we wanted. But we have received enough for me to support this bill today.

Mr. Speaker, it is imperative that our country begin to address the horrendous deficit crisis that we face, and this legislation, which would lower deficit spending by $500 billion over a 5-year period, does that. Second, in terms of how the new taxes are raised, this legislation is extremely fair. Eighty percent of the increased tax revenue comes from the wealthiest 2 percent of our population—those families earning

Given the reality that during the last decade the wealthiest people in our country grew much wealthier, while their tax burden declined, it is absolutely appropriate and fair that the wealthiest people pay the lion's share of taxes for deficit reduction.

Further, and very importantly, while the 2 percent of our wealthiest citizens will pay more in taxes, the bottom 21 percent of our citizens, the working poor—the people who are earning $5, $6, $7 an hour—these families, including 26,000 in Vermont, will see a tax reduction. This tax reduction for low-income working families with children will rise, as a result of the expansion of the earned income tax credit, to as much as $2,600. In other words, the richest 2 percent of our population will pay more in taxes, while the bottom 20 percent receive a tax break. I think that's fair. Further, while I opposed any increase in middle-income taxes, the truth of the matter is that the middle class, through a 4.3 cents-per-gallon increase in the gas tax, will see an average tax increase of only $30 a year. That may not be good, but it is hard to describe that tax increase as onerous.

Lastly, Mr. Speaker, this legislation finally begins to address the national disgrace that we experience as the industrialized nation with the highest rate of childhood poverty. Through the expansion of the earned income tax credit, the food stamp program, and other nutritional programs, the Family Preservation Act and the Children's Immunization Program, we begin to address the disgrace of childhood poverty in America.

Mr. LEACH. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. KING].

Mr. KING. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in strong opposition to the reconciliation report. I oppose this budget because it is bad for my district. More importantly, it is bad for the country.

If this budget is adopted, 21,000 senior citizen families in my district will have their taxes increased. Small businesses throughout my district and throughout the country will have not only their profits impaired, but they will have to cut back on their jobs, cut

back on their work force, and this is the most productive work force we have right now. Small business is producing a vast number of new jobs in the country. This budget will only hurt them.

As far as the middle-income person, the gasoline tax is going to hurt all of them: middle income, low income, as well as upper income.

Mr. Speaker, what I oppose most about this budget, though, is it constitutes a repudiation by the President of the main promises he made in his campaign: not to have a gasoline tax and not to raise taxes on the middle class. It is because of budgets such as this that the economy is going to be damaged. But more importantly, it is because of budgets such as this that people lose faith in their Government.

Mr. Speaker, I ask all my colleagues to vote down the reconciliation report.

Mr. LEACH. Mr. Speaker, to conclude for the minority, I yield the balance of my time once again to the distinguished gentleman from New York [Mr. LAZIO].

The SPEAKER pro tempore (Mr. MCNULTY). The gentleman from New York [Mr. LAZIO] is recognized for 1 minute and 20 seconds.

Mr. LAZIO. Mr. Speaker, I congratulate my colleagues on the other side of the aisle for apparently accomplishing a very difficult political feat—obtaining commitments from enough House and Senate Democrats to pass this reconciliation bill without a single Republican vote.

Many of my Republican colleagues are voting "no" for the simple and singular reason they were deliberately and systematically excluded and ignored by the Clinton White House and congressional Democrats. Except at the very end, when Democrats worried that they might not be able to pass this bill without some Republican votes, Republicans could not buy their way into the negotiations on this enormously important legislation.

I say without reservation that, for this Member, this was a frustrating experience. I was elected to represent all of my constituents. I would much prefer to be in the thick of the legislative battle, even if I come up short. Being in the minority is one thing; being closed out is quite another.

I reject the view that if the Democrats choose to exclude Republicans from the process, Republicans are under no obligation to help the Democrats in a problem of their own making; namely, getting enough votes within their congressional caucus to pass a significant deficit-reduction bill. The issue before us is deficit reduction, not politics as usual.

Be that as it may, the fact is I was excluded. And even though I was officially a member of the conference committee, the truth is I had no opportunity to improve this legislation, which I believe is seriously flawed.

I want to start, therefore, with some overarching positions.

I reject the view of some—supplysiders on my side and liberals on the other side—that deficits do not matter. I think they matter a lot. In my view, deficit reduction ought to be our No. 1 economic priority. It is the surest fiscal policy action we can take to get the economy on a path of sustainable high growth and low

I also part company from those who preach the categorical mantra of "no new taxes" under any circumstances. Nor do I join in deriding the 1990 budget agreement on the grounds it didn't cut the deficit. The 1990 budget agreement has serious problems, but lack of deficit reduction is not one of them.

Mr. Speaker, I recognize that these views may place me in the minority of a minority, but I believe better public policies are more likely when they result from a true bipartisan process—when the compromises cross party lines.

Deficit reduction is necessarily a long-run economic strategy with short-run political pain. Especially at a time when economic growth is painfully slow, it is not difficult to appreciate why politicians prefer the vague and nebulous rhetoric of "deficit reduction" to the transparency of actually doing it—of deciding which and whose taxes to raise and which spending and whose economic income to cut. If cutting the deficit were as easy as the antideficit rhetoric, it would ceased to have been a problem long ago.

As if the political obstacles weren't enough, deficit reduction also presents a formidable economic problem, quite apart from the political constraints. The short-run impact of deficit reduction is slower economic growth. And while the fiscal drag of deficit reduction can be accommodated to a degree by a looser monetary policy, the President's economic package is not restricted to deficit reduction. Under the guise of "investment," his overall economic plan also calls for $160 billion of additional, nonfinanced—that is, deficit-increasing—Government spending.

Whether characterized as trying to have it both ways, trying to be all things to all people, or as talking out of both sides of the mouth, the President's overall economic plan is nevertheless at cross purposes with itself.

Internal inconsistency is not the only fly in the ointment. Deficit reduction should not be separated from health policy reform because health policy reform, at least as the President is expected to propose it, is not fiscally neutral even if it is deficit neutral. Yet, the President chose to delay health reform until we finish reconciliation because his health reform proposal is expected to contain significant new taxes, over and above the significant new taxes in this reconciliation bill.

I would also criticize the composition of the deficit-reduction bill. First, the ratio of taxes to spending cuts is not only lopsided, it is in the wrong direction; second, the very high progressivity of the tax proposals is counterproductive; third, the timing of the deficit reduction, as between tax increases and spending reductions, is uneven if not suspicious.

Admittedly, the numbers we have been hearing have an almost random quality, but it is painfully easy to fault the scorekeeping coming from the White House. It is simply dishonest, in my view, to count all interest savings on the spending side of the ledger; it is outrageous to count new user fees as spending cuts; and it defies logic to count increased Social Security taxes as reductions in Social Security benefits.

Depending on who you believe, for every $1 in spending cuts, this legislation will raise from $1 to $8 in new taxes. I'm inclined to take a conservative, and what I think is a more credible figure of $2, making the ratio between new taxes and spending cuts 2-to-1. This is a clear reversal of the 1990 budget agreement.

The President and my Democrat colleagues are proud, even ecstatic, over the progressivity of tax structure in this bill. Yet, they choose to ignore both history and theory. As Yogi Berra says, "It's deja vu all over again." Mr. President, it is, in fact, nothing less than the politics of envy.

I know it's popular to tax the rich—to make the rich pay their fair share. But soak-the-rich policies have failed in the past and there is good reason to expect them to fail again this time. Taxpayers respond to higher tax rates by seeking and finding ways to avoid and evade the taxes.

Both House and Senate tax proposals call for a 28-percent increase in the top marginal tax rate. The number of tax brackets would increase from three to five. At a time when national saving is at nearly an historical low, and when even my friends on the other side of this Chamber acknowledge the need to boost saving, these proposals do just the reverse. As surely as night follows day, they provide those who save the most with the incentive to save less. And with productivity finally on the move, these tax changes will provide the incentive to work less or not as hard.

Finally the timing of the deficit-reduction in this bill does not build confidence in its ability to actually reduce the deficit. With most tax provisions retroactive, the lion's share of the spending cuts are promised in 1997 and 1998. I would simply note that this is conveniently after the 1996 Presidential election.

Mr. Speaker, where I come from—Long Island, NY—people have incomes and tax burdens that are among the

highest in the country. But they are not rich. Long Island is still reeling from the recession and continuing defense build-down. Higher and more progressive taxes can only hurt us. Likewise, living on an island makes us heavy users of energy. My constituents will be hit disproportionately high by any increase in gasoline taxes.

Mr. Speaker, I am told you have the votes to pass this package. I hope this information is wrong. If it is wrong, I want to hold out my hand—I disagree with the President that this reconciliation bill is the only option. If this legislation fails, I want you to know that this Member is interested in working on a serious alternative.

Mr. GONZALEZ. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. MORAN], a gentleman from a great adjoining State and a former stalwart member of the Committee on Banking, Finance and Urban Affairs.

Mr. MORAN. Mr. Speaker, I would like to talk about an aspect of this bill that is designed to reduce everyone's real estate property taxes and improve the quality of their municipal services.

Mr. Speaker, sometimes up on Capitol Hill we lose sight of the fact that the government services the people care most about are the quality of their schools, their police and fire protection, their garbage collection, and the like. But those services are funded by local government, and 70 percent of local government revenue comes from real estate property taxes. That is why we have included several provisions that address the mistakes that were made in the 1986 Tax Reform Act that reduced the value of American real estate by $500 billion.

Mr. Speaker, this will restore the passive loss provision, it will eliminate tax penalties for debt restructuring, it will reform pension fund restrictions on creditworthy real estate investments, and it will authorize more mortgage revenue bonds and low income housing tax credits.

Those provisions, Mr. Speaker, are absolutely essential to break the back of the credit crunch that is strangling this economy. It will reduce the number of properties that have to be seized by failed banks, and it will also reduce the number of bankruptcies that are occurring every day in this country.

Mr. Speaker, it is absolutely necessary that we pass this bill by this body on this day.

Mr. Speaker, despite the improvement of certain economic indicators, a sustained economic recovery and long-term structural growth will remain elusive as long as commercial credit and capital prove difficult to acquire. Many sectors of the business and real estate community continue to be caught in the grips of a credit crunch that has strangled their ability to complete projects, make payrolls, restock inventories, or purchase new equipment.

The causes of the credit crunch are manyfold, but include structural weaknesses within the banking industry, an oversupply of commercial real estate, a more restrictive Federal regulatory climate and an outdated Tax Code that has crippled the secondary market for commercial and small business loans. Combined, these factors have driven the banking industry to invest more in risk-free government debt instruments than in making new loans.

For the first time in recent history, banks hold more in government securities than in business loans. I am pleased to see the Clinton administration and the Congress consider a series of regulatory and tax policy changes that over the long term will restore the incentives for banks to lend to credit worthy borrowers and the capital markets to lengthen their investment horizon. Unfortunately until these changes are implemented, this credit crunch continues to propel what might have been a predictable, and probably necessary, real estate price adjustment into a real estate depression.

Since 1990, the Nation's total real estate wealth has declined by more than $500 billion. This loss has had a negative multiplier effect on our economy, since real estate is used as collateral for most loans. When land and property values decline, banks are forced to call in loans or require more cash, forcing some businesses into bankruptcy and drying up credit for others.

The consequences of declining real estate values is not limited to the private sector. More than 70 percent of the revenues local governments use to finance schools, police, and infrastructure come from real estate property taxes. Declining land and property values invariably mean cuts in vital public services.

Unfortunately, the downward pressure on real estate values will continue as more than $340 billion of construction-miniperm and bullet loans come due. Industry experts estimate that up to $185 billion in commercial mortgages will need to be repriced

Recognizing the devastating impact the credit crunch was having on northern Virginia's economy and all across the country, I worked with the National Realty Committee and successfully offered a sense-of-the-Congress resolution on the credit crunch. The resolution, which ironically was attached to the bank reform bill, outlined steps the Federal Government needed to take to stabilize real estate values and restore credit. Specifically, the resolution called for restoration of the passive loss provision for real estate, liberalization of pension fund investment rules, securitization of commercial loans, removal of the tax penalties for loan restructuring and elimination of mark-to-market liquidation-based appraisals. President Clinton's "Interagency Policy Statement on Credit Availability" looks good on paper. We will now have to wait and see how the agencies are carrying it out in the field.

The Omnibus Budget Reconciliation Act [OBRA] of 1993 (H.R. 2264), which will implement the President's economic stimulus and deficit reduction plans will go a long way to stabilize real estate values by correcting the mistakes of the 1986 tax bill.

PASSIVE LOSS

Perhaps of greatest significance for the owners, investors, and local governments, who are affected by declining real estate values, is the fact that both the House and Senate versions of the President's proposal reject the passive loss rules that were established as a part of the 1986 Tax Reform Act. Since 1986, losses that result from passive business activities such as real estate transactions cannot be deducted against other income.

Beginning in 1981, the Federal Government began to distort the dynamics of the real estate marketplace. The Economic Recovery Act of 1981 provided powerful incentives for significant new real estate investment, while the Federal deregulation of the thrift industry in 1982 flooded the market with massive amounts of unregulated capital. Then, Federal tax policy reversed course with the enactment of the Tax Reform Act of 1986. Congress did the right thing by eliminating the real estate tax shelters that were created in the 1981 act. Unfortunately a number of provisions, including passive loss restrictions for real estate, that were added in the Senate, went too far. As a result of these changes there was a dramatic decrease in foreign investment, and an aversion in this country to placing capital even in worthwhile real estate investments.

Under OBRA, bill, qualifying individuals, that is, those who

PENSION FUND CHANGES

Another source of long-term capital for real estate is pension funds, which hold close to $2 trillion in assets. Given their long-term investment horizons, pensions can weather the cyclical changes in the real estate market and are a logical investment source. Both the House and Senate bills recognize the stabilizing influence pension funds can provide and seek to remove several major obstacles that penalized domestic pension funds from investing in real estate. Today, for example, domestic pension funds are considered as a single individual under the rule that five or fewer investors cannot own more than 50 percent of a real estate investment trust [REIT], the 5/50 rule, whereas foreign funds can consider their contributors as an individual and thus are not restricted by the 5/50 rule. Pension funds must also comply with very cumbersome unrelated business income tax [UBIT] restrictions to ensure that income from debt-financed real estate is tax exempt.

OBRA levels the playing field and treats United States and foreign pension funds in a similar manner. REIT's offer great promise as a way to securitize commercial loans. Efforts to facilitate pension fund investment in REIT's and remove the UBIT liabilities will bring much needed capital back into real estate while offering investors greater liquidity.

To finance the passive loss and pension fund changes, both bills extend the depreciable life on nonresidential structures, including lease-hold improvements, from the current 31.5-year period to 39 years. While I have some concerns about this provision, it is necessary given our current budget deficit problems.

LOAN RESTRUCTURING

OBRA also includes two additional provisions of interest to the real estate industry. One noteworthy provision helps remove the severe tax penalties that affect loan restructuring and cancellation of indebtedness. Under current law cancellation of indebtedness [COD] is treated as taxable income. The tax

consequences associated with COD can lead to significant tax liability forcing borrowers to liquidate properties they otherwise would not sell and sometimes forces developers to return the properties to their lenders. The bill would also enable individuals to defer COD as income by reducing the tax basis of the property by the amount of the COD. This deferment would be permitted as long as the debt is incurred in connection with real estate used in a business and the debt is secured by real estate.

Combined, these tax changes will: Stabilize real estate values; enable many property owners to avoid filing bankruptcy; reduce the number of distressed properties held by banks and the Resolution Trust Corporation; and most importantly, ease the credit crunch on businesses.

They do not create any tax shelters but restore the balance real estate was denied in the 1986 Tax Reform Act.

Mr. GONZALEZ. Mr. Speaker, to sum up, I yield 1 minute to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Speaker, I join the chairman and others in supporting this part of the package. I now want to address one of the things we have heard, which is there are not enough cuts in this bill and we need to have a special session, another month, a couple more hours, to make cuts. I would like to share with the American people something that some of my friends on the other side do not want them to remember: We have had those sessions. We have voted already this year on almost every appropriations bill.

Mr. Speaker, I would suggest to people a simple rule: If someone gets up and tells you how much he or she really wants to cut, ask them how many amendments to the appropriations bills they put forward and how many they voted for.

No appropriations bill had a closed rule. No appropriations bill prevented Members from voting. So when Members tell you how they cannot wait to have a special session to cut, but they sat through appropriation after appropriation after appropriation and did nothing to cut, be reminded of the person who tells you about the biggest guy in the bar, how he was really going to smack him—3 days later. Because there are an awful lot of "gonnas" on that side, but not many "dids." They are gonna cut this and gonna cut that, but they didn't cut anything.

Mr. Speaker, the fact is we have done every appropriation except two, and one of those two we have not done is the military, and that one they want to spend more on. So all of these arguments about how much they were really dying to cut are disproven by the factual record.

The SPEAKER pro tempore (Mr. MURTHA). All time of the Committee on Banking, Finance and Urban Affairs has expired.

The Chair recognizes the gentleman from Michigan [Mr. FORD], the chairman of the Committee on Education and Labor, for 10 minutes, and the gentleman from Pennsylvania [Mr. GOODLING], the ranking member, for 10 minutes.

The Chair recognizes the gentleman from Michigan [Mr. FORD].

□ 1540

Mr. FORD of Michigan. Mr. Speaker, I yield myself 2 minutes.

Mr. FORD of Michigan. Mr. Speaker, I rise in support of H.R. 2264, the Budget Reconciliation Act. I am here to explain to my colleagues some of the budget cuts achieved by the Committee on Education and Labor.

The conferees met the target of $5.8 billion in savings, largely by moving toward a system of direct loans to replace Government-guaranteed loans. The guaranteed loan system involves 7,800 lenders, 46 guarantee agencies, and numerous servicers and secondary markets.

This exercise has revealed to me, in its full glory and for the first time, the layer after layer after layer of profit making that stands between students borrowing money to go to school and the money they receive. And I can assure my colleagues that we have taken serious steps here to recover some of that profit for the students and for the American taxpayer.

Under this system, the existing system, the Federal Government guarantees lenders against losses that might result from defaults. So it is an entitlement program. The entitlement runs to the lenders.

Under the system that we have put now in place, to ultimately replace this, the entitlement that we are talking about runs to the student, not to the lenders, not to the people who are in this business to make a profit.

Now, I find it very interesting to hear Members on that side of the aisle talking about how much more they wanted to cut. And I had a letter, when I went to conference, signed by 148 Republicans who told me not to take the House-passed version that saved $5.8 billion, but to take the Senate version which saved much less.

Mr. Speaker, I rise in support of H.R. 2264, the Budget Reconciliation Act. I am here to explain to my colleagues some of the budget cuts achieved by the Committee on Education and Labor.

The conferees met the target of $5.8 billion in savings, largely by moving toward a system of direct loans to replace Government-guaranteed loans.

The guaranteed loan system involves 7,800 lenders, 46 guaranty agencies, and numerous servicers and secondary markets. In this complex setup, students directly or indirectly apply for a loan to a bank or other qualified lender; loans are insured by a guaranty agency, reinsured by the Education Department, and frequently resold in secondary markets.

Under this system, the Federal Government guarantees lenders against losses that might result from defaults. The key to making it all work is the Government's generous allowance to the banks: The T-bill rate plus 3.1 percent. Along with loan origination and other fees, that is what students pay for the privilege of borrowing money to help them get an education

Picking up a proposal originally made by the Bush administration—but then disbanded when the money-lenders put pressure on the Republican White House-President Clinton proposed to phase in a system of direct loans to replace guaranteed loans. The system has a number of advantages: It saves the government $2 billion per year when fully implemented, it reduces students' borrowing costs, and it eliminates a system that is open to fraud and abuse by unscrupulous lenders.

President Clinton's proposal and the House bill would have phased in direct loans over 4 years, providing the Education Department time to gear up for the new system and to prove its efficiency and effectiveness. It also would have preserved the guaranteed loan system throughout the phasein of direct loans, maintaining the value of the $60 billion in outstanding loans in the secondary markets and generating another $30 billion in loans before full phasein. It would have produced profits for these lenders well into the 21st century. Thus the basic integrity of the existing system would have been protected while we moved to a better one.

After a protracted conference with the Senate, we have returned with a hybrid. The conference agreement provides a beginning for direct loans. In the 1994–95 school year, 5 percent of the student loan volume will be provided by direct loans, increasing to 40 percent in 1995–96, 50 percent in the following 2 years, and 60 percent in 1998–99. Beginning in 1996–97, educational institutions can choose to opt in to the direct loan system.

Because this slower phasein would provide less savings to the Government, the conference agreement includes a number of fees to banks and guaranty agencies that were approved by the Senate. Some of these fees also were proposed by the gentleman from Tennessee, who I believe hoped to preserve the current system. Ironically, his proposal would have undermined the system by reducing profits to the banks, guaranty agencies and secondary markets, perhaps causing them to leave the market. During the conference, I stressed repeatedly my opposition to these cuts in bank profits because I was concerned about the effect on the availability of loans.

Let me detail these budget cuts and fees. An upfront user fee on lenders of half-percent of their new loan volume saves $585 million. Sallie Mae, the Government-chartered institution that buys student loans will pay fees of 0.3 percent of their outstanding loan volume, savings $755 million.

The 9.5-percent floor on yields on loans made with tax-exempt bonds is eliminated, producing $350 million in savings. The guaranty agency administration cost allowance and reinsurance fees are eliminated, saving $910 million. The guaranty agency reinsurance fee is eliminated, saving $300 million.

Holders of consolidation loans will pay fees equal to 1.05 percent of their outstanding new loan principal, saving $1.255 billion.

Federal loan reinsurance is reduced from 100/90/80 percent to 98/88/78 percent, and the Federal loan guarantee on all holders of loans is reduced from 100 to 98 percent, except for lender-of-last-resort loans, saving $245 million.

The agreement requires multiple disbursement of Plus loans, saving $100 million. It lowers the guaranty agency default collection retention allowance from 30 to 27 percent, saving $215 million.

It reduces the bonuses based on the T-bill rate from 3.1 to 2.5 percent during the prepayment period, reducing Government costs by $495 million. It changes the preclaims payment from $50 per claim to 1 percent of collection, saving $28 million.

Finally, States must share the costs of institutions whose default rate exceeds 20 percent, saving taxpayers $300 million.

The banking lobby put tremendous pressure on some of the conferees and in general on the Congress to maintain their current, highly profitable entitlement. One company in Indiana hired lobbyists in Washington to spend $750,000 to defeat direct lending. The Ohio-based Student Loan Funding Corp. went so far as to establish a front organization ostensibly composed of students to advertise and lobby for the status quo. Members of my committee were deluged with calls from home-district bankers and student loan administrators urging them to maintain what is, after credit cards, the banking industry's second biggest profit center.

The status quo, however, would leave us without the budget savings required of the committee, and that is the main reason we went through this exercise. In the abstract, budget cuts are very popular. But when it comes to specifics, the special interests crawl out of the woodwork. The direct lending proposal is no different.

As a result of their campaign of disinformation, and of the legitimate concerns of people cautious about adopting a new system, the conferees have emerged with a program that may be destabilizing for lenders, which in turn poses risks for students who attend institutions that banks historically have judged as risky. I am concerned that lenders will decline to lend to their students.

My concern is partly relieved because of the provision that allows all institutions to opt in to direct lending in 1996–97. That should ensure that every institution that desires to participate in the direct lending program will have that choice.

I want to note to my colleagues who remain concerned about direct loans that before the 5 years of this agreement have expired, the Congress will reauthorize the Higher Education Act. That review will take place in 1997. Within 4 years, we will have the opportunity to examine the direct loan program.

Ultimately, accepting this hybrid allows us to meet the savings required by the budget resolution. This policy was created in the shadow of the mandate to produce budget cuts. As unfortunate as it is to write policy according to budget requirements, we have been able to initiate a good and workable system of direct loans that in essence the administration sought and the House approved. It lowers costs to taxpayers.

Taxpayers are not the only beneficiaries of direct loans. Throughout this process, the committee, the House and the conferees have sought to promote the interests of all those aspiring to improve their education, the people at the heart of this program. Students' origination and insurance fees—the amount taken off the top—will be cut in half, from a maximum of about $240 to $120. Their interest costs also will be reduced by limiting the rates lenders can charge.

Besides facing lower costs, students will be offered flexible repayment options. They will be able to work out a schedule that increases their loan payments as their income rises, or that are longer than under current law, or that are contingent upon their income.

Observers of Congress tend to become obsessed with the process, or as President Clinton put it in his inaugural address, who's in and who's out, who's up and who's down; did the House or the Senate position win in the conference.

My first concern, as chairman of the Committee on Education and Labor, is to ensure that this budget reconciliation does no harm to the students whose interests guide our policy considerations. The purpose of the Student Loan Program is to make college more affordable for Americans who need help to meet its ever-growing costs. Student loans took a lot of hits under President Reagan. Under President Clinton, with this budget bill and other proposals we are considering this year—school-to-work and national service to name two—we are restarting the long process of investing in our people.

I am most pleased that we are lowering the costs of higher education or job training, which we all agree is a key to a more prosperous economy and better living standards for our people. The essential byproduct is that we are saving the taxpayers money. Again, I must say that I do not like the way we have had to produce these savings—I do not endorse the use of reconciliation to set policy—but the question of cutting the budget was beyond the purview of my committee.

I urge my colleagues to vote for this agreement.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Speaker, I rise in opposition to the conference report to accompany H.R. 2264, the omnibus reconciliation of 1993.

I stand here as frustrated as I ever have been in my years in this House. Clearly, the budget deficit and our declining position in the global economy require firm action and determined leadership—now. Yet, the package we have before us is more of the same.

I submit that this President and this Congress are wasting a golden opportunity to correct the slide of the U.S. economy. Had this debate been marked more by bipartisanship and cooperation instead of harsh rhetoric and polarization, we could have passed a credible plan that contained real deficit reduction and significant capital investment to create economic growth and jobs in the process.

Certainly, an effort was made toward this road to consensus and bipartisanship with the Solomon amendment. That proposal set down a marker that recognized the need for a balance between spending and taxes, between saving and investing.

THE SPENDING SPIRAL

In structuring a credible deficit reduction and economic growth package, we must first attack the spending spiral. We must significantly cut Government spending before we ask Americans to shoulder a high tax burden.

This is exactly where President Clinton's plan fails. At the beginning of this process, we heard that any deficit reduction plan coming from the White House would contain $2 in spending cuts for every $1 in new taxes. This bill falls far short of that standard.

In fact, this legislation fails to end one single Government program. Many of the so-called spending cuts are actually user fees, interest savings, and cuts enacted in 1990.

And, I would add, that over 80 percent of all the spending cuts in this package occur in fiscal years 1997 and 1998. Those are in the 2 years following the next Presidential election and two congressional elections.

No, this is just more of the same—continuing a dangerous tradition of profligate spending without regard to the long-term consequences.

DIRECT LOANS

A prime example—the ill-conceived, ill-advised move in this legislation to get the U.S. Government into the direct student loan business.

There can be no doubt that the Guaranteed Student Loan Program has had its problems over the years. As a member of the Education and Labor Committee, I have led the charge for years in fighting for new taxpayer protections—measures that will sharply curtail the $3-billion-a-year loan defaut crisis.

This reconciliation bill allows the Department of Education to provide directly over 60 percent of all student loans within 5 years. Why?

CBO claims we will save over $4 billion following this route. I submit that when all the administrative costs are stacked up—when we add the cost to the taxpayers of capitalizing this system—and when we throw in the inevitable inefficiencies of creating another Federal bureaucracy attempting to perform the functions of a financial institution, the taxpayers will pay for our haste.

We should have stuck with the pilot program we authorized last year. This experimental program should have been test marketed.

MEDICARE AND MEDICAID

I am also deeply troubled by the deep cuts we are proposing in Medicare. Once more, we are trying to tell our aging Americans that all we have to do

is ratchet down on waste, fraud, and abuse, and cut the fees of those so-called rich doctors and expensive hospitals, and we will be able to cut costs and maintain quality health care. Experience shows us this is just not so. And it is our senior citizens who shoulder the burden of these broad cuts. The last time we enacted cuts as deep as these in Medicare, beneficiaries saw their services and benefits decreased while their financial contributions increased.

This $56-billion Medicare cost shift cannot be examined in a vaccum. We must be mindful of the significant increase in the Social Security tax for many New Jersey residents. Combined, this cut and this tax amount to an unfair burden on the backs of middle-class older Americans.

JOB CREATION?

And then we have the battle of the dueling job-creation estimates. The Clinton administration claims that enactment of this package will result in the creation of 8.3 million jobs. However, last January, the Congressional Budget Office projected that without any change in policy, 9.4 million jobs would be created through 1996.

Clearly, this massive change in policy places new burden on all business, especially small businesses which generate the bulk of new jobs in the country. In fact, many small businesses will see their tax rates jump from 31 percent to nearly 40 percent. How do we expect small business—the entrepreneurial engine of our economy—to continue to create new jobs when carrying the weight of the Clinton tax plan?

This plan flatly fails my "Save and Invest in America" test. The investment incentives in this legislation are mere tokenism—not the investment tax credit, targeted capital gains cut, expansion of R&D that we need to allow American firms to modernize and compete in the global economic wars.

SUMMARY

Mr. Speaker, my opposition to this legislation has never been based on the hollow mantra of "no new taxes." My opposition is much deeper than that.

We must cut spending. We must halt the introduction of new programs. We must protect our older neighbors from unfair Social Security taxes and Medicare cuts. And we must implement a "Save and Invest in America" program.

This is the blueprint that starts us down the road toward genuine deficit reduction and economic growth. We owe it to the American people to take these important steps.

We should defeat the President's tax and spending plan, go back to the drawing board, and stay here in Washington through August—if that's what it takes—to get the job done right.

We can do better. Vote "no".

Mr. FORD of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. STRICKLAND], a member of the committee.

Mr. STRICKLAND. Mr. Speaker, the budget we vote on later today will do more to lift working families out of poverty in my district than anything this Government has done in the last 20 years. In my district, 36,000 families represent the working poor and will receive a significant tax benefit under this plan.

Many of these working poor families will get as much as a $2,000 per year refund on their taxes—$2,000 to put toward a better car, to make improvements to a home, or perhaps, to start a savings account.

Mr. Speaker, in my Appalachian district, most families are middle- and low-income people. Only one-half of 1 percent of my constituents will see their income taxes increase. Only one-half of 1 percent. In fact, no one in this country will have their income taxes increased unless their income exceeds $140,000.

Not many people in the 6th Congressional District of Ohio make that kind of money.

And what about the gas tax?—4.3 cents per gallon. For the average family driving 15,000 miles per year and averaging 20 miles per gallon, they will pay $32.25 for the entire year; $32.25 for the entire year.

Mr. Speaker, special interests are fighting tooth and nail against the President's attempts to get this country back on track. They have a selfish interest in maintaining the policies of the last 12 years. They are fighting to the death to hold on to the advantages which they have enjoyed, while middle-class Americans have paid the bills.

What we are hearing from talk show hosts and some disingenuous politicians is the death rattle of Reaganomics.

But, Mr. Speaker, once we pass this budget, the death rattle will be silenced and this country can experience new life. A new life that provides security for our seniors, a future for our children, and a fighting chance for working men and women. I urge my colleagues to support this budget.

Mr. GOODLING. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Speaker, I rise in opposition to the reconciliation bill.

As Yogi Berra would say, "this is deja vu all over again."

This is my ninth year in Congress. My fourth 5-year deficit reduction bill. I've never seen one yet that got by the third year without being junked. They're all the same. When I came to Congress in 1985 the national debt was about $1.4 trillion. Since then Congress has promised literally trillions of dollars of deficit-reductions in fancy 5-year plans. All we have gotten is trillions of dollars of new debt which now totals $4.1 trillion.

In 1990, Congress gave up on Gramm-Rudman deficit reductions and came up with a new 5-year plan. The plan was front loaded with $164 billion of new taxes—which, for Congress is like fighting fire with gasoline—and promised $500 billion of deficit reductions. Sounds nice. What we got though were all-time increases in new debt for 1991 and 1992 totaling $767 billion, and now, in the third year of the 1990 deficit reduction law, we come up with a new $500 billion deficit reduction plan. This time Congress front loads it with $270 billion in new taxes, as well as lots of new spending.

If all the new taxes and new spending promised under this new 5-year plan take place—and we can bet our lives that will happen—and if, against all common sense, we assume that all the tax revenues come in and all the deficit reductions take place—which we know won't occur—the new debt over this 5-year period will be $1.8 trillion. And the deficits for 1999 and subsequent years CBO tells us will be growing.

In other words, Congress has no plan in this century or even the next, to balance the budget. None.

Why do we get trillions of dollars of new debt from these 5-year plans rather than the trillions of dollars of promised deficit reductions?

First, because most of the deficit reductions are decreases of increases in spending, not cuts. We all know that. It's like buying a new car listed at $20,000 but we buy it at $15,000. To Congress that's a $5,000 deficit reduction. To the people it is $15,000 of new debt.

Second, most of our deficit reductions in these 5-year plans are always in the out years, like the fourth and fifth year. And of course we never get to those out years.

Third, we all know that the rules and laws in regard to spending limits can and will be waived, or an emergency can be declared in which event budgets and spending limits don't count.

Fourth, we know that to front load a deficit reduction plan with new taxes has only one sure result—about $1.50 of new spending for each dollar of new taxes.

And, finally, Congress doesn't dare touch entitlements—not really.

Winston Churchill has said that one can always count on the Americans to do the right thing—after they have first exhausted every bloody alternative. Well, this reconciliation plan is just another garden-variety bloody alternative to real deficit reduction—full of blue smoke and mirrors. Until there is a balanced budget amendment to the U.S. Constitution I don't think you will see congressional leadership ever seriously move toward balancing the Federal budget.

Mr. Speaker, I would like to insert in the RECORD a letter from Citizens Against Government Waste which gives an excellent description of why this bill should be defeated.

COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE,
Washington, DC, August 4, 1993.

Hon. HARRIS W. FAWELL,
Rayburn House Office Building, Washington, DC.

DEAR MR. FAWELL. As you consider your vote later this week on the Reconciliation Act of 1993, I urge you to review recent history, as well as the provisions of this bill, and decide whether it really will help relieve

the huge burden of debt being inherited by future generations.

Taxpayers know that all that's really going on is a reduction in the rate of deficit increases over the next five years. It's no secret that total debt will rise by at least $1.5 trillion (the President's Budget says, on p. 33, that it will go up by $1.8 trillion to an astounding $6.2 trillion). Taxpayers are tired of hearing from legislators say, "we really mean it this time." This was the mantra in 1990, as Congress passed the largest tax increase in history (until this year) and masked it by calling it a deficit reduction package. The results: deficits are spiraling out of control. The Administration and Congress now have the temerity to ask taxpayers to sacrifice, saying they really, really mean it this time.

But spending was not cut as a result of the 1990 deal, and the Reconciliation Act will not work either. In the July 30 Washington Post, James Glassman noted that spending will rise $200 billion, and the deficit at the end of fiscal year 1998 would be $202 billion—a drop of $83 billion from the projected $285 billion, instead of $500 billion. He called baseline accounting "a bipartisan fraud."

And legislators wonder why the American people are skeptical. Perhaps it is because they know many of the spending cuts in the package are masked tax increases and 80% of the spending cuts will not occur until 1996, if ever. Supporters of the budget deal have no laundry list of program terminations; only promises of future "health care" and "other" savings. Americans know that even if his bill passes, the bloated spending-cut promises made by Congress will never materialize and once again, the middle-class will be asked to foot the bill for their profligacy. Many are outraged over the unprecedented and ill-advised retroactive tax increase—which will affect not just the so-called rich, but every middle-class Social Security beneficiary. Finally, taxpayers can't fathom that members of Congress will actually vote on such an important bill without adequate notice and opportunity to review its contents. For example, congressional sources cite new spending of more than $25 billion in the bill, but no one yet knows the details. This is not the kind of change taxpayers had in mind last November.

The only thing that works well in Washington is Congress's ability to spend. Unabated wasteful spending erodes the American people's confidence in their institutions. Passage of the Reconciliation Act will not inspire renewed respect for Washington's efforts to cut the deficit.

I urge you to oppose the Reconciliation Act, knowing it's the right choice, and that we can do better for ourselves and our country.

Sincerely,

THOMAS A. SCHATZ,
President.

□ 1550

Mr. FORD of Michigan. Mr. Speaker, I sincerely sympathize with the Republicans who stand foursquare for that status quo of the failed past.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, when President Clinton came to Washington he inherited a Federal debt that has exploded over the last 12 years; an economy that was killing 50 percent of small businesses, crumbling roads and cities, and a shift in pay that saw the wealthy double their income while middle-class income dropped by 8 percent.

President Clinton confronted these problems head on and now we come to cast a vote on his plan. No other plan offered was as balanced or as fair. The Republican Gramm-Armey plan would have cut Medicare by $57 billion and would have denied student loans to 1.3 million students.

The Republican Kasich plan would have cut the deficit by $141 billion less than the President's plan are eliminated the earned income tax credit to keep low-income working families off welfare. And the Perot plan would have had a gas tax more than 10 times the amount in the President's plan.

Everyone here today knows that this plan is the best alternative. They know that no family making less than $180,000 will pay any additional income tax. And they know that 90 percent of small businesses will be eligible for a tax break. They know that the deficit will be reduced by nearly half a trillion dollars.

Mr. Speaker, this is a courageous plan, a new direction, and a critical moment in the history of this country. I urge my colleagues to look to the future, and vote for this plan

Mr. GOODLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana [Mr. LIVINGSTON].

Mr. LIVINGSTON. Mr. Speaker, I rise in opposition to the plan, because according to our review of the conference package, in the only 3 years of this administration, over half of the new taxes are assessed in this administration, almost none of the spending reductions are assessed in this administration, and less than one-third of the projected total deficit reduction can be realized in this administration. The rest in each category will come into effect in years 4 and 5. That's after the next Presidential election.

Mr. Speaker, I include for the RECORD this chart demonstrating that outcome.

[In billions of dollars]

	1994	1995	1996	1997	1998
New taxes	32	46	52	64	62
New spending reduction	0	4	20	39	57
Total deficit reduction	32	50	72	103	119

Mr. GOODLING. Mr. Speaker, I yield 2½ minutes to the gentleman from Michigan [Mr. HOEKSTRA].

Mr. HOEKSTRA. Mr. Speaker, the American people asked for change and guess what they are getting—a status quo Presidency and hundreds of status quo men and women in Congress who are happy to stay with the same old failed policies that are driving our Nation's economy into the ground. Most important, the process did not change.

Since the President introduced his budget proposal in February, Republicans have tried to join the President and their Democratic colleagues at the table to develop a credible deficit-reduction program that would be good for America. Unfortunately, the budget negotiations occurred behind closed doors and Republicans were totally shut out of the process. In fact, according to a recent report in the August 9 edition of Newsweek, Vice President AL GORE advised President Clinton to craft a Democrats-only budget deal. And that is exactly what was done.

Little if any consideration was given to the public's pleas to cut spending first, despite the fact that for months and months thousands of Americans have said that they would be willing to pay more in taxes to reduce the deficit if Congress would just cut spending first. Has anyone in this Chamber received a letter or phone call from a constituent saying "tax me first" or "cut spending later"? I doubt it.

This package contains the largest tax package in history, raising over $275 billion of gross taxes in 5 year. The President's plan sticks it to all income levels by raising taxes on virtually everyone who drives a car. Was it my imagination or did President Clinton promise a middle-class tax cut during the campaign? The taxes in the bill are not only harmful in their effect, they are unfair. It is difficult for me to believe that this plan makes the income tax provisions retroactive to January 1, 1993—a full 20 days before President Clinton even took office.

The President's budget package will not reduce the deficit as predicted. The bill is chock-full of budget gimmicks, false promises, and heavy taxes that will rob the taxpayers of their hard-earned dollars and eliminate incentives to work hard and invest in America's future. In addition, the bill does almost nothing to reduce spending by the Government; in fact, the Government will continue to grow steadily under this proposal. And when the Government continues to grow, so does the deficit.

I will vote against the President's tax package because it is the last thing this country needs. It represents more of the same over promising, under delivering politicians with no real change. I urge all of my colleagues to vote against the President's plan so that we can start anew, putting politics as usual behind us. It is time to work together in a truly bipartisan way to develop a better, more balanced budget plan for America that includes institutional reforms like the line-item veto and real spending cuts that will reduce the deficit. I am willing to work with my colleagues to do whatever is necessary to create a meaningful, believable, workable budget plan. Without a serious effort to put partisan politics aside and improve this plan, I am afraid that the status quo is here to stay—at least until the next election. This isn't change, we can do better.

Mr. FORD of Michigan. Mr. Speaker, I would ask, how much time I have remaining.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from Michigan [Mr. FORD] has 4 minutes remaining, and the gentleman from Pennsylvania [Mr. GOODLING] has 2½ minutes remaining.

Mr. FORD of Michigan. Mr. Speaker, I reserve the balance of my time.

Mr. GOODLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I could respond to some of the cute political jibes and jabs, but I listened to my leader at Paul Henry's funeral, and he fashioned his comments in the eulogy around the word "civility." Therefore, I will merely indicate that I have a message to offer from one of my constituents. I am his servant, and he asked if I would bring the message to all of the Members.

He said,

About 200 years ago, Thomas Jefferson stated, "I place economy among the first and most important virtues and public debt as the greatest of dangers to pursue our independence. We must not let ourselves load up with perpetual debt. We must make our choice between economy and liberty, or profusion and servitude. If we can prevent the government from wasting the labors of the people under the pretense of caring for them, they will be happy. The same prudence which in private life would forbid our paying our money for unexplained projects, forbids it in the use of public money."

I will not go on to interpret the meaning of Jefferson's counsel to the American people. I am worried about the effects that this package will have on all of our constituents. I would just ask that Members read this message before they vote.

The majority of the savings from our committee were to come from the Federal student loan programs. The administration proposed to move to a direct loan program over the next 4 years. This proposal came on the heels of Congress considering the direct loan idea for 2 years and deciding it was wise to move slowly and first pilot this new approach. The Higher Education Act reauthorization signed into law just last year contained such a direct loan pilot.

So, it should have come as no surprise to anyone that the move to a full blown direct loan program in the reconciliation bill would be controversial. Fortunately, the Senate created a compromise position which allowed for both direct and guaranteed loans to continue until the next Higher Education Act reauthorization. At that time we can study whether the claims of direct loans proponents are true. If not, it will be possible to return to a streamlined system of guaranteed loans.

Nearly two-thirds of the House of Representatives signaled their support for the Senate position in a letter to the conferees. I am happy to report back to you that we have not adopted the House position and the Congress will have an opportunity to revisit this issue during the next reauthorization of the Higher Education Act.

Another provision under our committee's jurisdiction was the ERISA waivers for various health programs in Hawaii, Maryland, New York, and Minnesota. I opposed these ERISA exemptions, as did both organized labor and business, as extraneous to budget reconciliation and subject to the Senate Byrd rule. I am pleased to say that these provisions were stricken in conference. However, I was disturbed to find out this morning that the New York waiver was reinstated in the tax portion of the bill.

Mr. Speaker, the House bill included for waivers from the Federal preemption of State laws affecting employee benefit plans. The Education and Labor portion of the bill, section 4203, contained ERISA waivers for various health programs in Hawaii, Maryland, New York, and Minnesota.

In committee, I opposed these four State health care law exceptions to ERISA preemption as extraneous to budget reconciliation and subject to the Senate Byrd rule.

I am pleased to say that these arguments were heard and that these provisions were stricken in conference.

It is no consolation, however, to discover in this morning's news that the New York waiver was reinserted in the tax portion of the bill using what amounts to budgetary gimmickry.

I would like to reiterate for the record that all of the exemptions are contentious and were opposed by both organized labor and business.

Why shouldn't any of these waivers be included?

I am not persuaded that health care policy decisions of this importance should be decided in a budget bill.

Second, the role that the States should play in achieving overall health care reform is an extremely important subject to be resolved in the context of the national debate we will begin this fall. Even though a 2-year sunset would have applied to these four exceptions, the substance and merits of these proposals should clearly be considered beyond a single perfunctory hearing.

Also, none of the States were in dire need of immediate relief. An ERISA exemption for Hawaii has existed under current law since 1983. Indeed, Maryland has never faced a Federal law challenge to its system. The law that Minnesota recently passed is not yet fully effective. In addition, the New York law has received a stay of the injunction originally imposed on its current tax structure.

I would also point out that passthrough provider taxes are sick taxes that increase with the cost of a lengthy illness and have been rightly criticized as poor public policy. States already have a variety of means to subsidize care for the poor, including taxes of general application spread more fairly across the general tax-paying population. In fact, New Jersey chose this route when a tax similar to Minnesota's was ruled preempted by ERISA.

Finally, exceptions of this type undermine ERISA's preemption protection which provides uniformity in the rules applicable to employer-provided health care coverage. Indeed, they result in additional administrative complexities for health care plans which cover employees in more than one State.

In conclusion, I believe that the issues of ERISA preemption and health care reform should be debated in a careful and deliberate manner whereby all interests are weighted, consensus is formed, and the appropriate national policy is implemented. Therefore, at least with respect to the Education and Labor Committee's exemptions, the conferees took the appropriate steps in removing them from this conference report.

□ 1600

Mr. Speaker, I yield back the balance of my time.

Mr. FORD of Michigan. Mr. Speaker, I yield myself 1½ minutes.

It saddens me to hear what the gentleman from Pennsylvania has just been saying, because it seems to me that my old friend is wallowing in self-delusion.

He sent me a letter which I mentioned a few minutes ago, signed by 148 Republicans saying support the Goodling-Gordon alternative for saving this money. I have it here for anybody who wants to examine it, and I will put it in the RECORD, the savings that were in his proposal we accepted in the conference.

First it is to hit the lenders with a one-half of 1 percent new loan volume fee that saved $585 million, imposed a monthly fee on holders of loans and that saved $1.25 billion, reduced the special allowance on students during the inschool, grace and deferment, which is a payment to the lenders, saving $495 million.

I include for the RECORD these and additional cuts as follows:

LENDERS

Imposes an up-front user fee on lenders of 0.5 percent of their new loan volume; savings: $585 million—effective date: October 1, 1993.

Imposes a monthly fee on holders of consolidation loans equal to 1.05 percent of the outstanding loan principal of consolidation loans (applicable only to new loans); savings: $1.255 billion—effective date: October 1, 1993.

Reduces the special allowance on student loans during the in-school, grace and deferment periods from the 91-day T-bill plus 3.1 percent to the 91-day T-bill plus 2.5 percent; savings: $495 million—effective date: July 1, 1995.

GUARANTY AGENCIES

Eliminates the guaranty agency administrative cost allowance and reinsurance fees; savings: $610 million—effective date: October 1, 1993.

Reduces Federal reinsurance on loans from 100/90/80 percent to 98/88/78 percent, exempting lender-of-last-resort loans; savings: $120 million—effective date: October 1, 1993.

Lowers the guaranty agency default collection retention allowance from 30 percent to 27 percent; savings: $215 million—effective date: October 1, 1993.

SECONDARY MARKETS AND SALLIE MAE

Eliminates the 9.5 percent floor on yields on loans made with tax-exempt bonds; savings: $350 million—effective date: Date of enactment.

OTHER

Requires multiple disbursement of PLUS loans; savings: $100 million—effective date: October 1, 1993.

If Members do not think those are genuine cuts, they are going to hear from the lenders because it is their profit that is going to pay for this. Guarantee agencies in your States are going to tell you how unhappy they are about the outcome, because we were compelled in conference, because we could not go to mandating 100 percent direct student loans over 5 years, we could only get credit for 60 percent, and the rest of the money had to be made up by accepting Mr. GOODLING'S proposals. We accepted eight of those proposals, which make up the difference between 60 and 100 percent of direct loans.

So what we have now is the savings of all of the money we were directed to save, but we have it in a combination of ways so that all of the lenders and people in this program will be affected not in the future when direct loans come into place, but right now, effective as soon as this act becomes law.

It is serious. Members are going to hear a lot of complaining about it, just as they do hear complaining every time we cut anybody. And the people who have been making the profit out of this program have spent a very, very substantial amount of money lobbying me and the members of my committee and the people that Mr. Perot warned us about in the lizard-skin shoes who have been all around the Education and Labor Committee this whole few months we have considered this bill. And the lizard-skin shoes have forced us into a position, unfortunately, of leaving the people who are paying their fees more disadvantaged than they would have been if the President's plan had been adopted.

Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, again, two simple points. Two or three speakers ago one of the gentlemen on that side of the aisle repeated the same old refrain we have heard for hours. "You should cut spending first." I will repeat the same thing that I have said twice before on this floor. This House, this year in 10 appropriation bills has already made almost 300 specific spending cuts below last year's spending level. We can go back and look at the appropriation bills. It is there in simple English.

Second, when we talk about the taxes in this bill, we all know that the lion's share of the taxes are on those who make more than $140,000 a year, the wealthiest 1 percent of people in this country who in the last 12 years saw their income more than double from about $300,000 on average to over $600,000. The middle bracket, people in the middle 20 percent of income in this country, lost 8 percent, and the poorest lost 12 percent under the Reagan-Bush policies.

We have crocodile tears from the Republican side of the aisle about what is happening to the poor people in the top bracket. They were paying at a 92-percent rate in the 1950's, they were paying 70 percent of their income in taxes as recently as 1977. Then they dropped to 50 percent, then they dropped to 28 percent. This bill still brings them back only to 39 percent. The wealthy are still keeping more than half of the gains that they made in the 1980's, while everybody else was losing ground.

I make no apologies for the fact that President Clinton and Democrats in this Congress have guts enough to try to change that policy. This is reversing the policies of the last decade which squeezed the middle class and rewarded the wealthy.

I think it is the way the country wants to go. It is the way the country will want us to vote, and it is what this bill does, despite all of the fog we have seen from the other side of the aisle today to the contrary.

The SPEAKER pro tempore (Mr. MURTHA). All time for the Committee on Education and Labor has expired.

The Chair recognizes the Committee on Energy and Commerce. The gentleman form Michigan [Mr. DINGELL] will be recognized for 10 minutes, and the gentleman from California [Mr. MOORHEAD] will be recognized for 10 minutes.

The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts [Mr. MARKEY], chairman of the Subcommittee on Telecommunications and Finance.

Mr. MARKEY. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise today in support of title VI, "Communications Licensing and Spectrum Allocation Improvement," provisions of the Budget Reconciliation Act.

This part of the budget reconciliation proposal is critical to the United States because it raises much needed revenues while also reforming an inefficient means of licensing communications services in our country. And, most significantly, it frees up 200 megahertz of spectrum from the Federal Government and transfers that spectrum to use by the private sector.

The rationale behind this auction proposal is that we must reform and improve the current licensing process, which uses lotteries. In short, there has to be a better way to manage a precious Federal resource than picking names out of a hat. In addition, as the overseers of valuable Federal assets, we have an obligation to get for the taxpayers as much value as possible. This proposal puts in place a better way, true to the principles underpinning the Communications Act, while at the same time raising revenue, over $10 billion, for the public.

By freeing up 200 megahertz of spectrum, this bill is the Alaskan oil strike of the Information Age. The technology of the future will use radio spectrum, in much the same way that the technology of this century relied on oil. To illustrate: The cellular industry, which now generates $8 billion in revenues, $3 billion in exports, and employs 100,000 people, was created by the Government freeing up just 50 megahertz. Personal computers and laptops or palmtops linked by radio waves, smaller and cheaper portable phones, radio-based toll collectors and e-mail—all of these will be made possible by this freed-up spectrum. According to John Sculley and other industry experts, these wireless products and services will generate $1 to $3 trillion over the next 10 years and result in hundreds of thousands of new jobs.

In addition, the legislation also authorizes the FCC to use auctions as a means of awarding spectrum, and that, will generate $10 billion for taxpayers over 5 years. As a result, this proposal is a win for taxpayers, a boon for industry, and holds out a bright future for those seeking jobs.

The jobs created by this modern oil strike will be in large companies like Motorola, IBM, AT&T, Apple, as well as small companies like General Magic in California, RadioMail in California, Mtel in Mississippi, Omnipoint Corp. in Colorado, and dozens of small companies not yet created. Unlike proposals from Bush and Reagan, the benefits will flow to small entrepreneurs because the legislation

The statement of managers provides greater detail about the proposal and the decision made by the conferees. I want to take this opportunity to comment on a few additional matters. First, I want to emphasize that section 6003, which provides for additional communications fees, is similar to H.R. 1674, which passed the House in 1991. As a result, the House Report (H.R. Rept. 102-207) accompanying that bill contains the best explanation of section 6003, and all of its relevant provisions

are incorporated by reference in the statement of managers. In particular, the report states that fees shall be assessed on operators of U.S. facilities, consistent with FCC jurisdiction. Hence, these fees will not apply to space stations operated by international organizations subject to the International Organization Immunities Act. Second, I want to note that there is a typographical error in the statement of managers in the part that explains the Conference Agreement concerning section 115. The last paragraph should refer to "interference-free", not "inference-free".

Third, I want to clarify that subsection (c)(2) of section 6002, relating to effective dates, provides a 3-year period during which current providers of private land mobile service will continue to be treated in the same manner. The intent of this transition period is to provide those whose regulatory status is changed as a result of this legislation a reasonable time to conform with the new regulatory scheme.

Finally, I want to emphasize that this legislation gives the FCC flexibility to ensure that those with innovative ideas, the entrepreneurs out there, will be given an opportunity to share in the future communications revolution. The legislation directs the Commission to establish alternative payment mechanisms to encourage widespread participation in the auction process. For those Members who want to offer dreams to young struggling engineers and innovators, wherever they are, these provisions give you that ability.

This specific provision makes certain that those who are rich in ideas and low on cash get a chance to enroll in the future. This provision directs the FCC to consider what alternative payment methods should be used, such as installment payments or royalty payments or some combination, so that all Americans have a chance to participate in the communications revolution.

This legislation also enables the FCC to continue to hold out the promise of a pioneer's preference for the truly genius who catapult technology to another level. In fact, some of that genius is what spawned the entire PCS revolution. Under this legislation those truly genuine technology pioneers will be able to make a run for the roses and get a big payoff if they succeed. As we all know, that is a most powerful incentive, and that is why I think it is vital that we continue the overall thrust of the pioneer's preference program.

Mr. MOORHEAD. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. BLILEY].

Mr. BLILEY. Mr. Speaker, this Congress just does not seem to get it, or this administration. People want change. They want spending cuts, not increases in taxes.

We have heard a lot of rhetoric about how this only affects a few people. But it will affect an awful lot of people when you take $500 billion out of the economy.

Article 1, section 9.3 says Congress shall not tax retroactively. So what do we do? We take it back to January 1, 1993.

To my friend, the gentleman from Wisconsin, who preceded me a few minutes ago in the well, who said this only affects the top 2 percent, 1 percent or the very wealthy, I would remind him that in my district this bill will tax 12,159 senior citizens to the tune of $11.1 billion.

Mr. Speaker, I strongly object to this tax and spend reconciliation bill which will cost this country hundreds of thousands of jobs and probably lead us into another recession. But today I would like to address my comments to the medicaid provisions of this bill.

First, I would like to take Members on a trip down memory lane by describing what happened the last time we saved money in the medicaid program in OBRA 1990. The official CBO scoring sheet—which I will introduce into the RECORD—told us that the OBRA 90 legislation was going to save the Federal Government $616 million between fiscal years 1991 through 1996.

Now let me tell you what has really happened in medicaid spending during the past 3 years of the 1990 budget agreement. Well, it turns out that one provision of OBRA 90 allowed States to use provider-specific taxes for medicaid financing. This one change, which CBO scored as having no Federal financial impact, allowed hospital disproportionate share payments to grow from $800 million in 1989 to $17.8 billion this fiscal year. Again, the CBO 5-year score for this provision was zero. However, this one provision has lead to approximately $30 billion of Federal spending since 1990.

Let me repeat this again. CBO's official estimate of the OBRA 90 medicaid savings was $616 million over 5 years. But instead of any medicaid savings, OBRA 1990 has lead to at least $30 billion in additional medicaid spending during just 3 years! This is the type of "Alice in Wonderland" budget cuts we have in the current bill.

Now lets take a brief look at the official CBO scoring sheet of this year's medicaid cuts. Although CBO claims approximately $7 billion in savings over 5 years, in fiscal year 1994, this bill will actually spend $43 million for new entitlement expansions. Here we go again.

Additionally, over $4 billion of the so-called medicaid savings is directly attributable to the correction of a drafting error in OBRA 90 concerning an optional medicaid benefit for personal care services. When we passed this provision in 1990, CBO scored it as costing $25 million over 5 years. This little drafting error made it a $4.17 billion benefit, and is why we are now repealing it now. We can only speculate what drafting errors lurk in this new legislation.

Mr. Speaker, I believe that Members on both sides of the aisle are ill served when hundreds of pages are put in front of us at the last possible moment, and CBO numbers jump around wildly. I am afraid this legislation will end up spending more money than it saves.

TABLE IX-11.—PUBLIC LAW 101-508, OMNIBUS BUDGET RECONCILIATION ACT OF 1990, CONGRESSIONAL BUDGET OFFICE ESTIMATES OF CHANGES IN MEDICAID OUTLAYS MADE AT TIME OF ENACTMENT, FISCAL YEAR 1991 TO FISCAL YEAR 1995

[In millions of dollars]

	Fiscal Year—					
	1991	1992	1993	1994	1995	1991-95
Prescription drugs	−70	−330	−415	−505	−610	−1,930
Payment of group health plan premiums and cost-sharing	−85	−160	−205	−250	−305	−1,005
Medicare payments for low-income	35	15	55	85	195	385
Coverage of children	10	55	105	160	230	560
Outreach	9	50	55	55	60	229
Continuation of benefits through pregnancy or first year of life	15	30	35	35	40	155
Hospital payments	6	30	30	35	40	141
Presumptive eligibility	1	1	2	2	2	8
Paternity determinations	.....	.....	.....	.....	.....	.....
Error rate report and transition	.....	.....	0	0	0	.....
Federally qualified health centers	3	4	4	4	4	19
Limitation on disallowance	0	12	0	0	0	12
Frail elderly	40	70	130	160	180	580
Community supported living arrangement services	5	10	20	30	35	100
Disregard of German reparation payments	.....	1	1	1	1	4
Minn. personal care	1	1	1	1	0	4
Personal care services	0	0	0	0	25	25
Spenddown option	.....	.....	.....	.....	.....	.....
Frail elderly demonstration waivers	.....	.....	.....	.....	.....	.....
Low-income family coverage demonstrations	12	12	12	4	0	40
Respite care demonstration	2	2	0	0	0	4
HIV positive demonstration	5	12	13	0	0	30
Advance directives	.....	1	1	1	1	4
Quality of physicians' services	.....	1	1	1	1	4
Nursing home reform technicals	11	1	1	1	1	15

TABLE IX-11.—PUBLIC LAW 101-508, OMNIBUS BUDGET RECONCILIATION ACT OF 1990, CONGRESSIONAL BUDGET OFFICE ESTIMATES OF CHANGES IN MEDICAID OUTLAYS MADE AT TIME OF ENACTMENT, FISCAL YEAR 1991 TO FISCAL YEAR 1995—Continued

[In millions of dollars]

	Fiscal Year—					
	1991	1992	1993	1994	1995	1991-95
Total Medicaid	0	−182	−154	−180	−100	−616

Source: Congressional Budget Office. Unpublished table, Dec. 1990.

□ 1610

Mr. MOORHEAD. Mr. Speaker, I yield 50 seconds to the gentleman from Texas [Mr. FIELDS].

Mr. FIELDS of Texas. Mr. Speaker, My comments are limited to title VI, which addresses the reallocation of 200 megahertz of Government spectrum and the authorization of the Federal Communications Commission to award new licenses for this spectrum under a competitive bidding system.

This title is the culmination of hours of bipartisan cooperation and hard work by the conferees to this title. I want to pay special tribute to my colleague, the Congressman from Ohio, Mr. OXLEY, who has long been a proponent of spectrum auctions. I also want to commend Mr. DINGELL, Mr. MARKEY, and the other House conferees for their leadership and hard work on this title.

Apart from the obvious revenue-raising benefits of competitive bidding, this title represents the most important communications policy legislation this Congress will pass this year. Under this title, 200 megahertz of Government spectrum will be reallocated for commercial use. This reallocation will permit an explosion of new communications services and will ensure that our telecommunications industry keeps its competitive edge in the global market. The title will also enable the American consumer to receive new and innovative digital technologies, such as personal communications services [PCS] as early as next year.

Mr. Speaker, this title has been carefully crafted to resolve the many complicated policy questions raised by spectrum auctions. For example, it directs the FCC to consider alternative payment schedules in order to ensure that small entrepreneurs can compete with the "deep pockets" in seeking to obtain licenses for their new and innovative services.

As I noted, the title ensures the rapid and efficient deployment of personal communications services [PCS] to the public. Under this title, the FCC is directed to conclude its PCS rulemaking within 180 days and to issue PCS licenses within 270 days of enactment. The title is notable for what it doesn't do: It does not attempt to answer the numerous questions raised in the FCC's proceeding with respect to the licensing of PCS. These questions are appropriately left to the FCC, the expert regulatory agency, to answer.

Finally, this title outlines the regulatory treatment for new commercial mobile services, such as PCS, in order to ensure that like services will be regulated similarly. In short, the title creates a new class of common carriage for these services, that although exempt from State regulation, will be subject to certain common carriage requirements at the Federal level as the FCC deems appropriate.

Again, Mr. Speaker, I commend all the conferees who worked on this important title.

Mr. MOORHEAD. Mr. Speaker, I yield 45 seconds to the gentleman from Ohio [Mr. OXLEY].

Mr. OXLEY. Mr. Speaker, I have been an active and strong proponent of the spectrum action provision for the last two Congresses. It is an excellent method to conserve scarce spectrum resources, while directing funds into the Treasury's coffers from those who will make millions off of the spectrum. This process would encourage the development of new and innovative technology, ensure deployment of contemporary telecommunications to rural areas, and create thousands of jobs.

However, I was surprised and disappointed when yesterday's Washington Post reported an accounting change orchestrated by Democratic negotiators to help reach the deficit reduction target of $500 billion. I would like to point out that the Congressional Budget Office, which is charged with the determination of budget scoring, has not endorsed this increase in scoring for the auction; thus, this is a political change, not an objective scoring practice.

This is precisely the type of budget scoring chicanery that Republicans have been worried about throughout the budget process. If the Democrat negotiators are willing to modify the budget figures so blatantly to make the $500 billion figure, I think Republican concern is well placed.

While I am a strong supporter of the spectrum auction provisions of the bill, it is a shame to see these budget accounting tricks. The American people will not be fooled in the end, and they will let legislators know about it in the next election cycle if similar smoke and mirror methods have been employed in other parts of the bill to make the budget deficit target while real deficit reduction never occurs.

Mr. MOORHEAD. Mr. Speaker, I yield 50 seconds to the gentleman from Florida [Mr. BILIRAKIS].

Mr. BILIRAKIS. Mr. Speaker, it has been argued that this budget package is, in effect, our last chance and our only chance for serious deficit reduction. To quote General McAuliffe during the Battle of the Bulge, "Nuts."

This budget package is a bad deal for the American people. They shouldn't have to accept this. It shouldn't even be suggested that they have to accept this. They have demanded and deserve better.

Slashing a vital health program like Medicare by $56 billion is no way to reduce the deficit—especially when we know that Medicare spending cuts will be real while other savings may never materialize.

Out of the $56 billion in Medicare reductions, $20 billion of these cuts will affect hospitals. The rest includes reductions in physician reimbursements, clinical laboratory payments, and payment for durable medical equipment.

My congressional district has one of the highest concentrations of senior citizens in the country. These reductions, along with the increased taxes on Social Security benefits, will unfairly burden our country's older Americans. Mr. Speaker, we cannot continue to balance our country's budget on the backs of our senior citizens.

In the past months, I have heard from doctors, hospitals, and Medicare beneficiaries throughout my district who are deeply concerned about the aftereffects of this legislation. The message is simple—if this tax bill passes, health care for all Americans will decline. Hospital administrators across my district have expressed fear that they may not be able to continue due to the severe financial restraints.

For many years, Medicare providers have been faced with empty promises that reimbursement rates will

Additionally, it should be noted that this bill creates a new entitlement program for childhood immunizations. While the goals of this initiative are laudable, I do not believe that legislation provides the most desirable method of ensuring that all children will be vaccinated against disease.

Provisions of the bill respecting price caps could have a very serious impact on the development of future vaccines—manufacturers may decide it isn't worth participating in the program or, even worse, manufacturers may decide to eliminate research on future vaccines due to the lack of incentives. This, in turn, could have a substantial, negative effect on the future health of our children.

This package will also delay military retiree COLA's for the next 5 years and effectively give them a lesser COLA than their civilian counterparts—whose own COLA's are delayed in each of the next 3 years.

How can our Government attract bright, hardworking individuals if Congress continues to disproportionately reduce benefits for military and Federal retirees? I believe that Congress has a moral obligation to these retirees to maintain fair and equitable treatment for all.

Under this conference report, our Nation's veteran programs will be cut by a total of $2.6 billion. Over the years, the VA budget has been a victim of the budget deficit. Federal spending on veterans' programs when adjusted for inflation has not increased in more than a decade, and the overall share of Federal spending dedicated to VA programs has been steadily decreasing.

Yet, once again we have been forced to cut veterans' programs. For example, under this conference report we are reducing survivor benefits and raising fees for the Home Loan Guarantee Program.

I cannot support a bill that abrogates our Nation's commitment to our veterans. As Teddy Roosevelt once said, "A man who is good enough to shed his blood for his country is good enough to be given a square deal afterwards."

One commitment that will be kept in this package, however, is taxes, taxes, and more taxes. This budget plan is the largest tax increase in the Nation's history. And opposed to previous rhetoric not one middle-class tax cut is in this plan—not one. Only middle-class tax increases.

In fact, this budget deal raises taxes on all income levels. That's right, there is something for everyone in here: A gas tax increase that will fall most heavily on the poor and middle class—and the increased prices of products shipped across our Nation will hit every American again.

It is also clear that this package will increase the taxes of senior citizens in my district by nearly $13 million a year. In effect, we will cut medical benefits for senior citizens and then tax them more for less.

Seniors will find a tax increase on their Social Security benefits in the administration plan on top of the gas tax increase—and the unemployed will have to pay that gas tax without any substantial offset. Increased taxes on seniors with savings, limitations on a worker's ability to contribute to pension plans, and an increase in tax rates on investment income will dramatically discourage savings.

Despite claims to the contrary, we will see investment and job creation in our Nation crippled by this plan. Again, increased taxes on individuals and businesses will be real, while the promise of out-year spending cuts may remain just that: a promise and nothing more.

Mr. Speaker, all of this will happen while little is done to impede overall Government spending. Five years from now the deficit will not have been reduced—in fact, it will be larger than ever.

So let us not think that this package is merely a matter of an extra buck or two a month for gas—it is a matter of fundamental fairness. This package isn't fair and we should go back to the drawing board—now. There is time. To suggest otherwise is just plain wrong.

Mr. DINGELL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. WAXMAN], chairman of the Subcommittee on Health and the Environment.

Mr. WAXMAN. Mr. Speaker, I thank the chairman of the committee for yielding me this time.

Mr. Speaker, this bill that is before us is not a perfect plan. It cannot be considered anybody's first choice. As is so often the case, it is the best we could do.

For those concerned about the deficit, we have greater real reductions than any previous legislative effort.

In the area of health care, we designed the reductions in Medicare and Medicaid that will do the least amount of damage under the constraints under which we are operating.

For those concerned about the poor and the disadvantaged, we do have some extremely important programs to help those least fortunate in our society.

I have deep reservations, but passing this plan is for the good of the country, and I urge an "aye" vote.

Mr. MOORHEAD. Mr. Speaker, I yield 50 seconds to the gentleman from Illinois [Mr. HASTERT].

Mr. HASTERT. Mr. Speaker, I rise in opposition to the President's tax package.

There are many components of this bill with which I disagree, but particularly troubling to me is what this will do to senior citizens living in my district in Illinois. In addition to raising their taxes, it will prevent Illinois from making long-term care affordable to seniors.

Currently, the elderly in Illinois have two options if they want long-term care coverage: they can either hide their assets from the Federal Government, or they can sell everything and use their life savings to be covered by Medicaid. This cannot go on.

Illinois, Mr. Speaker, is on the verge of reform. There is a long-term care insurance program that many States have tried and found to be effective. Its benefits are obvious—it not only covers those who need the insurance, but it also saves money.

What concerns me, Mr. Speaker, is that this bill will prevent Illinois, or any other State, from implementing this program that has been tried, and proven effective.

I ask my colleagues, why would we want to pass a bill that will refuse to allow States to implement a plan to care for older Americans and save money?

On a separate issue, I want to voice my support for the Energy and Commerce Committee's reconciliation provisions dealing with spectrum auctions. As an original cosponsor of H.R. 857, I believe auctions should replace the outdated, and often unfair, lottery process. We need to make sure that all qualified bidders will have the opportunity to participate in this new process. That is why I was pleased that Chairmen DINGELL and MARKEY worked with me to add the words "and competition" to section 309(j)(3)(B) of title VI. This language will ensure that the FCC promotes competition during this new procedure thereby giving all potential bidders the opportunity to procure spectrum at auctions.

Mr. MOORHEAD. Mr. Speaker, I yield 50 seconds to the gentleman from Texas [Mr. BARTON].

Mr. BARTON of Texas. Mr. Speaker, the Wall Street Journal has been doing a series of articles called "Doing the Deal" about this pending budget reconciliation bill.

Well, I can tell you from listening to my constituents in Texas that they do not think it is a very good deal. As of 15 minutes ago, 435 had called in to say "vote no," and only 20 had called in to say "vote yes."

Why? All you have to do is look at the details of the deal. The tax increases are real and retroactive's the spending cuts are ephemeral, and are in the outyears. As the attached article from the Wall Street Journal points out, the retroactive tax increases are also unconstitutional.

President Ronald Reagan went to Reykavik, Iceland, for a summit with then Premier Mikail Gorbachev in 1986 on arms control. He was under intense pressure to do the deal. He said no. He walked away. He said that no deal is better than a bad deal.

Mr. Speaker, this is a bad deal, and no deal today is better than a bad deal. Let us vote no, come back in September, take taxes off the table, and really look at spending reductions.

Mr. Speaker, I am including at this point in the RECORD a New York Times article and the referenced Wall Street Journal article, as follows:

[From the New York Times, Aug. 3, 1993]

JUST SAY NO TO CLINTON'S PACKAGE

(By Ronald Reagan)

Have you heard about the new White House "diet" plan? Maybe you've seen the Clinton Administration's television "infomercial" about this miraculous discovery. The diet is quite simple. You can eat anything you want, any time you want, as much as you want. It costs quite a bit more, but they guarantee you'll lose all the weight you

want. The only catch is you won't see any weight loss for five years.

Does this diet make sense? Hardly! But it's about as logical as the deficit reduction scheme President Clinton is pitching.

The White House is flooding the airwaves in Washington, D.C., and several states with a slick television infomercial. Through this propaganda masterpiece, it is trying to persuade us to "feel good" and be "proud" about jacking up our taxes and feeding the insatiable Washington spending machine. It's time for the public to send a strong signal to the manipulators at the White House: "We won't be fooled."

The President's "wonder plan" could be cited for deceptive advertising by the Food and Drug Administration. Job-killing taxes come right away, and hazy spending cuts are on the distant horizon. The five-year plan will likely impede economic growth and not come near its claim of $500 billion in deficit reduction. And it will fall far short of its spending cut goal of $250 billion.

Every person in this country realizes the serious need to reduce the Federal deficit. There is no disagreement on this issue. But the tax-and-spend plan being shoved through Congress does not accomplish that goal. It is not a deficit reduction plan. It will only cause the deficit to increase and quite likely wreck any hopes for an economy recovery in the process.

But the White House feels that if it labels it a "deficit reduction plan" and talks as if it will reduce the deficit, somehow Congress will vote for it. And if the Clinton team beats the drum enough about what "political courage" it takes to vote for this "bold" plan, they feel they can make Congress feel good about it.

It has been more than five months since President Clinton's plan was presented to the public. And, as we have learned more about what's in it, public support for it has dropped like a rock. Virtually every economic indicator released since the public has had a chance to react to the plan has been negative. Consumer confidence is down. Despite lower interest rates in place from the last Administration, people are afraid to commit to purchasing homes. And, in poll after poll, Americans say more than ever before that our country is heading down the "wrong economic track."

When candidate Clinton promised to get this country moving, most Americans thought he meant forward. Instead, his Administration has gone backward on the economy, backward on reducing Government and backward on its promises.

All except one, perhaps. Candidate Clinton promised to "raise taxes on the people who did well in the 1980's." Since practically every American benefited from that era of low inflation and strong growth and since President Clinton wants to raise the taxes of nearly every citizen, I guess in a roundabout way this is a promise he's actually trying to keep.

He knows Americans have always been kind and generous. In war and peace, they have been willing to make great sacrifices to serve a greater good. Today, the White House is trying to appeal to this great quality by getting us to go along with the largest tax increase in the history of our country. But we shouldn't.

The fact is, there is no "greater good" in this plan. Despite the slick presentation, talented spin doctors and White House talking heads all over TV, the simple truth is that this plan is bad for America.

Recognizing their predicament, the bill's supporters have resorted to desperate arguments. I have heard from Democratic friends of the heavy pressure on the Democratic senators to vote for this bill because "the President has so much political capital invested in it" and a defeat would have "serious political consequences" for him. Since when does the political standing of any elected official count more than the well-being of our nation? Our economy is too important to be dealt this devastating blow because of White House fears about how a failure could make the President look.

His economic package was bad policy to start with and has only been further worsened by the myriad special-interest concessions added along the way. It is so flawed, the only reasonable alternative is to flatly reject it. Then, with a healthy dose of reality in mind, let the process start again.There is no "fine-tuning" or "refining" that can save this package.

The process must begin anew with real cuts in spending and a reduction in personal and business tax rates. The Democrats should be reminded that sharp reductions in tax rates created growth and prosperity in "our" 1980's and "their" 1960's.

Under the Clinton plan, people will be zapped with new taxes that take the incentive out of saving an investments (assuming they're left with any money to do so). Furthermore, the spending increases are a travesty. They just aren't needed and they are sure to dig us deeper in the deficit hole. Of course, there will always be new needs for Government spending, like Midwestern flood relief, but there are billions of dollars in various other Federal programs that can be redirected.

Over the years, I have been known as an optimist—always believing that better days will lie ahead. But, right now, I have serious concerns about the future of America if this tax-and-spend plan becomes law. I fear for the loss of opportunities that Americans have always had to make better lives for themselves and their families. And I worry about America's place in the world if our economy falls into the deep doldrums that this program will certainly bring.

I urge each member of Congress to reject the White House pressure, refuse the special concessions the White House offers his or her constituents and stand firm in the face of special-interest lobbying. They should vote their conscience. Sometimes saying no can be a great act of statesmanship, not to mention a good way to start a sensible diet.

[From the Wall Street Journal, Thursday, Aug. 5, 1993]

TAX BILL: RETROACTIVE, UNCONSTITUTIONAL . . .

(By Stephen C. Glazier)

As this page went to press, the new budget bill was heading toward passage by Congress. Yet the bill contains provisions that are unconstitutional because they are retroactive. These retroactive provisions need to be debated and corrected. If they are not, and the bill becomes law, we can expect taxpayer litigation to overturn the provisions.

Specifically, the bill contains tax provisions that would raise income tax rates and certain estate tax rates retroactively to Jan. 1 of this year. Yet Article I, Section 9, Clause 3 of the Constitution says that "no . . . ex post facto law shall be passed." The Founders' purpose here was to ensure that laws are general and prospective, rather than specific and retroactive.

Specific, retroactive laws tend to look more like judgments and penalties from juries than like legislation in the national interest. Retroactive laws also would allow a new party taking power after an election to, in effect, legislate history—to undo the past of its opponents. Indeed, the current budget has the flavor of a partisan effort by a new party in the White House to "repeal the decade of greed," i.e., punish the taxpayer for 10 years of economic growth during Republican administrations.

SAME OLD CONSTITUTION

The nation's courts have long wrestled with the issue of retroactivity. An 1878 Supreme Court case, *Burgess* v. *Salmon*, looked at taxes specifically. In that case, a tax increase on tobacco sales was signed into law on the afternoon of March 3, 1875. The court refused to apply the increase to a sale that took place on the morning of that March 3, saying that the (retroactive) imposition of the increase on a sale that took place before the president put pen to paper would subject the taxpayer to a "criminal punishment or penalty [in the amount of the increase]" that would be an ex post facto law. The court went on to say that if the case had been brought by the government as a criminal indictment for violating the tax law, then it would be even more clearly an ex post facto problem.

The Constitution hasn't changed on this issue, but the courts and Congress unfortunately have. In this century, with the invention of income tax and the growth of government intrusiveness, the courts have tended to limit the ex post facto concept mostly to the area of criminal law. Particularly in the case of income taxes, some retroactivity has been allowed. This budget bill's retroactive income and estate taxes, however, go beyond even these new stretched rules.

The more modern cases have allowed some retroactive tax increases but limited them by requiring specific prior notice to the taxpayer. (This is a simple application of the Constitution's procedural due process protection). Specifically, these cases tend to look at the notice of the proposed change that the taxpayer received. If the Senate or House had bills in debate detailing the tax increase by a given date, then, it is argued, the taxpayer still had enough notice to plan his affairs.

But even such stretching of the retroactivity rules has not to date applied to transfer taxes, such as estate taxes. In a 1927 case, *Nichols* v. *Coolidge*, the Supreme Court struck down a retroactive estate tax. The court said that such a law "is arbitrary, capricious and amounts to confiscation" and therefore violates the Constitution. In *Untermeyer* v. *Anderson*, a 1928 case, the Supreme Court struck down a retroactive gift tax. Both taxes were found to be unconstitutional violations of due process. The idea is that no one can properly plan his affairs if actions today can be affected somehow by future law.

Of course, any person who wrote his will in January 1993 planned according to current law. If that person died before August, he could not possibly change his will to accommodate the new law. One practical effect of the current estate tax proposal is that certain wills drafted before August—wills for people who have died this year—may fail to allocate the inheritance among the deceased's children equally—despite the intent of the deceased—because of Congress's attempt at law by surprise. Shirley Peterson, a former commissioner of internal revenue, documented this recently in the New York Times.

In this century, Congress has not succeeded in passing a retroactive estate tax increase. This despite efforts such as those

struck down in *Nichols*, Yet this year, Congress is even proposing to tax the dead retroactively.

Under this century's precedents, income tax increases (as opposed to estate tax increases) may have some retroactivity, but not as much as this bill's authors desire. In the 1981 case *U.S.* v. *Darusmont*, the Supreme Court upheld retroactive 1976 increases in the minimum tax and discussed notice requirements. But in that case, the court found that the taxpayer had notice because the specific changes were found in Senate and House reports that appeared prior to the date the law went into effect.

Discussing the same notice test in 1984 (*PBGC* v. *Gray & Co.*), the Supreme Court upheld a retroactive pension law on employers. The retroactive law was designed to prevent employers from taking advantage of lengthy legislative processes and withdrawing from covered pension plans while Congress debated the change. But both the cases set a modern limit to retroactivity for income-tax increases. That limit is the date that the specific increase was first proposed in Congress.

On Jan. 1, the taxpayer had no such specific notice of the tax increases that the President and Congress are currently proposing. Indeed, on that date most Americans were still waiting for the famous "middle-class tax cut." Not until Feb. 18 did the President give his "Jim Florio" speech making it clear that he was going to raise taxes. Looking at the precedents, even that is not enough to provide specific notice. The effective notice could not have happened until April 8, when the language of the budget was actually proposed. This tax-by-surprise leaves the taxpayer in a tight spot. We have been living within a budget and spending money from paycheck to paycheck, based on our take home pay with a certain rate of withholding. Now Congress contemplates telling us that we have spent too much money and next April we must find the extra cash to pay extra taxes that we did not know about.

CONGRESSIONAL RESEARCH

Congress's own in-house law firm, the Congressional Research Service, has even supported this analysis of the notice requirement. In a 1986 report to support the retroactive tax increases of that year, CRS lays out the notice test for due process but argues that the 1986 increases passed muster because their effective date, although retroactive, was after the increases were first proposed in writing in Congress. But the current budget bill fails this test described by Congress' own lawyers. Clearly, this Congress doesn't care who says what about the Constitution, when it comes to taking more of our money.

It is impossible to predict reliably the outcome of any case that might go before the Supreme Court. The larger issue here, though, is not economic or legal—it is political. This type of unconstitutional legislation is the norm that will continue until the current majority of Congress is removed. Self-satisfied incumbents in Washington might like to take a look at the current draft of the new Russian constitution. That document's own Article 57 states that "laws introducing new taxes * * * are not retroactive." It seems that, in this instance, Boris Yeltsin may have more respect for the U.S. Constitution than the majority of our own House of Representatives.

Mr. DINGELL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas [Mr. WASHINGTON].

Mr. WASHINGTON. Mr. Speaker, I thank the distinguished chairman of my committee for yielding me this time.

I am glad that I have an opportunity to follow my friend, the gentleman from Texas, and while he is still here, let me tell you a lot of good reasons why we Texans, my friend, should vote for this package. It is good for America, and it is good for Texas, and as Texans, we have always looked after what is good for America. We are proud to be Texans, but more importantly, we are proud to be Americans.

Most of the calls that I have been getting have come from your congressional district, my friend, and from the district of the gentleman from Texas [Mr. FIELDS] and the district of the gentleman from Texas [Mr. ANDREWS] and districts other than my own. Seventy percent of the people who live in my district are in favor of this. These are the people who have made the sacrifices that make this country great. They are willing to make a sacrifice one more time.

Mr. Speaker, they did not get a ticket to the party during the 1980's when this country got in the position that it is in now. They did not help to borrow the money that got us in the debt we are in now, but they are willing to tighten up and get us out of that debt.

So that is why I am voting in favor of this package.

Mr. MOORHEAD. Mr. Speaker, I yield 50 seconds to the gentleman from Michigan [Mr. UPTON].

Mr. UPTON. Mr. Speaker, there is an old saying that rings true today. There are too many politicians worried about the next election instead of enough statesmen worried about the next generation.

The easy road for us GOP's is to simply vote no, hope that the Democrats break enough arms to pass this package, watch the country go to hell in a hand basket as a result, and elect a lot more Republicans in 1994. Blame game all over again.

But that's not the right course for the country. Vote this package down and work with GOP Members like me that are willing to put substance over politics. A number of us are serious about more deficit reduction, spending cuts first, less taxes, and ensuring new taxes do not go for more spending.

People are correct to trash this budget package. It is an ugly step-sister to the failed 1990 budget agreement. It's like déjà vu all over again. More taxes will go to fund more spending. That is not the way to reduce the deficit.

To my Democrat colleagues who are rightfully concerned about this package, I extend my hand of cooperation across the aisle to put together a better one. I urge you to reject this bad package and hammer out a new bipartisan one. We have an alternative ready to go.

What this country needs and what our people are demanding is real change, not tax-and-spend business as usual. They demand a package:

That does not raise spending;

That cuts spending first and dramatically with real cuts;

That does not raise taxes on hard-working average Americans, small businesses, or seniors;

That raises taxes only on those most able to pay;

That does not raise taxes retroactively; and

That cuts the deficit much more than this one.

To skeptics that might ask whether it is possible to construct a package like this? Is there really an alternative Democrats and Republicans can agree on?

The answer is yes.

Simply look back to rollcall vote No. 82. You will find a package that meets this description. At the time, we called it the consensus package. However, the group of Republicans who put this together were ahead of our time back in March. Democrats had to walk lockstep with the President, and few Republicans were willing to discuss taxes. Now is the perfect time to return to that complete budget alternative and pass it as the consensus of both parties.

We took only about half of the taxes in the plan before us today, added it to the real cuts in the House Republican Kasich plan, added $40 billion in additional spending cuts, and came up with the best of both worlds: the most deficit reduction of any plan offered in either the House or Senate all year—$170 billion more—combined with tax fairness and true spending restraint.

Let us do something good for the country and for our children. Drop this plan, and pass a consensus plan that does what the people want.

Mr. DINGELL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Indiana [Mr. SHARP], chairman of the Subcommittee on Energy and Power.

Mr. SHARP. Mr. Speaker, if we are worried, as we should be, about the next generation of Americans, we cannot wait until the next generation when we make decisions in this Congress or in this country.

We have before us a plan that took time to be developed at the White House. We have a plan that took an extreme amount of time in the House and in the Senate to negotiate in order to come up with something that was acceptable to a majority of the people in the legislative assembly, as the Constitution requires.

□ 1620

And we have it before us now. At no time, at no time in that process was there offered in the House of Representatives, in the Senate or, for that matter, seriously to the public, a plan

that reached a half-trillion-dollars' worth of borrowing. Most people that ran for office in this country last year would have said at that time this is a modest goal. But now we hear them saying we cannot vote for this and we have no other alternative that comes anywhere close to half a trillion dollars.

This is a time that we have to put up or shut up for this country; it is now, today. We are going to cut half a trillion dollars' worth of borrowing. We are going to do it with spending cuts and with fair taxes.

The fact on the spending cuts is we have already begun, we have already begun, as Congressman OBEY pointed out, over 300 specific cuts below last year's appropriations that have been approved by the House of Representatives.

We will go forward. We in Congress offered up some of those ourselves. When it comes to taxes, it is very difficult, I know, for the average citizen and even for many of us in this Chamber to know what to believe, with the information being thrown around, with the conflicting claims that are out there. But all of us will be able to tell next April who is telling the truth on this matter. What I think people will discover is the vast majority of citizens will have no tax increase on income taxes.

Mr. MOORHEAD. Mr. Speaker, I yield 50 seconds to the gentleman from Wisconsin [Mr. KLUG].

Mr. KLUG. I thank the gentleman for yielding this time to me.

Mr. Speaker, Rolling Stone writer P.J. O'Rourke said it best: "Giving money to the Government is like giving whiskey and the car keys to teenage boys."

He's right: Give the Government money, and trouble is surely around the next blind curve. Well, watch out for this collision.

Under the Clinton plan we will ship another $250 billion in taxes to Washington and we will not eliminate a single Government program.

And Government spending will not fall from 1993–94, it goes up, and again in 1995, 1996, and 1997.

The cuts in this plan are not severe enough to dismantle any bureaucracy; and the taxes are just high enough to stall out the economy and send it into a free fall.

The Bush administration tried a similar plan in 1990 and it didn't work; so did a Republican Governor in California; and a Democratic Governor in New Jersey. And now, a Democratic President will learn the mistakes first hand.

That car wreck right up around the corner is a brutal three-way collision between taxes, more government spending and the American economy.

Vote "no."

Mr. MOORHEAD. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio [Mr. GILLMOR].

Mr. GILLMOR. I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in opposition to the proposal.

Mr. Speaker, I rise in strong opposition to the conference report of the budget reconciliation legislation.

Ever since the President announced his economic program to the Nation in February, the mail from the Fifth Congressional District of Ohio has run almost 10–1 against new taxation and in support of immediate cuts in Government spending. In the last several months, thousands of constituents from my district, ranging from Van Wert to Bryan to Vermilion, have arrived in my office demanding that Congress cut spending now. It does not give me any degree of pleasure to oppose a newly elected President, but the voters of my district have weighed in with their views and I agree with their opposition to the excessive tax increase proposal.

There are many elements of the budget reconciliation package which disturb me, but one which has strongly upset the voters of my district is the issue of retroactive taxation. Making taxes retroactive by several months is simply not fair to the American taxpayer and I wish to register my deep dismay. It is this kind of legislative trickery which has resulted in the profoundly low opinion which the American people have of the Congress.

The wise approach would be for the House of Representatives to vote down the Clinton tax increase, and go back to the drawing board. The American people will find nothing satisfactory except meaningful and immediate restraints in Government spending and that should be our immediate goal.

Mr. MOORHEAD. Mr. Speaker, I yield 50 seconds to the gentleman from Connecticut [Mr. FRANKS].

Mr. FRANKS of Connecticut. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, this tax-and-spend Democratic budget plan will hurt the State of Connecticut possibly worse than any other State in the Nation. The State of Connecticut and New England went into the recession first, and we are still having a difficult time. I implore my Democratic colleagues from New England to oppose this historic tax bill. As a delegation, we have had a number of meetings on the credit crunch problem. Yet Democrat Members will vote to take more money away from people with this new tax.

Our small business people, our entrepreneurs cannot get money from the banks now. With the money they have, they will have to dig deeper to pay for more Government and more social spending programs; plus this tax bill will be retroactive to January.

We in Connecticut are familiar with the phrase, "throwing gasoline on a fire." This tax-and-spend budget plan for the State of Connecticut will do just that.

Mr. MOORHEAD. Mr. Speaker, I yield 50 seconds to the gentleman from Pennsylvania [Mr. GREENWOOD].

Mr. GREENWOOD. I thank the gentleman for yielding time to me.

Mr. Speaker, my constituents do not want gridlock. They do not want partisan wrangling. They do not want finger pointing. So I would love to be able to join a bipartisan coalition to pass a sensible deficit reduction plan.

But I also know some other things my constituents do not want. They do not want higher taxes. They do not want retroactive taxes. They do not want new taxes on their Social Security. They do not want small businesses taxed to death. They do not want taxes now with only the promise of spending cuts that will come later or not at all.

The people I serve want Republicans and Democrats to balance the budget together—taking the best ideas from each party on how we can cut spending first. They know that the fat is not out of this budget. They know we can do better, and, frankly, so do we.

So I have to vote no. But as I do, I offer my willingness to work in bipartisan spirit for a budget that is truly good for our country and worthy of the reform Congress I came here to join.

Mr. MOORHEAD. Mr. Speaker, I yield 45 seconds to the gentleman from Idaho [Mr. CRAPO].

Mr. CRAPO. Mr. Speaker, I am sure the American people are very confused because they are hearing that spending is going up and they are hearing that cuts are in place all over in this budget. Why don't we just look at the bottom line?

The bottom line is that after all the rhetoric, the spending in 1994 is going up, that is the bottom line. The bottom line is that in this program the taxes are going into place this year if this bill passes, and they will be in place every year thereafter perpetually.

The cuts that are talked about, the majority of them are planned to happen in the out years, in the 3rd, 4th, and 5th years, but those are not bound by this vote today. The spending is not real, the taxes are real, and the American public has seen this proposed before.

We are now in the out year of the 1990 budget deal where we were supposed to be getting the cuts from that tax increase. Let us stop doing business the old way and cut spending first.

Mr. MOORHEAD. Mr. Speaker, I yield myself the balance of my time.

Mr. MOORHEAD. Mr. Speaker, the Energy and Commerce Committee had jurisdiction over three major issues in the Omnibus Budget Reconciliation Act in the areas of telecommunications, energy, and health. By way of summary, I support the energy and telecommunications provisions, I oppose the health provisions, and I oppose the conference report.

The first issue deals with spectrum allocation and licensing improvement. Under this conference report, 200 megahertz of spectrum will be transferred from the Government to

commercial use. The conference report also gives the Federal Communications Commission authority to award new licenses for this spectrum under a competitive bidding plan.

I want to commend Chairman DINGELL, Chairman MARKEY, Mr. FIELDS, and the other conferees for their hard work and bipartisan cooperation on this important piece of telecommunications legislation. I also want to give special recognition to Mr. OXLEY who has been a tireless advocate of competitive bidding for spectrum. Mr. Speaker, our telecommunications industry competes in an increasingly competitive global marketplace in which innovation and responsiveness to customer demand will determine who succeeds in the world market. This conference report will ensure that our telecommunications industry remains competitive.

The second issue under our committee's jurisdiction deals with user fees imposed by the Nuclear Regulatory Commission. I want to commend Chairman DINGELL, Chairman SHARP, Mr. BILIRAKIS, and the other conferees for their excellent work on this important piece of legislation.

The conference report extends through 1998 the authority of the Commission to collect 100 percent of its budget through user fees. I support this provision.

I believe user fees are a fair way to pay for the costs of regulation. By allowing the NRC to collect 100 percent of its budget from user fees, only those who benefit from the nuclear industry pay the costs of regulating it. Absent this extension, beginning in 1995, the NRC would only be able to collect 33 percent of its costs through such fees.

With respect to the health issues, there are a number of very troubling provisions, not the least of which are the provisions on childhood immunization. The language before us represents a modified version of the childhood immunization entitlement proposal putDALE BUMPERS, long regarded as the most knowledgeable Member of the Congress on immunization issues, in a June 24 "Dear Colleague" letter:

First and most important, the proposal assumes that vaccine cost is a significant contributing factor to our Nation's low immunization rates. This is simply not the case. As the Government's own research tells us, the real culprits are more complex and more difficult to address: They include lack of sufficient public education about the need for full immunization, complacency of parents towards fully immunizing their preschool children, and failures of providers in the public and private sectors to use all available opportunities to immunize their pre-school-age patients.

Over 97% of all children are fully immunized by age five when they begin school. . . . Children enrolled in Head Start and licensed day care enjoy immunization rates of over 94%. This success is not a function of Federal and State spending. Rather, it is a clear function of State laws that require full immunization as a condition of enrollment.

Unfortunately, there is nothing in the proposal before us that addresses any of the concerns raised by Senator BUMPERS, nor is there anything that will encourage parents to immunize their children.

Mr. Speaker, I oppose the conference report and I urge my colleagues to vote against it.

Mr. DINGELL. Mr. Speaker, I yield myself such time as remains for purposes of closing the debate.

Mr. Speaker, I rise in strong support of the legislation before us. Twelve years of credit card living have left this country with a $4 trillion national debt, multiplied four times during the years of Mr. Reagan's and Mr. Bush's occupancy of the White House.

Serious deficit reduction is expected of this Congress by the people of this Nation. There is only one way to do that; that is to pass the legislation before us today. No other legislation is in this Congress. The country wants deadlock ended now. They want us to move forward. They want us to lay the basis for further economic growth.

We can carp, we can criticize, or we can participate in resolving the problems that the country faces. I urge my

This is a piece of legislation that makes savage cuts in important programs; $56 billion are cut from Medicare, $7 billion are cut from Medicaid expenditures; other expenditures are cut in the area of defense and in every other area of Government. The cuts, however, have been crafted carefully in order to be fair. Additional revenues are sought from those who are able to give them. The 1 percent of the most wealthy in this country will be called upon to pay a fairer share of the taxes. Those who are at the bottom of the income ladder will not be called upon for any heavy tax burden. Services which are now given free by Government to businesses will be paid for by the recipients who benefit from them.

You have heard a lot of charges today about how this legislation is going to hurt. There is nothing that is going to hurt this country more than not resolving the gridlock that afflicts us here in Washington.

□ 1630

I have asked our colleagues on the Republican side on the Energy and Commerce Committee to participate in the discussion. I told them how distressed I was that they could not, did not, and would not participate with us in the discussion which has brought our committee's part of this legislation to the floor. They made it plain there would be no participation by the Republicans because there are revenue measures in this.

If we were to wipe out all of the Federal Government's discretionary expenditures, we still could not balance the budget. What has to be done is to come forward with a package which moves this country forward, which addresses the problem of the deficit, which brings in the necessary revenues where possible and which makes cuts where possible.

The hard fact is this country is at a moment of decision. We have to decide, are we going to get the country going again? Are we going to do something to get at this huge budget deficit?

Let me remind my colleagues on both sides of the aisle, if this problem is not addressed by this Congress, we are going to find that very shortly interest on the national debt is going to be bigger than the total tax income of this country.

Imagine that. When that occurs, the country implodes. Everyone is going to make sacrifices to get rid of some 12 years of unwise economic judgments, during which the national debt of this country has been multiplied four times.

There will be those who have the means to pay, who will be called upon to make a modest contribution. There will be cuts in goods and services provided by the Government. Every part of this Government is going to see cuts. Federal employees are going to see their retirement benefits reduced. Medicare and Medicaid will be cut. Research will be cut. Construction projects and other programs for the administration of the public lands will be cut. Other programs are going to be cut.

We are going to see a meaningful set of cuts, but an essential set of cuts.

Mr. Speaker, I urge my colleagues to make the wise vote in the public interest for the people of this country. Let us take a step to abate the last 12 years; miseries and begin to move forward.

Mr. Speaker, I rise in support of H.R. 2264, the Omnibus Budget Reconciliation Act of 1993.

President Clinton entered office confronting a budget deficit of approximately $330 billion, and a national debt of more than $4.2 trillion. During the few short months between the time he was elected and inaugurated, deficit projections increased by $50 billion. The situation is so serious that if we continue under present policies, the budget deficit, the national debt, and interest payments on the debt will more than double in 10 years. The amount every American man, woman, and child owes on the publicly held debt will more than double, from $12,941 in 1993 to $26,595 in 2003. Without change, the General Accounting Office estimates that the deficit will exceed all revenues collected by the U.S. Government in the year 2020.

During last year's Presidential campaign much time and attention was focused on reducing the deficit. Since then President Clinton has offered the only serious proposal for consideration in the Congress.

While Ross Perot travels the country blasting the President for proposing increased taxes, he fails to acknowledge that his own proposal would increase taxes on Americans greater than President Clinton's proposal. The Perot plan would also require middle income Americans to shoulder a greater percentage of the tax burden by increasing the gasoline tax by 50 cents.

The minority party in the Congress, too, has failed to offer a serious proposal. The only budget offered for consideration in the House of Representatives by a Republican Member of Congress would decrease the deficit by

$141 billion less than the Democratic proposal based on President Clinton's plan. That plan recommended $40 billion in additional, future entitlement cuts which would fall most heavily on the backs of our Nation's senior citizens. It also included $66 billion in unidentified spending cuts in its last 2 years, raising questions about whether those cuts would, in fact, occur and whether this plan was offered in good faith.

In March, the Congress approved a budget resolution, based on President Clinton's plan, which would reduce the deficit by $496 billion over the next 5 years. Responding to calls for greater spending cuts, the Congress included in that proposal $63 billion more in spending cuts than the President had requested. Under the measure, discretionary expenditures will be kept below current levels for each of the next 5 years.

The conference agreement on the Omnibus Budget Reconciliation Act of 1993 translates the broad guidelines approved in the budget resolution into specific spending cuts. The Committee on Energy and Commerce, which I chair, approved more than $60 billion in specific cuts and revenue increases. This includes changes in health care programs, auctioning portions of the radio spectrum to commercial users, and extending nuclear regulatory licensing fees.

Federal employees, including Members of Congress, are being called upon to set an example by sacrificing to reduce the deficit. The budget will reduce significantly Federal employees' pension benefits. Additionally, legislation which I supported will eliminate the cost-of-living adjustment for Members of Congress in 1994.

Slightly less than half of this package is financed with revenue increases. Additional taxes are included because even if the United States were to terminate all of the $260 billion in discretionary expenditures, the budget deficit would be $70 to $80 billion.

Discretionary expenditures include moneys spent for roads and highways, the Federal Bureau of Investigation, the Customs Service, elementary and secondary education, the courts, medical research, national forests, public lands, veterans benefits, agriculture programs, and so forth.

The majority of the tax provisions are designed to restore fairness to the Tax Code. Since 1982, the burden of taxation in this country has been shifted from the wealthy to people in the low- and middle-income brackets. The Congressional Budget Office estimates that 75 percent of the budget reconciliation package's net tax increases will affect taxpayers with incomes over $100,000. The bill raises the top corporate tax rate to 35 percent, places new limits on deductions by corporations for executive pay, and eliminates deductions for lobbying expenses.

During the development of the President's economic package earlier this year, a plan to reduce the Social Security cost-of-living adjustment was proposed and rejected because it would have harmed, disproportionately, older people who rely on Social Security as their principal form of income.

Instead, the President and Congress agreed on a proposal to increase taxes on less than 13 percent of Social Security beneficiaries—married couples with incomes above $44,000 and individuals with income above $34,000. Under this measure, these individuals would pay taxes either on 85 percent of their Social Security benefits, or 85 percent of the amount exceeding the new income

The budget package includes $55.8 billion in Medicare cuts. The majority of these cuts will be achieved by reducing payments to hospitals, physicians, and other medical providers. I do not like these cuts, and fought actively against greater cuts recommended by many of my Senate colleagues. Rather than addressing the fundamental problem of containing skyrocketing health care costs, these cuts only shift costs from one sector of the economy to another.

Rising health care costs account for almost half the increases in Federal spending and are the fastest rising component of our debt. Without significant and comprehensive reform, unchecked health care costs will compromise any success we hope to achieve in reducing the deficit and bring our economy to a standstill. The only way for our country to address properly our health care problems is to enact comprehensive health care reform. I am hopeful that with new Presidential leadership on this issue, we will correct this problem soon.

In 1981, Ronald Reagan promised prosperity by reducing Government and slashing taxes. He decreased taxes significantly on corporations and the wealthy and ran up a huge debt. After 12 years of supply-side economics and credit card finance, the national debt quadrupled, the size of government grew, our infrastructure was neglected, and a growing disparity arose between the rich and the forgotten middle class. The bill has come due.

I refused to vote for the first Reagan budget because I believed that it was fraught with inequities and misguided assumptions which would result in large deficits. For 12 years, Presidents Reagan and Bush submitted budget proposals with rosy economic scenarios, inaccurate assumptions, and asterisks in the place of specified spending cuts. While both argued for a balanced budget, both left it to the Congress to cut their budget requests every year save one. In fact, the Congress appropriated almost $30 billion less than both Presidents requested.

As the President noted the other night, this package is supported by many small business organizations, from National Small Business United and the National Association of the Self-Employed, to the National Venture Capital Association, because it includes incentives for business growth and investment. It is also supported by many of our Nation's top economists. Their support, and the support of our financial markets, is evidence by significantly lowered long-term interest rates.

Mr. Speaker, regrettably, the portion of the statement of managers accompanying the conference report relating to immunizations inadvertently was omitted from the filed copy of the conference report. Therefore, I would like to take this opportunity to set forth the contents of that statement of managers language for the benefit of my colleagues and any other individuals with an interest in this portion of the legislation.

Sec. 13631. Medicaid pediatric immunization provisions

House Bill

The House bill establishes a new Subtitle 3 of Title 21 of the Public Health Service (PHS) Act dealing with childhood immunizations. It establishes a new entitlement program, under which the Secretary of HHS will provide adequate amounts of vaccine to each State to immunize fully every eligible child within the State. Eligible children are defined to be children eligible for Medicaid, children without any form of health insurance (including indemnity plans, pre-paid plans, and ERISA plans), children with insurance but without coverage under those plans for immunization, and children who are Indians. The Secretary is to ensure the distribution without charge of Federally purchased vaccines to be made available to States and providers. These obligations are undertaken by the Federal government in advance of appropriations acts and are binding regardless of the availability of appropriated funds or of discretely segregated or named funds or accounts. The effective date of the program is October 1, 1994.

The House bill requires that a State or a provider apply to the Secretary in order to participate in the program, and establishes conditions under which providers may participate, including that providers or entities receiving federally purchased vaccines must agree not to charge for the vaccine and not to deny immunization services to persons unable to pay an administration fee.

The bill prohibits States from modifying or repealing, in a manner that reduces the amount of currently required coverage, any State laws in effect as of May 1, 1993, that require insurance plans to provide coverage for immunizations.

The House bill allows the Secretary to enter into, or decline to enter into, contracts with manufacturers of pediatric vaccines for an agreed upon duration and, with the consent of the manufacturers involved, to modify or extend contracts. The Secretary must negotiate a price that includes a reasonable profit for manufacturers and provides for shipping and handling of the vaccine, without subsequent additional charges for delivery of vaccines. Information supplied by a manufacturer for these purposes shall be considered trade secret (under Sec. 552(b)(4) of the U.S. Code) and maintained in a confidential manner by the Secretary. In addition, the bill requires HHS to negotiate for the maintenance of a six-month supply (or a "stockpile") of vaccines to meet unanticipated needs.

The bill requires the Secretary to provide a State that manufactures vaccines an amount equal to the value of the vaccine that otherwise would have been provided to the State under the

The bill establishes a State option regarding vaccine purchases for additional children within the State. The Secretary's obligation to provide vaccine under this option is limited to the vaccine that has been made available under manufacturers' contracts. If multiple contracts with multiple prices are in effect, the Secretary is authorized to determine which contract is available to States electing this option.

The Secretary is required to establish a list of recommended pediatric vaccines, subject to medical contraindications, and a recommended schedule for the administration of such vaccines. Such list and schedule established by the Advisory Committee on Immunization Practices (ACIP) (an advisory committee established by the Secretary acting through the Centers for Disease Control

and Prevention) is deemed to be the Secretary's list for purposes of this requirement. The establishment of a list and schedule does not supersede State laws regarding immunizations (including laws relating to religious or medical exemptions).

The bill establishes a Trust Fund in the Treasury of the United States to assist the Secretary in carrying out activities of the program. The Trust Fund will receive funds appropriated, funds directed from the Internal Revenue Code, and any income earned from investment of the Trust Fund.

Finally, the bill terminates this program on such date as may be prescribed in a Federal law that provides for immunization services for all children as part of a broad-based reform of the National health care system.

Senate Amendment

Although the Senate amendment contains no provision comparable to the House bill, it does provide for several changes in immunization programs of the Federal government, including a requirement that State Medicaid programs provide for the establishment of a State vaccine bulk purchase program or a vaccine replacement program for the purchase of pediatric vaccines; limitation on the price for a vaccine purchased through such a program to the price that is in effect in contracts with the Centers for Disease Control and Prevention on the date of enactment, (increased by the consumer price index from the date of the contract); and optional authority for multiple contractors for such purposes.

Conference Agreement

The Conference Agreement is a substitute provision incorporating elements of both the House bill and the Senate amendment and

SUMMARY

In broad terms, the agreement provides for the establishment of a new entitlement program that is a required part of each State's Medicaid plan. Under this program, States are entitled to receive from the Federal government sufficient vaccine to provide fully for a limited class of children (i.e., Medicaid-eligible, uninsured, and Indian children and children receiving immunizations at Federally qualified health centers or rural health clinics). In turn, States must make this free vaccine available both (1) to all public and private health care providers who are authorized to administer vaccines under the laws of the State, who are willing to participate in the program, and who satisfy the Secretary's requirements and (2) to all children who seek such vaccine through a willing health care provider. No charge may be made for the free vaccine, either by the State or by the providers, although providers may charge a limited fee for the administration of the vaccine (subject to prescribed limitations).

To provide the vaccine needed to carry out this program, the Secretary is to negotiate with manufacturers for a consolidated purchase price. For currently recommended vaccines, this price may not exceed the current purchase price under vaccine contracts administered under the Public Health Service Act, adjusted for inflation. For new vaccines, the Secretary is to negotiate a consolidated purchase price and no ceiling is specified. Special rules are provided for States that manufacture their own vaccines.

No change is made in other current law programs regarding immunization, including the program for grants to States for childhood immunization programs (under section 317(j) of the Public Health Service Act). The conferees expect those Federal programs to continue in place. To the extent that discretionary funds provided by grants under these programs—or State immunization program funds—are no longer needed for the purchase of vaccines the Conferees expect that these funds will be used to provide for the important infrastructure for vaccine delivery. Indeed, the Conferees note their believe that the provision of free vaccine must be done together with essential immunization infrastructure improvements (such as longer clinic hours, more outreach workers, better parent education, innovative community-based activities, and improved physician fees).

DESCRIPTION AND INTENT

Subsection (a)—State plan requirement for pediatric immunization distribution program

Subsection (a) creates a new requirement of State Medicaid plans regarding immunizations as Section 1902(a)(61) of the Social Security Act, and makes various conforming amendments.

Under the Conference Agreement, States must establish a pediatric vaccine distribution program as an amendment to their Medicaid plans, although (1) this program is available to a larger class of children than those who receive general Medicaid benefits and (2) the program providers may include a larger class of providers than those who agree to be Medicaid providers. (The Conferees note that providers who have not elected to be Medicaid providers may still participate in this new program.) Other than for those children whose eligibility for the program derives from their status as Medicaid beneficiaries, Medicaid eligibility requirements are not to be applied in determining which children are eligible for free vaccine.

Subsection (b)—Description of required program

Subsection (b) creates a new program for distribution of pediatric vaccines as Section 1928 of the Social Security Act.

"Section 1928(a)—Establishment of Program"

Under the Conference Agreement, each State must establish a program of distribution of free vaccines to certain Federally vaccine-eligible children (defined below). This program may be administered by the State department of health or other agency designated by the State.

To facilitate these State-administered pediatric vaccine distribution programs, the Conference Agreement requires that the Secretary provide for the purchase and delivery for each State (or Indian tribe or tribal organization) sufficient vaccine to immunize certain children within the State (or tribe or tribal organization). This requirement constitutes the creation of a new entitlement and represents an obligation to provide for the purchase and delivery of vaccines that is undertaken by the Federal government in advance of appropriations acts and is binding on the Federal government regardless of the availability of appropriated funds or of discretely segregated or named funds or accounts.

The Conference Agreement provides special rules regarding the administration of this entitlement for situations in which a vaccine is unavailable or in which the State is a manufacturer.

The Conference Agreement also requires that States provide that any willing health care provider in the State, who meets enumerated registration requirements, be entitled to receive free vaccine to administer to Federally vaccine-eligible children. States may not impose additional qualifications or conditions for providers, except those approved by the Secretary to prevent fraud and abuse and for related purposes.

The Conferees intend that this program may be administered within States by the State health department, or by another department, if the State so designates. Because many providers who might see Federally vaccine-eligible children are not Medicaid providers and many Federally vaccine-eligible children are not Medicaid beneficiaries, failure to distinguish between this program and the Medicaid program could create confusion and result in fewer providers and children receiving free vaccine. In most cases immunization programs have been administered within public health programs and thus, the Conferees believe that an administrative location in the public health program will benefit the increased immunization efforts outlined herein.

The Conferees do not intend that this new group (i.e., federally vaccine-eligible children) be treated as Medicaid eligibles for purposes of Medicaid quality control eligibility and reviews.

The Conferees adopted an entitlement approach because they believe that the commitment to provide vaccine against preventable childhood diseases must be constant and certain and that States that come to rely on the Federal promise to provide vaccine must be protected against possible shortfalls. Funding by any other mechanism (such as a reliance on discretionary spending) is inherently less reliable than the guarantee authorized here and could place States and their citizens at risk of outbreaks of serious disease.

The Conferees have provided that States create entitlements for children and providers as a means to ensure that the program reaches all Federally vaccine-eligible children and all willing providers. While providers are not required to take part in the program, States may not restrict the availability of free vaccine if a provider is willing to participate and is otherwise qualified to administer vaccines under applicable law. The Conferees seek to forestall any attempt by a State to require that patients be referred from a qualified, willing provider to another site, because such referrals often result in a postponement of immunization or failure to immunize. The Conferees also seek to assure that Federally vaccine-eligible children are able to choose the provider that they wish to use for this benefit.

The Conferees recognize that the enforcement of the entitlement rights for providers may, in many cases, be of little value to providers, but of great value to the Federally vaccine-eligible children who may wish to be served by that provider. The Conferees intend, therefore, that Federally vaccine-eligible children be allowed to enforce a provider's rights on behalf of the provider.

In the event that available quantities of vaccine are insufficient to cover all children, both Federally and

"Section 1928(b)—Vaccine-Eligible Children"

The Conference Agreement defines children eligible for the provision of free vaccine purchased by this program (known as "Federally vaccine-eligible children") to be those children who are Medicaid-eligible, uninsured, Indians, or children who are administered vaccines in a Federally qualified health center or a rural health clinic and who are not insured for vaccine costs. Any child who meets these criteria is entitled to receive an immunization without charge for the vaccine.

In addition, the Conference Agreement establishes a category of children known as

"State vaccine-eligible children" to be those children who are not Federally vaccine-eligible children but who are children that a State elects to provide with vaccine without charge for the vaccine. Such an optional category will include children in those States that currently purchase vaccines for all children, and potentially other States as well.

"Section 1928(c)—Program-Registered Providers"

Under the terms of the Conference Agreement, to be program-registered providers, health care providers must agree to ask parents if a child is eligible for free vaccine, although the providers are not required independently to verify the answers to these questions. Providers must maintain certain records and comply with applicable State law, including laws relating to religious or other exemptions. Providers must administer vaccines according to the schedule recommended by the Advisory Committee on Immunization Practices (ACIP) of the Centers for Disease Control and Prevention, unless in the provider's medical judgment (subject to accepted medical practice) such compliance is medically inappropriate.

While providers may not charge for the vaccine per se, providers may charge a fee for the administration of the vaccine. Providers may not, however, charge an amount greater than the actual regional costs for such administration, as determined by the Secretary. Providers may not, under any circumstance, turn away a

States are required (1) to encourage a variety of different providers to participate in the program and (2) to administer vaccines in an appropriate cultural context.

The Conferees note that the Conference Agreement's provisions regarding providers are simple and underscore the intent that both the Secretary and the States implement these provisions in a similarly simple manner so as to encourage providers to participate and yet maintain accountability for the program. The Conferees recognize that different States have established a wide variety of distribution programs for vaccines and intend that existing effective distribution systems, including the use of independent wholesale distributors, be left in place.

The Conferees emphasize that this program in no way mandates immunization. This program deals with payment for vaccines. Individual State laws regarding immunization status are preserved, and the exemptions under these State laws for religious, medical, and other reasons are also preserved. The Conferees affirm their support of compliance with such laws and their exemptions. Acting under those laws, providers are to use their best medical judgment regarding an immunization and may decline to administer an immunization if it is medically inappropriate within the range of accepted medical practice.

The Conference Agreement does not require program-registered providers to administer a vaccine to each child seeking to be immunized. The Conferees clearly intend for this program to serve as many children as possible. But the Conferees believe that it is impractical to require that each provider who administers one shot to a vaccine-eligible child in his/her practice to immunize every other child who seeks vaccines whether in his/her practice or not. Such a requirement could quickly serve to drive all providers from the program. The Conferees do intend, however, that the Secretary seek to encourage program-registered providers to participate to the greatest extent possible.

The Conference Agreement provides for some restrictions on the fees that program-registered providers may charge to Federally vaccine-eligible children. Such fees may not exceed a schedule developed by the Secretary. The Conferees have included such a schedule because they believe that the cost of administration may serve as a significant roadblock for families of limited means that are eligible for this program. The Conferees recognize, however, that if fee limits are set too stringently, few providers may be willing to participate in the program and the Conferees intend for the Secretary to establish the schedule with these two problems in mind. The Conferees have not limited the fees for providers

The Conferees have also prohibited program-registered providers from denying vaccine to any vaccine-eligible child (whether State or Federal) because of the child's family's inability to pay for the administration of the vaccine. The Conferees believe that this protection is a fundamental standard to which providers may be reasonably expected to adhere.

Finally, the Conferees note that they have prohibited States from imposing additional qualifications for eligibility as a program-registered provider. The Conferees have done this because, as was discussed above regarding enforcement of entitlement rights, they seek to forestall any attempt by a State to require that patients be referred from a qualified, willing provider to another site. The Conferees also seek to assure that Federally vaccine-eligible children are able to choose the provider that they wish to use for this benefit.

"Section 1928(d)—Negotiation of Contracts with Manufacturers"

The Conference Agreement requires that the Secretary negotiate and enter into contracts with manufacturers of vaccines to meet the requirements of this program. The Secretary is required to consolidate these negotiations and contracts with other such activities. These contracts may be for multiple years.

The Conference Agreement specifies that the Secretary may not agree to a contract for these purposes under which the price of the vaccine would exceed the cost of the vaccine under the contract of the Centers for Disease Control and Prevention on May 1, 1993, adjusted for inflation. If, however, a new vaccine is recommended for routine use in children, the Secretary is required to negotiate for the purchase price of that vaccine and is not bound by prices set for current vaccines. Contract prices are to include the price for shipping and handling. In carrying out these negotiations, the Secretary is to take into account the needs that States have identified (and provided in advance of negotiations to the Secretary) for State vaccine-eligible children under their own programs. The Secretary is also to take into account the need to maintain a 6-month supply of pediatric vaccines to meet unanticipated needs and to consider the potential for disease outbreaks.

The Conference Agreement further provides that the Secretary shall, as appropriate, enter into a contract with each manufacturer of the vaccine that meets the terms and conditions of the Secretary. The Secretary also may have multiple prices.

The Conferees intend that negotiations proceed according to the Federal Acquisition Regulation, subject to specific provisions of this section, including the price ceiling. The Conferees note that the maximum price allowed under the Conference Agreement is intended to be a ceiling and not a floor or a presumptive price. The Conferees understand that in recent years, the increase in the public price on some vaccines has not kept up with the Consumer Price Index. They intend to retain Secretary's ability to negotiate savings below the maximum price that is established in this section.

The Conferees also intend, however, that the Secretary conduct negotiations in a manner that will ensure the continuation of research and development toward new, better, and safer vaccines. The Conferees recognize that most vaccine innovation is conducted in the private sector by manufacturers and intend that the Secretary act to foster such innovation through every means available. While the program provides substantial fiscal relief to the States and is cost-effective for the Federal government and the public at large, the Conferees have not adopted the new vaccine program principally as a cost-cutting measure but rather as a public health measure. To the extent that increases in negotiated prices can be justified as subsidizing research and development necessary for the improvement of public health, the Conferees intend for the Secretary to allow such increases. Indeed, recognizing that research and development in vaccines are vital to public health, the Conferees have not attempted to cap the cost of new vaccines but have chosen to leave such negotiations to the Secretary to be done on an ad hoc basis. Moreover, if the Secretary comes to believe that the statutory limitation on prices for current vaccines does not allow for sufficient research and development subsidies, the Conferees expect her to report that belief to the Congress and to request an amendment to the limitation.

The Conferees intend that vaccine manufacturers retain their ability under these contract provisions to distribute pediatric vaccines through independent drug wholesalers. Manufacturers may elect to subcontract the shipping, handling, and related distribution functions to such wholesalers. Independent drug wholesalers frequently have served these functions in the past and the Conferees do not intend to disrupt such practices. The Conferees further intend that States be allowed to retain their distribution systems.

In carrying out the responsibilities of this subsection, the Secretary is intended to consolidate these negotiations with all others that she carries out for the purchase of vaccine, including those for the use of grants funds under the Public Health Service Act. The Conferees believe that this consolidation is an efficient means of assuring that the largest possible number of children have access to vaccines and do not intend the explicit description of

The Conference Agreement also provides for an emergency stockpile of vaccines to be negotiated and purchased under these provisions. While the Conferees recognize that this is an increased cost in the short run, they believe it is necessary to avoid situations in which potentially life-saving vaccines are unavailable because of natural disasters or manufacturing problems.

The Conference Agreement provides authority for the Secretary to decline to enter into contracts. The Conferees have provided this authority for extreme circumstances only and, again, would emphasize the importance of continuity of vaccine supplies for Federally vaccine-eligible children and States.

Recognizing that the manufacturing process for vaccines is complex and has specific physical plant requirements, the Conferees understand that manufacturers may need

the reassurance of contracts for a time longer than the traditional one-year period. The Conferees have, therefore, provided the Secretary with the unusual authority, traditionally reserved for defense issues, to provide multi-year contracts to allow for stability of vaccine supply.

Also recognizing that the Federal market share in the vaccine industry will be increased under the new program, the Conferees have provided that the Secretary shall, as appropriate, enter into a contract with each of the manufacturers that meets the terms and conditions of the Secretary, attempting to ensure that each manufacturer obtains an appropriate share of the contract. The Conferees have adopted this provision to assure that Federal contracts under the program encourage competition, innovation, and efficiency. In order to do so, the Secretary may, at her discretion, also allow for different prices from different manufacturers.

The Conferees intend that manufacturers involved agree to submit to the Secretary such reports as the Secretary determines to be appropriate with respect to compliance with the contract.

"Section 1928(e)—Use of Pediatric Vaccines List"

In carrying out the requirements of this section, the Secretary is to purchase vaccines from the list established, maintained, and revised by the Advisory Committee on Immunization Practices. The Conferees understand that this list includes the guidelines and schedule of appropriate immunization as outlined by the Advisory Committee on Immunization Practices.

The Conferees note that they do not intend that this list and

In carrying our negotiations under this subsection and all duties of this section, the Secretary is to rely on the ACIP list of recommended vaccines. The Conferees intend that the Secretary provide for Federally vaccine-eligible children the same vaccines that are recommended for children with their own source of payment.

The Conferees intend that the Advisory Committee on Immunization Practices be allowed to conduct its work in an objective manner, concerned only with issues of public health and medicine. While decisions regarding the listing of recommended vaccines will, undoubtedly, have some budget implications for the program and the Secretary, it is the Conferees' intention that the ACIP's work be rigorously separated from such concerns. The Conferees are troubled by past examples of budgetary influence in matters of science and has chosen the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention as a committee less vulnerable than some others to such influence. So, for example, if the ACIP were to decide that one vaccine that produces side effects and reactions should be replaced with a more expensive vaccine that does not, neither the Secretary nor any other public officer should attempt to affect that judgment. If proposed changes present a budget implication so serious as to cause the Secretary to question their validity, the Secretary should present that concern and a proposed legislative change to the Congress, but until legislative change is made, the entitlements of States to ACIP-recommended vaccines are to continue in effect.

"Section 1928(f)—Requirement of State Maintenance of Immunization Laws"

The Conference Agreement requires the maintenance of State laws that were in effect on May 1, 1993, that require health insurance policies or plans to provide some coverage with respect to pediatric vaccines. In addition, the Conference Agreement prohibits any group health plan that is covered by the requirements of title XXII of the Public Health Service Act from reducing its coverage for the costs of pediatric vaccines.

In keeping with other provisions in this Act regarding the maintenance of insurance immunization benefits (whether private, ERISA, or State-run), the Conferees have adopted this requirement to forestall any attempts to decrease the amount of private insurance coverage that currently exists for vaccines. The Conference Agreement necessarily includes only a limited pool of eligible children and the Conferees do not intend for States or private insurers to shift costs now borne by private third-party

"Section 1928(g)—Termination"

The Conference Agreement provides that the new plan requirement and this program terminate upon the enactment of additional Federal law providing for immunization services for all children as part of a broad-based reform of the national health care system.

"Section 1928(h)—Definitions"

Section 1928(h) provides definitions for the terms used in the creation of the vaccine distribution program.

Other Provisions Relating to Immunizations

Current Law

(a) Outreach and Education: States participating in Medicaid are required to cover Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services for all eligible children under 21. States are required to inform all Medicaid-eligible children under age 21 of the availability of EPSDT services.

(b) Schedule of Immunizations under EPSDT: The screening services element of the EPSDT benefit must, at a minimum, include appropriate immunizations according to age and health history, at intervals which meet reasonable standards of medical practice, as determined by each State.

(c) Assuring Adequate Payment Rates for Administration of Vaccines to Children: States are required to reimburse for EPSDT and other pediatric services at levels which are sufficient to enlist enough providers so that care and services are available to Medicaid beneficiaries at least to the extent that they are available to the general population in the geographic area. With respect to pediatric services, States must submit, by April 1 of each year, a State plan amendment that specifies, by procedure, the payment rates to be used for pediatric services in the year beginning the following July 1 and that includes data to assist the Secretary in evaluating the State's compliance with the provider participation requirement.

(d) Denial of Federal Financial Participation for Inappropriate Administration of Single-Antigen Vaccine: Federal Medicaid matching funds are available for the costs of single-antigen vaccines and their administration.

(e) Requiring Medicaid Managed Care Plans to Comply with Immunization and Other EPSDT Requirements: States may contract on a risk basis with managed care plans to deliver covered services,

House Provision (Section 5183)(a)

Outreach and Education: Requires the States to inform all Medicaid-eligible children under age 21 of the need for age-appropriate immunizations against vaccine-preventable conditions. Requires State Medicaid agencies to enter into agreements with State agencies and other institutions or organizations receiving Maternal and Child Health (MCH) Block Grant funds under title V providing for coordination of information and education on childhood vaccinations and to coordinate delivery of immunization services. Requires State Medicaid agencies to provide, or assure the provision of, information and education on childhood vaccinations and the delivery of immunization services with the State's operations under the Special Supplemental Food Program for Women, Infants and Children (WIC).

Effective Date: Enactment.

(b) Schedule of Immunizations Under EPSDT: Requires that States, as part of the screening services element of the EPSDT benefit package, cover appropriate immunizations according to the schedule recommended by the Secretary under the Public Health Service Act.

Effective Date: 90 days after the issuance of the Secretary's recommended schedule of immunizations.

(c) Assuring Adequate Payment Rates for Administration of Vaccines to Children: Clarifies that, for purposes of determining whether pediatric service payment levels are sufficient, pediatric services include the administration of vaccines by health care practitioners.

Effective Date: Applies with respect to State amendments submitted by April 1, 1994.

(d) Denial of Federal Financial Participation for Inappropriate Administration of Single-Antigen Vaccine: The House bill denies Federal Medicaid matching funds for single-antigen vaccines, and the administration of such vaccines, in any case in which the administration of a combined-antigen vaccine was medically appropriate (as determined by the Secretary).

Effective Date: Applies with respect to vaccines administered on or after October 1, 1993.

(e) Requiring Medicaid Managed Care Plans To Comply With Immunization and Other EPSDT Requirements

Requires that a risk contract between a State Medicaid agency and an entity: (1) specify which EPSDT services are to be provided under the contract to children enrolled with the entity; (2) specify, with respect to those EPSDT services that are not to be provided under the contract, the steps the entity will take (through referrals, scheduling appointments with appropriate providers, monitoring the receipt of referred services, or other arrangements) to assure that such individuals will receive such services; and (3) require the entity to submit periodic reports as necessary to enable the State to meet its reporting requirements under sections 1902(a)(43)(D) (relating to EPSDT screening and referral rates and State participation goals) and 506(a)(2) (relating to progress in achieving the national Year 2000 health status objectives relating to mothers and children). Provides for the imposition of a civil monetary penalty in an amount of up to $25,000 for each instance in which an entity fails substantially to provide EPSDT services to the extent specified in its contract with the State.

Effective Date: Applies to contract years beginning on or after October 1, 1993.

Senate Amendment

The Senate amendment contains no comparable provision.

Conference Agreement

(a) Outreach and Education: The Conference Agreement follows the House bill with a modification.

(b) Schedule of Immunizations under EPSDT: The Conference Agreement follows the House bill.

(c) Assuring Adequate Payment Rates for Administration of Vaccines to Children: The Conference Agreement does not contain the House language regarding Medicaid vaccine administration fees. The Conferees agree with the Secretary's view that, under current law, she has the authority and the Conferees understand that it is the Secretary's intent to accomplish what the House bill would have required.

(d) Denial of FFP for Inappropriate Administration of Single-Antigen Vaccines: The Conference Agreement follows the House bill.

(e) Requiring Medicaid Managed Care Plan to Comply with Immunization and Other EPSDT Requirements: The conferees have been informed that a point of order could be raised in the Senate, under the so-called "Byrd rule" (section 313 of the Congressional Budget

Availability of Medicaid Payments for Childhood Vaccine Replacement Programs.

Current Law

States may not make payment for covered care or services provided to Medicaid beneficiaries to anyone other than the beneficiary or the practitioner or institution providing the service, with certain limited exceptions.

House Bill (Section 5184)

Allows States, at their option, to make payments directly to vaccine manufacturers participating in a voluntary replacement program. Under such a program, the manufacturer supplies doses of the vaccine to providers that administer it, periodically replaces the provider's supply of the vaccine, and charges the State the manufacturer's bid price to the CDC, plus a reasonable premium to cover shipping and handling of returns.

Senate Amendment (Sec. 7801)

Require state Medicaid agencies to purchase vaccines directly from manufacturers at prices negotiated by the Centers for Disease Control (plus shipping and handling fees for return doses) and develop a distribution system to deliver the vaccines to all Medicaid providers for inoculation of Medicaid eligible children. Annual price increases under the CDC contract are limited to increases in the CPI beginning in fiscal year 1994 through fiscal year 1998.

Conference Agreement

The Conference agreement follows the House bill with a modification limiting its duration to FY 1994.

Sec. 13632. National Vaccine Injury Compensation Program Amendments.

Current Law

The National Childhood Vaccine Injury Act of 1986 (P.L. 99-660) created a system for compensating children for injuries received from routine pediatric immunizations. The Vaccine Compensation Amendments of 1987 (P.L. 100-203) provided for a source of payment for such compensation and began the implementation of the system.

House Bill

The House bill increases the amount of administrative expenses for Health and Human Services, Department of Justice and the U.S. Claims Court from the Compensation Trust Fund from $2.5 million to $3 million. It allows individuals to file for compensation if the effect of a revision in the Vaccine Injury Table were to increase significantly the likelihood of such individual's obtaining compensation. It extends the time period for suspension of

Senate Amendment

The Senate amendment contains similar provisions. In addition, the Senate amendment increases the direct spending authority for awards for retroactive cases and amendments to the table of injuries for compensation.

Conference Agreement

The Conference Agreement contains the House and Senate provisions regarding extension of time and the Senate provisions regarding increases in direct spending and amendments to the table for compensation.

The Conferees have been informed that a point of order could be raised in the Senate, under the so-called "Byrd rule" (section 313 of the Congressional Budget Act of 1974), to the substance of the remaining House and Senate provisions if included in the Conference Agreement. In order to avoid such a possible point of order, the Conference Agreement does not include these provisions. The Conferees expressed no views on the merits of these provisions.

The Conferees also express their intention that the Administration make substantive proposals to address the serious problems that remain in the vaccine injury compensation system regarding payment of claims for pre-enactment cases. Continued postponement of addressing these issues threatens to work a serious injustice to petitioners, manufacturers, and the program itself.

National System for Monitoring Immunization Status of Children

House Bill (Sec. 5181)

The House bill establishes a new discretionary State grants program (to be administered by the Centers for Disease Control and Prevention) for the purpose of developing and maintaining registries containing information relating to the immunization status of the Nation's children. It requires States as a condition of receiving free vaccine under the free vaccine distribution program to have a registry in place not later than October 1, 1996. The bill also allows for State exemption for the collection of data on any child if a parent of such a child makes such a request. The bill authorizes appropriations for this purpose.

Senate Amendment

The Senate amendment contains similar provisions, although participation in the registry program is not made a condition of participation in the free vaccine distribution program.

Conference Agreement

The Conferees have been informed that a point of order could be raised in the Senate, under the so-called "Byrd rule" (Section 313 of the Congressional Budget Act of 1974), to the substance of both the House and the Senate provisions if included in the Conference Agreement. In order to avoid such a point of order, the Conference Agreement does not include either the House or Senate provision. The Conferees express no views on the merits of these provisions.

House bill

The House bill establishes in Title XXI of the Public Health Service Act a new childhood immunizations grants program. This Program replaces the Centers for Disease Control and Prevention program authorized under Section 317 of the Public Health Service Act, and authorizes all activities previously funded through that program with the exception of the purchase and delivery of vaccines. The bill authorizes appropriations for this purpose.

Senate amendment

The Senate amendment contains similar provisions, although it does not replace Section 317, and focuses on rebuilding the public health infrastructure and outreach activities to enhance the delivery of immunizations. It also contains provisions for better coordination of Federal efforts to improve immunization rates.

Conference agreement

The Conferees have been informed that a point of order could be raised in the Senate, under the so-called "Byrd rule" (Section 313 of the Congressional Budget Act of 1974), to the substance of both the House and Senate provisions if included in the Conference Agreement. In order to avoid such a possible point of order, the Conference Agreement does not include the House or the Senate provision. The Conferees express no view on the merits of the provisions.

Healthy Start for Infants

Current Law

In FY 1993, the Federal Government made $79 million in grants for the purpose of reducing infant mortality in selected communities. There is no statutory authority for the appropriation of funds for

House Bill (Sec. 5185)

The House bill authorizes the Secretary to make grants for the operation of no more than 21 Healthy Start demonstration projects for the purpose of reducing, in the geographic area involved, (i) the incidence of infant mortality and morbidity; (ii) the incidence of fetal deaths; (iii) the incidence of mortality; (iv) the incidence of fetal alcohol syndrome; and (v) the incidence of low-birthweight births. The Secretary is required, in providing for a demonstration project in a geographic area, to seek to meet the applicable Year 2000 Health Status Objectives with respect to each of the four program purposes described above. For each of FY 1994 through 1997, the Program is authorized at an amount of "such sums as may be necessary." The program sunsets on October 1, 1997.

Senate Amendment

The Senate Amendment contains no similar provisions.

Conference Agreement

The Conferees have been informed that a point of order could be raised in the Senate, under the so-called "Byrd rule" (section 313 of the Congressional Budget Act of 1974), to the substance of the House provisions if included in the Conference Agreement. In order to avoid such a possible point of order, the Conference Agreement does not include the House provisions. The Conferees express no views on the merits of the provisions.

Tort Claims Coverage for Health Centers

House Bill

The House bill clarifies that a Community Health Center (or other entity described in section 224(g)(4) of the Public Health Service Act) may elect not to participate in coverage under the Federal Tort Claims Act if the entity establishes that it has been a participant in, and a partial owner of, a nonprofit risk retention group. In addition, the bill clarifies that officers and employees of entities under section 224(g)(4) are covered under the FTCA, even if they are not health care providers.

Senate Bill

The Senate bill made similar changes to the Public Health Service Act, with minor technical differences.

Conference Agreement

The conferees have been informed that a point of order could be raised in the Senate, under the so-called "Byrd rule" (section 313 of the Congressional Budget Act of 1974), to the substance of the provision if included in the conference agreement. In order to avoid such a possible point of order, the conference agreement does not include the provision. The conferees express no views on the merits of the provisions.

Physician Ownership Study

House Bill

The House bill contained no provision.

Senate Bill

The Senate bill required the Secretary of Health and Human Services to study the desirability of mandating that providers not refer patients to entities in which the providers have a financial interest and to evaluate different options, with respect to the

Conference Agreement scope of such prohibition.

The conferees have been informed that a point of order could be raised in the Senate, under the so-called "Byrd rule" (section 313 of the Congressional Budget Act of 1974), to the substance of the Senate provision if included in the conference agreement. In order to avoid such a possible point of order, the conference agreement does not include the Senate provision. The conferees express no views on the merits of the provision.

National Health Service Corps Retirement

House Bill

The House bill contained no such provision.

Senate Bill

The Senate bill required that retirees of the National Health Service Corps be treated the same as military retirees with respect to increases in retirement pay.

Conference Agreement

Senate recedes.

Mr. Chairman, this is the only package of budget changes offered to the Congress which will restore economic prosperity to our Nation, and address in a constructive and sound fashion the problem of bringing down the deficit. It will require sacrifice, but the hard fact in that there are no simple or painless solutions. I urge my colleagues to support this bill.

The SPEAKER pro tempore (Mr. MURTHA). The Chair now recognizes the Committee on Government Operations. The gentleman from Michigan [Mr. CONYERS] is recognized for 10 minutes.

Mr. CONYERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a very important matter, one for which we have waited a considerable period of time.

I would begin by continuing the discussion that was led by the able chairman of the Energy and Commerce Committee, the gentleman from Michigan [Mr. DINGELL].

You see, Mr. Speaker, the fact of the matter is that during the eighties working families received virtually no real wage and salary growth. Weekly earnings for the typical full-time worker are presently 3 percent below 1987 levels, and in the eighties the incomes of the poorest of Americans fell and the middle class themselves barely held on.

The wealthy and the privileged, on the other hand, against whom I have no grudge, some of whom are my friends, and those on the other side of the aisle want to protect with a no vote on this package, have had quite a party. The richest fifth of the population saw their wealth grow nearly a third. The richest 1 percent saw their wealth more than double.

Mr. Speaker, under the rules of the House, the committee which I am proud to chair, the Government Operations Committee, has jurisdiction over budget enforcement matters. The House-passed bill in May included many provisions which would create new rules to insure the deficit reduction numbers and target are adhered to during the course of this 5-year plan. Those rules are in effect guarantees, a compact with the public, if you will, that this ambitious deficit reduction will actually occur. Those provisions include the extension of current provisions of the Budget Enforcement Act that would require sequestration of discretionary spending above certain levels.

The House also passed for the first time a measure to meaningfully review and control entitlements in a meaningful way, the other half of Federal spending. The entitlement review section provides that targets be set for entitlements and that when spending breaches occur, Congress must vote either to cut other spending, to seek additional revenues, or affirmatively raise the target levels.

The gentleman from South Carolina [Mr. SPRATT] was particularly helpful in providing this provision.

Finally, the House passed a deficit reduction trust fund to create a public compact with the American people that the funds generated for deficit reduction in this package would only be used for deficit reduction.

Now, let us be clear about this. They are critical if we want to control reducing the deficit, but because of opposition to these deficit control measures by the other party, the Republican Party, these provisions were dropped, using procedural obstacles in the Senate.

I repeat, because of Republican opposition these most critical provisions to control and reduce the deficit, a product of the Government Operations Committee, were dropped.

Question: Where are the big deficit cutters on the other side of the aisle when it came to this?

This notwithstanding in order to insure that these measures are in fact implemented, the President yesterday signed two Executive orders to create the trust fund and entitlement review mechanism to make it have meaningful controls on future spending.

So we have done, Mr. Speaker, everything we can think of in terms of the legislative process to insure and guarantee a sincere, workable, no-fooling, no smoke and mirrors deficit reduction program. So for that reason it would seem that if anyone had any objection to us not cutting far enough, they would have at least supported the very strong insurance provisions that came out of the Government Operations Committee and were stymied by members of the other party in the other body.

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. CLINGER] is recognized for 10 minutes.

Mr. CLINGER. Mr. Speaker, I yield 1½ minutes to the gentleman from New Mexico [Mr. SCHIFF].

Mr. SCHIFF. Mr. Speaker, this proposal is being called President Clinton's deficit reduction plan. It is therefore very significant to point out at this time that President Clinton has changed his deficit reduction goals from when he was a candidate for President. As a candidate for President, Mr. Clinton proposed reducing the Federal deficit by 50 percent in 4 years. Now he has a different goal. The goal now is to reduce the deficit by $500 billion over 5 years.

Now, what is the difference? The difference is that cutting the deficit in half is very finite. We can take what the deficit was at the time of the campaign, figure easily what 50 percent of it is and determine absolutely if the President reaches his goal.

The request to trim $500 billion from the deficit is a trim off projections. This cannot be measured accurately, because there are numerous projections as to what the Federal deficit might be in the future.

By selecting their projections, the administration is in a position after passing this bill of taking whatever deficit figure there is and saying we have met our goal of reducing the deficit from the projection.

□ 1640

I suggest, Mr. Speaker, that the reason why the President has changed the goal of his deficit reduction plan is because he cannot meet his original goal of cutting the deficit in half, and he cannot meet it because of all the gimmicks and shams in this bill, which is why it should be rejected.

Mr. CONYERS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida [Ms. BROWN].

Ms. BROWN of Florida. Mr. Speaker, my constituents sent me to Washington because they knew that I would not stand for the status quo and political gridlock. I am here on a mission to bring economic opportunities and jobs, jobs, jobs, to the folks who were denied them during the last 12 years of Reaganomics—when the rich got richer, the poor got poorer, and the middle class paid for it all.

That is why I will be taking action to end gridlock by supporting the budget

conference report. The plan will be good for our economy. Over the next 5 years, 1 million new jobs will be created in Florida. For poor rural and urban areas, there will be enterprise and empowerment zones to spur economic growth and job creation.

This plan is fair, it asks the rich to pay most of the new taxes. In fact, 80 percent of the income taxes will fall on those making over $180,000. The middle class and working families will not pay one extra penny in income taxes. However, the new gasoline tax will mean $36 a year for working families.

Those same working families will benefit from a historic expansion of the earned income tax credit so that every parent who works full time and has a child at home will not have to raise that child in poverty. Almost 47 percent of the families in my district will benefit from it. The plan also includes a new program to enable all poor children to get vaccinations and a new program that helps families stay together.

To my constituents watching from your homes, this plan will improve your lives. To my colleagues watching from your offices, we cannot turn back. If not us, who? If not now, when?

Mr. CLINGER. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio [Ms. PRYCE].

Ms. PRYCE of Ohio. Mr. Speaker, America is on the verge of swallowing the largest tax increase in the Nation's history—retroactively.

That is right, January 1, 1993—20 days before President Bill Clinton even took office. Retroactive. One woman mistakenly called in and said, "what are we going to do about President Clinton's radioactive taxes?" Retroactive in radioactive? Which is worse, I don't know. Some people who have worked hard and saved and invested and spent their hard earned dollars for the last 7 months might prefer something radioactive to this.

It's a cruel joke on responsible taxpayers, especially because these tax increases are very real and they are immediate, but the promised spending reductions won't occur, if at all, until after the next presidential election in 1996. I think hardworking taxpayers across the Nation deserve better.

And, they deserve better than the promise of a so-called deficit reduction trust fund. The President cannot do by Executive order what Congress must do for itself, and that is to reduce Government spending. Without meaningful reform of the congressional budget process, most notably through true line item veto authority and a constitutional balanced budget amendment, the President's deficit reduction trust fund will inspire no trust whatsoever.

And it is time to stop the partisan finger-pointing. It is time to get beyond laying blame. The policies of the past are ancient history. I'm new here—I don't care what happened in years past. All I know is that it did not work. The American people want us to focus on the future, to work together to stem the tide of red ink which threatens the financial security of our children.

Mr. Speaker, this budget plan reaches back to punish hard work, initiative, investment, and job creation right at the time when the national economy needs a good shot in the arm.

I urge my colleagues to remember that we cannot tax Americans into greater prosperity and we can't spend ourselves out of this deficit. Vote "no" on the conference report. Let us return to the drawing board to reduce the deficit the correct way: by cutting spending first.

Mr. CONYERS. Mr. Speaker, I am delighted to turn the command of time allotted to me over to the chairman of the Subcommittee on Environment, Energy, and Natural Resources, the gentleman from Oklahoma [Mr. SYNAR].

Mr. SYNAR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, those Members of the House who are regular church goers will remember the promise of the Book of Revelations, that at the end of time there would be a new heaven and a new earth, a place of happiness, eternal life, and the streets of the city paved in pure gold.

I have recently obtained the Republican response to God's plan and it will not surprise the Members who have followed this debate closely that the Republicans have significant objections and cannot in good conscience endorse it.

The Republicans would believe the paving of the streets with gold represents wasteful and abusive Government spending which should be cut before taxes are increased.

The Republicans would believe the promise of eternal life would throw the actuarial assumptions behind Social Security into turmoil.

The Republicans would believe the elimination of sickness, as promised by Saint John, sounds suspiciously like a national health care plan.

The Republicans would object to the "pure river of the water of life, clear as crystal" because they can only result from overly burdensome environmental regulations.

And Republicans would believe eternal peace would surely devastate our industrial and manufacturing base as represented by the defense sector.

I say to my fellow Members that the time for carping, complaining, and criticizing is past.

Now is the time for a budget that is honest, balanced, and fair which will begin to address the problems facing our country.

Now is the time to remember there are two basic truths about democracy.

First, democracy is not a spectator sport and all of us, whether we like it or not, are in this together. And second, democracy sometimes requires bold, courageous decisions.

This is one of those sometimes.

Today, together, with the passage of this bill, we begin the long road to a better future for all Americans.

Mr. Speaker, I reserve the balance of my time.

Mr. CLINGER. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. PORTMAN].

Mr. PORTMAN. Mr. Speaker, we've heard a lot of speeches here today. Let me take my 60 seconds to allow a couple of my small business constituents to speak, through their unsolicited letters to me.

First, from a successful services company that has gone from 2 employees to almost 500 in 6 years:

> Like many small business people, we risked everything we had to get the business started * * * [and] virtually every dime of profit we've plowed back into the corporation. * * * since profits flow to individuals in subchapter S corporations, the net effect [will be] taxing our company profits at a 42 percent rate. * * * I don't need to tell you what a 42 percent rate would do to our ability to hire new people and reinvest in our future.

And here is a letter from a small manufacturer in my district who said:

> Prior to President Clinton's economic proposal, I had considered building an additional 5,000 feet of manufacturing space onto our current facility, acquiring nearly $100,000 in new manufacturing equipment and adding 3 to 4 new employees. This is all on hold for now.

Mr. Speaker, these are people in my district who are in the trenches creating new jobs. You have heard it straight from them.

Mr. CLINGER. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. COX].

Mr. COX. Mr. Speaker, President Clinton and the liberal big spenders in Congress call this budget deficit reduction. It can only be called deficit reduction in our fantasy theme park of Washington, DC. Instead, the real name for this summer's budget blockbuster from Washington, DC, is—I introduce my colleagues to:

Jurassic pork.

This is, in fact, the largest 5-year deficit spending increase in history.

Mr. Speaker, I serve on the Committee on the Budget, and I am also a conferee appointed to resolve the differences between the House and the Senate versions of this bill. But, as a member of the budget conference, I had to wait in my office while the Democrats worked out, without any invited Republicans, just how much they were going to increase spending and increase taxes.

□ 1650

I was therefore delighted to get yesterday's press release from the Committee on the Budget that told me that

outlays, what ordinary Americans call spending, will increase next year under this budget, from $1.4 trillion in fiscal 1993 to $1.5 trillion next year, $1.6 trillion in 1996, and $1.8 trillion in 1998, for a total of over $1 trillion in new spending on top of the existing level of $1.4 trillion in fiscal year 1993. That is, and I am sad to repeat it, the largest deficit spending increase in American history.

Now, if we are cutting defense as deeply as we all know we are, how can spending go up and go up so fast? Well, as chairman of the congressional grace caucus, dedicated to enacting the Grace Commission's cost cutting reforms into law, I can tell you that none of the Grace Commission's recommendations made it into this budget. We still have the National Helium Reserve, which would save us $1.7 billion to privatize. It is there to field a fleet of blimps in time of national emergency. We still have the Rural Electrification Administration. We could save billions by terminating it.

All of this spending is in this budget. Americans are going to be forced to buy a ticket to this Jurassic pork theme park through the largest tax increase in American history.

Mr. CLINGER. Mr. Speaker, I yield 2½ minutes to the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Speaker, when we debated the war in the gulf, we put party politics aside and spoke from our hearts. Most Members here today are wrestling with a very difficult issue and are trying to party politics aside.

I do not know if the deficits we have and the national debt that has grown by leaps and bounds over years and years is the fault of the White House or Congress. I do not know if it is the fault of the Republican Party or the Democratic Party. I suspect it is the fault of both. And I think in our hearts each of us realize that is the case.

As I look at it, we are all in this together. So as far as I am concerned we all have to be part of the solution.

I look at this package and say, respectfully, it is not bold, it is not a responsible package. I look at this agreement and say it does not do the job. If we took no action, the national debt would rise 48 percent in the next 5 years. If we did nothing, it would go up 48 percent. I think all of us realize that would be pretty terrible.

If we pass this plan, the national debt goes up 42 percent. It still goes up 42 percent. All this gnashing of teeth, as we debate a heck of a lot of taxes and some spending cuts and the national debt still goes up 42 percent in 5 years.

This agreement doesn't do the job and it is too dependent on taxes. In fact, a bulk of them are retroactive, and spending still goes up 21 percent in the next 5 years. And 60 percent of the cuts in the increase in spending are going to take place in the fourth and fifth years, the last year of the President's first term, and, if reelected, the first year of his next term.

We are telling the next Congress and the Congress after that, that they need to make 60 percent of the spending cuts.

We need to cut spending first, eliminate the superconducting super collider, the space station, increase the retirement age of Federal employees so they retire like everyone else at age 65, not 55 reform agricultural subsidies, make Medicare income-sensitive. We need to cut spending first.

If this budget agreement fails, it will not be the end of the world. It means that we just start over. We have until October 1. It means that maybe Republicans and Democrats can get together and come up with a plan that primarily cuts spending first, and, if it includes some taxes, so be it.

We have got to reduce more than the $500 billion in deficit reduction proposed by President Clinton. It is simply not enough. We have got to get our financial house in order and more our country forward.

Mr. Speaker, I conclude by just asking my colleagues to realize that we can do better.

Mr. CLINGER. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I hope this measure is defeated, because I really think that we have an opportunity here to get a bipartisan reconciliation bill. I think that would be in the interest of the country. This bill we are considering is clearly a very partisan effort. The American people are skeptical of it. They question whether this is really a valid procedure. I would hope this would be defeated so we can have a bipartisan effort to really accomplish the things that we need to accomplish and that the American people will accept.

Mr. Speaker, I am also very concerned about the way in which budget process reforms have been considered in this body. The budget act amendments included in the conference report are probably close to those provisions the minority would have supported had we been asked to participate in the debate over this bill. However, the fact that the House-passed tax increase legislation included budget process changes which were never considered by the appropriate committee of jurisdiction is particularly disappointing.

Although most of those budget provisions were struck during the conference, I cannot help but believe that, had the Committee on Government Operations conducted a serious debate over budget process reform, we would be considering legislation today which would provide for a truthful budget process. Instead, we have been forced to debate phony deficit reduction trust funds and meaningless entitlement caps. This process has cheapened the use of Executive orders and brought into question the ability of the Government Operations Committee to consider budget matters.

Regardless of the success of this bill, it is my hope that the Government Operations Committee will begin asserting its leadership on budget process issues and not simply surrender our jurisdiction on these important matters.

Mr. CONYERS. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Mr. Speaker, today I rise in support of the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act of 1993. No one is absolutely pleased with everything in this bill, which is to say that everyone has had to sacrifice in order for agreement to be reached, and that is exactly the way it should be. In these times of few resources and great needs, we all must contribute to improve the rate of growth of our economy and to address the many problems that would darken our future. This bill accurately reflects this shared sacrifice.

While H.R. 2264 is certainly not all that it should be, it is all that it could be given the uncooperative spirit of some who have allowed politics to guide their actions and votes, rather than the best interest of the Nation at this time of fiscal restraint. In spite of these difficulties, we were able to accomplish many important things in this budget package.

Under this plan, we will reduce the Federal budget deficit by a total of $496 billion over the next 5 years, with more than half of the reduction from cuts in spending. This is a complete reversal of the politics of the past, when Presidents spoke about the budget deficit, but did not act in a way that acknowledged its existence. Today, Bill Clinton, we have a President with a budget plan that will set us on the road to better fiscal management.

Many aspects of this plan address great needs facing our country. I am particularly excited about the earned income tax credit provision. Through this credit we will help working poor people who struggle every day to support their families on incomes that are less than sufficient. In my district alone, which includes the west side of Chicago, and some of its western suburban communities, over 42,000 families will receive needed assistance due to this provision. Instead of the wealthy few, or some business interest, the needy people working hard to take care of their families will get a break in their taxes. With this program, we send an economic signal to ordinary working people that we recognize their struggle and that is it in our national interest that they be able to feed and raise their children properly.

The report includes a provision which would allow HUD to designate nine empowerment zones in which wage credits and other incentives will be given to employers located in certain urban and rural areas which have been decimated by the flight of businesses and industry. Through this program and others, we will finally bring jobs and income to some of these hard hit areas in my community and in others across the country.

Mr. Speaker, certainly there are parts in this economic package of which I am less than

pleased. I think of the cuts in the Medicaid disproportionate share payments to hospitals and the allowance of Medicaid formularies at the State level. In my view, these cuts hurt the very citizens who are already underserved by our medical system. I am hopeful that we can remove these problems in the near future when we turn our attention to health reform. In spite of these difficulties, there is no other way to go. For Members of this body who are honestly looking for a way to address the vital needs of our country, and to confront the significant economic problems that are caused by the budget deficit, this is the plan and this is the time. I am going to vote to approve this report and I hope that my colleagues in this House will join me.

Mr. CONYERS. Mr. Speaker, I yield my remaining time to the distinguished gentleman from Texas [Mr. GENE GREEN].

Mr. GENE GREEN of Texas. Mr. Speaker, I would like to thank the gentleman for yielding to me and my colleague of 20 years, the gentleman from Texas [Mr. WASHINGTON], to engage in a brief dialog, as we call it in Texas, and not a colloquy, to discuss the earned income tax credit.

Mr. WASHINGTON. Mr. Speaker, colloquy is a big fancy word. We do not know that in Texas.

Mr. GENE GREEN of Texas. That is right, and its effect on our part of the country.

I understand the gentleman from Texas [Mr. WASHINGTON] is aware that this economic plan is not the large tax increase that its opponents claim.

Mr. WASHINGTON. Mr. Speaker, if the gentleman will yield, I would say to my friend from Houston that is correct. In fact, many of the people in my district, 60,000 families in my district and I think 58,000 in the gentleman's district will actually see their taxes go down, which will mean $108 million in Houston alone.

Mr. GENE GREEN of Texas. Mr. Speaker, I understand that 58,000 families in my district and, again, 60,000 in the gentleman's district, and, even coming from Texas, we may talk slow, but we can understand that.

Mr. WASHINGTON. The gentleman is correct. That is the earned income tax credit, and we understand that, even down in Houston, TX.

The SPEAKER pro tempore (Mr. MURTHA). All time has expired for the Committee on Government Operations.

The chairman of the Committee on Foreign Affairs, the gentleman from Indiana [Mr. HAMILTON] will be recognized for 10 minutes, and the ranking member, the gentleman from New York [Mr. GILMAN], will be recognized for 10 minutes.

The Chair recognizes the gentleman from Indiana [Mr. HAMILTON].

Mr. HAMILTON. Mr. Speaker, I rise in support of the conference report to accompany the Omnibus Budget Reconciliation Act.

Mr. Speaker, the Committee on Foreign Affairs shared jurisdiction over two of the provisions of the conference report with the Committee on Post Office and Civil Service. I would like to first commend the chairman of the Committee on Post Office [Mr. CLAY] for his cooperation and leadership on these provisions.

Mr. Speaker, the provisions within the jurisdiction of the Committee on Foreign Affairs deal with cost of living adjustments and lump sum payments for Foreign Service retirees. With respect to the COLA's the conference report is identical to the House provision, saving $9 million over the next 3 years by deferring COLA's for the first 3 months of each yer for Foreign Service personnel. I would note for my colleagues that all civilian Government employees are treated equally under the conference report. The total savings achieved by delaying COLAs for all civilian government employees is $778 million.

With respect to the termination date for lump sum retirement payments, the conference agreement establishes a termination date of October 1, 1994. This represents a compromise between the House and Senate positions. The savings achieved by terminating lump sum retirement payments for the foreign Service is $51 million over the next 5 years, with a total government-wide savings of $8.716 billion.

Mr. Speaker, these provisions represent true deficit reduction. But the over $9.5 billion represented by these two provisions alone is a real savings in the cost of government to the tax payer.

I urge my colleagues to support this conference report. To vote against it will continue the unacceptable fiscal policies.

Mr. Speaker, I reserve the balance of my time.

□ 1700

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Foreign Affairs, pursuant to the budget resolution, was instructed to reduce spending within its jurisdiction by $5 million for fiscal years 1994–98.

The conference agreement adopted the House position as worked out between the Committees on Foreign Affairs and Post Office and Civil Service with regard to cost-of-living allowance retirees.

According to CBO, by delaying the payment of COLAs for Foreign Service employees for each of the next 3 years, that recommendation would reduce outlays by $3 million in each fiscal year for a total savings of $9 million over the 3-year period.

The conference agreement terminates the payment of lump sums on retirement effective October 1, 1994, in lieu of the House position which would have terminated them on January 1, 1994. Savings from this provision from Foreign Service employees will be $51 million over the 5-year period of the conference report.

Mr. Speaker, these provisions fulfill the responsibilities of the Committee on Foreign Affairs pursuant to the budget resolution.

However, with respect to the entire reconciliation package, I have much different views. While this package is an improvement over the unrealistic economic proposal placed before the Congress earlier this year, it still includes too many inequities to warrant my support.

This measure is too short on spending cuts to justify the broad tax increases. The increased gasoline taxes will have a severe impact on the mid-Hudson region in New York State.

And we can do more to whittle away the waste, the inefficiency and duplication in many of the existing Federal programs. Burdening our Medicare and Social Security recipients is not the way to do it. These are the people—living on fixed incomes—who most need assistance. They should be the last, not the first, who are asked to alleviate the burdens of our deficit.

Moreover, the proposed higher taxes on corporations will either be passed on to the consumer, or lead to more layoffs.

If this budget proposal is not adopted today in its current form, it would not be the last word.

There are many of us on our side of the aisle who are prepared to work with our colleagues on the other side of the aisle to formulate a bi-partisan budget plan that truly reduces the deficit without jeopardizing economic growth.

The budget package before us is not the only game in town.

Mr. HAMILTON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, this editorial cartoon in today's New York Daily News and the Atlanta Constitution hits the nail on the head. It portrays the minority leader of the other body reciting his motto: Ask not what you can do for your country, rather ask what you can do to embarrass Clinton.

Since no other viable alternative to this budget deficit-reduction plan has emerged during months of debate, the guardians of gridlock must resort to half-truths, distortion, and scare tactics. They claim to care about working families when they are really out to protect their wealthy friends. They call for deeper spending cuts but offer no specifics. They pretend to be friends of our senior citizens but make proposals that would devastate health care to the elderly.

Let us be clear about the choice we have to make today. The President presented us with a courageous and forward-looking plan, reducing the deficit by $496 billion, and every Member of

Congress has had a chance to review it and offer input. I regret that, unfortunately, the minority has removed itself from the budget process by saying, to a person, that they won't get involved, won't vote for this plan, and won't even negotiate to change or improve it.

Those who say, "let's go back to the drawing board," know that if this budget is defeated, the one that succeeds it will be far more onerous to our elderly, retirees children, and working families.

Who are these naysayers trying to kid? Clearly, the choice is either this plan or no progress at all. The financial world has signaled its approval and is waiting for action. The major CEO's have said this plan is good for business and good for the American economy. The American public has demanded change and is waiting for action. Yet, the soldiers of the status quo still want to march backward instead of forward.

Mr. Speaker, I am pleased to report the majority of calls from my constituents are being made in favor of approving this budget. I believe my constituents have come to understand that just saying "no" is no way to run a loyal opposition.

Let us say "yes" to progress and "yes" to change. Let us pass the budget reconciliation bill today.

Mr. GILMAN. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Kansas [Mrs. MEYERS], a member of our committee.

Mrs. MEYERS of Kansas. Mr. Speaker, I rise on behalf of our Nation's 20 million small businesses in adamant opposition to this bill.

Those who blindly support this bill have sung the praises of what the bill will do for small business, yet their words are hollow. The three cornerstones of their rhetoric—extending the tax credits that are already law, an equipment expensing provision that is lower than both the House and Senate versions, and the capital gains reduction for investing in very specific kinds of firms—won't stand up to the weight of scrutiny. While helpful to a small, but deserving, handful of small enterprises, their applications are pitifully limited.

From any perspective, having to pay for some very marginal breaks tenfold elsewhere is a bad bargain. Just ask the 800,000 small business owners who will be hit by the income tax increase, or those in the commercial transportation industry who will be slammed by the gas tax.

Ask the people who will have to sell the family farm or business to cover the higher estate tax rate. Ask those who will spend the additional time, money, and energy figuring out this bill and filling out all the forms needed to ensure compliance if this plan represents fairness in the name of deficit reduction.

And while you're at it, ask the unemployed workers who can't find a job, or just lost their jobs, if they think the provisions in this bill have helped the economy.

There are 6 million small businesses that employ one or more workers. There are 9 million people unemployed in our Nation.

If we provide these small and growing firms with the incentives they need to hire just one more worker, we can reduce unemployment by two-thirds.

But if Congress passes this recipe for disaster, we could force them to fire 1 and put 6 million more people out of work.

The question before us is simply this: Hire one or fire one?

I implore the Members on the other side of the aisle to join with us in defeating this bill so that we can all sit down together and forge a better package. Today's vote is not the end of the road—but if this bill passes, it could be the end for America's workers.

Mr. ENGEL. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. MENENDEZ], a member of our Committee on Foreign Affairs.

Mr. MENENDEZ. Mr. Speaker, I rise today in support of the budget. This is not the time to revert to business as usual by making the easy, wrong decisions—now is the time to move forward by making the hard, right decisions for the future.

I represent people who work hard, play by the rules and earn a middle-class living. This plan makes great strides toward building a better future for them.

Let us clear some of the mud from the windshield, for the American people.

The deficit reduction in this plan is the largest in history: $496 billion—a 40-percent cut.

The spending cuts in this plan are large: $255 billion—more cuts than taxes. In fact, for the middle-class people I represent, there are $8 in cuts for every $1 in new taxes.

The taxes in this plan are fair: 55,000 low-income and moderate-income families that I represent will have $78 million more in their pockets under the earned income tax credit we are passing in this plan.

In my district, that means that for every 1 person who will have to pay higher income taxes, there are 35 people who will pay less.

This plan is fair for everyone. Senior citizens who do not currently pay taxes on their Social Security benefits will not be affected by this plan and will be able to continue to live without the fear of financial ruin.

The small business incentives in this plan are essential: more than 90 percent of small businesses will benefit from new job-creating tax incentives and tax cuts for investments in these businesses.

The people I represent suffer with a 10.5-percent unemployment rate as a result of 12 years of Republican indifference—relying on those easy, wrong decisions.

Under the President's plan, they can finally see light at the end of the tunnel. With this one vote, we can turn things around for them, for real, everyday, hard-working Americans. After 12 long years, Congress will create the jobs they need, let them keep the money they earn, and give them the honest and forthright deficit reduction they deserve. I urge my colleagues to support the budget.

□ 1710

Mr. GILMAN. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from New York [Mr. MANZULLO], a member of our committee.

Mr. MANZULLO. Mr. Speaker, only those who have graduated from Evelyn Wood's speed-reading course could ever know what is in this bill. Let me fill you in on some of the details.

Mr. Speaker, out of all the programs under the jurisdiction under the Foreign Affairs Committee, this bill only targets the cost-of-living adjustment of foreign service retirees by delaying them 3 months. This supposedly saves $3 million a year. In fact, all Federal retirees will have their COLA's delayed by 3 months. That's interesting: Congress makes the tax increase retroactive, yet delays cost-of-living increases for Federal retirees 3 months.

On top of this, there is a new tax—not a spending cut—on our middle-class seniors. Mr. Speaker, seniors who earn as little as $34,000 per year will have 85 percent of their Social Security check taxed by an ever-growing and ever-expanding Government.

Why does Congress target our retirees when this House voted to give $1.6 billion in aid to Russia while Boris Yelstin turns around and gives $380 million in credits to Cuba? Why can't Congress cut aid to Russia instead of abrogating our contract with Federal retirees?

How can any of you look your constituents in the eye and say we must raise taxes because there's nowhere else to cut? Have we examined every program to make sure that it is truly necessary for the functioning of this Government? This budget package does not terminate one Federal program. Even the honey subsidy, which candidate Clinton promised to end, survives in this bill.

Since January, I have supported 106 times 56.4 billion dollars' worth of spending cuts. Yet, this body as a whole only agreed with $4.78 billion of these reductions. That means there is 51.6 billion dollars' worth of other programs that deserves to be on the chopping block before targeting our retirees.

Mr. Speaker, let me identify more spending cuts that this bill ignores: $63

million to bring 9,000 ex-Iraqi soldiers and their dependents to the United States; $1.4 billion for new Federal programs like national service and the new information highway; $9 million for the National Textile Center and $1.6 million for the Tailored Clothing Technology Corp.;

Mr. Speaker, I think we all get the picture. The people don't want to hear excuses. They don't want new programs. You can't have a government that talks about balancing the budget on one hand, yet insists upon expanding the scope, authority, power and jurisdiction of the Government on the other hand. The American people want a Congress that cuts programs and waste, that will do away with the excesses of a bloated bureaucracy. This budget bill doesn't do it.

Mr. Speaker, the phone calls and letters arriving in my office are resoundingly clear: defeat this budget plan. Congress—reorder your priorities. Go back to the drawing board.

If this bill is defeated, it is not the end of the world. There are still many ideas and plans on the table. Representatives ANDREWS and ZELIFF have a plan to call a special session of Congress to have direct up and down votes on specific spending cuts such as the ones I listed.

Republicans, including myself, are willing to work in a bipartisan fashion to tackle the deficit. But I will not support any new taxes. Defeat this flawed budget plan so that we can all work together as Americans first to reduce the size and scope of the Federal Government.

Mr. ENGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I rise in support of the President's economic plan to reduce the deficit, produce jobs, and put people first. In doing so, I would like to make some observations of the comments made by our colleagues on the Republican side of the aisle.

First, our colleagues say there are not any real cuts in the budget, and then they go on to complain about the cuts.

Our colleague, the gentleman from Oregon [Mr. SMITH] was complaining about the $3 billion cut in the farm programs in the bill.

Our colleague, the gentleman from South Carolina [Mr. SPENCE] complained that the defense budget was taking the biggest hit in the cuts in the bill.

Our colleague, the gentleman from Florida [Mr. BILIRAKIS] was complaining about the cuts in Medicare. He did not point out, and I will, that those cuts come in the providers' share, not any cuts in benefits.

Our colleagues also say this is the largest tax increase in history. Not so, Mr. Speaker. Our Republican colleagues should know that the largest tax increase in history came when Ronald Reagan was President, the Republican controlled the Senate, and Senate DOLE wrote the bill that placed the taxes on low- and middle-income Americans. This economic plan redresses that inequity by taxes, 80 percent of which are coming from those making over $200,000 a year.

Mr. Speaker, I urge our colleagues to support the President's economic plan. The American people voted for change. Let us get on with it.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from New York [Mr. LEVY], a member of our committee.

Mr. LEVY. Mr. Speaker, I am not going to repeat the arguments which have been made many times in the Chamber today. Rather, I want to talk about our role vis-a-vis the people we represent.

Every poll I have seen since the President spoke to us on Tuesday night says the same thing. The people oppose this budget plan.

Every Member of Congress I have spoken to—and they include colleagues on both sides of the aisle—say they have been deluged with calls saying, "Please defeat the reconciliation package."

Do we know better than our constituents? Are those Members who support the budget plan so smart that you are comfortable substituting your judgment for that of the American people who overwhelmingly oppose more taxes and more spending?

We like to say round here that this is the people's House.

I fear, Mr. Speaker, that by approving this plan—if that is what we are about to do—we will be operating in the face of the American people and not on their behalf.

I urge my colleagues to vote "no" on the reconciliation package.

There are alternatives to the package which is now before us. I am convinced that, working in a bipartisan way, we can develop a true deficit reduction package that deserves the support of the American people.

Mr. ENGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Speaker, I rise today in support of the budget reconciliation conference report. Today we have the opportunity to take an important step in getting our Nation's economy back on track.

I hear some of my colleagues say that they want to reduce the deficit—then they say this bill does not go far enough. They want to make more spending cuts—but they will not tell you which ones. And then they criticize the real cuts the bill does make. What they do not tell us is that despite their rhetoric, they support business as usual and gridlock. This bill is real change. This bill makes difficult and real spending cuts; it reduces the deficit; and it invests in families and children. By passing the plan, we are making the difficult decisions that should have been made years ago.

As a member of the Budget Committee, and as someone who has been involved in this process from the beginning, I am absolutely convinced that this plan is essential to revitalizing our stagnant economy. It contains four elements which are necessary to our economy: $496 billion of deficit reduction; significant short-term spending cuts; tax fairness; and investment in our children and families.

Certainly raising taxes is one of the hardest parts of the deficit reduction plan. But for the last 12 years, Mr. Speaker, the wealthiest Americans became richer, while most Americans got poorer. We are now acting to make our tax system fair and progressive. Seventy percent of all the new taxes will fall on families with incomes over $200,000.

As a member of the progressive caucus, the Democratic freshmen caucus, and the women's caucus, I strongly support the inclusion of programs in the economic package that assist working families and children. These programs that invest in people will save us money in the long run. I am talking about programs like the Mickey Leland Hunger Program, childhood immunization funding, programs that assist families at risk, and the earned income tax credit. In the district I represent, Marin and Sonoma Counties in California, over 33,000 working families will receive the earned income tax credit—helping to ensure that our working families do not live in poverty.

Mr. Speaker, today we have two options: We can do nothing, support the status quo, and let the deficit continue to rise, or we can pass this plan, get the economy moving again, and get on with the business of this Nation. I urge my colleagues to vote for the President's economic plan.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from California [Mr. ROHRABACHER], a member of the committee.

Mr. ROHRABACHER. Mr. Speaker, during the last election the Democrat Presidential candidate promised, No. 1, a $400 middle-class tax cut; No. 2, not to touch Social Security; No. 3, not to increase the gas tax. No one is being fooled by fancy charts and carefully worded assertions that only those making over $180,000 are going to pay more taxes.

Eleven thousand Social Security recipients in my district who do not make $180,000 will know they are paying higher taxes. Working people in southern California, and elsewhere, who have to drive long distances to

work will know they are paying higher taxes every time they go to the pump.

Right now they know they have been lied to and they know that except for defense, the so-called cuts in this bill are phony, and adding insult to injury, some of these taxes are being hinked retroactively. Maybe we should make the next election retroactive as well. The next election is soon enough for revenge about being lied to, but it will not be soon enough for our economy, to prevent the recession that is going to be created by this bill, especially the hurt that is going to be on those people who are unemployed. They are taxed at 100 percent, because they are going to be taxed out of their jobs.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I heard gridlock. I would say to the Members on the other side of the aisle, they have 38 votes in the House, a 12-vote majority in the Senate. If this bill is so great, how can we gridlock it?

I understand that the gentleman from Arizona in the other body has had a couple of arms broken. If the bill is so good, why do they have to fight their own people to pass it?

□ 1720

Second, in 1990 only 33 Republicans voted with President Bush to increase taxes. Why did the rest not? Because they do not believe spending cuts will come.

I heard Members say yes, there are spending cuts; 80 percent of those come after 1996. The rest are out of Defense, which will cost California over 2 million jobs.

Mr. GILMAN. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from Colorado [Mr. ALLARD].

Mr. ALLARD. Mr. Speaker, I rise in opposition of the Omnibus Budget Reconciliation Act of 1993.

It's a plan that I am unable to support because of several reasons. First, this proposal increases the size of the Federal Government. Second, it calls for the largest tax increase in the history of America. Third, the majority of spending cuts that are included in this plan do not take effect until 5 years down the road. Finally, under this plan the deficit does not go down; instead it continues to grow and the rate of Government spending continues to grow as well.

I believe in the ability of the private sector to provide new jobs, to stimulate growth in our economy and to prudently invest and provide for a better tomorrow. Unlike the government, the private sector has the ability to live within its means. Because of several components in the President's plan the private sector is going to be crowded out and its growth will be substantially slowed only to give way to the rapid growth of Government. Conservative estimates by various private economic forecasting firms have indicated that more than 700,000 jobs could be lost as a result of the fiscal drag of the Clinton tax increases, even with an accommodating Federal Reserve. It is simple to figure out—those who support this bill are in favor of more Government.

Unfortunately, increasing the size of Government necessitates more spending. That's why the President felt it necessary to propose the largest tax increase in the history of America. What other reason would there be to ask for the tax increase of $255 billion? Every citizen in this Nation will feel the effects of this tax increase in one way or another. The 4.3-cents-a-gallon gas tax is particularly troubling to me because of the rural makeup of my district.

The President falsely claims that the tax increases will go to reducing the deficit. However, as he admits, over the 5 years of the plan the deficit does not go down, instead it increases. If the President is so confident that his plan will succeed in reducing the deficit in the short run, then why has he not released the quarterly economic report as is required by the law? I would suggest that he realizes that his plan is going to fall well short of his goal. Moreover, he will take the credit for the favorable performance of our economy over the past quarter and adjust the proposed cuts accordingly.

To my colleagues I am going to make a prediction—the majority of the cuts that are included in this plan will not see the light of day because they are not scheduled to take effect until the fifth year of the plan. Very similar to the budget deal of 1990 when all the significant cuts were supposed to occur in the outyears but as everyone in this Chamber knows they never occurred. Again, I suggest the taxes in this plan are real while the cuts are not. Higher taxes, bigger Government, increased spending, larger deficits.

In summary, this plan has a fatal flaw—it does not reduce the deficit. Using the Congressional Budget Office baseline, the total spending continues to rise under this plan. Total spending currently stands at $1.4 trillion—in 1998 it will top $1.84 trillion. What this shows is that spending cuts or spending reductions are nothing more than reductions in the increase in Federal spending. Moreover, under the Clinton budget the national debt continues to increase by $1.82 trillion, which averages out to $1 billion of new debt every day over the next 5 years. I am also convinced that this plan will increase the rate that government spends and obligates funds. Remember, the tax increases are immediate and the cuts are delayed.

In closing, I stand in firm opposition to this plan. It is my hope that it will be defeated so that we, in a bipartisan manner, can construct a plan that cuts spending first and actually reduces the deficit and ultimately contributes to paying off the debt of our Nation.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 30 seconds to the gentlewoman from Nevada [Mrs. VUCANOVICH].

Mrs. VUCANOVICH. Mr. Speaker, correct me if I am wrong, but didn't I hear, during last year's Presidential campaign, Bill Clinton promise the people of this country a middle class tax cut? What happened? Make no mistake about it, he has delivered a tax hike to the middle class. His promise has soured into one of the largest tax increases in American history.

To make matters worse, the tax hikes are retroactive to January 1, 1993, while his elusive spending cuts do not trigger until 1996, after the next Presidential election, if then.

So, Mr. Speaker, for the next 4 years the taxpayers of this country will be paying increased taxes to foot the bill for increased Government spending. It is clear the President and the Democrats are living up to their favorite slogan: Tax and spend.

Nevada is known for its gambling. And, in fact, many Nevadans took a chance and voted for Mr. Clinton. They lost.

They also wagered on change but they did not know it was all going to come out of their pockets every time they pulled up at a gas pump.

The gas tax will hit my State of Nevada hard. A motor fuel tax increase will cost the typical Nevada motorist 80 percent more than a New Yorker. Nevada drivers will be paying a total of 42.4 cents per gallon in State and Federal taxes at the gas pump. It is especially hard on seniors and rural Nevadans and it will have a negative impact on tourism in our State.

On another note, Mr. Speaker, what effect will this plan have on a restaurant worker in Nevada? He or she very well might lose their job. The service industry includes more than 210,000 employees in Nevada. Under this plan there will be 4,584 fewer employees because of the change in the deductibility of business entertainment.

Nevada's seniors did not expect the lever on the voting machine to turn into a one-armed bandit robbing their Social Security retirement with increased taxes. In addition, one of Mr. Clinton's so-called cuts comes on the backs of military and Federal retirees. This bill delays their COLA by 3 months in 1994 and for 9 months in fiscal years 1995 thru 1998. Why pick on retirees?

Mr. Speaker, we all want deficit reduction but this is not the time to roll the dice on the economy and gamble on new taxes. It is time to cut our losses on a lot of unnecessary Government spending.

Democrats are the high rollers in this game, and they have the votes to stop the spin of the roulette wheel.

Mr. ENGEL. Mr. Speaker, I yield our remaining 1 minute to the gentleman from Connecticut [Mr. GEJDENSON], a subcommittee chairman.

Mr. GEJDENSON. Mr. Speaker, history here is clear. Under the Bush and Reagan administrations, the budget presented by a Republican President, we quadrupled the national debt.

Now no one is surprised that every Member of the Republican Party is in opposition to this proposal. There is no proposal that the Republicans in this House would vote for that responsibly deals with the deficit. They have tried cuts, they have tried tax cuts for the wealthiest 1 percent for over a decade, and our deficit has done nothing but quadruple.

Now we have a tough choice to make. We have to undo the damage that was wrought on this country by supply-side economics. And they are correct; the solution is not an easy one. But I submit we got here following easy solutions that were going to solve the deficit overnight. This will not reconstruct our economy by itself. We need to invest in conversion, in deficit reduction, we need to help stimulate new jobs, and we need to invest in infrastructure. But this is a start, and it is a start we will make without Republican votes.

The SPEAKER pro tempore (Mr. MURTHA). All time of the Committee on Foreign Affairs has expired.

The Chair now recognizes the Committee on the Judiciary. The gentleman from Texas [Mr. BROOKS] will be recognized for 10 minutes and the gentleman from Minnesota [Mr. RAMSTAD] will be recognized for 10 minutes.

The Chair recognizes the gentleman from Texas [Mr. BROOKS].

Mr. BROOKS. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, when we reduce the deficit, we reduce the Treasury's borrowing demands. This reduces interest rates and makes it easier for businesses and homebuyers to borrow and invest. Because interest rates are influenced by investor anticipations, they already reflect anticipated effects of the passage of this deficit reduction conference agreement. If we fail to pass it, interest rates would start to rise again—particularly the long-term rates that are most important for business and homebuyers.

Interest rates on the Treasury's 30-year bonds have dropped from 7.63 percent just before the November 1992 election to 6.54 percent on Wednesday, August 4. Rates charged to private borrowers have dropped in line with Treasury rates; 30-year conventional mortgages, for example, are down from 8.21 percent at the end of October 1992 to 7.25 percent at the end of July 1993. Federal Reserve Chairman Greenspan testified to the Congress on July 20 that:

> In my judgment, the issue of expected credible deficit reduction at the end of this process is the major factor producing the decline in rates and is a major factor in the support of economic activity.

Major businesses throughout this country have refinanced billions of dollars' worth of long-term debt, saving hundreds of millions of dollars for those corporations, and 3¼ million Americans refinanced their mortgage loans totaling 445 billion dollars' worth of paper. This year in 6 months, 1.5 million American homeowners have been able to refinance their homes, totaling 225 billion dollars' worth of paper.

They are refinancing mortgages at a record rate, freeing up income for other purposes. A family refinancing a 10-percent mortgage today could save $2,100 a year, almost $200 a month, by refinancing, of which more than a third reflects the improvement in interest rates just since the election. That makes a big difference in those household budgets.

In the second quarter, sales of existing homes rose 2.9 percent, sales of new homes, 10.2 percent, and housing starts, 6.9 percent. In its survey of economic conditions, the Federal Reserve found that residential construction and real estate activity remained strong in most districts.

Business investment spending—the foundation for higher productivity and real wages—rose at a 13.3-percent rate in the second quarter.

New orders for durable goods rose 3.8 percent in June.

Business failures so far this year are at 11 percent below a year earlier, the first decline since 1989.

Mr. Speaker, if we are concerned about our economic destiny, we will vote in favor of this conference agreement.

Mr. Speaker, I reserve the balance of my time.

Mr. RAMSTAD. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, as a member of the Judiciary Committee, I want to convey to the Members of this House the willingness of ranking Republican HAMILTON FISH and other Republicans on this panel to work with our colleagues for a package that would truly reduce the deficit—unlike the bill before us today.

As a member of the Judiciary Committee, I am also compelled to bring an important constitutional issue to my colleagues' attention.

When we took the oath of office last January, we swore to uphold the Constitution.

But we cannot remain true to our solemn pledge if we vote for the retroactive tax increases in this bill.

I urge my colleagues to pick up a copy of the Constitution and turn to article 1, section 9, clause 3.

As we all know, article 1 sets forth the powers and the limitations of the legislative branch of the Federal Government. The Constitution says, and I quote: "No * * * ex post facto Law shall be passed."

If you look in Webster's Dictionary, you will find that the synonym for "ex post facto" is "retroactive."

Mr. Speaker, retroactive tax increases in this bill fly in the face of the Constitution.

Despite the clear language in the Constitution, my colleagues on the other side of the aisle will argue that courts have permitted some retroactive taxes.

While that's true, there is a major catch that they won't bother to tell you: The due process clause of the fifth amendment requires prior notice to taxpayers.

Mr. Speaker, in order for these retroactive tax increases to be constitutional, Americans must have had notification on January 1 that Uncle Sam was considering taking a bigger bite out of their paychecks.

As we all know, this notice did not occur. In fact, at that time, Americans were still being promised a middle-income tax cut!

According to the Congressional Research Service, due process requires that notice of a retroactive tax must be in writing.

Under the CRS test, April 8—the day the budget was actually introduced—would be the earliest possible date that effective notice could have been given to the American taxpayers. These retroactive tax increases are bad politics and bad economics—and they're also unconstitutional and unfair.

Taxpayers who've died since January 1, 1993 will incur greater tax liability for their heirs.

□ 1730

Those taxpayers still alive will find out that their money already earned, saved, or spent is now subject to retroactive taxation.

I urge my colleagues to say no to these unconstitutional retroactive tax increases.

CONFERENCE REPORT ON H.R. 2010, NATIONAL AND COMMUNITY SERVICE TRUST ACT OF 1993

Mr. FORD of Michigan submitted the following conference report and statement on the bill (H.R. 2010) to amend the National and Community Service Act of 1990 to establish a corporation for national service, enhance opportunities for national service, and provide national service educational awards to persons participating in such service, and for other purposes:

CONFERENCE REPORT (H. REPT. 103-219)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2010) to amend the National and Community Service Act of 1990 to establish a Corporation for National Service, enhance opportunities for national service, and provide national service educational awards to persons participating in such service, 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 House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "National and Community Service Trust Act of 1993".

(b) TABLE OF CONTENTS.—The table of contents is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purpose.

TITLE I—PROGRAMS AND RELATED PROVISIONS

Subtitle A—Programs

Sec. 101. Federal investment in support of national service.
Sec. 102. National Service Trust and provision of national service educational awards.
Sec. 103. School-based and community-based service-learning programs.
Sec. 104. Quality and innovation activities.
Sec. 105. Public Lands Corps.
Sec. 106. Urban Youth Corps.

Subtitle B—Related Provisions

Sec. 111. Definitions.
Sec. 112. Authority to make State grants.
Sec. 113. Family and medical leave.
Sec. 114. Reports.
Sec. 115. Nondiscrimination.
Sec. 116. Notice, hearing, and grievance procedures.
Sec. 117. Nondisplacement.
Sec. 118. Evaluation.
Sec. 119. Engagement of participants.
Sec. 120. Contingent extension.
Sec. 121. Audits.
Sec. 122. Repeals.
Sec. 123. Effective date.

TITLE II—ORGANIZATION

Sec. 201. State Commissions on National and Community Service.
Sec. 202. Interim authorities of the Corporation for National and Community Service and ACTION Agency.
Sec. 203. Final authorities of the Corporation for National and Community Service.
Sec. 204. Business plan.
Sec. 205. Actions under the national service laws to be subject to the availability of appropriations.

TITLE III—REAUTHORIZATION

Subtitle A—National and Community Service Act of 1990

Sec. 301. Authorization of appropriations.

Subtitle B—Domestic Volunteer Service Act of 1973

Sec. 311. Short title; references.

CHAPTER 1—VISTA AND OTHER ANTI-POVERTY PROGRAMS

Sec. 321. Purpose of the VISTA program.
Sec. 322. Assistant director for VISTA program.
Sec. 323. Selection and assignment of VISTA volunteers.
Sec. 324. Terms and periods of service.
Sec. 325. Support for VISTA volunteers.
Sec. 326. Participation of younger and older persons.
Sec. 327. Literacy activities.
Sec. 328. Applications for assistance.
Sec. 329. Repeal of authority for student community service programs.
Sec. 330. University Year for VISTA.
Sec. 331. Authority to establish and operate special volunteer and demonstration programs.
Sec. 332. Technical and financial assistance.
Sec. 333. Elimination of separate authority for drug abuse programs.

CHAPTER 2—NATIONAL SENIOR VOLUNTEER CORPS

Sec. 341. National Senior Volunteer Corps.
Sec. 342. The Retired and Senior Volunteer Program.
Sec. 343. Operation of the Retired and Senior Volunteer Program.
Sec. 344. Services under the Foster Grandparent Program.
Sec. 345. Stipends for low-income volunteers.
Sec. 346. Conditions of grants and contracts.
Sec. 347. Evaluation of the Senior Companion Program.
Sec. 348. Agreements with other Federal agencies.
Sec. 349. Programs of national significance.
Sec. 350. Adjustments to Federal financial assistance.
Sec. 351. Demonstration programs.

CHAPTER 3—ADMINISTRATION

Sec. 361. Purpose of agency.
Sec. 362. Authority of the Director.
Sec. 363. Political activities.
Sec. 364. Compensation for volunteers.
Sec. 365. Repeal of report.
Sec. 366. Application of Federal law.
Sec. 367. Nondiscrimination provisions.
Sec. 368. Elimination of separate requirements for setting regulations.
Sec. 369. Clarification of role of Inspector General.
Sec. 370. Copyright protection.
Sec. 371. Deposit requirement credit for service as a volunteer.

CHAPTER 4—AUTHORIZATION OF APPROPRIATIONS AND OTHER AMENDMENTS

Sec. 381. Authorization of appropriations for title I.
Sec. 382. Authorization of appropriations for title II.
Sec. 383. Authorization of appropriations for title IV.
Sec. 384. Conforming amendments; compensation for VISTA FECA claimants.
Sec. 385. Repeal of authority.

CHAPTER 5—GENERAL PROVISIONS

Sec. 391. Technical and conforming amendments.
Sec. 392. Effective date.

TITLE IV—TECHNICAL AND CONFORMING AMENDMENTS

Sec. 401. Definitions.
Sec. 402. References to the Commission on National and Community Service.
Sec. 403. References to Directors of the Commission on National and Community Service.
Sec. 404. Definition of Director.
Sec. 405. References to ACTION and the ACTION Agency.
Sec. 406. Effective date.

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501. Compliance with Buy American Act.
Sec. 502. Sense of Congress; requirement regarding notice.
Sec. 503. Prohibition of contracts with persons falsely labeling products as made in America.

SEC. 2. FINDINGS AND PURPOSE.

(a) IN GENERAL.—Section 2 of the National and Community Service Act of 1990 (42 U.S.C. 12501) is amended to read as follows:

"SEC. 2. FINDINGS AND PURPOSE.

"(a) FINDINGS.—The Congress finds the following:

"(1) Throughout the United States, there are pressing unmet human, educational, environmental, and public safety needs.

"(2) Americans desire to affirm common responsibilities and shared values, and join together in positive experiences, that transcend race, religion, gender, age, disability, region, income, and education.

"(3) The rising costs of postsecondary education are putting higher education out of reach for an increasing number of citizens.

"(4) Americans of all ages can improve their communities and become better citizens through service to the United States.

"(5) Nonprofit organizations, local governments, States, and the Federal Government are already supporting a wide variety of national service programs that deliver needed services in a cost-effective manner.

"(6) Residents of low-income communities, especially youth and young adults, can be empowered through their service, and can help provide future community leadership.

"(b) PURPOSE.—It is the purpose of this Act to—

"(1) meet the unmet human, educational, environmental, and public safety needs of the United States, without displacing existing workers;

"(2) renew the ethic of civic responsibility and the spirit of community throughout the United States;

"(3) expand educational opportunity by rewarding individuals who participate in national service with an increased ability to pursue higher education or job training;

"(4) encourage citizens of the United States, regardless of age, income, or disability, to engage in full-time or part-time national service;

"(5) reinvent government to eliminate duplication, support locally established initiatives, require measurable goals for performance, and offer flexibility in meeting those goals;

"(6) expand and strengthen existing service programs with demonstrated experience in providing structured service opportunities with visible benefits to the participants and community;

"(7) build on the existing organizational service infrastructure of Federal, State, and local programs and agencies to expand full-time and part-time service opportunities for all citizens; and

"(8) provide tangible benefits to the communities in which national service is performed.".

(b) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101-610; 104 Stat. 3127) is amended by striking the item relating to section 2 and inserting the following new item:

"Sec. 2. Findings and purpose.".

TITLE I—PROGRAMS AND RELATED PROVISIONS

Subtitle A—Programs

SEC. 101. FEDERAL INVESTMENT IN SUPPORT OF NATIONAL SERVICE.

(a) TRANSFER OF EXISTING SUBTITLE.—Title I of the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.) is amended—

(1) by redesignating subtitle C (42 U.S.C. 12541 et seq.) as subtitle I;

(2) by inserting subtitle I (as redesignated by paragraph (1) of this subsection) after subtitle H; and

(3) by redesignating sections 120 through 136 as sections 199 through 199O, respectively.

(b) ASSISTANCE PROGRAM AUTHORIZED.—Title I of the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.) is amended by inserting after subtitle B the following new subtitle:

"Subtitle C—National Service Trust Program

"PART I—INVESTMENT IN NATIONAL SERVICE

"SEC. 121. AUTHORITY TO PROVIDE ASSISTANCE AND APPROVED NATIONAL SERVICE POSITIONS.

"(a) PROVISION OF ASSISTANCE.—Subject to the availability of appropriations for this purpose, the Corporation for National and Community Service may make grants to States, subdivisions of States, Indian tribes, public or private nonprofit organizations, and institutions of higher education for the purpose of assisting the recipients of the grants—

"(1) to carry out full- or part-time national service programs, including summer programs, described in section 122(a); and

"(2) to make grants in support of other national service programs described in section 122(a) that are carried out by other entities.

"(b) AGREEMENTS WITH FEDERAL AGENCIES.—

"(1) AGREEMENTS AUTHORIZED.—The Corporation may enter into a contract or cooperative agreement with another Federal agency to support a national service program carried out by the agency. The support provided by the Corporation pursuant to the contract or cooperative agreement may include the transfer to the Federal agency of funds available to the Corporation under this subtitle.

"(2) MATCHING FUNDS REQUIREMENTS.—A Federal agency receiving assistance under this subsection shall not be required to satisfy the matching funds requirements specified in subsection (e). However, the supplementation requirements specified in section 173 shall apply with respect to the Federal national service programs supported with such assistance.

"(3) CONSULTATION WITH STATE COMMISSIONS.—A Federal agency receiving assistance under this subsection shall consult with the State Commissions for those States in which projects will be conducted using such assistance in order to ensure that the projects do not duplicate projects conducted by State or local national service programs.

"(4) SUPPORT FOR OTHER NATIONAL SERVICE PROGRAMS.—A Federal agency that enters into a contract or cooperative agreement under paragraph (1) shall, in an appropriate case, enter into a contract or cooperative agreement with an entity that is carrying out a national service program in a State that is in existence in the State as of the date of the contract or cooperative agreement and is of high quality, in order to support the national service program.

"(c) PROVISION OF APPROVED NATIONAL SERVICE POSITIONS.—As part of the provision of assistance under subsections (a) and (b), the Corporation shall—

"(1) approve the provision of national service educational awards described in subtitle D for the participants who serve in national service programs carried out using such assistance; and

"(2) deposit in the National Service Trust established in section 145(a) an amount equal to the product of—

"(A) the value of a national service educational award under section 147; and

"(B) the total number of approved national service positions to be provided.

"(d) FIVE PERCENT LIMITATION ON ADMINISTRATIVE COSTS.—

"(1) LIMITATION.—Not more than 5 percent of the amount of assistance provided to the original recipient of a grant or transfer of assistance under subsection (a) or (b) for a fiscal year may be used to pay for administrative costs incurred by—

"(A) the recipient of the assistance; and

"(B) national service programs carried out or supported with the assistance.

"(2) RULES ON USE.—The Corporation may by rule prescribe the manner and extent to which—

"(A) assistance provided under subsection (a) or (b) may be used to cover administrative costs; and

"(B) that portion of the assistance available to cover administrative costs should be distributed between—

"(i) the original recipient of the grant or transfer of assistance under such subsection; and

"(ii) national service programs carried out or supported with the assistance.

"(e) MATCHING FUNDS REQUIREMENTS.—

"(1) REQUIREMENTS.—Except as provided in section 140, the Federal share of the cost of carrying out a national service program that receives the assistance under subsection (a), whether the assistance is provided directly or as a subgrant from the original recipient of the assistance, may not exceed 75 percent of such cost.

"(2) CALCULATION.—In providing for the remaining share of the cost of carrying out a national service program, the program—

"(A) shall provide for such share through a payment in cash or in kind, fairly evaluated, including facilities, equipment, or services; and

"(B) may provide for such share through State sources, local sources, or other Federal sources (other than the use of funds made available under the national service laws).

"(3) COST OF HEALTH CARE.—In providing a payment in cash under paragraph (2)(A) as part of providing for the remaining share of the cost of carrying out a national service program, the program may count not more than 85 percent of the cost of providing a health care policy described in section 140(d)(2) toward such share.

"(4) WAIVER.—The Corporation may waive in whole or in part the requirements of paragraph (1) with respect to a national service program in any fiscal year if the Corporation determines that such a waiver would be equitable due to a lack of available financial resources at the local level.

"SEC. 122. TYPES OF NATIONAL SERVICE PROGRAMS ELIGIBLE FOR PROGRAM ASSISTANCE.

"(a) ELIGIBLE NATIONAL SERVICE PROGRAMS.—The recipient of a grant under section 121(a) and each Federal agency receiving assistance under section 121(b) shall use the assistance, directly or through subgrants to other entities, to carry out full- or part-time national service programs, including summer programs, that address unmet human, educational, environmental, or public safety needs. Subject to subsection (b)(1), these national service programs may include the following types of national service programs:

"(1) A community corps program that meets unmet human, educational, environmental, or public safety needs and promotes greater community unity through the use of organized teams of participants of varied social and economic backgrounds, skill levels, physical and developmental capabilities, ages, ethnic backgrounds, or genders.

"(2) A full-time, year-round youth corps program or full-time summer youth corps program, such as a conservation corps or youth service corps (including youth corps programs under subtitle I, the Public Lands Corps established under the Public Lands Corps Act of 1993, the Urban Youth Corps established under section 106 of the National and Community Service Trust Act of 1993, and other conservation corps or youth service corps that performs service on Federal or other public lands or on Indian lands or Hawaiian home lands), that—

"(A) undertakes meaningful service projects with visible public benefits, including natural resource, urban renovation, or human services projects;

"(B) includes as participants youths and young adults between the ages of 16 and 25, inclusive, including out-of-school youths and other disadvantaged youths (such as youths with limited basic skills, youths in foster care who are becoming too old for foster care, youths of limited-English proficiency, homeless youths, and youths who are individuals with disabilities) who are between those ages; and

"(C) provides those participants who are youths and young adults with—

"(i) crew-based, highly structured, and adult-supervised work experience, life skills, education, career guidance and counseling, employment training, and support services; and

"(ii) the opportunity to develop citizenship values and skills through service to their community and the United States.

"(3) A program that provides specialized training to individuals in service-learning and places the individuals after such training in positions, including positions as service-learning coordinators, to facilitate service-learning in programs eligible for funding under part I of subtitle B.

"(4) A service program that is targeted at specific unmet human, educational, environmental, or public safety needs and that—

"(A) recruits individuals with special skills or provides specialized preservice training to enable participants to be placed individually or in teams in positions in which the participants can meet such unmet needs; and

"(B) if consistent with the purposes of the program, brings participants together for additional training and other activities designed to foster civic responsibility, increase the skills of participants, and improve the quality of the service provided.

"(5) An individualized placement program that includes regular group activities, such as leadership training and special service projects.

"(6) A campus-based program that is designed to provide substantial service in a community during the school term and during summer or other vacation periods through the use of—

"(A) students who are attending an institution of higher education, including students participating in a work-study program assisted under part C of title IV of the Higher Education Act of 1965 (42 U.S.C. 2751 et seq.);

"(B) teams composed of such students; or

"(C) teams composed of a combination of such students and community residents.

"(7) A preprofessional training program in which students enrolled in an institution of higher education—

"(A) receive training in specified fields, which may include classes containing service-learning;

"(B) perform service related to such training outside the classroom during the school term and during summer or other vacation periods; and

"(C) agree to provide service upon graduation to meet unmet human, educational, environmental, or public safety needs related to such training.

"(8) A professional corps program that recruits and places qualified participants in positions—

"(A) as teachers, nurses and other health care providers, police officers, early childhood development staff, engineers, or other professionals providing service to meet educational, human, environmental, or public safety needs in communities with an inadequate number of such professionals;

"(B) that may include a salary in excess of the maximum living allowance authorized in subsection (a)(3) of section 140, as provided in subsection (c) of such section; and

"(C) that are sponsored by public or private nonprofit employers who agree to pay 100 percent of the salaries and benefits (other than any national service educational award under subtitle D) of the participants.

"(9) A program in which economically disadvantaged individuals who are between the ages of 16 and 24 years of age, inclusive, are provided with opportunities to perform service that, while enabling such individuals to obtain the education and employment skills necessary to achieve economic self-sufficiency, will help their communities meet—

"(A) the housing needs of low-income families and the homeless; and

"(B) the need for community facilities in low-income areas.

"(10) A national service entrepreneur program that identifies, recruits, and trains gifted young adults of all backgrounds and assists them in designing solutions to community problems.

"(11) An intergenerational program that combines students, out-of-school youths, and older adults as participants to provide needed community services, including an intergenerational component for other national service programs described in this subsection.

"(12) A program that is administered by a combination of nonprofit organizations located in a low-income area, provides a broad range of services to residents of such area, is governed by a board composed in significant part of low-income individuals, and is intended to provide opportunities for individuals or teams of individuals to engage in community projects in such area that meet unaddressed community and individual needs, including projects that would—

"(A) meet the needs of low-income children and youth aged 18 and younger, such as providing after-school 'safe-places', including schools, with opportunities for learning and recreation; or

"(B) be directed to other important unaddressed needs in such area.

"(13) A community service program designed to meet the needs of rural communities, using teams or individual placements to address the development needs of rural communities and to combat rural poverty, including health care, education, and job training.

"(14) A program that seeks to eliminate hunger in communities and rural areas through service in projects—

"(A) involving food banks, food pantries, and nonprofit organizations that provide food during emergencies;

"(B) involving the gleaning of prepared and unprepared food that would otherwise be discarded as unusable so that the usable portion of such food may be donated to food banks, food pantries, and other nonprofit organizations;

"(C) seeking to address the long-term causes of hunger through education and the delivery of appropriate services; or

"(D) providing training in basic health, nutrition, and life skills necessary to alleviate hunger in communities and rural areas.

"(15) Such other national service programs addressing unmet human, educational, environmental, or public safety needs as the Corporation may designate.

"(b) QUALIFICATION CRITERIA TO DETERMINE ELIGIBILITY.—

"(1) ESTABLISHMENT BY CORPORATION.—The Corporation shall establish qualification criteria for different types of national service programs for the purpose of determining whether a particular national service program should be considered to be a national service program eligible to receive assistance or approved national service positions under this subtitle.

"(2) CONSULTATION.—In establishing qualification criteria under paragraph (1), the Corporation shall consult with organizations and individuals with extensive experience in developing and administering effective national service programs or regarding the delivery of human, educational, environmental, or public safety services to communities or persons.

"(3) APPLICATION TO SUBGRANTS.—The qualification criteria established by the Corporation under paragraph (1) shall also be used by each recipient of assistance under section 121(a) that uses any portion of the assistance to conduct a grant program to support other national service programs.

"(4) ENCOURAGEMENT OF INTERGENERATIONAL COMPONENTS OF PROGRAMS.—The Corporation shall encourage national service programs eligible to receive assistance or approved national service positions under this subtitle to establish, if consistent with the purposes of the program, an intergenerational component of the program that combines students, out-of-school youths, and older adults as participants to provide services to address unmet human, educational, environmental, or public safety needs.

"(c) NATIONAL SERVICE PRIORITIES.—

"(1) ESTABLISHMENT.—

"(A) BY CORPORATION.—In order to concentrate national efforts on meeting certain unmet human, educational, environmental, or public safety needs and to achieve the other purposes of this Act, the Corporation shall establish, and after reviewing the strategic plan approved under section 192A(g)(1), periodically alter priorities as appropriate regarding the types of national service programs to be assisted under subsection (b) or (d) of section 129 and the purposes for which such assistance may be used.

"(B) BY STATES.—Consistent with paragraph (4), States shall establish, and through the national service plan process described in section 178(e)(1), periodically alter priorities as appropriate regarding the national service programs to be assisted under section 129(a)(1). The State priorities shall be subject to Corporation review as part of the application process under section 130.

"(2) NOTICE TO APPLICANTS.—The Corporation shall provide advance notice to potential applicants of any national service priorities to be in effect under this subsection for a fiscal year. The notice shall specifically include—

"(A) a description of any alteration made in the priorities since the previous notice; and

"(B) a description of the national service programs that are designated by the Corporation under section 133(d)(2) as eligible for priority consideration in the next competitive distribution of assistance under section 121(a).

"(3) REGULATIONS.—The Corporation shall by regulation establish procedures to ensure the equitable treatment of national service programs that—

"(A) receive funding under this subtitle for multiple years; and

"(B) would be adversely affected by annual revisions in such national service priorities.

"(4) APPLICATION TO SUBGRANTS.—Any national service priorities established by the Corporation under this subsection shall also be used by each recipient of funds under section 121(a) that uses any portion of the assistance to conduct a grant program to support other national service programs.

"SEC. 123. TYPES OF NATIONAL SERVICE POSITIONS ELIGIBLE FOR APPROVAL FOR NATIONAL SERVICE EDUCATIONAL AWARDS.

"The Corporation may approve of any of the following service positions as an approved national service position that includes the national service educational award described in subtitle D as one of the benefits to be provided for successful service in the position:

"(1) A position for a participant in a national service program described in section 122(a) that receives assistance under subsection (a) or (b) of section 121.

"(2) A position for a participant in a program that—

"(A) is carried out by a State, a subdivision of a State, an Indian tribe, a public or private nonprofit organization, an institution of higher education, or a Federal agency; and

"(B) would be eligible to receive assistance under section 121(a), based on criteria established by the Corporation, but has not applied for such assistance.

"(3) A position involving service as a VISTA volunteer under title I of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.).

"(4) A position facilitating service-learning in a program described in section 122(a)(3) that is eligible for assistance under part I of subtitle B.

"(5) A position for a participant in the Civilian Community Corps under subtitle E.

"(6) A position involving service as a crew leader in a youth corps program or a similar position supporting a national service program that receives an approved national service position.

"(7) Such other national service positions as the Corporation considers to be appropriate.

"SEC. 124. TYPES OF PROGRAM ASSISTANCE.

"(a) PLANNING ASSISTANCE.—The Corporation may provide assistance under section 121 to a qualified applicant that submits an application under section 130 for the planning of a national service program. Assistance provided in accordance with this subsection may cover a period of not more than 1 year.

"(b) OPERATIONAL ASSISTANCE.—The Corporation may provide assistance under section 121 to a qualified applicant that submits an application under section 130 for the establishment, operation, or expansion of a national service program. Assistance provided in accordance with this subsection may cover a period of not more than 3 years, but may be renewed by the Corporation upon consideration of a new application under section 130.

"(c) REPLICATION ASSISTANCE.—The Corporation may provide assistance under section 121 to a qualified applicant that submits an application under section 130 for the expansion of a proven national service program to another geographical location. Assistance provided in accordance with this subsection may cover a period of not more than 3 years, but may be renewed by the Corporation upon consideration of a new application under section 130.

"(d) APPLICATION TO SUBGRANTS.—The requirements of this section shall apply to any State or other applicant receiving assistance under section 121 that proposes to conduct a grant program using the assistance to support other national service programs.

"SEC. 125. TRAINING AND TECHNICAL ASSISTANCE.

"(a) TRAINING PROGRAMS.—The Corporation may conduct, directly or by grant or contract, appropriate training programs regarding national service in order to—

"(1) improve the ability of national service programs assisted under section 121 to meet human, educational, environmental, or public safety needs in communities—

"(A) where services are needed most; and

"(B) where programs do not exist, or are too limited to meet community needs, as of the date on which the Corporation makes the grant or enters into the contract;

"(2) promote leadership development in such programs;

"(3) improve the instructional and programmatic quality of such programs to build an ethic of civic responsibility;

"(4) develop the management and budgetary skills of program operators;

"(5) provide for or improve the training provided to the participants in such programs; and

"(6) encourage national service programs to adhere to risk management procedures, including the training of participants in appropriate risk management practices.

"(b) TECHNICAL ASSISTANCE.—To the extent appropriate and necessary, the Corporation shall make technical assistance available to States, Indian tribes, labor organizations, organizations operated by young adults, organizations serving economically disadvantaged individuals, and other entities described in section 121 that desire—

"(1) to develop national service programs; or

"(2) to apply for assistance under such section or under a grant program conducted using assistance provided under such section.

"SEC. 126. OTHER SPECIAL ASSISTANCE.

"(a) SUPPORT FOR STATE COMMISSIONS.—

"(1) GRANTS AUTHORIZED.—From amounts appropriated for a fiscal year pursuant to the authorization of appropriation in section 501(a)(4),

the Corporation may make a grant in an amount between $125,000 and $750,000 to a State to assist the State to establish or operate the State Commission on National and Community Service required to be established by the State under section 178.

"(2) LIMITATION ON AMOUNT OF GRANTS.—Notwithstanding the amounts specified in paragraph (1), the amount of a grant that may be provided to a State Commission under this subsection, together with other Federal funds available to establish or operate the State Commission, may not exceed—

"(A) 85 percent of the total cost to establish or operate the State Commission for the first year for which the State Commission receives assistance under this subsection; and

"(B) such smaller percentage of such cost as the Corporation may establish for the second, third, and fourth years of such assistance in order to ensure that the Federal share does not exceed 50 percent of such costs for the fifth year, and any subsequent year, for which the State Commission receives assistance under this subsection.

"(b) DISASTER SERVICE.—The Corporation may undertake activities, including activities carried out through part A of title I of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.), to involve in disaster relief efforts youth corps programs described in section 122(a)(2) and other programs that receive assistance under the national service laws.

"(c) CHALLENGE GRANTS FOR NATIONAL SERVICE PROGRAMS.—

"(1) ASSISTANCE AUTHORIZED.—The Corporation may make challenge grants under this subsection to national service programs that receive assistance under section 121.

"(2) SELECTION CRITERIA.—The Corporation shall develop criteria for the selection of recipients of challenge grants under this subsection, so as to make the grants widely available to a variety of programs that—

"(A) are high-quality national service programs; and

"(B) are carried out by entities with demonstrated experience in establishing and implementing projects that provide benefits to participants and communities.

"(3) AMOUNT OF ASSISTANCE.—A challenge grant under this subsection may provide not more than $1 of assistance under this subsection for each $1 in cash raised by the national service program from private sources in excess of amounts required to be provided by the program to satisfy matching funds requirements under section 121(e). The Corporation shall establish a ceiling on the amount of assistance that may be provided to a national service program under this subsection.

"PART II—APPLICATION AND APPROVAL PROCESS

"SEC. 129. PROVISION OF ASSISTANCE AND APPROVED NATIONAL SERVICE POSITIONS BY COMPETITIVE AND OTHER MEANS.

"(a) ALLOTMENTS OF ASSISTANCE AND APPROVED POSITIONS TO STATES AND INDIAN TRIBES.—

"(1) 33⅓ PERCENT ALLOTMENT OF ASSISTANCE TO CERTAIN STATES.—Of the funds allocated by the Corporation for provision of assistance under subsections (a) and (b) of section 121 for a fiscal year, the Corporation shall make a grant under section 121(a) (and a corresponding allotment of approved national service positions) to each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico that has an application approved by the Corporation under section 133. The amount allotted as a grant to each such State under this paragraph for a fiscal year shall be equal to the amount that bears the same ratio to 33⅓ percent of the allocated funds for that fiscal year as the population of the State bears to the total population of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

"(2) ONE PERCENT ALLOTMENT FOR CERTAIN TERRITORIES AND POSSESSIONS.—Of the funds allocated by the Corporation for provision of assistance under subsections (a) and (b) of section 121 for a fiscal year, the Corporation shall reserve 1 percent of the allocated funds for grants under section 121(a) to the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands upon approval of an application by the Corporation under section 133. Palau shall also be eligible for a grant under this paragraph from the allotment until such time as the Compact of Free Association with Palau is ratified. The amount allotted as a grant to each such territory or possession under this paragraph for a fiscal year shall be equal to the amount that bears the same ratio to 1 percent of the allocated funds for that fiscal year as the population of the territory or possession bears to the total population of such territories and possessions.

"(3) ONE PERCENT ALLOTMENT FOR INDIAN TRIBES.—Of the funds allocated by the Corporation for provision of assistance under subsections (a) and (b) of section 121 for a fiscal year, the Corporation shall reserve 1 percent of the allocated funds for grants under section 121(a) to Indian tribes, to be allotted by the Corporation on a competitive basis in accordance with their respective needs.

"(4) EFFECT OF FAILURE TO APPLY.—If a State or Indian tribe fails to apply for, or fails to give notice to the Corporation of its intent to apply for, an allotment under this subsection, the Corporation shall use the amount that would have been allotted under this subsection to the State or Indian tribe—

"(A) to make grants (and provide approved national service positions in connection with such grants) to other eligible entities under section 121 that propose to carry out national service programs in the State or on behalf of the Indian tribe; and

"(B) after making grants under subparagraph (A), to make a reallotment to other States and Indian tribes with approved applications under section 130.

"(b) RESERVATION OF APPROVED POSITIONS.—The Corporation shall ensure that each individual selected during a fiscal year for assignment as a VISTA volunteer under title I of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or as a participant in the Civilian Community Corps Demonstration Program under subtitle E shall receive the national service educational award described in subtitle D if the individual satisfies the eligibility requirements for the award. Funds for approved national service positions required by this paragraph for a fiscal year shall be deducted from the total funding for approved national service positions to be available for distribution under subsections (a) and (d) for that fiscal year.

"(c) RESERVATION FOR SPECIAL ASSISTANCE.—From amounts appropriated for a fiscal year pursuant to the authorization of appropriation in section 501(a)(2), and subject to the limitation in such section, the Corporation may reserve such amount as the Corporation considers to be appropriate for the purpose of making assistance available under sections 125 and 126. The Corporation may not reserve more than $10,000,000 for a fiscal year for disaster service under subsection (b) of section 126 or challenge grants under subsection (c) of such section.

"(d) COMPETITIVE DISTRIBUTION OF REMAINING FUNDS.—

"(1) STATE COMPETITION.—Of the funds allocated by the Corporation for provision of assistance under subsections (a) and (b) of section 121 for a fiscal year, the Corporation shall use not less than 33⅓ percent of the allocated funds to make grants to States on a competitive basis under section 121(a).

"(2) FEDERAL AGENCIES AND OTHER APPLICANTS.—The Corporation shall distribute on a competitive basis to subdivisions of States, Indian tribes, public or private nonprofit organizations (including labor organizations), institutions of higher education, and Federal agencies the remainder of the funds allocated by the Corporation for provision of assistance under section 121 for a fiscal year, after operation of paragraph (1) and subsections (a) and (c).

"(3) LIMITATION ON DISTRIBUTION TO FEDERAL AGENCIES.—The Corporation may not provide more than ⅓ of the funds available for competitive distribution under paragraph (2) for a fiscal year to Federal agencies under section 121(b).

"(4) PRIORITY LIMITATIONS.—The Corporation may limit the categories of eligible applicants for assistance under paragraph (2) consistent with the priorities established by the Corporation under section 133(d)(2).

"(5) RESERVATION OF FUNDS FOR SUPPLEMENTAL AND OUTREACH GRANTS.—

"(A) RESERVATION.—From amounts appropriated for a fiscal year pursuant to the authorization of appropriation in section 501(a)(2), and subject to the limitation in such section, the Chief Executive Officer shall reserve an amount that is not less than 1 percent of such amounts (except that the amount reserved may not exceed $5,000,000), in order to make supplemental grants as provided in subparagraph (B) and outreach grants as provided in subparagraph (C). The amount reserved pursuant to this paragraph shall be available until expended.

"(B) GRANTS TO ASSIST ENTITIES IN PLACING APPLICANTS WHO ARE INDIVIDUALS WITH A DISABILITY.—

"(i) IN GENERAL.—The Chief Executive Officer shall make grants from a portion of the funds reserved under subparagraph (A) to entities that—

"(I) receive a grant to carry out a national service program under paragraph (1) or (2);

"(II) demonstrate that the entity has received a substantial number of applications for placement in the national service program of persons who are individuals with a disability and who require a reasonable accommodation (as defined in section 101(9) of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111(9))), or auxiliary aids and services (as defined in section 3(1) of such Act (42 U.S.C. 12102(1))), in order to perform national service; and

"(III) demonstrate that additional funding would assist the national service program in placing a substantial number of such individuals with a disability as participants in projects carried out through the program.

"(ii) REQUIREMENTS.—Funds made available through such a supplemental grant under clause (i) shall be made available for the same purposes, and subject to the same requirements, as funds made available through a grant made under paragraph (1) or (2).

"(C) GRANTS FOR OUTREACH TO INDIVIDUALS WITH A DISABILITY.—

"(i) IN GENERAL.—From the portion of the funds reserved under subparagraph (A) that is not used to make grants under subparagraph (B), the Chief Executive Officer shall make grants to public or private nonprofit organizations to pay for the Federal share described in section 121(e) of—

"(I) providing information about the programs specified in section 193A(d)(10) to such individuals with a disability who desire to perform national service; and

"(II) enabling the individuals to participate in activities carried out through such programs, which may include assisting the placement of

the individuals in approved national service positions.

"(ii) APPLICATION.—To be eligible to receive a grant under this subparagraph, an organization described in clause (i) shall submit an application to the Chief Executive Officer at such time, in such manner, and containing such information as the Chief Executive Officer may require.

"(e) APPLICATION REQUIRED.—The allotment of assistance and approved national service positions to a State or Indian tribe under subsection (a), and the competitive distribution of assistance under subsection (d), shall be made by the Corporation only pursuant to an application submitted by a State or other applicant under section 130 and approved by the Corporation under section 133.

"(f) APPROVAL OF POSITIONS SUBJECT TO AVAILABLE FUNDS.—The Corporation may not approve positions as approved national service positions under this subtitle for a fiscal year in excess of the number of such positions for which the Corporation has sufficient available funds in the National Service Trust for that fiscal year, taking into consideration funding needs for national service educational awards under subtitle D based on completed service. If appropriations are insufficient to provide the maximum allowable national service educational awards under subtitle D for all eligible participants, the Corporation is authorized to make necessary and reasonable adjustments to program rules.

"(g) SPONSORSHIP OF APPROVED NATIONAL SERVICE POSITIONS.—

"(1) SPONSORSHIP AUTHORIZED.—The Corporation may enter into agreements with persons or entities who offer to sponsor national service positions for which the person or entity will be responsible for supplying the funds necessary to provide a national service educational award. The distribution of these approved national service positions shall be made pursuant to the agreement, and the creation of these positions shall not be taken into consideration in determining the number of approved national service positions to be available for distribution under this section.

"(2) DEPOSIT OF CONTRIBUTION.—Funds provided pursuant to an agreement under paragraph (1) and any other funds contributed to the Corporation to support the activities of the Corporation under the national service laws shall be deposited in the National Service Trust established in section 145 until such time as the funds are needed.

"SEC. 130. APPLICATION FOR ASSISTANCE AND APPROVED NATIONAL SERVICE POSITIONS.

"(a) TIME, MANNER, AND CONTENT OF APPLICATION.—To be eligible to receive assistance under section 121 or approved national service positions for participants who serve in the national service programs to be carried out using the assistance, a State, subdivision of a State, Indian tribe, public or private nonprofit organization, institution of higher education, or Federal agency shall prepare and submit to the Corporation an application at such time, in such manner, and containing such information as the Corporation may reasonably require.

"(b) TYPES OF PERMISSIBLE APPLICATION INFORMATION.—In order to have adequate information upon which to consider an application under section 133, the Corporation may require the following information to be provided in an application submitted under subsection (a):

"(1) A description of the national service programs proposed to be carried out directly by the applicant using assistance provided under section 121.

"(2) A description of the national service programs that are selected by the applicant to receive a grant using assistance requested under section 121 and a description of the process and criteria by which the programs were selected.

"(3) A description of other funding sources to be used, or sought to be used, for the national service programs referred to in paragraphs (1) and (2), and, if the application is submitted for the purpose of seeking a renewal of assistance, a description of the success of the programs in reducing their reliance on Federal funds.

"(4) A description of the extent to which the projects to be conducted using the assistance will address unmet human, educational, environmental, or public safety needs and produce a direct benefit for the community in which the projects are performed.

"(5) A description of the plan to be used to recruit participants, including youth who are individuals with disabilities and economically disadvantaged young men and women, for the national service programs referred to in paragraphs (1) and (2).

"(6) A description of the manner in which the national service programs referred to in paragraphs (1) and (2) build on existing programs, including Federal programs.

"(7) A description of the manner in which the national service programs referred to in paragraphs (1) and (2) will involve participants—

"(A) in projects that build an ethic of civic responsibility and produce a positive change in the lives of participants through training and participation in meaningful service experiences and opportunities for reflection on such experiences; and

"(B) in leadership positions in implementing and evaluating the program.

"(8) Measurable goals for the national service programs referred to in paragraphs (1) and (2), and a strategy to achieve such goals, in terms of—

"(A) the impact to be made in meeting unmet human, educational, environmental, or public safety needs; and

"(B) the service experience to be provided to participants in the programs.

"(9) A description of the manner and extent to which the national service programs referred to in paragraphs (1) and (2) conform to the national service priorities established by the Corporation under section 122(c).

"(10) A description of the past experience of the applicant in operating a comparable program or in conducting a grant program in support of other comparable service programs.

"(11) A description of the type and number of proposed service positions in which participants will receive the national service educational award described in subtitle D and a description of the manner in which approved national service positions will be apportioned by the applicant.

"(12) A description of the manner and extent to which participants, representatives of the community served, community-based agencies with a demonstrated record of experience in providing services, and labor organizations contributed to the development of the national service programs referred to in paragraphs (1) and (2), including the identity of the individual representing each appropriate labor organization (if any) who was consulted and the nature of the consultation.

"(13) Such other information as the Corporation may reasonably require.

"(c) REQUIRED APPLICATION INFORMATION.—An application submitted under subsection (a) shall contain the following information:

"(1) A description of the jobs or positions into which participants will be placed using the assistance provided under section 121, including descriptions of specific tasks to be performed by such participants.

"(2) A description of the minimum qualifications that individuals shall meet to become participants in such programs.

"(d) APPLICATION TO RECEIVE ONLY APPROVED NATIONAL SERVICE POSITIONS.—

"(1) APPLICABILITY OF SUBSECTION.—This subsection shall apply in the case of an application in which—

"(A) the applicant is not seeking assistance under subsection (a) or (b) of section 121, but requests national service educational awards for individuals serving in service positions described in section 123; or

"(B) the applicant requests national service educational awards for service positions described in section 123, but the positions are not positions in a national service program described in section 122(a) for which assistance may be provided under subsection (a) or (b) of section 121.

"(2) SPECIAL APPLICATION REQUIREMENTS.—For the applications described in paragraph (1), the Corporation shall establish special application requirements in order to determine—

"(A) whether the service positions meet unmet human, educational, environmental, or public safety needs and meet the criteria for assistance under this subtitle; and

"(B) whether the Corporation should approve the positions as approved national service positions.

"(e) SPECIAL RULE FOR STATE APPLICANTS.—

"(1) SUBMISSION BY STATE COMMISSION.—The application of a State for approved national service positions or for a grant under section 121(a) shall be submitted by the State Commission.

"(2) COMPETITIVE SELECTION.—The application of a State shall contain an assurance that all assistance provided under section 121(a) to the State will be used to support national service programs that were selected by the State on a competitive basis. In making such competitive selections, the State shall seek to ensure the equitable allocation within the State of assistance and approved national service positions provided under this subtitle to the State taking into consideration such factors as the location of the programs applying to the State, population density, and economic distress.

"(3) ASSISTANCE TO NONSTATE ENTITIES.—The application of a State shall also contain an assurance that not less than 60 percent of the assistance will be used to make grants in support of national service programs other than national service programs carried out by a State agency. The Corporation may permit a State to deviate from the percentage specified by this subsection if the State has not received a sufficient number of acceptable applications to comply with the percentage.

"(f) SPECIAL RULE FOR CERTAIN APPLICANTS.—

"(1) WRITTEN CONCURRENCE.—In the case of a program applicant that proposes to also serve as the service sponsor, the application shall include the written concurrence of any local labor organization representing employees of the service sponsor who are engaged in the same or substantially similar work as that proposed to be carried out.

"(2) PROGRAM APPLICANT DEFINED.—For purposes of this subsection, the term 'program applicant' means—

"(A) a State, subdivision of a State, Indian tribe, public or private nonprofit organization, institution of higher education, or Federal agency submitting an application under this section; or

"(B) an entity applying for assistance or approved national service positions through a grant program conducted using assistance provided to a State, subdivision of a State, Indian tribe, public or private nonprofit organization, institution of higher education, or Federal agency under section 121.

"(g) LIMITATION ON SAME PROJECT IN MULTIPLE APPLICATIONS.—The Corporation shall reject an application submitted under this section

if a project proposed to be conducted using assistance requested by the applicant is already described in another application pending before the Corporation.

"SEC. 131. NATIONAL SERVICE PROGRAM ASSISTANCE REQUIREMENTS.

"(a) IMPACT ON COMMUNITIES.—An application submitted under section 130 shall include an assurance by the applicant that any national service program carried out by the applicant using assistance provided under section 121 and any national service program supported by a grant made by the applicant using such assistance will—

"(1) address unmet human, educational, environmental, or public safety needs through services that provide a direct benefit to the community in which the service is performed; and

"(2) comply with the nonduplication and nondisplacement requirements of section 177 and the grievance procedure requirements of section 176(f).

"(b) IMPACT ON PARTICIPANTS.—An application submitted under section 130 shall also include an assurance by the applicant that any national service program carried out by the applicant using assistance provided under section 121 and any national service program supported by a grant made by the applicant using such assistance will—

"(1) provide participants in the national service program with the training, skills, and knowledge necessary for the projects that participants are called upon to perform;

"(2) provide support services to participants, such as the provision of appropriate information and support—

"(A) to those participants who are completing a term of service and making the transition to other educational and career opportunities; and

"(B) to those participants who are school dropouts in order to assist those participants in earning the equivalent of a high school diploma; and

"(3) provide, if appropriate, structured opportunities for participants to reflect on their service experiences.

"(c) CONSULTATION.—An application submitted under section 130 shall also include an assurance by the applicant that any national service program carried out by the applicant using assistance provided under section 121 and any national service program supported by a grant made by the applicant using such assistance will—

"(1) provide in the design, recruitment, and operation of the program for broad-based input from—

"(A) the community served and potential participants in the program; and

"(B) community-based agencies with a demonstrated record of experience in providing services and local labor organizations representing employees of service sponsors, if these entities exist in the area to be served by the program;

"(2) prior to the placement of participants, consult with the appropriate local labor organization, if any, representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program to ensure compliance with the nondisplacement requirements specified in section 177; and

"(3) in the case of a program that is not funded through a State, consult with and coordinate activities with the State Commission for the State in which the program operates.

"(d) EVALUATION AND PERFORMANCE GOALS.—

"(1) IN GENERAL.—An application submitted under section 130 shall also include an assurance by the applicant that the applicant will—

"(A) arrange for an independent evaluation of any national service program carried out using assistance provided to the applicant under section 121 or, with the approval of the Corporation, conduct an internal evaluation of the program;

"(B) apply measurable performance goals and evaluation methods (such as the use of surveys of participants and persons served), which are to be used as part of such evaluation to determine the impact of the program—

"(i) on communities and persons served by the projects performed by the program;

"(ii) on participants who take part in the projects; and

"(iii) in such other areas as the Corporation may require; and

"(C) cooperate with any evaluation activities undertaken by the Corporation.

"(2) EVALUATION.—Subject to paragraph (3), the Corporation shall develop evaluation criteria and performance goals applicable to all national service programs carried out with assistance provided under section 121.

"(3) ALTERNATIVE EVALUATION REQUIREMENTS.—The Corporation may establish alternative evaluation requirements for national service programs based upon the amount of assistance received under section 121 or received by a grant made by a recipient of assistance under such section. The determination of whether a national service program is covered by this paragraph shall be made in such manner as the Corporation may prescribe.

"(e) LIVING ALLOWANCES AND OTHER INSERVICE BENEFITS.—Except as provided in section 140(c), an application submitted under section 130 shall also include an assurance by the applicant that the applicant will—

"(1) ensure the provision of a living allowance and other benefits specified in section 140 to participants in any national service program carried out by the applicant using assistance provided under section 121; and

"(2) require that each national service program that receives a grant from the applicant using such assistance will also provide a living allowance and other benefits specified in section 140 to participants in the program.

"(f) SELECTION OF PARTICIPANTS FROM INDIVIDUALS RECRUITED BY CORPORATION OR STATE COMMISSIONS.—The Corporation may also require an assurance by the applicant that any national service program carried out by the applicant using assistance provided under section 121 and any national service program supported by a grant made by the applicant using such assistance will select a portion of the participants for the program from among prospective participants recruited by the Corporation or State Commissions under section 138(d). The Corporation may specify a minimum percentage of participants to be selected from the national leadership pool established under section 138(e) and may vary the percentage for different types of national service programs.

"SEC. 132. INELIGIBLE SERVICE CATEGORIES.

"(a) IN GENERAL.—Except as provided in subsection (b), an application submitted to the Corporation under section 130 shall include an assurance by the applicant that any national service program carried out using assistance provided under section 121 and any approved national service position provided to an applicant will not be used to perform service that provides a direct benefit to any—

"(1) business organized for profit;

"(2) labor union;

"(3) partisan political organization;

"(4) organization engaged in religious activities, unless such service does not involve the use of assistance provided under section 121 or participants—

"(A) to give religious instruction;

"(B) to conduct worship services;

"(C) to provide instruction as part of a program that includes mandatory religious education or worship;

"(D) to construct or operate facilities devoted to religious instruction or worship or to maintain facilities primarily or inherently devoted to religious instruction or worship; or

"(E) to engage in any form of proselytization; or

"(5) nonprofit organization that fails to comply with the restrictions contained in section 501(c) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)), except that nothing in this section shall be construed to prevent participants from engaging in advocacy activities undertaken at their own initiative.

"(b) REGIONAL CORPORATION.—The requirement of subsection (a) relating to an assurance regarding direct benefits to businesses organized for profit shall not apply with respect to a Regional Corporation, as defined in section 3(g) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(g)), that is established in accordance with such Act as a for-profit corporation but that is engaging in nonprofit activities.

"SEC. 133. CONSIDERATION OF APPLICATIONS.

"(a) CORPORATION CONSIDERATION OF CERTAIN CRITERIA.—The Corporation shall apply the criteria described in subsections (c) and (d) in determining whether—

"(1) to approve an application submitted under section 130 and provide assistance under section 121 to the applicant; and

"(2) to approve service positions described in the application as national service positions that include the national service educational award described in subtitle D and provide such approved national service positions to the applicant.

"(b) APPLICATION TO SUBGRANTS.—

"(1) IN GENERAL.—A State or other entity that uses assistance provided under section 121(a) to support national service programs selected on a competitive basis to receive a share of the assistance shall use the criteria described in subsections (c) and (d) when considering an application submitted by a national service program to receive a portion of such assistance or an approved national service position.

"(2) CONTENTS.—The application of the State or other entity under section 130 shall contain—

"(A) a certification that the State or other entity used these criteria in the selection of national service programs to receive assistance;

"(B) a description of the jobs or positions into which participants will be placed using such assistance, including descriptions of specific tasks to be performed by such participants; and

"(C) a description of the minimum qualifications that individuals shall meet to become participants in such programs.

"(c) ASSISTANCE CRITERIA.—The criteria required to be applied in evaluating applications submitted under section 130 are as follows:

"(1) The quality of the national service program proposed to be carried out directly by the applicant or supported by a grant from the applicant.

"(2) The innovative aspects of the national service program, and the feasibility of replicating the program.

"(3) The sustainability of the national service program, based on evidence such as the existence—

"(A) of strong and broad-based community support for the program; and

"(B) of multiple funding sources or private funding for the program.

"(4) The quality of the leadership of the national service program, the past performance of the program, and the extent to which the program builds on existing programs.

"(5) The extent to which participants of the national service program are recruited from among residents of the communities in which projects are to be conducted, and the extent to which participants and community residents are

involved in the design, leadership, and operation of the program.

"(6) The extent to which projects would be conducted in the following areas where they are needed most:

"(A) Communities designated as empowerment zones or redevelopment areas, targeted for special economic incentives, or otherwise identifiable as having high concentrations of low-income people.

"(B) Areas that are environmentally distressed.

"(C) Areas adversely affected by Federal actions related to the management of Federal lands that result in significant regional job losses and economic dislocation.

"(D) Areas adversely affected by reductions in defense spending or the closure or realignment of military installations.

"(E) Areas that have an unemployment rate greater than the national average unemployment for the most recent 12 months for which satisfactory data are available.

"(7) In the case of applicants other than States, the extent to which the application is consistent with the application under section 130 of the State in which the projects would be conducted.

"(8) Such other criteria as the Corporation considers to be appropriate.

"(d) OTHER CONSIDERATIONS.—

"(1) GEOGRAPHIC DIVERSITY.—The Corporation shall ensure that recipients of assistance provided under section 121 are geographically diverse and include projects to be conducted in those urban and rural areas in a State with the highest rates of poverty.

"(2) PRIORITIES.—The Corporation may designate, under such criteria as may be established by the Corporation, certain national service programs or types of national service programs described in section 122(a) for priority consideration in the competitive distribution of funds under section 129(d)(2). In designating national service programs to receive priority, the Corporation may include—

"(A) national service programs carried out by another Federal agency;

"(B) national service programs that conform to the national service priorities in effect under section 122(c);

"(C) innovative national service programs;

"(D) national service programs that are well established in one or more States at the time of the application and are proposed to be expanded to additional States using assistance provided under section 121;

"(E) grant programs in support of other national service programs if the grant programs are to be conducted by nonprofit organizations with a demonstrated and extensive expertise in the provision of services to meet human, educational, environmental, or public safety needs;

"(F) professional corps programs described in section 122(a)(8); and

"(G) programs that—

"(i) received funding under subtitle D of this Act, as in effect on the day before the date of enactment of this subtitle;

"(ii) the Corporation determines to meet the requirements of sections 142 (other than subsection (g)), 143, and 148 through 150 of this Act, as in effect on such day, in addition to the requirements of this subtitle; and

"(iii) include an evaluation component.

"(3) ADDITIONAL PRIORITY.—In making a competitive distribution of funds under section 129(d)(2), the Corporation may give priority consideration to a national service program that is—

"(A) proposed in an application submitted by a State Commission; and

"(B) not one of the types of programs described in paragraph (2),

if the State Commission provides an adequate explanation of the reasons why it should not be a priority of such State to carry out any of such types of programs in the State.

"(4) REVIEW PANEL.—The Corporation shall—

"(A) establish panels of experts for the purpose of securing recommendations on applications submitted under section 130 for more than $250,000 in assistance, or for national service positions that would require more than $250,000 in national service educational awards; and

"(B) consider the opinions of such panels prior to making such determinations.

"(e) EMPHASIS ON AREAS MOST IN NEED.—In making assistance available under section 121 and in providing approved national service positions under section 123, the Corporation shall ensure that not less than 50 percent of the total amount of assistance to be distributed to States under subsections (a) and (d)(1) of section 129 for a fiscal year is provided to carry out or support national service programs and projects that—

"(1) are conducted in any of the areas described subsection (c)(6) or on Federal or other public lands, to address unmet human, educational, environmental, or public safety needs in such areas or on such lands; and

"(2) place a priority on the recruitment of participants who are residents of any of such areas or Federal or other public lands.

"(f) REJECTION OF STATE APPLICATIONS.—

"(1) NOTIFICATION OF STATE APPLICANTS.—If the Corporation rejects an application submitted by a State Commission under section 130 for funds described in section 129(a)(1), the Corporation shall promptly notify the State Commission of the reasons for the rejection of the application.

"(2) RESUBMISSION AND RECONSIDERATION.—The Corporation shall provide a State Commission notified under paragraph (1) with a reasonable opportunity to revise and resubmit the application. At the request of the State Commission, the Corporation shall provide technical assistance to the State Commission as part of the resubmission process. The Corporation shall promptly reconsider an application resubmitted under this paragraph.

"(3) REALLOTMENT.—The amount of any State's allotment under section 129(a) for a fiscal year that the Corporation determines will not be provided for that fiscal year shall be available for distribution by the Corporation as provided in paragraph (3) of such subsection.

"PART III—NATIONAL SERVICE PARTICIPANTS

"SEC. 137. DESCRIPTION OF PARTICIPANTS.

"(a) IN GENERAL.—For purposes of this subtitle, an individual shall be considered to be a participant in a national service program carried out using assistance provided under section 121 if the individual—

"(1) meets such eligibility requirements, directly related to the tasks to be accomplished, as may be established by the program;

"(2) is selected by the program to serve in a position with the program;

"(3) will serve in the program for a term of service specified in section 139 to be performed before, during, or after attendance at an institution of higher education;

"(4) is 17 years of age or older at the time the individual begins the term of service;

"(5) has received a high school diploma or its equivalent, agrees to obtain a high school diploma or its equivalent (unless this requirement is waived based on an individual education assessment conducted by the program) and the individual did not drop out of an elementary or secondary school to enroll in the program, or is enrolled in an institution of higher education on an ability to benefit basis and is considered eligible for funds under section 484 of the Higher Education Act of 1965 (20 U.S.C. 1091); and

"(6) is a citizen or national of the United States or lawful permanent resident alien of the United States.

"(b) SPECIAL RULES FOR CERTAIN YOUTH PROGRAMS.—An individual shall be considered to be a participant in a youth corps program described in section 122(a)(2) or a program described in section 122(a)(9) that is carried out with assistance provided under section 121(a) if the individual—

"(1) satisfies the requirements specified in subsection (a), except paragraph (4) of such subsection; and

"(2) is between the ages of 16 and 25, inclusive, at the time the individual begins the term of service.

"(c) WAIVER.—The Corporation may waive the requirements of subsection (a)(5)(A) with respect to an individual if the program in which the individual seeks to become a participant conducts an independent evaluation demonstrating that the individual is incapable of obtaining a high school diploma or its equivalent.

"SEC. 138. SELECTION OF NATIONAL SERVICE PARTICIPANTS.

"(a) SELECTION PROCESS.—Subject to subsections (b) and (c) and section 131(f), the actual recruitment and selection of an individual to serve in a national service program receiving assistance under section 121 or to fill an approved national service position shall be conducted by the State, subdivision of a State, Indian tribe, public or private nonprofit organization, institution of higher education, Federal agency, or other entity to which the assistance and approved national service positions are provided.

"(b) NONDISCRIMINATION AND NONPOLITICAL SELECTION OF PARTICIPANTS.—The recruitment and selection of individuals to serve in national service programs receiving assistance under section 121 or to fill approved national service positions shall be consistent with the requirements of section 175.

"(c) SECOND TERM.—Acceptance into a national service program to serve a second term of service under section 139 shall only be available to individuals who perform satisfactorily in their first term of service.

"(d) RECRUITMENT AND PLACEMENT.—The Corporation and each State Commission shall establish a system to recruit individuals who desire to perform national service and to assist the placement of these individuals in approved national service positions, which may include positions available under titles I and II of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.). The Corporation and State Commissions shall disseminate information regarding available approved national service positions through cooperation with secondary schools, institutions of higher education, employment service offices, State vocational rehabilitation agencies within the meaning of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) and other State agencies that primarily serve individuals with disabilities, and other appropriate entities, particularly those organizations that provide outreach to disadvantaged youths and youths who are individuals with disabilities.

"(e) NATIONAL LEADERSHIP POOL.—

"(1) SELECTION AND TRAINING.—From among individuals recruited under subsection (d), the Corporation may select individuals with significant leadership potential, as determined by the Corporation, to receive special training to enhance their leadership ability. The leadership training shall be provided by the Corporation directly or through a grant or contract.

"(2) EMPHASIS ON CERTAIN INDIVIDUALS.—In selecting individuals to receive leadership training under this subsection, the Corporation shall

make special efforts to select individuals who have served—

"(A) in the Peace Corps;

"(B) as VISTA volunteers;

"(C) as participants in national service programs receiving assistance under section 121;

"(D) as participants in programs receiving assistance under subtitle D of the National and Community Service Act of 1990, as in effect on the day before the date of enactment of this subtitle; or

"(E) as members of the Armed Forces of the United States and who were honorably discharged from such service.

"(3) ASSIGNMENT.—At the request of a program that receives assistance under the national service laws, the Corporation may assign an individual who receives leadership training under paragraph (1) to work with the program in a leadership position and carry out assignments not otherwise performed by regular participants. An individual assigned to a program shall be considered to be a participant of the program.

"(f) EVALUATION OF SERVICE.—The Corporation shall issue regulations regarding the manner and criteria by which the service of a participant shall be evaluated to determine whether the service is satisfactory and successful for purposes of eligibility for a second term of service or a national service educational award.

"SEC. 139. TERMS OF SERVICE.

"(a) IN GENERAL.—As a condition of receiving a national service education award under subtitle D, a participant in an approved national service position shall be required to perform full- or part-time national service for at least one term of service specified in subsection (b).

"(b) TERM OF SERVICE.—

"(1) FULL-TIME SERVICE.—An individual performing full-time national service in an approved national service position shall agree to participate in the program sponsoring the position for not less than 1,700 hours during a period of not less than 9 months and not more than 1 year.

"(2) PART-TIME SERVICE.—Except as provided in paragraph (3), an individual performing part-time national service in an approved national service position shall agree to participate in the program sponsoring the position for not less than 900 hours during a period of—

"(A) not more than 2 years; or

"(B) not more than 3 years if the individual is enrolled in an institute of higher education while preforming all or a portion of the service.

"(3) REDUCTION IN HOURS OF PART-TIME SERVICE.—The Corporation may reduce the number of hours required to be served to successfully complete part-time national service to a level determined by the Corporation, except that any reduction in the required term of service shall include a corresponding reduction in the amount of any national service educational award that may be available under subtitle D with regard to that service.

"(c) RELEASE FROM COMPLETING TERM OF SERVICE.—

"(1) RELEASE AUTHORIZED.—A recipient of assistance under section 121 or a program sponsoring an approved national service position may release a participant from completing a term of service in the position—

"(A) for compelling personal circumstances as demonstrated by the participant; or

"(B) for cause.

"(2) EFFECT OF RELEASE FOR COMPELLING CIRCUMSTANCES.—If a participant eligible for release under paragraph (1)(A) is serving in an approved national service position, the recipient of assistance under section 121 or a program sponsoring an approved national service position may elect—

"(A) to grant such release and provide to the participant that portion of the national service educational award corresponding to the portion of the term of service actually completed, as provided in section 147(c); or

"(B) to permit the participant to temporarily suspend performance of the term of service for a period of up to 2 years (and such additional period as the Corporation may allow for extenuating circumstances) and, upon completion of such period, to allow return to the program with which the individual was serving in order to complete the remainder of the term of service and obtain the entire national service educational award.

"(3) EFFECT OF RELEASE FOR CAUSE.—A participant released for cause may not receive any portion of the national service educational award.

"SEC. 140. LIVING ALLOWANCES FOR NATIONAL SERVICE PARTICIPANTS.

"(a) PROVISION OF LIVING ALLOWANCE.—

"(1) LIVING ALLOWANCE REQUIRED.—Subject to paragraph (3), a national service program carried out using assistance provided under section 121 shall provide to each participant who participates on a full-time basis in the program a living allowance in an amount equal to or greater than the average annual subsistence allowance provided to VISTA volunteers under section 105 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955).

"(2) LIMITATION ON FEDERAL SHARE.—The amount of the annual living allowance provided under paragraph (1) that may be paid using assistance provided under section 121 and using any other Federal funds shall not exceed 85 percent of the total average annual provided to VISTA volunteers under section 105 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955).

"(3) MAXIMUM LIVING ALLOWANCE.—Except as provided in subsection (c), the total amount of an annual living allowance that may be provided to a participant in a national service program shall not exceed 200 percent of the average annual subsistence allowance provided to VISTA volunteers under section 105 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955).

"(4) PRORATION OF LIVING ALLOWANCE.—The amount provided as a living allowance under this subsection shall be prorated in the case of a participant who is authorized to serve a reduced term of service under section 139(b)(3).

"(5) WAIVER OR REDUCTION OF LIVING ALLOWANCE.—The Corporation may waive or reduce the requirement of paragraph (1) with respect to such national service program if such program demonstrates that—

"(A) such requirement is inconsistent with the objectives of the program; and

"(B) the amount of the living allowance that will be provided to each full-time participant is sufficient to meet the necessary costs of living (including food, housing, and transportation) in the area in which the program is located.

"(6) EXEMPTION.—The requirement of paragraph (1) shall not apply to any program that was in existence on the date of the enactment of the National and Community Service Trust Act of 1993.

"(b) COVERAGE OF CERTAIN EMPLOYMENT-RELATED TAXES.—To the extent a national service program that receives assistance under section 121 is subject, with respect to the participants in the program, to the taxes imposed on an employer under sections 3111 and 3301 of the Internal Revenue Code of 1986 (26 U.S.C. 3111, 3301) and taxes imposed on an employer under a workmen's compensation act, the assistance provided to the program under section 121 shall include an amount sufficient to cover 85 percent of such taxes based upon the lesser of—

"(1) the total average annual subsistence allowance provided to VISTA volunteers under section 105 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955); and

"(2) the annual living allowance established by the program.

"(c) EXCEPTION FROM MAXIMUM LIVING ALLOWANCE FOR CERTAIN ASSISTANCE.—A professional corps program described in section 122(a)(8) that desires to provide a living allowance in excess of the maximum allowance authorized in subsection (a)(3) may still apply for such assistance, except that—

"(1) any assistance provided to the applicant under section 121 may not be used to pay for any portion of the allowance;

"(2) the applicant shall apply for such assistance only by submitting an application to the Corporation for assistance on a competitive basis; and

"(3) the national service program shall be operated directly by the applicant and shall meet urgent, unmet human, educational, environmental, or public safety needs, as determined by the Corporation.

"(d) HEALTH INSURANCE.—

"(1) IN GENERAL.—A State or other recipient of assistance under section 121 shall provide a basic health care policy for each full-time participant in a national service program carried out or supported using the assistance, if the participant is not otherwise covered by a health care policy. Not more than 85 percent of the cost of a premium shall be provided by the Corporation, with the remaining cost paid by the entity receiving assistance under section 121. The Corporation shall establish minimum standards that all plans must meet in order to qualify for payment under this part, any circumstances in which an alternative health care policy may be substituted for the basic health care policy, and mechanisms to prohibit participants from dropping existing coverage.

"(2) OPTION.—A State or other recipient of assistance under section 121 may elect to provide from its own funds a health care policy for participants that does not meet all of the standards established by the Corporation if the fair market value of such policy is equal to or greater than the fair market value of a plan that meets the minimum standards established by the Corporation, and is consistent with other applicable laws.

"(e) CHILD CARE.—

"(1) AVAILABILITY.—A State or other recipient of assistance under section 121 shall—

"(A) make child care available for children of each full-time participant who needs child care in order to participate in a national service program carried out or supported by the recipient using the assistance; or

"(B) provide a child care allowance to each full-time participant in a national service program who needs such assistance in order to participate in the program.

"(2) GUIDELINES.—The Corporation shall establish guidelines regarding the circumstances under which child care shall be made available under this subsection and the value of any allowance to be provided.

"(f) INDIVIDUALIZED SUPPORT SERVICES.—A State or other recipient of assistance under section 121 shall provide reasonable accommodation, including auxiliary aids and services (as defined in section 3(1) of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102(1))), based on the individualized need of a participant who is a qualified individual with a disability (as defined in section 101(8) of such Act (42 U.S.C. 12111(8))).

"(g) WAIVER OF LIMITATION ON FEDERAL SHARE.—The Corporation may waive in whole or in part the limitation on the Federal share specified in this section with respect to a particular national service program in any fiscal year if the Corporation determines that such a

waiver would be equitable due to a lack of available financial resources at the local level.

"(h) LIMITATION ON NUMBER OF TERMS OF SERVICE FOR FEDERALLY SUBSIDIZED LIVING ALLOWANCE.—No national service program may use assistance provided under section 121, or any other Federal funds, to provide a living allowance under subsection (a), a health care policy under subsection (d), or child care or a child care allowance under subsection (e), to an individual for a third, or subsequent, term of service described in section 139(b) by the individual in a national service program carried out under this subtitle.

"SEC. 141. NATIONAL SERVICE EDUCATIONAL AWARDS.

"(a) ELIGIBILITY GENERALLY.—A participant in a national service program carried out using assistance provided to an applicant under section 121 shall be eligible for the national service educational award described in subtitle D if the participant—

"(1) serves in an approved national service position; and

"(2) satisfies the eligibility requirements specified in section 146 with respect to service in that approved national service position.

"(b) SPECIAL RULE FOR VISTA VOLUNTEERS.—A VISTA volunteer who serves in an approved national service position shall be ineligible for a national service educational award if the VISTA volunteer accepts the stipend authorized under section 105(a)(1) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955(a)(1)).".

(c) TABLE OF CONTENTS RELATED TO SUBTITLE C.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101–610; 104 Stat. 3127) is amended by striking the items relating to subtitle C of title I of such Act and inserting the following new items:

"Subtitle C—National Service Trust Program

"PART I—INVESTMENT IN NATIONAL SERVICE

"Sec. 121. Authority to provide assistance and approved national service positions.
"Sec. 122. Types of national service programs eligible for program assistance.
"Sec. 123. Types of national service positions eligible for approval for national service educational awards.
"Sec. 124. Types of program assistance.
"Sec. 125. Training and technical assistance.
"Sec. 126. Other special assistance.

"PART II—APPLICATION AND APPROVAL PROCESS

"Sec. 129. Provision of assistance and approved national service positions by competitive and other means.
"Sec. 130. Application for assistance and approved national service positions.
"Sec. 131. National service program assistance requirements.
"Sec. 132. Ineligible service categories.
"Sec. 133. Consideration of applications.

"PART III—NATIONAL SERVICE PARTICIPANTS

"Sec. 137. Description of participants.
"Sec. 138. Selection of national service participants.
"Sec. 139. Terms of service.
"Sec. 140. Living allowances for national service participants.
"Sec. 141. National service educational awards.".

(d) LIVING ALLOWANCE UNDER SUBTITLE I.—Section 199M(a) of the National and Community Service Act of 1990 (former section 133(a) of such Act as redesignated in subsection (a)(3) of this section) (42 U.S.C. 12553(a)) is amended by striking paragraphs (1) and (2) and inserting the following new paragraphs:

"(1) LIVING ALLOWANCE REQUIRED.—Subject to paragraph (3), each participant in a full-time youth corps program that receives assistance under this subtitle shall receive a living allowance in an amount equal to or greater than the average annual subsistence allowance provided to VISTA volunteers under section 105 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955).

"(2) LIMITATION ON FEDERAL SHARE.—The amount of the annual living allowance provided under paragraph (1) that may be paid using assistance provided under this subtitle, section 121, and any other Federal funds shall not exceed 85 percent of the total average annual subsistence allowance provided to VISTA volunteers under section 105 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955).

"(3) MAXIMUM LIVING ALLOWANCE.—The total amount of an annual living allowance that may be provided to a participant in a full-time youth corps program that receives assistance under this subtitle shall not exceed 200 percent of the average annual subsistence allowance provided to VISTA volunteers under section 105 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955).

"(4) WAIVER OR REDUCTION OF LIVING ALLOWANCE.—The Corporation may waive or reduce the requirement of paragraph (1) with respect to such national service program if such program demonstrates that—

"(A) such requirement is inconsistent with the objectives of the program; and

"(B) the amount of the living allowance that will be provided to each full-time participant is sufficient to meet the necessary costs of living (including food, housing, and transportation) in the area in which the program is located.

"(5) EXEMPTION.—The requirement of paragraph (1) shall not apply to any program that was in existence on the date of the enactment of the National and Community Service Trust Act of 1993.".

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) REFERENCES.—Subtitle I of title I of the National and Community Service Act of 1990 (as so redesignated by subsection (a)(1) of this section) is amended by striking "Commission" each place it appears in sections 199A, 199C, 199D, 199F, 199I, 199M, and 199N (as redesignated in subsection (a)(3) of this section) and inserting "Corporation".

(2) GENERAL AUTHORITY.—Section 199A of such Act (as redesignated in subsection (a)(3) of this section) (42 U.S.C. 12541) is amended—

(A) by striking "under section 102";

(B) by striking ", to the Secretary of the Interior, or to the Director of ACTION" and inserting "or to the Secretary of the Interior"; and

(C) by adding at the end the folowing new sentence: "To the extent practicable, the Corporation shall apply the provisions of subtitle C in making grants under this section.".

(3) PURCHASE OF CAPITAL EQUIPMENT.—Section 199B of such Act (as redesignated in subsection (a)(3) of this section) (42 U.S.C. 12542) is amended to read as follows:

"SEC. 199B. LIMITATION ON PURCHASE OF CAPITAL EQUIPMENT.

"Not to exceed 10 percent of the amount of assistance made available to a program agency under this subtitle shall be used for the purchase of major capital equipment.".

(4) STATE APPLICATION.—Section 199C of such Act (as redesignated in subsection (a)(3) of this section) (42 U.S.C. 12543) is amended—

(A) in subsection (a)—

(i) by striking "section 122(b)" and inserting "section 199A"; and

(ii) by striking ", including the information required under subsection (b)" before the period at the end thereof; and

(B) by striking subsections (c) and (d).

(5) FOCUS OF PROGRAMS.—Section 199D of such Act (as redesignated in subsection (a)(3) of this section) (42 U.S.C. 12544) is amended—

(A) by striking subsection (b); and

(B) by redesignating subsection (c) as subsection (b).

(6) PUBLIC LANDS.—Section 199F(b) of such Act (as redesignated in subsection (a)(3) of this section) (42 U.S.C. 12546(b)) is amended by striking "section 123" and inserting "section 199C".

(7) PREFERENCE.—Section 199I(a) of such Act (as redesignated in subsection (a)(3) of this section) (42 U.S.C. 12549) is amended by striking "section 123" and inserting "section 199C".

(8) OBSOLETE PROVISIONS.—Such subtitle is further amended—

(A) by striking sections 199H and 199L (as redesignated in subsection (a)(3) of this section) (42 U.S.C. 12548, 12552); and

(B) by redesignating sections 199I, 199J, 199K, 199M, 199N, and 199O (as previosly redesignated) as sections 199H, 199I, 199J, 199K, 199L, and 199M, respectively.

(f) TABLE OF CONTENTS RELATED TO SUBTITLE I.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101–610; 104 Stat. 3127) is amended by inserting after the item relating to section 195O the following new items:

"Subtitle I—American Conservation and Youth Corps

"Sec. 199. Short title.
"Sec. 199A. General authority.
"Sec. 199B. Limitation on purchase of capital equipment.
"Sec. 199C. State application.
"Sec. 199D. Focus of programs.
"Sec. 199E. Related programs.
"Sec. 199F. Public lands or Indian lands.
"Sec. 199G. Training and education services.
"Sec. 199H. Preference for certain projects.
"Sec. 199I. Age and citizenship criteria for enrollment.
"Sec. 199J. Use of volunteers.
"Sec. 199K. Living allowance.
"Sec. 199L. Joint programs.
"Sec. 199M. Federal and State employee status.".

SEC. 102. NATIONAL SERVICE TRUST AND PROVISION OF NATIONAL SERVICE EDUCATIONAL AWARDS.

(a) ESTABLISHMENT OF TRUST; PROVISION OF AWARDS.—Subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.) is amended to read as follows:

"Subtitle D—National Service Trust and Provision of National Service Educational Awards

"SEC. 145. ESTABLISHMENT OF THE NATIONAL SERVICE TRUST.

"(a) ESTABLISHMENT.—There is established in the Treasury of the United States an account to be known as the National Service Trust. The Trust shall consist of—

"(1) from the amounts appropriated to the Corporation and made available to carry out this subtitle pursuant to section 501(a)(2), such amounts as the Corporation may designate to be available for the payment of—

"(A) national service educational awards; and

"(B) interest expenses pursuant to section 148(e);

"(2) any amounts received by the Corporation as gifts, bequests, devises, or otherwise pursuant to section 196(a)(2); and

"(3) the interest on, and proceeds from the sale or redemption of, any obligations held by the Trust.

"(b) INVESTMENT OF TRUST.—It shall be the duty of the Secretary of the Treasury to invest in full the amounts appropriated to the Trust. Except as otherwise expressly provided in instruments concerning a gift, bequest, devise, or other donation and agreed to by the Corporation, such investments may be made only in interest-bearing obligations of the United States or

in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired on original issue at the issue price or by purchase of outstanding obligations at the market price. Any obligation acquired by the Trust may be sold by the Secretary at the market price.

"(c) EXPENDITURES FROM TRUST.—Amounts in the Trust shall be available, to the extent provided for in advance by appropriation, for payments of national service educational awards in accordance with section 148.

"(d) REPORTS TO CONGRESS ON RECEIPTS AND EXPENDITURES.—Not later than March 1 of each year, the Corporation shall submit a report to the Congress on the financial status of the Trust during the preceding fiscal year. Such report shall—

"(1) specify the amount deposited to the Trust from the most recent appropriation to the Corporation, the amount received by the Corporation as gifts, bequests, devises, or otherwise pursuant to section 196(a)(2) during the period covered by the report, and any amounts obtained by the Trust pursuant to subsection (a)(3);

"(2) identify the number of individuals who are currently performing service to qualify, or have qualified, for national service educational awards;

"(3) identify the number of individuals whose expectation to receive national service educational awards during the period covered by the report—

"(A) has been reduced pursuant to section 147(c); or

"(B) has lapsed pursuant to section 146(d); and

"(4) estimate the number of additional approved national service positions that the Corporation will be able to make available under subtitle C on the basis of any accumulated surplus in the Trust above the amount required to provide national service educational awards to individuals identified under paragraph (2), including any amounts available as a result of the circumstances referred to in paragraph (3).

"SEC. 146. INDIVIDUALS ELIGIBLE TO RECEIVE A NATIONAL SERVICE EDUCATIONAL AWARD FROM THE TRUST.

"(a) ELIGIBLE INDIVIDUALS.—An individual shall receive a national service educational award from the National Service Trust if the individual—

"(1) successfully completes the required term of service described in subsection (b) in an approved national service position;

"(2) was 17 years of age or older at the time the individual began serving in the approved national service position or was an out-of-school youth serving in an approved national service position with a youth corps program described in section 122(a)(2) or a program described in section 122(a)(9);

"(3) at the time the individual uses the national service educational award—

"(A) has received a high school diploma, or the equivalent of such diploma;

"(B) is enrolled at an institution of higher education on the basis of meeting the standard described in paragraph (1) or (2) of subsection (a) of section 484 of the Higher Education Act of 1965 (20 U.S.C. 1091) and meets the requirements of subsection (a) of such section; or

"(C) has received a waiver described in section 137(c); and

"(3) has received a high school diploma, or the equivalent of such diploma, at the time the individual uses the national service educational award, unless this requirement has been waived based on an individual education assessment conducted by the program; and

"(4) is a citizen or national of the United States or lawful permanent resident alien of the United States.

"(b) TERM OF SERVICE.—The term of service for an approved national service position shall not be less than the full- or part-time term of service specified in section 139(b).

"(c) LIMITATION ON NUMBER OF TERMS OF SERVICE FOR AWARDS.—Although an individual may serve more than 2 terms of service described in subsection (b) in an approved national service position, the individual shall receive a national service educational award from the National Service Trust only on the basis of the first and second of such terms of service.

"(d) TIME FOR USE OF EDUCATIONAL AWARD.—

"(1) SEVEN-YEAR REQUIREMENT.—An individual eligible to receive a national service educational award under this section may not use such award after the end of the 7-year period beginning on the date the individual completes the term of service in an approved national service position that is the basis of the award.

"(2) EXCEPTION.—The Corporation may extend the period within which an individual may use a national service educational award if the Corporation determines that the individual—

"(A) was unavoidably prevented from using the national service educational award during the original 7-year period; or

"(B) performed another term of service in an approved national service position during that period.

"(e) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

"(1) IN GENERAL.—An individual who, after qualifying under this section as an eligible individual, has been convicted under any Federal or State law of the possession or sale of a controlled substance shall not be eligible to receive a national service educational award during the period beginning on the date of such conviction and ending after the interval specified in the following table:

"If convicted of:	*Ineligibility period is:*
The possession of a controlled substance:.	
1st conviction	*1 year*
2nd conviction	*2 years*
3rd conviction	*indefinite*
The sale of a controlled substance:	
1st conviction	*2 years*
2nd conviction	*indefinite*

"(2) REHABILITATION.—An individual whose eligibility has been suspended under paragraph (1) shall resume eligibility before the end of the period determined under such paragraph if the individual satisfactorily completes a drug rehabilitation program that complies with such criteria as the Corporation shall prescribe for purposes of this paragraph.

"(3) FIRST CONVICTIONS.—An individual whose eligibility has been suspended under paragraph (1) and is convicted of a first offense may resume eligibility before the end of the period determined under such paragraph if the individual demonstrates that he or she has enrolled or been accepted for enrollment in a drug rehabilitation program described in paragraph (2).

"(4) DEFINITIONS.—As used in this subsection, the term 'controlled substance' has the meaning given in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).

"(5) EFFECTIVE DATE.—This subsection shall be effective upon publication by the Corporation in the Federal Register of criteria prescribed under paragraph (2).

"(f) AUTHORITY TO ESTABLISH DEMONSTRATION PROGRAMS.—The Corporation may establish by regulation demonstration programs for the creation and evaluation of innovative volunteer and community service programs.

"SEC. 147. DETERMINATION OF THE AMOUNT OF THE NATIONAL SERVICE EDUCATIONAL AWARD.

"(a) AMOUNT FOR FULL-TIME NATIONAL SERVICE.—Except as provided in subsection (c), an individual described in section 146(a) who successfully completes a required term of full-time national service in an approved national service position shall receive a national service educational award having a value, for each of not more than 2 of such terms of service, equal to 90 percent of—

"(1) one-half of an amount equal to the aggregate basic educational assistance allowance provided in section 3015(b)(1) of title 38, United States Code (as in effect on July 28, 1993), for the period referred to in section 3013(a)(1) of such title (as in effect on July 28, 1993), for a member of the Armed Forces who is entitled to such an allowance under section 3011 of such title and whose initial obligated period of active duty is 2 years; less

"(2) one-half of the aggregate basic contribution required to be made by the member in section 3011(b) of such title (as in effect on July 28, 1993).

"(b) AMOUNT FOR PART-TIME NATIONAL SERVICE.—Except as provided in subsection (c), an individual described in section 146(a) who successfully completes a required term of part-time national service in an approved national service position shall receive a national service educational award having a value, for each of not more than 2 of such terms of service, equal to 50 percent of value of the national service educational award determined under subsection (a).

"(c) AWARD FOR PARTIAL COMPLETION OF SERVICE.—If an individual serving in an approved national service position is released in accordance with section 139(c)(1)(A) from completing the full-time or part-time term of service agreed to by the individual, the Corporation may provide the individual with that portion of the national service educational award approved for the individual that corresponds to the quantity of the term of service actually completed by the individual.

"SEC. 148. DISBURSEMENT OF NATIONAL SERVICE EDUCATIONAL AWARDS.

"(a) IN GENERAL.—Amounts in the Trust shall be available—

"(1) to repay student loans in accordance with subsection (b);

"(2) to pay all or part of the cost of attendance at an institution of higher education in accordance with subsection (c);

"(3) to pay expenses incurred in participating in an approved school-to-work program in accordance with subsection (d); and

"(4) to pay interest expenses in accordance with regulations prescribed pursuant to subsection (e).

"(b) USE OF EDUCATIONAL AWARD TO REPAY OUTSTANDING STUDENT LOANS.—

"(1) APPLICATION BY ELIGIBLE INDIVIDUALS.—An eligible individual under section 146 who desires to apply the national service educational award of the individual to the repayment of qualified student loans shall submit, in a manner prescribed by the Corporation, an application to the Corporation that—

"(A) identifies, or permits the Corporation to identify readily, the holder or holders of such loans;

"(B) indicates, or permits the Corporation to determine readily, the amounts of principal and interest outstanding on the loans;

"(C) specifies, if the outstanding balance is greater than the amount disbursed under paragraph (2), which of the loans the individual prefers to be paid by the Corporation; and

"(D) contains or is accompanied by such other information as the Corporation may require.

"(2) DISBURSEMENT OF REPAYMENTS.—Upon receipt of an application from an eligible individual of an application that complies with

paragraph (1), the Corporation shall, as promptly as practicable consistent with paragraph (5), disburse the amount of the national service educational award that the eligible individual has earned. Such disbursement shall be made by check or other means that is payable to the holder of the loan and requires the endorsement or other certification by the eligible individual.

"(3) APPLICATION OF DISBURSED AMOUNTS.—If the amount disbursed under paragraph (2) is less than the principal and accrued interest on any qualified student loan, such amount shall be applied according to the specified priorities of the individual.

"(4) REPORTS BY HOLDERS.—Any holder receiving a loan payment pursuant to this subsection shall submit to the Corporation such information as the Corporation may require to verify that such payment was applied in accordance with this subsection and any regulations prescribed to carry out this subsection.

"(5) NOTIFICATION OF INDIVIDUAL.—The Corporation upon disbursing the national service educational award, shall notify the individual of the amount paid for each outstanding loan and the date of payment.

"(6) AUTHORITY TO AGGREGATE PAYMENTS.—The Corporation may, by regulation, provide for the aggregation of payments to holders under this subsection.

"(7) DEFINITION OF QUALIFIED STUDENT LOANS.—As used in this subsection, the term 'qualified student loans' means—

"(A) any loan made, insured, or guaranteed pursuant to title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), other than a loan to a parent of a student pursuant to section 428B of such Act (20 U.S.C. 1078–2); and

"(B) any loan made pursuant to title VII or VIII of the Public Health Service Act (42 U.S.C. 292a et seq.).

"(8) DEFINITION OF HOLDER.—As used in this subsection, the term 'holder' with respect to any eligible loan means the original lender or, if the loan is subsequently sold, transferred, or assigned to some other person, and such other person acquires a legally enforceable right to receive payments from the borrower, such other person.

"(c) USE OF EDUCATIONAL AWARDS TO PAY CURRENT EDUCATIONAL EXPENSES.—

"(1) APPLICATION BY ELIGIBLE INDIVIDUAL.—An eligible individual under section 146 who desires to apply the individual's national service educational award to the payment of current full-time or part-time educational expenses shall, on a form prescribed by the Corporation, submit an application to the institution of higher education in which the student will be enrolled that contains such information as the Corporation may require to verify the individual's eligibility.

"(2) SUBMISSION OF REQUESTS FOR PAYMENT BY INSTITUTIONS.—An institution of higher education that receives one or more applications that comply with paragraph (1) shall submit to the Corporation a statement, in a manner prescribed by the Corporation, that—

"(A) identifies each eligible individual filing an application under paragraph (1) for a disbursement of the individual's national service educational award under this subsection;

"(B) specifies the amounts for which such eligible individuals are, consistent with paragraph (6), qualified for disbursement under this subsection;

"(C) certifies that—

"(i) the institution of higher education has in effect a program participation agreement under section 487 of the Higher Education Act of 1965 (20 U.S.C. 1094);

"(ii) the institution's eligibility to participate in any of the programs under title IV of such Act (20 U.S.C. 1070 et seq.) has not been limited, suspended, or terminated; and

"(iii) individuals using national service educational awards received under this subtitle to pay for educational costs do not comprise more than 15 percent of the total student population of the institution; and

"(D) contains such provisions concerning financial compliance as the Corporation may require.

"(3) DISBURSEMENT OF PAYMENTS.—Upon receipt of a statement from an institution of higher education that complies with paragraph (2), the Corporation shall, subject to paragraph (4), disburse the total amount of the national service educational awards for which eligible individuals who have submitted applications to that institution under paragraph (1) are scheduled to receive. Such disbursement shall be made by check or other means that is payable to the institution and requires the endorsement or other certification by the eligible individual.

"(4) MULTIPLE DISBURSEMENTS REQUIRED.—The total amount required to be disbursed to an institution of higher education under paragraph (3) for any period of enrollment shall be disbursed by the Corporation in 2 or more installments, none of which exceeds ½ of such total amount. The interval between the first and second such installment shall not be less than ½ of such period of enrollment, except as necessary to permit the second installment to be paid at the beginning of the second semester, quarter, or similar division of such period of enrollment.

"(5) REFUND RULES.—The Corporation shall, by regulation, provide for the refund to the Corporation (and the crediting to the national service educational award of an eligible individual) of amounts disbursed to institutions for the benefit of eligible individuals who withdraw or otherwise fail to complete the period of enrollment for which the assistance was provided. Such regulations shall be consistent with the fair and equitable refund policies required of institutions pursuant to section 484B of the Higher Education Act of 1965 (20 U.S.C. 1091b). Amounts refunded to the Trust pursuant to this paragraph may be used by the Corporation to fund additional approved national service positions under subtitle C.

"(6) MAXIMUM AWARD.—The portion of an eligible individual's total available national service educational award that may be disbursed under this subsection for any period of enrollment shall not exceed the difference between—

"(A) the eligible individual's cost of attendance for such period of enrollment, determined in accordance with section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll); and

"(B) the sum of—

"(i) the student's estimated financial assistance for such period under part A of title IV of such Act (20 U.S.C. 1070 et seq.); and

"(ii) the student's veterans' education benefits, determined in accordance with section 480(c) of such Act (20 U.S.C. 1087vv(c)).

"(d) USE OF EDUCATIONAL AWARD TO PARTICIPATE IN APPROVED SCHOOL-TO-WORK PROGRAMS.—The Corporation shall by regulation provide for the payment of national service educational awards to permit eligible individuals to participate in school-to-work programs approved by the Secretaries of Labor and Education.

"(e) INTEREST PAYMENTS DURING FORBEARANCE ON LOAN REPAYMENT.—The Corporation shall provide by regulation for the payment on behalf of an eligible individual of interest that accrues during a period for which such individual has obtained forbearance in the repayment of a qualified student loan (as defined in subsection (b)(6)), if the eligible individual successfully completes the individual's required term of service (as determined under section 146(b)). Such regulations shall be prescribed after consultation with the Secretary of Education.

"(f) EXCEPTION.—With the approval of the Director, an approved national service program funded under section 121, may offer participants the option of waiving their right to receive a national service education award in order to receive an alternative post-service benefit funded by the program entirely with non-Federal funds.

"(g) DEFINITION OF INSTITUTION OF HIGHER EDUCATION.—Notwithstanding section 101 of this Act, for purposes of this section the term 'institution of higher education' has the meaning provided by section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)).".

(b) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101–610; 104 Stat. 3127) is amended by striking the items relating to subtitle D of title I of such Act and inserting the following new items:

"Subtitle D—National Service Trust and Provision of National Service Educational Awards

"Sec. 145. Establishment of the National Service Trust.

"Sec. 146. Individuals eligible to receive a national service educational award from the Trust.

"Sec. 147. Determination of the amount of the national service educational award.

"Sec. 148. Disbursement of national service educational awards.".

(c) CONFORMING AMENDMENTS.—

(1) FORBEARANCE IN THE COLLECTION OF STAFFORD LOANS.—Section 428 of the Higher Education Act of 1965 (20 U.S.C. 1078) is amended—

(A) in subsection (b)(1)—

(i) by redesignating subparagraphs (W), (X), and (Y) as subparagraphs (X), (Y), and (Z), respectively; and

(ii) by inserting immediately after subparagraph (V) the following new subparagraph:

"(W)(i) provides that, upon written request, a lender shall grant a borrower forbearance on such terms as are otherwise consistent with the regulations of the Secretary, during periods in which the borrower is serving in a national service position, for which the borrower receives a national service educational award under the National and Community Service Trust Act of 1993;

"(ii) provides that clauses (iii) and (iv) of subparagraph (V) shall also apply to a forbearance granted under this subparagraph; and

"(iii) provides that interest shall continue to accrue on a loan for which a borrower receives forbearance under this subparagraph and shall be capitalized or paid by the borrower;"; and

(B) in subsection (c)(3)(A), by striking "subsection (b)(1)(V)" and inserting "subparagraphs (V) and (W) of subsection (b)(1)".

(2) ELIGIBILITY FOR STAFFORD LOAN FORGIVENESS.—Section 428J of the Higher Education Act of 1965 (20 U.S.C. 1078–10) is amended—

(A) in subsection (b)(1), is amended by striking "October 1, 1992" and inserting "October 1, 1989"; and

(B) in subsection (c), by adding at the end the following new paragraph:

"(5) INELIGIBILITY OF NATIONAL SERVICE EDUCATIONAL AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).".

(3) ELIGIBILITY FOR PERKINS LOAN FORGIVENESS.—Section 465(a) of the Higher Education Act of 1965 (20 U.S.C. 1087ee(a)) is amended by adding at the end the following new paragraph:

"(6) No borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).".

(4) DEFINITION OF INCOME.—Section 480(a)(2) of the Higher Education Act of 1965 (20 U.S.C.

1087vv(a)(2)) is amended by inserting after "by an individual" the following: ", and no portion of a national service educational award or post-service benefit received by an individual under title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.),".

(5) IMPACT ON GENERAL NEEDS ANALYSIS.—Section 480(j) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(j)) is amended by adding at the end the following new paragraph:

"(3) Notwithstanding paragraph (1), a national service educational award or post-service benefit under title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.) shall not be treated as financial assistance for purposes of section 471(3).".

SEC. 103. SCHOOL-BASED AND COMMUNITY-BASED SERVICE-LEARNING PROGRAMS.

(a) AMENDMENTS TO SERVE-AMERICA PROGRAMS.—

(1) PURPOSE.—The purpose of this subsection is to improve the Serve-America programs established under part I of subtitle B of the National and Community Service Act of 1990, and to enable the Corporation for National and Community Service, and the entities receiving financial assistance under such part, to—

(A) work with teachers in elementary schools and secondary schools within a community, and with community-based agencies, to create and offer service-learning opportunities for all school-age youth;

(B) educate teachers, and faculty providing teacher training and retraining, about service-learning, and incorporate service-learning opportunities into classroom teaching to strengthen academic learning;

(C) coordinate the work of adult volunteers who work with elementary and secondary schools as part of their community service activities; and

(D) work with employers in the communities to ensure that projects introduce the students to various careers and expose the students to needed further education and training.

(2) PROGRAMS.—Subtitle B of title I of the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.) is amended by striking the subtitle heading and all that follows through the end of part I and inserting the following:

"Subtitle B—School-Based and Community-Based Service-Learning Programs

"PART I—SERVE-AMERICA PROGRAMS

"Subpart A—School-Based Programs for Students

"SEC. 111. AUTHORITY TO ASSIST STATES AND INDIAN TRIBES.

"(a) USE OF FUNDS.—The Corporation, in consultation with the Secretary of Education, may make grants under section 112(b)(1), and allotments under subsections (a) and (b)(2) of section 112, to States (through State educational agencies), and to Indian tribes, to pay for the Federal share of—

"(1) planning and building the capacity of the States or Indian tribes (which may be accomplished through grants or contracts with qualified organizations) to implement school-based service-learning programs, including—

"(A) providing training for teachers, supervisors, personnel from community-based agencies (particularly with regard to the utilization of participants), and trainers, to be conducted by qualified individuals or organizations that have experience with service-learning;

"(B) developing service-learning curricula to be integrated into academic programs, including the age-appropriate learning component described in section 114(d)(2);

"(C) forming local partnerships described in paragraph (2) or (4) to develop school-based service-learning programs in accordance with this subpart;

"(D) devising appropriate methods for research and evaluation of the educational value of service-learning and the effect of service-learning activities on communities; and

"(E) establishing effective outreach and dissemination of information to ensure the broadest possible involvement of community-based agencies with demonstrated effectiveness in working with school-age youth in their communities;

"(2) implementing, operating, or expanding school-based service-learning programs, which may include paying for the cost of the recruitment, training, supervision, placement, salaries, and benefits of service-learning coordinators, through State distribution of Federal funds made available under this subpart to projects operated by local partnerships among—

"(A) local educational agencies; and

"(B) one or more community partners that—

"(i) shall include a public or private nonprofit organization that—

"(I) has a demonstrated expertise in the provision of services to meet unmet human, educational, environmental, or public safety needs;

"(II) was in existence at least 1 year before the date on which the organization submitted an application under section 114; and

"(III) will make projects available for participants, who shall be students; and

"(ii) may include a private for-profit business or private elementary or secondary school;

"(3) planning of school-based service-learning programs, through State distribution of Federal funds made available under this subpart to local educational agencies, which planning may include paying for the cost of—

"(A) the salaries and benefits of service-learning coordinators; or

"(B) the recruitment, training, supervision, and placement of service-learning coordinators who are participants in a program under subtitle C or receive a national service educational award under subtitle D,

who will identify the community partners described in paragraph (2)(B) and assist in the design and implementation of a program described in paragraph (2); and

"(4) implementing, operating, or expanding school-based service-learning programs involving adult volunteers to utilize service-learning to improve the education of students, through State distribution of Federal funds made available under this part to local partnerships among—

"(A) local educational agencies; and

"(B) one or more—

"(i) public or private nonprofit organizations;

"(ii) other educational agencies; or

"(iii) private for-profit businesses,

that coordinate and operate projects for participants, who shall be students.

"(b) DUTIES OF SERVICE-LEARNING COORDINATOR.—A service-learning coordinator referred to in paragraph (2) or (3) of subsection (a) shall provide services to a local educational agency by—

"(1) providing technical assistance and information to, and facilitating the training of, teachers who want to use service-learning in their classrooms;

"(2) assisting local partnerships described in subsection (a) in the planning, development, and execution of service-learning projects; and

"(3) carrying out such other duties as the local educational agency may determine to be appropriate.

"(c) RELATED EXPENSES.—A partnership, local educational agency, or other qualified organization that receives financial assistance under this subpart may, in carrying out the activities described in subsection (a), use such assistance to pay for the Federal share of reasonable costs related to the supervision of participants, program administration, transportation, insurance, and evaluations, and for other reasonable expenses related to the activities.

"SEC. 111A. AUTHORITY TO ASSIST LOCAL APPLICANTS IN NONPARTICIPATING STATES.

"In any fiscal year in which a State does not submit an application under section 113, for an allotment under subsection (a) or (b)(2) of section 112, that meets the requirements of section 113 and such other requirements as the Chief Executive Officer may determine to be appropriate, the Corporation may use the allotment of that State to make direct grants to pay for the Federal share of the cost of—

"(1) carrying out the activities described in paragraph (2) or (4) of section 111(a), to a local partnership described in such paragraph; or

"(2) carrying out the activities described in paragraph (3) of such section, to an agency described in such paragraph,

that is located in the State.

"SEC. 111B. AUTHORITY TO ASSIST PUBLIC OR PRIVATE NONPROFIT ORGANIZATIONS.

"(a) IN GENERAL.—The Corporation may make grants under section 112(b)(1) to public or private nonprofit organizations that—

"(1) have experience with service-learning;

"(2) were in existence at least 1 year before the date on which the organization submitted an application under section 114(a); and

"(3) meet such other criteria as the Chief Executive Officer may establish.

"(b) USE OF FUNDS.—Such organizations may use grants made under subsection (a) to make grants to partnerships described in paragraph (2) or (4) of section 111(a) to implement, operate, or expand school-based service-learning programs as described in such section and provide technical assistance and training to appropriate persons.

"SEC. 112. GRANTS AND ALLOTMENTS.

"(a) INDIAN TRIBES AND TERRITORIES.—Of the amounts appropriated to carry out this subpart for any fiscal year, the Corporation shall reserve an amount of not more than 3 percent for payments to Indian tribes, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, to be allotted in accordance with their respective needs. The Corporation may also make payments from such amount to Palau, in accordance with its needs, until such time as the Compact of Free Association with Palau is ratified.

"(b) GRANTS AND ALLOTMENTS THROUGH STATES.—The Corporation shall use the remainder of the funds appropriated to carry out this subpart for any fiscal year as follows:

"(1) GRANTS.—Except as provided in paragraph (3), from 25 percent of such remainder, the Corporation may make grants, on a competitive basis, to—

"(A) States and Indian tribes; or

"(B) as described in section 111B, to grantmaking entities.

"(2) ALLOTMENTS.—

"(A) SCHOOL-AGE YOUTH.—Except as provided in paragraph (3), from 37.5 percent of such remainder, the Corporation shall allot to each State an amount that bears the same ratio to 37.5 percent of such remainder as the number of school-age youth in the State bears to the total number of school-age youth of all States.

"(B) ALLOCATION UNDER ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—Except as provided in paragraph (3), from 37.5 percent of such remainder, the Corporation shall allot to each State an amount that bears the same ratio to 37.5 percent of such remainder as the allocation to the State for the previous fiscal year under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2711 et seq.) bears to such allocations to all States.

"(3) MINIMUM AMOUNT.—No State shall receive, under paragraph (2), an allotment that is less than the allotment such State received for fiscal year 1993 under section 112(b) of this Act, as in effect on the day before the date of enactment of this part. If the amount of funds made available in a fiscal year to carry out paragraph (2) is insufficient to make such allotments, the Corporation shall make available sums from the 25 percent described in paragraph (1) for such fiscal year to make such allotments.

"(4) DEFINITION.—Notwithstanding section 101(26), for purposes of this subsection, the term 'State' means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

"(c) REALLOTMENT.—If the Corporation determines that the allotment of a State or Indian tribe under this section will not be required for a fiscal year because the State or Indian tribe does not submit an application for the allotment under section 113 that meets the requirements of such section and such other requirements as the Chief Executive Officer may determine to be appropriate, the Corporation shall, after making any grants under section 111A to a partnership or agency described in such section, make any remainder of such allotment available for reallotment to such other States, and Indian tribes, with approved applications submitted under section 113, as the Corporation may determine to be appropriate.

"(d) EXCEPTION.—Notwithstanding subsections (a) and (b), if less than $20,000,000 is appropriated for any fiscal year to carry out this subpart, the Corporation shall award grants to States and Indian tribes, from the amount so appropriated, on a competitive basis to pay for the Federal share of the activities described in section 111.

"SEC. 113. STATE OR TRIBAL APPLICATIONS.

"(a) SUBMISSION.—To be eligible to receive a grant under section 112(b)(1), an allotment under subsection (a) or (b)(2) of section 112, a reallotment under section 112(c), or a grant under section 112(d), a State, acting through the State educational agency, or an Indian tribe, shall prepare, submit to the Corporation, and obtain approval of, an application at such time and in such manner as the Chief Executive Officer may reasonably require.

"(b) CONTENTS.—An application that is submitted under subsection (a) with respect to service-learning programs described in section 111 shall include—

"(1) a 3-year strategic plan, or a revision of a previously approved 3-year strategic plan, for promoting service-learning through the programs, which plan shall contain such information as the Chief Executive Officer may reasonably require, including information demonstrating that the programs will be carried out in a manner consistent with the approved strategic plan;

"(2) assurances that—

"(A) the applicant will keep such records and provide such information to the Corporation with respect to the programs as may be required for fiscal audits and program evaluation; and

"(B) the applicant will comply with the nonduplication and nondisplacement requirements of section 177 and the grievance procedure requirements of section 176(f); and

"(3) such additional information as the Chief Executive Officer may reasonably require.

"SEC. 114. LOCAL APPLICATIONS.

"(a) APPLICATION TO CORPORATION TO MAKE GRANTS FOR SCHOOL-BASED SERVICE-LEARNING PROGRAMS.—

"(1) IN GENERAL.—To be eligible to receive a grant in accordance with section 111B(a) to make grants relating to school-based service-learning programs described in section 111(a), a grantmaking entity shall prepare, submit to the Corporation, and obtain approval of, an application.

"(2) SUBMISSION.—Such application shall be submitted at such time and in such manner, and shall contain such information, as the Chief Executive Officer may reasonably require. Such application shall include a proposal to assist such programs in more than 1 State.

"(b) DIRECT APPLICATION TO CORPORATION TO CARRY OUT SCHOOL-BASED SERVICE-LEARNING PROGRAMS IN NONPARTICIPATING STATES.—To be eligible to receive a grant from the Corporation in the circumstances described in section 111A to carry out an activity as described in such section, a partnership or agency described in such section shall prepare, submit to the Corporation, and obtain approval of, an application. Such application shall be submitted at such time and in such manner, and shall contain such information, as the Chief Executive Officer may reasonably require.

"(c) APPLICATION TO STATE OR INDIAN TRIBE TO RECEIVE ASSISTANCE TO CARRY OUT SCHOOL-BASED SERVICE-LEARNING PROGRAMS.—

"(1) IN GENERAL.—Any—

"(A) qualified organization that desires to receive financial assistance under this subpart from a State or Indian tribe for an activity described in section 111(a)(1);

"(B) partnership described in section 111(a)(2) that desires to receive such assistance from a State, Indian tribe, or grantmaking entity for an activity described in section 111(a)(2);

"(C) agency described in section 111(a)(3) that desires to receive such assistance from a State or Indian tribe for an activity described in such section; or

"(D) partnership described in section 111(a)(4) that desires to receive such assistance from a State or Indian tribe for an activity described in such section,

to be carried out through a service-learning program described in section 111, shall prepare, submit to the State educational agency, Indian tribe, or grantmaking entity, and obtain approval of, an application for the program.

"(2) SUBMISSION.—Such application shall be submitted at such time and in such manner, and shall contain such information, as the agency, tribe, or entity may reasonably require.

"(d) REGULATIONS.—The Corporation shall by regulation establish standards for the information and assurances required to be contained in an application submitted under subsection (a) or (b) with respect to a service-learning program described in section 111, including, at a minimum, assurances that—

"(1) prior to the placement of a participant, the entity carrying out the program will consult with the appropriate local labor organization, if any, representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program, to prevent the displacement and protect the rights of such employees;

"(2) the entity carrying out the program will develop an age-appropriate learning component for participants in the program that shall include a chance for participants to analyze and apply their service experiences; and

"(3) the entity carrying out the program will comply with the nonduplication and nondisplacement requirements of section 177 and the grievance procedure requirements of section 176(f).

"(e) LIMITATION ON SAME PROJECT IN MULTIPLE APPLICATIONS.—No applicant shall submit an application under section 113 or this section, and the Corporation shall reject an application that is submitted under section 113 or this section, if the application describes a project proposed to be conducted using assistance requested by the applicant and the project is already described in another application pending before the Corporation.

"SEC. 115. CONSIDERATION OF APPLICATIONS.

"(a) CRITERIA FOR APPLICATIONS.—In approving applications for financial assistance under subsection (a), (b), (c), or (d) of section 112, the Corporation shall consider such criteria with respect to sustainability, replicability, innovation, and quality of programs under this subpart as the Chief Executive Officer may by regulation specify. In providing assistance under this subpart, a State educational agency, Indian tribe, or grantmaking entity shall consider such criteria.

"(b) PRIORITY FOR LOCAL APPLICATIONS.—In providing assistance under this subpart, a State educational agency or Indian tribe, or the Corporation if section 111A or 111B applies, shall give priority to entities that submit applications under section 114 with respect to service-learning programs described in section 111 that—

"(1) involve participants in the design and operation of the program;

"(2) are in the greatest need of assistance, such as programs targeting low-income areas;

"(3) involve—

"(A) students from public elementary or secondary schools, and students from private elementary or secondary schools, serving together; or

"(B) students of different ages, races, sexes, ethnic groups, disabilities, or economic backgrounds, serving together; or

"(4) are integrated into the academic program of the participants.

"(c) REJECTION OF APPLICATIONS.—If the Corporation rejects an application submitted by a State under section 113 for an allotment under section 112(b)(2), the Corporation shall promptly notify the State of the reasons for the rejection of the application. The Corporation shall provide the State with a reasonable opportunity to revise and resubmit the application and shall provide technical assistance, if needed, to the State as part of the resubmission process. The Corporation shall promptly reconsider such resubmitted application.

"SEC. 115A. PARTICIPATION OF STUDENTS AND TEACHERS FROM PRIVATE SCHOOLS.

"(a) IN GENERAL.—To the extent consistent with the number of students in the State or Indian tribe or in the school district of the local educational agency involved who are enrolled in private nonprofit elementary and secondary schools, such State, Indian tribe, or agency shall (after consultation with appropriate private school representatives) make provision—

"(1) for the inclusion of services and arrangements for the benefit of such students so as to allow for the equitable participation of such students in the programs implemented to carry out the objectives and provide the benefits described in this subpart; and

"(2) for the training of the teachers of such students so as to allow for the equitable participation of such teachers in the programs implemented to carry out the objectives and provide the benefits described in this subpart.

"(b) WAIVER.—If a State, Indian tribe, or local educational agency is prohibited by law from providing for the participation of students or teachers from private nonprofit schools as required by subsection (a), or if the Corporation determines that a State, Indian tribe, or local educational agency substantially fails or is unwilling to provide for such participation on an equitable basis, the Chief Executive Officer shall waive such requirements and shall arrange for the provision of services to such students and teachers. Such waivers shall be subject to consultation, withholding, notice, and judicial review requirements in accordance with paragraphs (3) and (4) of section 1017(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2727(b)).

"SEC. 116. FEDERAL, STATE, AND LOCAL CONTRIBUTIONS.

"(a) SHARE.—

"(1) IN GENERAL.—The Federal share attributable to this subpart of the cost of carrying out a program for which a grant or allotment is made under this subpart may not exceed—

"(A) 90 percent of the total cost of the program for the first year for which the program receives assistance under this subpart;

"(B) 80 percent of the total cost of the program for the second year for which the program receives assistance under this subpart;

"(C) 70 percent of the total cost of the program for the third year for which the program receives assistance under this subpart; and

"(D) 50 percent of the total cost of the program for the fourth year, and for any subsequent year, for which the program receives assistance under this subpart.

"(2) CALCULATION.—In providing for the remaining share of the cost of carrying out such a program, each recipient of assistance under this subpart—

"(A) shall provide for such share through a payment in cash or in kind, fairly evaluated, including facilities, equipment, or services; and

"(B) may provide for such share through State sources, local sources, or Federal sources (other than funds made available under the national service laws).

"(b) WAIVER.—The Chief Executive Officer may waive the requirements of subsection (a) in whole or in part with respect to any such program in any fiscal year if the Corporation determines that such a waiver would be equitable due to a lack of available financial resources at the local level.

"SEC. 116A. LIMITATIONS ON USES OF FUNDS.

"(a) ADMINISTRATIVE COSTS.—

"(1) LIMITATION.—Not more than 5 percent of the amount of assistance provided to a State educational agency, Indian tribe, or grantmaking entity that is the original recipient of a grant or allotment under subsection (a), (b), (c), or (d) of section 112 for a fiscal year may be used to pay for administrative costs incurred by—

"(A) the original recipient; or

"(B) the entity carrying out the service-learning programs supported with the assistance.

"(2) RULES ON USE.—The Chief Executive Officer may by rule prescribe the manner and extent to which—

"(A) such assistance may be used to cover administrative costs; and

"(B) that portion of the assistance available to cover administrative costs should be distributed between—

"(i) the original recipient; and

"(ii) the entity carrying out the service-learning programs supported with the assistance.

"(b) CAPACITY-BUILDING ACTIVITIES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), not less than 10 percent and not more than 15 percent of the amount of assistance provided to a State educational agency or Indian tribe that is the original recipient of a grant or allotment under subsection (a), (b), (c), or (d) of section 112 for a fiscal year may be used to build capacity through training, technical assistance, curriculum development, and coordination activities, described in section 111(a)(1).

"(2) WAIVER.—The Chief Executive Officer may waive the requirements of paragraph (1) in order to permit an agency or a tribe to use not less than 10 percent and not more than 20 percent of such amount to build capacity as provided in paragraph (1). To be eligible to receive such a waiver such an agency or tribe shall submit an application to the Chief Executive Officer at such time, in such manner, and containing such information as the Chief Executive Officer may require.

"(c) LOCAL USES OF FUNDS.—Funds made available under this subpart may not be used to pay any stipend, allowance, or other financial support to any student who is a participant under this subtitle, except reimbursement for transportation, meals, and other reasonable out-of-pocket expenses directly related to participation in a program assisted under this subpart.

"SEC. 116B. DEFINITIONS.

"As used in this subpart:

"(1) GRANTMAKING ENTITY.—The term 'grantmaking entity' means an organization described in section 111B(a).

"(2) SCHOOL-BASED.—The term 'school-based' means based in an elementary school or a secondary school.

"(3) STUDENT.—Notwithstanding section 101(29), the term 'student' means an individual who is enrolled in an elementary or secondary school on a full- or part-time basis.

"Subpart B—Community-Based Service Programs for School-Age Youth

"SEC. 117. DEFINITIONS.

"As used in this subpart:

"(1) COMMUNITY-BASED SERVICE PROGRAM.—The term 'community-based service program' means a program described in section 117A(b)(1)(A).

"(2) GRANTMAKING ENTITY.—The term 'grantmaking entity' means a qualified organization that—

"(A) submits an application under section 117C(a) to make grants to qualified organizations;

"(B) was in existence at least 1 year before the date on which the organization submitted the application; and

"(C) meets such other criteria as the Chief Executive Officer shall establish.

"(3) QUALIFIED ORGANIZATION.—The term 'qualified organization' means a public or private nonprofit organization with experience working with school-age youth that meets such criteria as the Chief Executive Officer may establish.

"SEC. 117A. GENERAL AUTHORITY.

"(a) GRANTS.—From the funds appropriated to carry out this subpart for a fiscal year, the Corporation may make grants to State Commissions, grantmaking entities, and qualified organizations to pay for the Federal share of the implementation, operation, expansion, or replication of community-based service programs.

"(b) USE OF FUNDS.—

"(1) STATE COMMISSIONS AND GRANTMAKING ENTITIES.—A State Commission or grantmaking entity may use a grant made under subsection (a)—

"(A) to make a grant to a qualified organization to implement, operate, expand, or replicate a community-based service program that provides for meaningful human, educational, environmental, or public safety service by participants, who shall be school-age youth; or

"(B) to provide training and technical assistance to such an organization.

"(2) QUALIFIED ORGANIZATIONS.—A qualified organization, other than a grantmaking entity, may use a grant made under subsection (a) to implement, operate, expand, or replicate a program described in paragraph (1)(A).

"SEC. 117B. STATE APPLICATIONS.

"(a) IN GENERAL.—To be eligible to receive a grant under section 117A(a), a State Commission shall prepare, submit to the Corporation, and obtain approval of, an application.

"(b) SUBMISSION.—Such application shall be submitted to the Corporation at such time and in such manner, and shall contain such information, as the Chief Executive Officer may reasonably require.

"(c) CONTENTS.—Such an application shall include, at a minimum, a State plan that contains the information and assurances described in section 117C(d) with respect to each community-based service program proposed to be carried out through funding distributed by the State Commission under this subpart.

"SEC. 117C. LOCAL APPLICATIONS.

"(a) APPLICATION TO CORPORATION TO MAKE GRANTS FOR COMMUNITY-BASED SERVICE PROGRAMS.—To be eligible to receive a grant from the Corporation under section 117A(a) to make grants under section 117A(b)(1), a grantmaking entity shall prepare, submit to the Corporation, and obtain approval of, an application that proposes a community-based service program to be carried out through grants made to qualified organizations. Such application shall be submitted at such time and in such manner, and shall contain such information, as the Chief Executive Officer may reasonably require.

"(b) DIRECT APPLICATION TO CORPORATION TO CARRY OUT COMMUNITY-BASED SERVICE PROGRAMS.—To be eligible to receive a grant from the Corporation under section 117A(a) to implement, operate, expand, or replicate a community service program, a qualified organization shall prepare, submit to the Corporation, and obtain approval of, an application that proposes a community-based service program to be carried out at multiple sites, or that proposes an innovative community-based service program. Such application shall be submitted at such time and in such manner, and shall contain such information, as the Chief Executive Officer may reasonably require.

"(c) APPLICATION TO STATE COMMISSION OR GRANTMAKING ENTITY TO RECEIVE GRANTS TO CARRY OUT COMMUNITY-BASED SERVICE PROGRAMS.—To be eligible to receive a grant from a State Commission or grantmaking entity under section 117A(b)(1), a qualified organization shall prepare, submit to the Commission or entity, and obtain approval of, an application. Such application shall be submitted at such time and in such manner, and shall contain such information, as the Commission or entity may reasonably require.

"(d) REGULATIONS.—The Corporation shall by regulation establish standards for the information and assurances required to be contained in an application submitted under subsection (a) or (b) with respect to a community-based service program, including, at a minimum—

"(1) an assurance that the entity carrying out the program proposed by the applicant will comply with the nonduplication and nondisplacement provisions of section 177 and the grievance procedure requirements of section 176(f);

"(2) an assurance that the entity carrying out the program will, prior to placing a participant in the program, consult with the appropriate local labor organization, if any, representing employees in the area in which the program will be carried out that are engaged in the same or similar work as the work proposed to be carried out by the program, to prevent the displacement of such employees; and

"(3) in the case of an application submitted by a grantmaking entity, information demonstrating that the entity will make grants for a program to—

"(A) carry out activities described in section 117A(b)(1) in two or more States, under circumstances in which the activities carried out under such program can be carried out more efficiently through one program than through two or more programs; and

"(B) carry out the same activities, such as training activities or activities related to exchanging information on service experiences, through each of the projects assisted through the program.

"(e) LIMITATION ON SAME PROJECT IN MULTIPLE APPLICATIONS.—No applicant shall submit an application under section 117B or this section, and the Corporation shall reject an application that is submitted under section 117B or this section, if the application describes a

project proposed to be conducted using assistance requested by the applicant and the project is already described in another application pending before the Corporation.

"SEC. 117D. CONSIDERATION OF APPLICATIONS.

"(a) APPLICATION OF CRITERIA.—The Corporation shall apply the criteria described in subsection (b) in determining whether to approve an application submitted under section 117B or under subsection (a) or (b) of section 117C and to provide assistance under section 117A to the applicant on the basis of the application.

"(b) ASSISTANCE CRITERIA.—In evaluating such an application with respect to a program under this subpart, the Corporation shall consider the criteria established for national service programs under section 133(c).

"(c) APPLICATION TO SUBGRANTS.—A State Commission or grantmaking entity shall apply the criteria described in subsection (b) in determining whether to approve an application under section 117C(c) and to make a grant under section 117A(b)(1) to the applicant on the basis of the application.

"SEC. 117E. FEDERAL, STATE, AND LOCAL CONTRIBUTIONS.

"(a) FEDERAL SHARE.—

"(1) IN GENERAL.—The Federal share attributable to this subpart of the cost of carrying out a program for which a grant is made under this subpart may not exceed the percentage specified in subparagraph (A), (B), (C), or (D) of section 116(a)(1), as appropriate.

"(2) CALCULATION.—Each recipient of assistance under this subpart shall comply with section 116(a)(2).

"(b) WAIVER.—The Chief Executive Officer may waive the requirements of subsection (a), in whole or in part, as provided in section 116(b).

"SEC. 117F. LIMITATIONS ON USES OF FUNDS.

"(a) ADMINISTRATIVE COSTS.—Not more than 5 percent of the amount of assistance provided to a State Commission, grantmaking entity, or qualified organization that is the original recipient of a grant under section 117A(a) for a fiscal year may be used to pay for administrative costs incurred by—

"(1) the original recipient; or

"(2) the entity carrying out the community-based service programs supported with the assistance.

"(b) RULES ON USE.—The Chief Executive Officer may by rule prescribe the manner and extent to which—

"(1) such assistance may be used to cover administrative costs; and

"(2) that portion of the assistance available to cover administrative costs should be distributed between—

"(A) the original recipient; and

"(B) the entity carrying out the community-based service programs supported with the assistance.

"Subpart C—Clearinghouse

"SEC. 118. SERVICE-LEARNING CLEARINGHOUSE.

"(a) IN GENERAL.—The Corporation shall provide financial assistance, from funds appropriated to carry out subtitle H, to organizations described in subsection (b) to establish a clearinghouse, which shall carry out activities, either directly or by arrangement with another such organization, with respect to information about service-learning.

"(b) PUBLIC OR PRIVATE NONPROFIT ORGANIZATIONS.—Public or private nonprofit organizations that have extensive experience with service-learning, including use of adult volunteers to foster service-learning, shall be eligible to receive assistance under subsection (a).

"(c) FUNCTION OF CLEARINGHOUSE.—An organization that receives assistance under subsection (a) may—

"(1) assist entities carrying out State or local service-learning programs with needs assessments and planning;

"(2) conduct research and evaluations concerning service-learning;

"(3)(A) provide leadership development and training to State and local service-learning program administrators, supervisors, service sponsors, and participants; and

"(B) provide training to persons who can provide the leadership development and training described in subparagraph (A);

"(4) facilitate communication among entities carrying out service-learning programs and participants in such programs;

"(5) provide information, curriculum materials, and technical assistance relating to planning and operation of service-learning programs, to States and local entities eligible to receive financial assistance under this title;

"(6) provide information regarding methods to make service-learning programs accessible to individuals with disabilities;

"(7)(A) gather and disseminate information on successful service-learning programs, components of such successful programs, innovative youth skills curricula related to service-learning, and service-learning projects; and

"(B) coordinate the activities of the Clearinghouse with appropriate entities to avoid duplication of effort;

"(8) make recommendations to State and local entities on quality controls to improve the quality of service-learning programs;

"(9) assist organizations in recruiting, screening, and placing service-learning coordinators; and

"(10) carry out such other activities as the Chief Executive Officer determines to be appropriate.".

(b) HIGHER EDUCATION INNOVATIVE PROJECTS.—Subtitle B of title I of the National and Community Service Act of 1990 (42 U.S.C. 12531 et seq.) is amended by striking part II and inserting the following:

"PART II—HIGHER EDUCATION INNOVATIVE PROGRAMS FOR COMMUNITY SERVICE

"SEC. 119. HIGHER EDUCATION INNOVATIVE PROGRAMS FOR COMMUNITY SERVICE.

"(a) PURPOSE.—It is the purpose of this part to expand participation in community service by supporting innovative community service programs carried out through institutions of higher education, acting as civic institutions to meet the human, educational, environmental, or public safety needs of neighboring communities.

"(b) GENERAL AUTHORITY.—The Corporation, in consultation with the Secretary of Education, is authorized to make grants to, and enter into contracts with, institutions of higher education (including a combination of such institutions), and partnerships comprised of such institutions and of other public or private nonprofit organizations, to pay for the Federal share of the cost of—

"(1) enabling such an institution or partnership to create or expand an organized community service program that—

"(A) engenders a sense of social responsibility and commitment to the community in which the institution is located; and

"(B) provides projects for participants, who shall be students, faculty, administration, or staff of the institution, or residents of the community;

"(2) supporting student-initiated and student-designed community service projects through the program;

"(3) strengthening the leadership and instructional capacity of teachers at the elementary, secondary, and postsecondary levels, with respect to service-learning, by—

"(A) including service-learning as a key component of the preservice teacher education of the institution; and

"(B) encouraging the faculty of the institution to use service-learning methods throughout their curriculum;

"(4) facilitating the integration of community service carried out under the program into academic curricula, including integration of clinical programs into the curriculum for students in professional schools, so that students can obtain credit for their community service projects;

"(5) supplementing the funds available to carry out work-study programs under part C of title IV of the Higher Education Act of 1965 (42 U.S.C. 2751 et seq.) to support service-learning and community service through the community service program;

"(6) strengthening the service infrastructure within institutions of higher education in the United States through the program; and

"(7) providing for the training of teachers, prospective teachers, related education personnel, and community leaders in the skills necessary to develop, supervise, and organize service-learning.

"(c) FEDERAL SHARE.—

"(1) SHARE.—

"(A) IN GENERAL.—The Federal share of the cost of carrying out a community service project for which a grant or contract is awarded under this part may not exceed 50 percent.

"(B) CALCULATION.—Each recipient of assistance under this part shall comply with section 116(a)(2).

"(2) WAIVER.—The Chief Executive Officer may waive the requirements of paragraph (1), in whole or in part, as provided in section 116(b).

"(d) APPLICATION FOR GRANT.—

"(1) SUBMISSION.—To receive a grant or enter into a contract under this part, an institution or partnership described in subsection (b) shall prepare, submit to the Corporation, and obtain approval of, an application at such time, in such manner, and containing such information and assurances as the Corporation may reasonably require. In requesting applications for assistance under this part, the Corporation shall specify such required information and assurances.

"(2) CONTENTS.—An application submitted under paragraph (1) shall contain, at a minimum—

"(A) assurances that—

"(i) prior to the placement of a participant, the applicant will consult with the appropriate local labor organization, if any, representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program, to prevent the displacement and protect the rights of such employees; and

"(ii) the applicant will comply with the nonduplication and nondisplacement provisions of section 177 and grievance procedure requirements of section 176(f); and

"(B) such other assurances as the Chief Executive Officer may reasonably require.

"(e) PRIORITY.—

"(1) IN GENERAL.—In making grants and entering into contracts under subsection (b), the Corporation shall give priority to applicants that submit applications containing proposals that—

"(A) demonstrate the commitment of the institution of higher education, other than by demonstrating the commitment of the students, to supporting the community service projects carried out under the program;

"(B) specify the manner in which the institution will promote faculty, administration, and staff participation in the community service projects;

"(C) specify the manner in which the institution will provide service to the community through organized programs, including, where appropriate, clinical programs for students in professional schools;

"(D) describe any partnership that will participate in the community service projects, such as a partnership comprised of—

"(i) the institution;

"(ii)(I) a community-based agency;

"(II) a local government agency; or

"(III) a nonprofit entity that serves or involves school-age youth or older adults; and

"(iii) a student organization;

"(E) demonstrate community involvement in the development of the proposal;

"(F) specify that the institution will use such assistance to strengthen the service infrastructure in institutions of higher education; or

"(G) with respect to projects involving delivery of service, specify projects that involve leadership development of school-age youth.

"(2) DETERMINATION.—In giving priority to applicants under paragraph (1), the Corporation shall give increased priority to such an applicant for each characteristic described in subparagraphs (A) through (G) of paragraph (1) that is reflected in the application submitted by the applicant.

"(f) NATIONAL SERVICE EDUCATIONAL AWARD.—A participant in a program funded under this part shall be eligible for the national service educational award described in subtitle D, if the participant served in an approved national service position.

"(g) DEFINITION.—Notwithstanding section 101(29), as used in this part, the term 'student' means an individual who is enrolled in an institution of higher education on a full- or part-time basis.".

(c) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101-610; 104 Stat. 3127) is amended by striking the items relating to subtitle B of title I of such Act and inserting the following:

"Subtitle B—School-Based and Community-Based Service-Learning Programs

"PART I—SERVE-AMERICA PROGRAMS

"SUBPART A—SCHOOL-BASED PROGRAMS FOR STUDENTS

"Sec. 111. Authority to assist States and Indian tribes.

"Sec. 111A. Authority to assist local applicants in nonparticipating States.

"Sec. 111B. Authority to assist public or private nonprofit organizations.

"Sec. 112. Grants and allotments.

"Sec. 113. State or tribal applications.

"Sec. 114. Local applications.

"Sec. 115. Consideration of applications.

"Sec. 115A. Participation of students and teachers from private schools.

"Sec. 116. Federal, State, and local contributions.

"Sec. 116A. Limitations on uses of funds.

"Sec. 116B. Definitions.

"SUBPART B—COMMUNITY-BASED SERVICE PROGRAMS FOR SCHOOL-AGE YOUTH

"Sec. 117. Definitions.

"Sec. 117A. General authority.

"Sec. 117B. State applications.

"Sec. 117C. Local applications.

"Sec. 117D. Consideration of applications.

"Sec. 117E. Federal, State, and local contributions.

"Sec. 117F. Limitations on uses of funds.

"SUBPART C—CLEARINGHOUSE

"Sec. 118. Service-learning clearinghouse.

"PART II—HIGHER EDUCATION INNOVATIVE PROGRAMS FOR COMMUNITY SERVICE

"Sec. 119. Higher education innovative programs for community service.".

SEC. 104. QUALITY AND INNOVATION ACTIVITIES.

(a) REPEAL.—Subtitle E of title I of the National and Community Service Act of 1990 (42 U.S.C. 12591 et seq.) is repealed.

(b) TRANSFER.—Title I of the National and Community Service Act of 1990 is amended—

(1) by redesignating subtitle H (42 U.S.C. 12653 et seq.) as subtitle E;

(2) by inserting subtitle E (as redesignated by paragraph (1) of this subsection) after subtitle D; and

(3) by redesignating sections 195 through 195O as sections 151 through 166, respectively.

(c) INVESTMENT FOR QUALITY AND INNOVATION.—Title I of the National and Community Service Act of 1990 (as amended by subsection (b) of this section) is amended by inserting after subtitle G the following new subtitle:

"Subtitle H—Investment for Quality and Innovation

"SEC. 198. ADDITIONAL CORPORATION ACTIVITIES TO SUPPORT NATIONAL SERVICE.

"(a) METHODS OF CONDUCTING ACTIVITIES.—The Corporation may carry out this section directly (except as provided in subsection (r)) or through grants, contracts, and cooperative agreements with other entities.

"(b) INNOVATION AND QUALITY IMPROVEMENT.—The Corporation may undertake activities to improve the quality of national service programs, including service-learning programs, and to support innovative and model programs, including—

"(1) programs, including programs for rural youth, under subtitle B or C;

"(2) employer-based retiree programs;

"(3) intergenerational programs;

"(4) programs involving individuals with disabilities as participants providing service; and

"(5) programs sponsored by Governors.

"(c) SUMMER PROGRAMS.—The Corporation may support service programs intended to be carried out between May 1 and October 1, except that such a program may also include a year-round component.

"(d) COMMUNITY-BASED AGENCIES.—The Corporation may provide training and technical assistance and other assistance to service sponsors and other community-based agencies that provide volunteer placements in order to improve the ability of such agencies to use participants and other volunteers in a manner that results in high-quality service and a positive service experience for the participants and volunteers.

"(e) IMPROVE ABILITY TO APPLY FOR ASSISTANCE.—The Corporation shall provide training and technical assistance, where necessary, to individuals, programs, local labor organizations, State educational agencies, State Commissions, local educational agencies, local governments, community-based agencies, and other entities to enable them to apply for funding under one of the national service laws, to conduct high-quality programs, to evaluate such programs, and for other purposes.

"(f) NATIONAL SERVICE FELLOWSHIPS.—The Corporation may award national service fellowships.

"(g) CONFERENCES AND MATERIALS.—The Corporation may organize and hold conferences, and prepare and publish materials, to disseminate information and promote the sharing of information among programs for the purpose of improving the quality of programs and projects.

"(h) PEACE CORPS AND VISTA TRAINING.—The Corporation may provide training assistance to selected individuals who volunteer to serve in the Peace Corps or a program authorized under title I of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.). The training shall be provided as part of the course of study of the individual at an institution of higher education, shall involve service-learning, and shall cover appropriate skills that the individual will use in the Peace Corps or VISTA.

"(i) PROMOTION AND RECRUITMENT.—The Corporation may conduct a campaign to solicit funds for the National Service Trust and other programs and activities authorized under the national service laws and to promote and recruit participants for programs that receive assistance under the national service laws.

"(j) TRAINING.—The Corporation may support national and regional participant and supervisor training, including leadership training and training in specific types of service and in building the ethic of civic responsibility.

"(k) RESEARCH.—The Corporation may support research on national service, including service-learning.

"(l) INTERGENERATIONAL SUPPORT.—The Corporation may assist programs in developing a service component that combines students, out-of-school youths, and older adults as participants to provide needed community services.

"(m) PLANNING COORDINATION.—The Corporation may coordinate community-wide planning among programs and projects.

"(n) YOUTH LEADERSHIP.—The Corporation may support activities to enhance the ability of youth and young adults to play leadership roles in national service.

"(o) NATIONAL PROGRAM IDENTITY.—The Corporation may support the development and dissemination of materials, including training materials, and arrange for uniforms and insignia, designed to promote unity and shared features among programs that receive assistance under the national service laws.

"(p) SERVICE-LEARNING.—The Corporation shall support innovative programs and activities that promote service-learning.

"(q) NATIONAL YOUTH SERVICE DAY.—

"(1) DESIGNATION.—April 19, 1994, and April 18, 1995 are each designated as 'National Youth Service Day'. The President is authorized and directed to issue a proclamation calling on the people of the United States to observe the day with appropriate ceremonies and activities.

"(2) FEDERAL ACTIVITIES.—In order to observe National Youth Service Day at the Federal level, the Corporation may organize and carry out appropriate ceremonies and activities.

"(3) ACTIVITIES.—The Corporation may make grants to public or private nonprofit organizations with demonstrated ability to carry out appropriate activities, in order to support such activities on National Youth Service Day.

"(r) ASSISTANCE FOR HEAD START.—The Corporation may make grants to, and enter into contracts and cooperative agreements with, public or nonprofit private agencies and organizations that receive grants or contracts under the Foster Grandparent Program (part B of title II of the Domestic Volunteer Service Act of 1973 (29 U.S.C. 5011 et seq.)), for projects of the type described in section 211(a) of such Act (29 U.S.C. 5011) operating under memoranda of agreement with the ACTION Agency, for the purpose of increasing the number of low-income individuals who provide services under such program to children who participate in Head Start programs under the Head Start Act (42 U.S.C 9831 et seq).

"SEC. 198A. CLEARINGHOUSES.

"(a) ASSISTANCE.—The Corporation shall provide assistance to appropriate entities to establish one or more clearinghouses, including the clearinghouse described in section 118.

"(b) APPLICATION.—To be eligible to receive assistance under subsection (a), an entity shall submit an application to the Corporation at such time, in such manner, and containing such information as the Corporation may require.

"(c) FUNCTION OF CLEARINGHOUSES.—An entity that receives assistance under subsection (a) may—

"(1) assist entities carrying out State or local community service programs with needs assessments and planning;

"(2) conduct research and evaluations concerning community service;

"(3)(A) provide leadership development and training to State and local community service

program administrators, supervisors, and participants; and

"(B) provide training to persons who can provide the leadership development and training described in subparagraph (A);

"(4) facilitate communication among entities carrying out community service programs and participants;

"(5) provide information, curriculum materials, and technical assistance relating to planning and operation of community service programs, to States and local entities eligible to receive funds under this title;

"(6)(A) gather and disseminate information on successful community service programs, components of such successful programs, innovative youth skills curriculum, and community service projects; and

"(B) coordinate the activities of the clearinghouse with appropriate entities to avoid duplication of effort;

"(7) make recommendations to State and local entities on quality controls to improve the delivery of community service programs and on changes in the programs under this title; and

"(8) carry out such other activities as the Chief Executive Officer determines to be appropriate.

"SEC. 198B. PRESIDENTIAL AWARDS FOR SERVICE.

"(a) PRESIDENTIAL AWARDS.—

"(1) IN GENERAL.—The President, acting through the Corporation, may make Presidential awards for service to individuals providing significant service, and to outstanding service programs.

"(2) INDIVIDUALS AND PROGRAMS.—Notwithstanding section 101(19)—

"(A) an individual receiving an award under this subsection need not be a participant in a program authorized under this Act; and

"(B) a program receiving an award under this subsection need not be a program authorized under this Act.

"(3) NATURE OF AWARD.—In making an award under this section to an individual or program, the President, acting through the Corporation—

"(A) is authorized to incur necessary expenses for the honorary recognition of the individual or program; and

"(B) is not authorized to make a cash award to such individual or program.

"(b) INFORMATION.—The President, acting through the Corporation, shall ensure that information concerning individuals and programs receiving awards under this section is widely disseminated.

"SEC. 198C. MILITARY INSTALLATION CONVERSION DEMONSTRATION PROGRAMS.

"(a) PURPOSES.—The purposes of this section are to—

"(1) provide meaningful service opportunities for economically disadvantaged youth;

"(2) fully utilize military installations affected by closures or realignments;

"(3) encourage communities affected by such closures or realignments to convert the installations to community use; and

"(4) foster a sense of community pride in the youth in the community.

"(b) DEFINITIONS.—As used in this section:

"(1) AFFECTED MILITARY INSTALLATION.—The term 'affected military installation' means a military installation described in section 325(e)(1) of the Job Training Partnership Act (29 U.S.C. 1662d(e)(1)).

"(2) COMMUNITY.—The term 'community' includes a county.

"(3) CONVERT TO COMMUNITY USE.—The term 'convert to community use', used with respect to an affected military installation, includes—

"(A) conversion of the installation or a part of the installation to—

"(i) a park;

"(ii) a community center;

"(iii) a recreational facility; or

"(iv) a facility for a Head Start program under the Head Start Act (42 U.S.C. 9831 et seq.); and

"(B) carrying out, at the installation, a construction or economic development project that is of substantial benefit, as determined by the Chief Executive Officer, to—

"(i) the community in which the installation is located; or

"(ii) a community located within such distance of the installation as the Chief Executive Officer may determine by regulation to be appropriate.

"(4) DEMONSTRATION PROGRAM.—The term 'demonstration program' means a program described in subsection (c).

"(c) DEMONSTRATION PROGRAMS.—

"(1) GRANTS.—The Corporation may make grants to communities and community-based agencies to pay for the Federal share of establishing and carrying out military installation conversion demonstration programs, to assist in converting to community use affected military installations located—

"(A) within the community; or

"(B) within such distance from the community as the Chief Executive Officer may by regulation determine to be appropriate.

"(2) DURATION.—In carrying out such a demonstration program, the community or community-based agency may carry out—

"(A) a program of not less than 6 months in duration; or

"(B) a full-time summer program.

"(d) USE OF FUNDS.—

"(1) STIPEND.—A community or community-based agency that receives a grant under subsection (c) to establish and carry out a project through a demonstration program may use the funds made available through such grant to pay for a portion of a stipend for the participants in the project.

"(2) LIMITATION ON AMOUNT OF STIPEND.—The amount of the stipend provided to a participant under paragraph (1) that may be paid using assistance provided under this section and using any other Federal funds shall not exceed the lesser of—

"(A) 85 percent of the total average annual subsistence allowance provided to VISTA volunteers under section 105 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955); and

"(B) 85 percent of the stipend established by the demonstration program involved.

"(e) PARTICIPANTS.—

"(1) ELIGIBILITY.—A person shall be eligible to be selected as a participant in a project carried out through a demonstration program if the person is—

"(A) an economically disadvantaged individual; and

"(B)(i) a person described in section 153(b);

"(ii) a youth described in section 154(a); or

"(iii) an eligible youth described in section 423 of the Job Training Partnership Act (29 U.S.C. 1693).

"(2) PARTICIPATION.—Persons desiring to participate in such a project shall enter into an agreement with the service sponsor of the project to participate—

"(A) on a full-time or a part-time basis; and

"(B) for the duration referred to in subsection (f)(2)(C).

"(f) APPLICATION.—

"(1) IN GENERAL.—To be eligible to receive a grant under subsection (c), a community or community-based agency shall submit an application to the Chief Executive Officer at such time, in such manner, and containing such information as the Chief Executive Officer may require.

"(2) CONTENTS.—At a minimum, such application shall contain—

"(A) a description of the demonstration program proposed to be conducted by the applicant;

"(B) a proposal for carrying out the program that describes the manner in which the applicant will—

"(i) provide preservice and inservice training, for supervisors and participants, that will be conducted by qualified individuals or qualified organizations;

"(ii) conduct an appropriate evaluation of the program; and

"(iii) provide for appropriate community involvement in the program;

"(C) information indicating the duration of the program; and

"(D) an assurance that the applicant will comply with the nonduplication and nondisplacement provisions of section 177 and the grievance procedure requirements of section 176(f).

"(g) LIMITATION ON GRANT.—In making a grant under subsection (c) with respect to a demonstration program to assist in converting an affected military installation, the Corporation shall not make a grant for more than 25 percent of the total cost of the conversion.

"SEC. 198D. SPECIAL DEMONSTRATION PROJECT.

"(a) SPECIAL DEMONSTRATION PROJECT FOR THE YUKON-KUSKOKWIM DELTA OF ALASKA.—The President may award grants to, and enter into contracts with, organizations to carry out programs that address significant human needs in the Yukon-Kuskokwim delta region of Alaska.

"(b) APPLICATION.—

"(1) GENERAL REQUIREMENTS.—To be eligible to receive a grant or enter into a contract under subsection (a) with respect to a program, an organization shall submit an application to the President at such time, in such manner, and containing such information as the President may require.

"(2) CONTENTS.—The application submitted by the organization shall, at a minimum—

"(A) include information describing the manner in which the program will utilize VISTA volunteers, individuals who have served in the Peace Corps, and other qualified persons, in partnership with the local nonprofit organizations known as the Yukon-Kuskokwim Health Corporation and the Alaska Village Council Presidents;

"(B) take into consideration—

"(i) the primarily noncash economy of the region; and

"(ii) the needs and desires of residents of the local communities in the region; and

"(C) include specific strategies, developed in cooperation with the Yupi'k speaking population that resides in such communities, for comprehensive and intensive community development for communities in the Yukon-Kuskokwim delta region.".

(d) TABLE OF CONTENTS.—

(1) CIVILIAN COMMUNITY CORPS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101-610; 104 Stat. 3127) is amended by striking the items relating to subtitle E of title I of such Act and inserting the following:

"Subtitle E—Civilian Community Corps

"Sec. 151. Purpose.
"Sec. 152. Establishment of Civilian Community Corps Demonstration Program.
"Sec. 153. National service program.
"Sec. 154. Summer national service program.
"Sec. 155. Civilian Community Corps.
"Sec. 156. Training.
"Sec. 157. Service projects.
"Sec. 158. Authorized benefits for Corps members.
"Sec. 159. Administrative provisions.
"Sec. 160. Status of Corps members and Corps personnel under Federal law.

"Sec. 161. Contract and grant authority.
"Sec. 162. Responsibilities of other departments.
"Sec. 163. Advisory board.
"Sec. 164. Annual evaluation.
"Sec. 165. Funding limitation.
"Sec. 166. Definitions.".

(2) QUALITY AND INNOVATION.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101-610; 104 Stat. 3127) is amended by striking the items relating to subtitle H of title I of such Act and inserting the following:

"Subtitle H—Investment for Quality and Innovation

"Sec. 198. Additional corporation activities to support national service.
"Sec. 198A. Clearinghouses.
"Sec. 198B. Presidential awards for service.
"Sec. 198C. Military installation conversion demonstration programs.
"Sec. 198D. Special demonstration project.".

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—

(A) Section 1091(f)(2) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) is amended by striking "195G" and inserting "158".

(B) Paragraphs (1) and (2) of section 1092(b), and sections 1092(c), 1093(a), and 1094(a) of such Act are amended by striking "195A" and inserting "152".

(C) Sections 1091(f)(2), 1092(b)(1), and 1094(a), and subsections (a) and (c) of section 1095 of such Act are amended by striking "subtitle H" and inserting "subtitle E".

(D) Section 1094(b)(1) and subsections (b) and (c)(1) of section 1095 of such Act are amended by striking "subtitles B, C, D, E, F, and G" and inserting "subtitles B, C, D, F, G, and H".

(2) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—

(A) Section 153(a) of the National and Community Service Act of 1990 (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653b(a)) is amended by striking "195A(a)" and inserting "152(a)".

(B) Section 154(a) of such Act (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653c(a)) is amended by striking "195A(a)" and inserting "152(a)".

(C) Section 155 of such Act (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653d) is amended—

(i) in subsection (a), by striking "195H(c)(1)" and inserting "159(c)(1)";

(ii) in subsection (c)(2), by striking "195H(c)(2)" and inserting "159(c)(2)"; and

(iii) in subsection (d)(3), by striking "195K(a)(3)" and inserting "162(a)(3)".

(D) Section 156 of such Act (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653e) is amended—

(i) in subsection (c)(1), by striking "195H(c)(2)" and inserting "159(c)(2)"; and

(ii) in subsection (d), by striking "195K(a)(3)" and inserting "162(a)(3)".

(E) Section 159 of such Act (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653h) is amended—

(i) in subsection (a)—

(I) by striking "195A" and inserting "152"; and

(II) in paragraph (2), by striking "195" and inserting "151"; and

(ii) in subsection (c)(2)(C)(i), by striking "195K(a)(2)" and inserting "section 162(a)(2)".

(F) Section 161(b)(1)(B) of such Act (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653j(b)(1)(B)) is amended by striking "195K(a)(3)" and inserting "162(a)(3)".

(G) Section 162(a)(2)(A) of such Act (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653k(a)(2)(A)) is amended by striking "195(3)" and inserting "151(3)".

(H) Section 166 of such Act (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653o) is amended—

(i) in paragraph (2), by striking "195D" and inserting "155";

(ii) in paragraph (8), by striking "195A" and inserting "152";

(iii) in paragraph (10), by striking "195D(d)" and inserting "155(d)"; and

(iv) in paragraph (11), by striking "195D(c)" and inserting "155(c)".

(f) EXTENSION OF AUTHORITY TO CONDUCT CIVILIAN COMMUNITY CORPS.—Section 1092(c) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; 106 Stat. 2534), as amended by subsection (e)(1) of this section, is further amended by adding at the end the following new sentence: "The amount made available for the Civilian Community Corps Demonstration Program pursuant to this subsection shall remain available for expenditure during fiscal years 1993 and 1994.".

(g) ADDITIONAL AMENDMENT REGARDING CIVILIAN COMMUNITY CORPS.—Section 158 of the National and Community Service Act of 1990 (as redesignated in subsection (b)(3) of this section) (42 U.S.C. 12653g) is amended by striking subsections (f), (g), and (h) and inserting the following new subsections:

"(f) NATIONAL SERVICE EDUCATIONAL AWARDS.—A Corps member who successfully completes a period of agreed service in the Corps may receive the national service educational award described in subtitle D if the Corps member—

"(1) serves in an approved national service position; and

"(2) satisfies the eligibility requirements specified in section 146 with respect to service in that approved national service position.

"(g) ALTERNATIVE BENEFIT.—If a Corps member who successfully completes a period of agreed service in the Corps is ineligible for the national service educational award described in subtitle D, the Director may provide for the provision of a suitable alternative benefit for the Corps member.".

SEC. 105. PUBLIC LANDS CORPS.

Public Law 91-378 (16 U.S.C. 1701-1706; commonly known as the Youth Conservation Corps Act of 1970) is amended—

(1) by inserting before section 1 the following:

"TITLE I—YOUTH CONSERVATION CORPS";

(2) by striking "Act" each place it appears and inserting "title";

(3) by redesignating sections 1 through 6 as sections 101 through 106, respectively;

(4) in section 102 (as so redesignated), by inserting "in this title" after "hereinafter" in subsection (a);

(5) in section 104 (as so redesignated), by striking "section 6" in subsection (d) and inserting "section 106"; and

(6) by adding at the end the following new title:

"TITLE II—PUBLIC LANDS CORPS

"SEC. 201. SHORT TITLE.

"This title may be cited as the 'Public Lands Corps Act of 1993'.

"SEC. 202. CONGRESSIONAL FINDINGS AND PURPOSE.

"(a) FINDINGS.—The Congress finds the following:

"(1) Conserving or developing natural and cultural resources and enhancing and maintaining environmentally important lands and waters through the use of the Nation's young men and women in a Public Lands Corps can benefit those men and women by providing them with education and work opportunities, furthering their understanding and appreciation of the natural and cultural resources, and providing a means to pay for higher education or to repay indebtedness they have incurred to obtain higher education while at the same time benefiting the Nation's economy and its environment.

"(2) Many facilities and natural resources located on eligible service lands are in disrepair or degraded and in need of labor intensive rehabilitation, restoration, and enhancement work which cannot be carried out by Federal agencies at existing personnel levels.

"(3) Youth conservation corps have established a good record of restoring and maintaining these kinds of facilities and resources in a cost effective and efficient manner, especially when they have worked in partnership arrangements with government land management agencies.

"(b) PURPOSE.—It is the purpose of this title to—

"(1) perform, in a cost-effective manner, appropriate conservation projects on eligible service lands where such projects will not be performed by existing employees;

"(2) assist governments and Indian tribes in performing research and public education tasks associated with natural and cultural resources on eligible service lands;

"(3) expose young men and women to public service while furthering their understanding and appreciation of the nation's natural and cultural resources;

"(4) expand educational opportunities by rewarding individuals who participate in national service with an increased ability to pursue higher education or job training; and

"(5) stimulate interest among the nation's young men and women in conservation careers by exposing them to conservation professionals in land managing agencies.

"SEC. 203. DEFINITIONS.

"For purposes of this title:

"(1) APPROPRIATE CONSERVATION PROJECT.—The term 'appropriate conservation project' means any project for the conservation, restoration, construction or rehabilitation of natural, cultural, historic, archaeological, recreational, or scenic resources.

"(2) CORPS AND PUBLIC LANDS CORPS.—The terms 'Corps' and 'Public Lands Corps' mean the Public Lands Corps established under section 204.

"(3) ELIGIBLE SERVICE LANDS.—The term 'eligible service lands' means public lands, Indian lands, and Hawaiian home lands.

"(4) HAWAIIAN HOME LANDS.—The term 'Hawaiian home lands' means all lands given the status of Hawaiian home lands under section 204 of the Hawaiian Homes Commission Act, 1920 (42 Stat. 110), or under the corresponding provision of the Constitution of the State of Hawaii adopted under section 4 of the Act entitled 'An Act to provide for the admission of the State of Hawaii into the Union', approved March 18, 1959 (Public Law 86-3; 73 Stat. 5).

"(5) INDIAN.—The term 'Indian' means a person who—

"(A) is a member of an Indian tribe; or

"(B) is a 'Native', as defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

"(6) INDIAN LANDS.—The term 'Indian lands' means—

"(A) any Indian reservation;

"(B) any public domain Indian allotments;

"(C) any former Indian reservation in the State of Oklahoma;

"(D) any land held by incorporated Native groups, regional corporations, and village corporations under the Alaska Native Claims Settlement Act (43 U.S.C. 1701 et seq.); and

"(E) any land held by dependent Indian communities within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a State.

"(7) INDIAN TRIBE.—The term 'Indian tribe' means an Indian tribe, band, nation, or other organized group or community, including any Native village, Regional Corporation, or Village Corporation, as defined in subsection (c), (g), or (j), respectively, of section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602 (c), (g), or (j)), that is recognized as eligible for the special programs and services provided by the United States under Federal law to Indians because of their status as Indians.

"(8) PUBLIC LANDS.—The term 'public lands' means any lands or waters (or interest therein) owned or administered by the United States, except that such term does not include any Indian lands.

"(9) QUALIFIED YOUTH OR CONSERVATION CORPS.—The term 'qualified youth or conservation corps' means any program established by a State or local government, by the governing body of any Indian tribe, or by a nonprofit organization that—

"(A) is capable of offering meaningful, full-time, productive work for individuals between the ages of 16 and 25, inclusive, in a natural or cultural resource setting;

"(B) gives participants a mix of work experience, basic and life skills, education, training, and support services; and

"(C) provides participants with the opportunity to develop citizenship values and skills through service to their community and the United States.

"(10) RESOURCE ASSISTANT.—The term 'resource assistant' means a resource assistant selected under section 206.

"(11) STATE.—The term 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"SEC. 204. PUBLIC LANDS CORPS PROGRAM.

"(a) ESTABLISHMENT OF PUBLIC LANDS CORPS.—There is hereby established in the Department of the Interior and the Department of Agriculture a Public Lands Corps.

"(b) PARTICIPANTS.—The Corps shall consist of individuals between the ages of 16 and 25, inclusive, who are enrolled as participants in the Corps by the Secretary of the Interior or the Secretary of Agriculture. To be eligible for enrollment in the Corps, an individual shall satisfy the criteria specified in section 137(b) of the National and Community Service Act of 1990. The Secretaries may enroll such individuals in the Corps without regard to the civil service and classification laws, rules, or regulations of the United States. The Secretaries may establish a preference for the enrollment in the Corps of individuals who are economically, physically, or educationally disadvantaged.

"(c) QUALIFIED YOUTH OR CONSERVATION CORPS.—The Secretary of the Interior and the Secretary of Agriculture are authorized to enter into contracts and cooperative agreements with any qualified youth or conservation corps to perform appropriate conservation projects referred to in subsection (d).

"(d) PROJECTS TO BE CARRIED OUT.—The Secretary of the Interior and the Secretary of Agriculture may each utilize the Corps or any qualified youth or conservation corps to carry out appropriate conservation projects which such Secretary is authorized to carry out under other authority of law on public lands. Appropriate conservation projects may also be carried out under this title on Indian lands with the approval of the Indian tribe involved and on Hawaiian home lands with the approval of the Department of Hawaiian Home Lands of the State of Hawaii. The Secretaries may also authorize appropriate conservation projects and other appropriate projects to be carried out on Federal, State, local, or private lands as part of disaster prevention or relief efforts in response to an emergency or major disaster declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

"(e) PREFERENCE FOR CERTAIN PROJECTS.—In selecting appropriate conservation projects to be carried out under this title, the Secretary of the Interior and the Secretary of Agriculture shall give preference to those projects which—

"(1) will provide long-term benefits to the public;

"(2) will instill in the enrollee involved a work ethic and a sense of public service;

"(3) will be labor intensive;

"(4) can be planned and initiated promptly; and

"(5) will provide academic, experiential, or environmental education opportunities.

"(f) CONSISTENCY.—Each appropriate conservation project carried out under this title on eligible service lands shall be consistent with the provisions of law and policies relating to the management and administration of such lands, with all other applicable provisions of law, and with all management, operational, and other plans and documents which govern the administration of the area.

"SEC. 205. CONSERVATION CENTERS.

"(a) ESTABLISHMENT AND USE.—The Secretary of the Interior and the Secretary of Agriculture are each authorized to provide such quarters, board, medical care, transportation, and other services, facilities, supplies, and equipment as such Secretary deems necessary in connection with the Public Lands Corps and appropriate conservation projects carried out under this title and to establish and use conservation centers owned and operated by such Secretary for purposes of the Corps and such projects. The Secretaries shall establish basic standards of health, nutrition, sanitation, and safety for all conservation centers established under this section and shall assure that such standards are enforced. Where necessary or appropriate, the Secretaries may enter into contracts and other appropriate arrangements with State and local government agencies and private organizations for the management of such conservation centers.

"(b) LOGISTICAL SUPPORT.—The Secretary of the Interior and the Secretary of Agriculture may make arrangements with the Secretary of Defense to have logistical support provided by the Armed Forces to the Corps and any conservation center established under this section, where feasible. Logistical support may include the provision of temporary tent shelters where needed, transportation, and residential supervision.

"(c) USE OF MILITARY INSTALLATIONS.—The Secretary of the Interior and the Secretary of Agriculture may make arrangements with the Secretary of Defense to identify military installations and other facilities of the Department of Defense and, in consultation with the adjutant generals of the State National Guards, National Guard facilities that may be used, in whole or in part, by the Corps for training or housing Corps participants.

"SEC. 206. RESOURCE ASSISTANTS.

"(a) AUTHORIZATION.—The Secretary of the Interior and the Secretary of Agriculture are each authorized to provide individual placements of resource assistants with any Federal land managing agency under the jurisdiction of such Secretary to carry out research or resource protection activities on behalf of the agency. To be eligible for selection as a resource assistant, an individual must be at least 17 years of age. The Secretaries may select resource assistants without regard to the civil service and classification laws, rules, or regulations of the United States. The Secretaries shall give a preference to the selection of individuals who are enrolled in an institution of higher education or are recent graduates from an institution of higher education, with particular attention given to ensure full representation of women and participants from historically black, Hispanic, and Native American schools.

"(b) USE OF EXISTING NONPROFIT ORGANIZATIONS.—Whenever one or more existing nonprofit organizations can provide, in the judgment of the Secretary of the Interior or the Secretary of Agriculture, appropriate recruitment and placement services to fulfill the requirements of this section, the Secretary may implement this section through such existing organizations. Participating nonprofit organizations shall contribute to the expenses of providing and supporting the resource assistants, through private sources of funding, at a level equal to 25 percent of the total costs of each participant in the Resource Assistant program who has been recruited and placed through that organization. Any such participating nonprofit conservation service organization shall be required, by the respective land managing agency, to submit an annual report evaluating the scope, size, and quality of the program, including the value of work contributed by the Resource Assistants, to the mission of the agency.

"SEC. 207. LIVING ALLOWANCES AND TERMS OF SERVICE.

"(a) LIVING ALLOWANCES.—The Secretary of the Interior and the Secretary of Agriculture shall provide each participant in the Public Lands Corps and each resource assistant with a living allowance in an amount not to exceed the maximum living allowance authorized by section 140(a)(3) of the National and Community Service Act of 1990 for participants in a national service program assisted under subtitle C of title I of such Act.

"(b) TERMS OF SERVICE.—Each participant in the Corps and each resource assistant shall agree to participate in the Corps or serve as a resource assistant, as the case may be, for such term of service as may be established by the Secretary enrolling or selecting the individual.

"SEC. 208. NATIONAL SERVICE EDUCATIONAL AWARDS.

"(a) EDUCATIONAL BENEFITS AND AWARDS.—If a participant in the Public Lands Corps or a resource assistant also serves in an approved national service position designated under subtitle C of title I of the National and Community Service Act of 1990, the participant or resource assistant shall be eligible for a national service educational award in the manner prescribed in subtitle D of such title upon successfully complying with the requirements for the award. The period during which the national service educational award may be used, the purposes for which the award may be used, and the amount of the award shall be determined as provided under such subtitle.

"(b) FORBEARANCE IN THE COLLECTION OF STAFFORD LOANS.—For purposes of section 428 of the Higher Education Act of 1965, in the case of borrowers who are either participants in the Corps or resource assistants, upon written request, a lender shall grant a borrower forbearance on such terms as are otherwise consistent with the regulations of the Secretary of Education, during periods in which the borrower is serving as such a participant or a resource assistant.

"SEC. 209. NONDISPLACEMENT.

"The nondisplacement requirements of section 177 of the National and Community Service Act of 1990 shall be applicable to all activities carried out by the Public Lands Corps, to all activities carried out under this title by a qualified youth or conservation corps, and to the selection and service of resource assistants.

"SEC. 210. FUNDING.

"(a) COST SHARING.—

"(1) PROJECTS BY QUALIFIED YOUTH OR CONSERVATION CORPS.—The Secretary of the Interior and the Secretary of Agriculture are each authorized to pay not more than 75 percent of the costs of any appropriate conservation project carried out pursuant to this title on public lands by a qualified youth or conservation corps. The remaining 25 percent of the costs of such a project may be provided from nonfederal sources in the form of funds, services, facilities, materials, equipment, or any combination of the foregoing. No cost sharing shall be required in the case of any appropriate conservation project carried out on Indian lands or Hawaiian home lands under this title.

"(2) PUBLIC LANDS CORPS PROJECTS.—The Secretary of the Interior and the Secretary of Agriculture are each authorized to accept donations of funds, services, facilities, materials, or equipment for the purposes of operating the Public Lands Corps and carrying out appropriate conservation projects by the Corps. However, nothing in this title shall be construed to require any cost sharing for any project carried out directly by the Corps.

"(b) FUNDS AVAILABLE UNDER NATIONAL AND COMMUNITY SERVICE ACT.—In order to carry out the Public Lands Corps or to support resource assistants and qualified youth or conservation corps under this title, the Secretary of the Interior and the Secretary of Agriculture shall be eligible to apply for and receive assistance under section 121(b) of the National and Community Service Act of 1990.".

SEC. 106. URBAN YOUTH CORPS.

(a) FINDINGS.—The Congress finds the following:

(1) The rehabilitation, reclamation, and beautification of urban public housing, recreational sites, youth and senior centers, and public roads and public works facilities through the efforts of young people in the United States in an Urban Youth Corps can benefit these youths, while also benefiting their communities, by—

(A) providing them with education and work opportunities;

(B) furthering their understanding and appreciation of the challenges faced by individuals residing in urban communities; and

(C) providing them with a means to pay for higher education or to repay indebtedness they have incurred to obtain higher education.

(2) A significant number of housing units for low-income individuals in urban areas has become substandard and unsafe and the deterioration of urban roadways, mass transit systems, and transportation facilities in the United States have contributed to the blight encountered in many cities in the United States.

(3) As a result, urban housing, public works, and transportation resources are in need of labor intensive rehabilitation, reclamation, and beautification work that has been neglected in the past and cannot be adequately carried out by Federal, State, and local government at existing personnel levels.

(4) Urban youth corps have established a good record of rehabilitating, reclaiming, and beautifying these kinds of resources in a cost efficient manner, especially when they have worked in partnership with government housing, public works, and transportation authorities and agencies.

(b) PURPOSE.—It is the purpose of this section—

(1) to perform, in a cost-effective manner, appropriate service projects to rehabilitate, reclaim, beautify, and improve public housing and public works and transportation facilities and resources in urban areas suffering from high rates of poverty where work will not be performed by existing employees;

(2) to assist government housing, public works, and transportation authorities and agencies;

(3) to expose young people in the United States to public service while furthering their understanding and appreciation of their community;

(4) to expand educational opportunity for individuals who participate in the Urban Youth Corps established by this section by providing them with an increased ability to pursue post-secondary education or job training; and

(5) to stimulate interest among young people in the United States in lifelong service to their communities and the United States.

(c) DEFINITIONS.—For purposes of this section:

(1) APPROPRIATE SERVICE PROJECT.—The term "appropriate service project" means any project for the rehabilitation, reclamation, or beautification of urban public housing and public works and transportation resources or facilities.

(2) CORPS AND URBAN YOUTH CORPS.—The term "Corps" and "Urban Youth Corps" mean the Urban Youth Corps established under subsection (d)(1).

(3) QUALIFIED URBAN YOUTH CORPS.—The term "qualified urban youth corps" means any program established by a State or local government or by a nonprofit organization that—

(A) is capable of offering meaningful, full-time, productive work for individuals between the ages of 16 and 25, inclusive, in an urban or public works or transportation setting;

(B) gives participants a mix of work experience, basic and life skills, education, training, and support services; and

(C) provides participants with the opportunity to develop citizenship values and skills through service to their communities and the United States.

(4) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development or the Secretary of Transportation.

(5) STATE.—The term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(d) ESTABLISHMENT OF URBAN YOUTH CORPS.—

(1) ESTABLISHMENT.—There is hereby established in the Department of Housing and Urban Development and the Department of Transportation an Urban Youth Corps. The Corps shall consist of individuals between the ages of 16 and 25, inclusive, who are enrolled as participants in the Corps by the Secretary of Housing and Urban Development and the Secretary of Transportation. To be eligible for enrollment in the Corps, an individual shall satisfy the criteria specified in section 139(b) of the National and Community Service Act of 1990. The Secretaries may enroll such individuals in the Corps without regard to the civil service and classification laws, rules, or regulations of the United States. The Secretaries may establish a preference for the enrollment in the Corps of individuals who are economically, physically, or educationally disadvantaged.

(2) USE OF QUALIFIED URBAN YOUTH CORPS.—The Secretaries are authorized to enter into contracts and cooperative agreements with any qualified urban youth corps to perform appropriate service projects described in paragraph (3). As part of the Urban Youth Corps established in the Department of Transportation, the Secretary of Transportation may make grants to States (and through States to local governments) for the purpose of establishing, operating, or supporting qualified urban youth corps that will perform appropriate service projects relating to transportation resources or facilities.

(3) SERVICE PROJECTS.—The Secretaries may each utilize the Corps or any qualified urban youth corps to carry out appropriate service projects that the Secretary involved is authorized to carry out under other authority of law involving public housing projects or public works resources or facilities.

(4) PREFERENCE FOR CERTAIN PROJECTS.—In selecting an appropriate service project to be carried out under this section, the Secretaries shall give a preference to those projects which—

(A) will provide long-term benefits to the public;

(B) will instill in the participant a work ethic and a sense of public service;

(C) will be labor intensive;

(D) can be planned and initiated promptly; and

(E) will provide academic, experiential, or community education opportunities.

(5) CONSISTENCY.—Each appropriate service project carried out under this section in any public housing project or public works resource or facility shall be consistent with the provisions of law and policies relating to the management and administration of such projects, facilities, or resources, with all other applicable provisions of law, and with all management, operational, and other plans and documents which govern the administration of such projects, facilities, or resources.

(e) LIVING ALLOWANCES.—The Secretaries shall provide each participant in the Urban Youth Corps with a living allowance in an amount not to exceed the maximum living allowance authorized by section 140(a)(3) of the National and Community Service Act of 1990 for participants in a national service program assisted under subtitle C of title I of such Act.

(f) TERMS OF SERVICE.—Each participant in the Urban Youth Corps shall agree to participate in the Corps for a term of service established by the Secretary involved, consistent with the terms of service required under section 139(b) of the National and Community Service Act of 1990 for participants in a national service program assisted under subtitle C of title I of such Act.

(g) EDUCATIONAL AWARDS.—

(1) ELIGIBILITY.—Each participant in the Urban Youth Corps shall be eligible for a national service educational award in the manner prescribed in subtitle D of title I of the National and Community Service Act of 1990 if such participant complies with such requirements as may be established under this subtitle by the Secretary involved respecting eligibility for the award. The period during which the award may be used, the purposes for which the award may be used, and the amount of the award shall be determined as provided under such subtitle.

(2) FORBEARANCE IN THE COLLECTION OF STAFFORD LOANS.—For purposes of section 428 of the Higher Education Act of 1965, in the case of borrowers who are participants in the Urban Youth Corps, upon written request, a lender shall grant a borrower forbearance on such terms as are otherwise consistent with the regulations of the Secretary of Education, during periods in which the borrower is serving as such a participant and eligible for a national service educational award under paragraph (1).

(h) NONDISPLACEMENT.—The nondisplacement requirements of section 177 of the National and Community Service Act of 1990 shall be applicable to all activities carried out by the Urban Youth Corps and to all activities carried out under this section by a qualified urban youth corps.

(i) COST SHARING.—

(1) PROJECTS BY QUALIFIED URBAN YOUTH CORPS.—The Secretaries are each authorized to pay not more than 75 percent of the costs of any appropriate service project carried out pursuant to this section by a qualified urban youth corps. The remaining 25 percent of the costs of such a

project may be provided from nonfederal sources in the form of funds, services, facilities, materials, equipment, or any combination of the foregoing.

(2) DONATIONS.—The Secretaries are each authorized to accept donations of funds, services, facilities, materials, or equipment for the purposes of operating the Urban Youth Corps and carrying out appropriate service projects by the Corps. However, nothing in this section shall be construed to require any cost sharing for any project carried out directly by the Corps.

(3) FUNDS AVAILABLE UNDER NATIONAL AND COMMUNITY SERVICE ACT.—In order to carry out the Urban Youth Corps or to support qualified urban youth corps under this section, the Secretaries shall be eligible to apply for and receive assistance under section 121(b) of the National and Community Service Act of 1990.

Subtitle B—Related Provisions

SEC. 111. DEFINITIONS.

(a) IN GENERAL.—Section 101 of the National and Community Service Act of 1990 (42 U.S.C. 12511) is amended to read as follows:

"SEC. 101. DEFINITIONS.

"For purposes of this title:

"(1) ADULT VOLUNTEER.—The term 'adult volunteer' means an individual, such as an older adult, an individual with a disability, a parent, or an employee of a business or public or private nonprofit organization, who—

"(A) works without financial remuneration in an educational institution to assist students or out-of-school youth; and

"(B) is beyond the age of compulsory school attendance in the State in which the educational institution is located.

"(2) APPROVED NATIONAL SERVICE POSITION.—The term 'approved national service position' means a national service position for which the Corporation has approved the provision of a national service educational award described in section 147 as one of the benefits to be provided for successful service in the position.

"(3) CARRY OUT.—The term 'carry out', when used in connection with a national service program described in section 122, means the planning, establishment, operation, expansion, or replication of the program.

"(4) CHIEF EXECUTIVE OFFICER.—The term 'Chief Executive Officer', except when used to refer to the chief executive officer of a State, means the Chief Executive Officer of the Corporation appointed under section 193.

"(5) COMMUNITY-BASED AGENCY.—The term 'community-based agency' means a private nonprofit organization (including a church or other religious entity) that—

"(A) is representative of a community or a significant segment of a community; and

"(B) is engaged in meeting human, educational, environmental, or public safety community needs.

"(6) CORPORATION.—The term 'Corporation' means the Corporation for National and Community Service established under section 191.

"(7) ECONOMICALLY DISADVANTAGED.—The term 'economically disadvantaged' means, with respect to an individual, an individual who is determined by the Chief Executive Officer to be low-income according to the latest available data from the Department of Commerce.

"(8) ELEMENTARY SCHOOL.—The term 'elementary school' has the same meaning given such term in section 1471(8) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(8)).

"(9) INDIAN.—The term 'Indian' means a person who is a member of an Indian tribe, or is a 'Native', as defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

"(10) INDIAN LANDS.—The term 'Indian lands' means any real property owned by an Indian ribe, any real property held in trust by the United States for an Indian or Indian tribe, and any real property held by an Indian or Indian tribe that is subject to restrictions on alienation imposed by the United States.

"(11) INDIAN TRIBE.—The term 'Indian tribe' means—

"(A) an Indian tribe, band, nation, or other organized group or community, including—

"(i) any Native village, as defined in section 3(c) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(c)), whether organized traditionally or pursuant to the Act of June 18, 1934 (commonly known as the 'Indian Reorganization Act'; 48 Stat. 984, chapter 576; 25 U.S.C 461 et seq.); and

"(ii) any Regional Corporation or Village Corporation, as defined in subsection (g) or (j), respectively, of section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602 (g) or (j)), that is recognized as eligible for the special programs and services provided by the United States under Federal law to Indians because of their status as Indians; and

"(B) any tribal organization controlled, sanctioned, or chartered by an entity described in subparagraph (A).

"(12) INDIVIDUAL WITH A DISABILITY.—Except as provided in section 175(a), the term 'individual with a disability' has the meaning given the term in section 7(8)(B) of the Rehabilitation Act of 1973 (29 U.S.C. 706(8)(B)).

"(13) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the same meaning given such term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

"(14) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the same meaning given such term in section 1471(12) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(12)).

"(15) NATIONAL SERVICE LAWS.—The term 'national service laws' means this Act and the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

"(16) OUT-OF-SCHOOL YOUTH.—The term 'out-of-school youth' means an individual who—

"(A) has not attained the age of 27;

"(B) has not completed college or the equivalent thereof; and

"(C) is not enrolled in an elementary or secondary school or institution of higher education.

"(17) PARTICIPANT.—

"(A) IN GENERAL.—The term 'participant' means—

"(i) for purposes of subtitle C, an individual in an approved national service position; and

"(ii) for purposes of any other provision of this Act, an individual enrolled in a program that receives assistance under this title.

"(B) RULE.—A participant shall not be considered to be an employee of the program in which the participant is enrolled.

"(18) PARTNERSHIP PROGRAM.—The term 'partnership program' means a program through which an adult volunteer, a public or private nonprofit organization, an institution of higher education, or a business assists a local educational agency.

"(19) PROGRAM.—The term 'program', unless the context otherwise requires, and except when used as part of the term 'academic program', means a program described in section 111(a) (other than a program referred to in paragraph (3)(B) of such section), 117A(a), 119(b)(1), or 122(a), or in paragraph (1) or (2) of section 152(b), or an activity that could be funded under section 198, 198C, or 198D.

"(20) PROJECT.—The term 'project' means an activity, carried out through a program that receives assistance under this title, that results in a specific identifiable service or improvement that otherwise would not be done with existing funds, and that does not duplicate the routine services or functions of the employer to whom participants are assigned.

"(21) SCHOOL-AGE YOUTH.—The term 'school-age youth' means—

"(A) individuals between the ages of 5 and 17, inclusive; and

"(B) children with disabilities, as defined in section 602(a)(1) of the Individuals with Disabilities Education Act (20 U.S.C. 1401(a)(1)), who receive services under part B of such Act.

"(22) SECONDARY SCHOOL.—The term 'secondary school' has the same meaning given such term in section 1471(21) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(21)).

"(23) SERVICE-LEARNING.—The term 'service-learning' means a method—

"(A) under which students or participants learn and develop through active participation in thoughtfully organized service that—

"(i) is conducted in and meets the needs of a community;

"(ii) is coordinated with an elementary school, secondary school, institution of higher education, or community service program, and with the community; and

"(iii) helps foster civic responsibility; and

"(B) that—

"(i) is integrated into and enhances the academic curriculum of the students, or the educational components of the community service program in which the participants are enrolled; and

"(ii) provides structured time for the students or participants to reflect on the service experience.

"(24) SERVICE-LEARNING COORDINATOR.—The term 'service-learning coordinator' means an individual who provides services as described in subsection (a)(3) or (b) of section 111.

"(25) SERVICE SPONSOR.—The term 'service sponsor' means an organization, or other entity, that has been selected to provide a placement for a participant.

"(26) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. The term also includes Palau, until such time as the Compact of Free Association is ratified.

"(27) STATE COMMISSION.—The term 'State Commission' means a State Commission on National and Community Service maintained by a State pursuant to section 178. Except when used in section 178, the term includes an alternative administrative entity for a State approved by the Corporation under such section to act in lieu of a State Commission.

"(28) STATE EDUCATIONAL AGENCY.—The term 'State educational agency' has the same meaning given such term in section 1471(23) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(23)).

"(29) STUDENT.—The term 'student' means an individual who is enrolled in an elementary or secondary school or institution of higher education on a full- or part-time basis.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 182(a)(2) of the National and Community Service Act of 1990 (42 U.S.C 12642(a)(2)) is amended by striking "adult volunteer and partnership" each place the term appears and inserting "partnership".

(2) Section 182(a)(3) of the National and Community Service Act of 1990 (42 U.S.C 12642(a)(3)) is amended by striking "adult volunteer and partnership" and inserting "partnership".

(3) Section 441(c)(2) of the Higher Education Act of 1965 (42 U.S.C. 2751(c)(2)) is amended by striking "service opportunities or youth corps as

defined in section 101 of the National and Community Service Act of 1990, and service in the agencies, institutions and activities designated in section 124(a) of the National and Community Service Act of 1990" and inserting "a project, as defined in section 101(20) of the National and Community Service Act of 1990 (42 U.S.C. 12511(20))".

(4) Section 1122(a)(2)(C) of the Higher Education Act of 1965 (20 U.S.C. 1137a(a)(2)(C)) is amended by striking "youth corps as defined in section 101(30) of the National and Community Service Act of 1990" and inserting "youth corps programs, as described in section 122(a)(2) of the National and Community Service Act of 1990".

(5) Section 1201(p) of the Higher Education Act of 1965 (20 U.S.C. 1141(p)) is amended by striking "section 101(22) of the National and Community Service Act of 1990" and inserting "section 101(23) of the National and Community Service Act of 1990 (42 U.S.C. 12511(21))".

SEC. 112. AUTHORITY TO MAKE STATE GRANTS.

Section 102 of the National and Community Service Act of 1990 (42 U.S.C. 12512) is repealed.

SEC. 113. FAMILY AND MEDICAL LEAVE.

(a) IN GENERAL.—Section 171 of the National and Community Service Act of 1990 (42 U.S.C. 12631) is amended to read as follows:

"SEC. 171. FAMILY AND MEDICAL LEAVE.

"(a) PARTICIPANTS IN PRIVATE, STATE, AND LOCAL PROJECTS.—For purposes of title I of the Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.), if—

"(1) a participant has provided service for the period required by section 101(2)(A)(i) (29 U.S.C. 2611(2)(A)(i)), and has met the hours of service requirement of section 101(2)(A)(ii), of such Act with respect to a project; and

"(2) the service sponsor of the project is an employer described in section 101(4) of such Act (other than an employing agency within the meaning of subchapter V of chapter 63 of title 5, United States Code),

the participant shall be considered to be an eligible employee of the service sponsor.

"(b) PARTICIPANTS IN FEDERAL PROJECTS.—For purposes of subchapter V of chapter 63 of title 5, United States Code, if—

"(1) a participant has provided service for the period required by section 6381(1)(B) of such title with respect to a project; and

"(2) the service sponsor of the project is an employing agency within the meaning of such subchapter,

the participant shall be considered to be an employee of the service sponsor.

"(c) TREATMENT OF ABSENCE.—The period of any absence of a participant from a service position pursuant to title I of the Family and Medical Leave Act of 1993 or subchapter V of chapter 63 of title 5, United States Code, shall not be counted toward the completion of the term of service of the participant under section 139 of this Act.".

(b) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101–610; 104 Stat. 3127) is amended by striking the item relating to section 171 of such Act and inserting the following:

"Sec. 171. Family and medical leave.".

SEC. 114. REPORTS.

Section 172 of the National and Community Service Act of 1990 (42 U.S.C. 12632) is amended—

(1) in subsection (a)(3)(A), by striking "sections 177 and 113(9)" and inserting "section 177";

(2) in subsection (b)—

(A) by striking "REPORT TO CONGRESS"; and inserting "REPORT TO CONGRESS BY CORPORATION"; and

(B) in paragraph (1), by striking "this title" and inserting "the national service laws"; and

(3) by adding at the end the following:

"(c) REPORT TO CONGRESS BY SECRETARY OF DEFENSE.—

"(1) STUDY.—The Secretary of Defense shall annually conduct a study of the effect of the programs carried out under this title on recruitment for the Armed Forces.

"(2) REPORT.—The Secretary of Defense shall annually submit a report to the appropriate committees of Congress containing the findings of the study described in paragraph (1) and such recommendations for legislative and administrative reform as the Secretary may determine to be appropriate.".

SEC. 115. NONDISCRIMINATION.

Section 175 of the National and Community Service Act of 1990 (42 U.S.C. 12635) is amended to read as follows:

"SEC. 175. NONDISCRIMINATION.

"(a) IN GENERAL.—

"(1) BASIS.—An individual with responsibility for the operation of a project that receives assistance under this title shall not discriminate against a participant in, or member of the staff of, such project on the basis of race, color, national origin, sex, age, or political affiliation of such participant or member, or on the basis of disability, if the participant or member is a qualified individual with a disability.

"(2) DEFINITION.—As used in paragraph (1), the term 'qualified individual with a disability' has the meaning given the term in section 101(8) of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111(8)).

"(b) FEDERAL FINANCIAL ASSISTANCE.—Any assistance provided under this title shall constitute Federal financial assistance for purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), and shall constitute Federal financial assistance to an education program or activity for purposes of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.).

"(c) RELIGIOUS DISCRIMINATION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), an individual with responsibility for the operation of a project that receives assistance under this title shall not discriminate on the basis of religion against a participant in such project or a member of the staff of such project who is paid with funds received under this title.

"(2) EXCEPTION.—Paragraph (1) shall not apply to the employment, with assistance provided under this title, of any member of the staff, of a project that receives assistance under this title, who was employed with the organization operating the project on the date the grant under this title was awarded.

"(d) RULES AND REGULATIONS.—The Chief Executive Officer shall promulgate rules and regulations to provide for the enforcement of this section that shall include provisions for summary suspension of assistance for not more than 30 days, on an emergency basis, until notice and an opportunity to be heard can be provided.".

SEC. 116. NOTICE, HEARING, AND GRIEVANCE PROCEDURES.

(a) DECERTIFICATION OF POSITIONS.—Section 176(a) of the National and Community Service Act of 1990 (42 U.S.C. 12636(a)) is amended—

(1) in paragraph (1), by inserting ", or revoke the designation of positions, related to the grant or contract, as approved national service positions," before "whenever the Commission"; and

(2) in paragraph (2)(B), by inserting "or revoked" after "terminated".

(b) CONSTRUCTION.—Section 176(e) of such Act (42 U.S.C. 12636(e)) is amended by adding before the period the following ", other than assistance provided pursuant to this Act".

(c) GRIEVANCE PROCEDURE.—Section 176(f) of such Act is amended to read as follows:

"(f) GRIEVANCE PROCEDURE.—

"(1) IN GENERAL.—A State or local applicant that receives assistance under this title shall establish and maintain a procedure for the filing and adjudication of grievances from participants, labor organizations, and other interested individuals concerning projects that receive assistance under this title, including grievances regarding proposed placements of such participants in such projects.

"(2) DEADLINE FOR GRIEVANCES.—Except for a grievance that alleges fraud or criminal activity, a grievance shall be made not later than 1 year after the date of the alleged occurrence of the event that is the subject of the grievance.

"(3) DEADLINE FOR HEARING AND DECISION.—

"(A) HEARING.—A hearing on any grievance conducted under this subsection shall be conducted not later than 30 days after the filing of such grievance.

"(B) DECISION.—A decision on any such grievance shall be made not later than 60 days after the filing of such grievance.

"(4) ARBITRATION.—

"(A) IN GENERAL.—

"(i) JOINTLY SELECTED ARBITRATOR.—In the event of a decision on a grievance that is adverse to the party who filed such grievance, or 60 days after the filing of such grievance if no decision has been reached, such party shall be permitted to submit such grievance to binding arbitration before a qualified arbitrator who is jointly selected and independent of the interested parties.

"(ii) APPOINTED ARBITRATOR.—If the parties cannot agree on an arbitrator, the Chief Executive Officer shall appoint an arbitrator from a list of qualified arbitrators within 15 days after receiving a request for such appointment from one of the parties to the grievance.

"(B) DEADLINE FOR PROCEEDING.—An arbitration proceeding shall be held not later than 45 days after the request for such arbitration proceeding, or, if the arbitrator is appointed by the Chief Executive Officer in accordance with subparagraph (A)(ii), not later than 30 days after the appointment of such arbitrator.

"(C) DEADLINE FOR DECISION.—A decision concerning a grievance shall be made not later than 30 days after the date such arbitration proceeding begins.

"(D) COST.—

"(i) IN GENERAL.—Except as provided in clause (ii), the cost of an arbitration proceeding shall be divided evenly between the parties to the arbitration.

"(ii) EXCEPTION.—If a participant, labor organization, or other interested individual described in paragraph (1) prevails under a binding arbitration proceeding, the State or local applicant described in paragraph (1) that is a party to such grievance shall pay the total cost of such proceeding and the attorneys' fees of such participant, labor organization, or individual, as the case may be.

"(5) PROPOSED PLACEMENT.—If a grievance is filed regarding a proposed placement of a participant in a project that receives assistance under this title, such placement shall not be made unless the placement is consistent with the resolution of the grievance pursuant to this subsection.

"(6) REMEDIES.—Remedies for a grievance filed under this subsection include—

"(A) suspension of payments for assistance under this title;

"(B) termination of such payments;

"(C) prohibition of the placement described in paragraph (5); and

"(D) in a case in which the grievance involves a violation of subsection (a) or (b) of section 177 and the employer of the displaced employee is the recipient of assistance under this title—

"(i) reinstatement of the displaced employee to the position held by such employee prior to displacement;

"(ii) payment of lost wages and benefits of the displaced employee;

"(iii) reestablishment of other relevant terms, conditions, and privileges of employment of the displaced employee; and

"(iv) such equitable relief as is necessary to correct any violation of subsection (a) or (b) of section 177 or to make the displaced employee whole.

"(7) ENFORCEMENT.—Suits to enforce arbitration awards under this section may be brought in any district court of the United States having jurisdiction of the parties, without regard to the amount in controversy and without regard to the citizenship of the parties.".

SEC. 117. NONDISPLACEMENT.

Section 177(b)(3) of the National and Community Service Act of 1990 (42 U.S.C. 12637(b)(3)) is amended—

(1) in subparagraph (B), to read as follows:

"(B) SUPPLANTATION OF HIRING.—A participant in any program receiving assistance under this title shall not perform any services or duties, or engage in activities, that—

"(i) will supplant the hiring of employed workers; or

"(ii) are services, duties, or activities with respect to which an individual has recall rights pursuant to a collective bargaining agreement or applicable personnel procedures."; and

(2) in subparagraph (C)(iii), to read as follows:

"(iii) employee who—

"(I) is subject to a reduction in force; or

"(II) has recall rights pursuant to a collective bargaining agreement or applicable personnel procedures;".

SEC. 118. EVALUATION.

Section 179 of the National and Community Service Act of 1990 (42 U.S.C. 12639) is amended—

(1) in subsection (a)(2)—

(A) in the matter preceding subparagraph (A), by striking "for purposes of the reports required by subsection (j)," and inserting "with respect to the programs authorized under subtitle C,"; and

(B) in subparagraph (A), by striking "older American volunteer programs" and inserting "National Senior Volunteer Corps programs";

(2) in subsection (g)—

(A) in the matter preceding paragraph (1), by striking "subtitle D" and inserting "subtitle C"; and

(B) in paragraphs (3) and (9), by striking "older American volunteer programs" and inserting "National Senior Volunteer Corps programs";

(3) by striking subsections (i) and (j); and

(4) by adding at the end the following:

"(i) INDEPENDENT EVALUATION AND REPORT OF DEMOGRAPHICS OF NATIONAL SERVICE PARTICIPANTS AND COMMUNITIES.—

"(1) INDEPENDENT EVALUATION.—

"(A) IN GENERAL.—The Corporation shall, on an annual basis, arrange for an independent evaluation of the programs assisted under subtitle C.

"(B) PARTICIPANTS.—

"(i) IN GENERAL.—The entity conducting such evaluation shall determine the demographic characteristics of the participants in such programs.

"(ii) CHARACTERISTICS.—The entity shall determine, for the year covered by the evaluation, the total number of participants in the programs, and the number of participants within the programs in each State, by sex, age, economic background, education level, ethnic group, disability classification, and geographic region.

"(iii) CATEGORIES.—The Corporation shall determine appropriate categories for analysis of each of the characteristics referred to in clause (ii) for purposes of such an evaluation.

"(C) COMMUNITIES.—In conducting the evaluation, the entity shall determine the amount of assistance provided under section 121 during the year that has been expended for projects conducted under the programs in areas described in section 133(c)(6).

"(2) REPORT.—The entity conducting the evaluation shall submit a report to the President, Congress, the Corporation, and each State Commission containing the results of the evaluation—

"(A) with respect to the evaluation covering the year beginning on the date of enactment of this subsection, not later than 18 months after such date; and

"(B) with respect to the evaluation covering each subsequent year, not later than 18 months after the first day of each such year.".

SEC. 119. ENGAGEMENT OF PARTICIPANTS.

Section 180 of the National and Community Service Act of 1990 (42 U.S.C. 12640) is amended by striking "post-service benefits" and inserting "national service educational awards".

SEC. 120. CONTINGENT EXTENSION.

(a) IN GENERAL.—Section 181 of the National and Community Service Act of 1990 (42 U.S.C. 12641) is amended to read as follows:

"SEC. 181. CONTINGENT EXTENSION.

"Section 414 of the General Education Provisions Act (20 U.S.C. 1226a) shall apply to this Act.".

(b) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101-610; 104 Stat. 3127) is amended by striking the item relating to section 181 of such Act and inserting the following:

"Sec. 181. Contingent extension.".

SEC. 121. AUDITS.

(a) IN GENERAL.—Section 183 of the National and Community Service Act of 1990 (42 U.S.C. 12643) is amended to read as follows:

"SEC. 183. RIGHTS OF ACCESS, EXAMINATION, AND COPYING.

"(a) COMPTROLLER GENERAL.—The Comptroller General, or any of the duly authorized representatives of the Comptroller General, shall have access to, and the right to examine and copy, any books, documents, papers, records, and other recorded information in any form—

"(1) within the possession or control of the Corporation or any State or local government, Indian tribe, or public or private nonprofit organization receiving assistance directly or indirectly under this Act; and

"(2) that the Comptroller General, or his representative, considers necessary to the performance of an evaluation, audit, or review.

"(b) CHIEF FINANCIAL OFFICER.—The Chief Financial Officer of the Corporation shall have access to, and the right to examine and copy, any books, documents, papers, records, and other recorded information in any form—

"(1) within the possession or control of the Corporation or any State or local government, Indian tribe, or public or private nonprofit organization receiving assistance directly or indirectly under this Act; and

"(2) that relates to the duties of the Chief Financial Officer.".

(b) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101-610; 104 Stat. 3127) is amended by striking the item relating to section 183 of such Act and inserting the following:

"Sec. 183. Rights of access, examination, and copying.".

SEC. 122. REPEALS.

(a) IN GENERAL.—Subtitle F of title I of the National and Community Service Act of 1990 (42 U.S.C. 12631 et seq.) is amended by repealing sections 185 and 186.

(b) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101-610; 104 Stat. 3127) is amended by striking the item relating to section 185 of such Act.

SEC. 123. EFFECTIVE DATE.

This title, and the amendments made by this title, shall take effect on October 1, 1993.

TITLE II—ORGANIZATION

SEC. 201. STATE COMMISSIONS ON NATIONAL AND COMMUNITY SERVICE.

(a) COMPOSITION AND DUTIES OF STATE COMMISSIONS.—Subtitle F of title I of the National and Community Service Act of 1990 is amended by striking section 178 (42 U.S.C. 12638) and inserting the following new section:

"SEC. 178. STATE COMMISSIONS ON NATIONAL AND COMMUNITY SERVICE.

"(a) EXISTENCE REQUIRED.—

"(1) STATE COMMISSION.—Except as provided in paragraph (2), to be eligible to receive a grant or allotment under subtitle B or C or to receive a distribution of approved national service positions under subtitle C, a State shall maintain a State Commission on National and Community Service that satisfies the requirements of this section.

"(2) ALTERNATIVE ADMINISTRATIVE ENTITY.—The chief executive officer of a State may apply to the Corporation for approval to use an alternative administrative entity to carry out the duties otherwise entrusted to a State Commission under this Act. The chief executive officer shall ensure that any alternative administrative entity used in lieu of a State Commission provides for the individuals described in paragraph (1), and some of the individuals described in paragraph (2), of subsection (c) to play a significant policymaking role in carrying out the duties otherwise entrusted to a State Commission, including the submission of applications on behalf of the State under sections 117B and 130.

"(b) APPOINTMENT AND SIZE.—Except as provided in subsection (c)(3), the members of a State Commission for a State shall be appointed by the chief executive officer of the State. A State Commission shall consist of not fewer than 15, and not more than 25, voting members, and any ex officio nonvoting members, as described in paragraph (3) or (4) of subsection (c).

"(c) COMPOSITION AND MEMBERSHIP.—

"(1) REQUIRED MEMBERS.—The State Commission for a State shall include as voting members at least one of each of the following individuals:

"(A) An individual with expertise in the educational, training, and development needs of youth, particularly disadvantaged youth.

"(B) An individual with experience in promoting the involvement of older adults in service and voluntarism.

"(C) A representative of community-based agencies or community-based organizations within the State.

"(D) The head of the State educational agency.

"(E) A representative of local governments in the State.

"(F) A representative of local labor organizations in the State.

"(G) A representative of business.

"(H) An individual between the ages of 16 and 25 who is a participant or supervisor in a program.

"(I) A representative of a national service program described in section 122(a), such as a youth corps program described in section 122(a)(2).

"(2) SOURCES OF OTHER MEMBERS.—The State Commission for a State may include as voting members the following individuals:

"(A) Members selected from among local educators.

"(B) Members selected from among experts in the delivery of human, educational, environmental, or public safety services to communities and persons.

"(C) Representatives of Indian tribes.

"(D) Members selected from among out-of-school youth or other at-risk youth.

"(E) Representatives of entities that receive assistance under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

"(3) CORPORATION REPRESENTATIVE.—The representative of the Corporation designated under section 195(c) for a State shall be an ex officio nonvoting member of the State Commission or alternative administrative entity for that State, unless the State permits the representative to serve as a voting member of the State Commission or alternative administrative entity.

"(4) EX OFFICIO STATE REPRESENTATIVES.—The chief executive officer of a State may appoint, as ex officio nonvoting members of the State Commission for the State, representatives selected from among officers and employees of State agencies operating community service, youth service, education, social service, senior service, and job training programs.

"(5) LIMITATION ON NUMBER OF STATE EMPLOYEES AS MEMBERS.—The number of voting members of a State Commission selected under paragraph (1) or (2) who are officers or employees of the State may not exceed 25 percent (reduced to the nearest whole number) of the total membership of the State Commission.

"(d) MISCELLANEOUS MATTERS.—

"(1) MEMBERSHIP BALANCE.—The chief executive officer of a State shall ensure, to the maximum extent practicable, that the membership of the State Commission for the State is diverse with respect to race, ethnicity, age, gender, and disability characteristics. Not more than 50 percent of the voting members of a State Commission, plus one additional member, may be from the same political party.

"(2) TERMS.—Each member of the State Commission for a State shall serve for a term of 3 years, except that the chief executive officer of a State shall initially appoint a portion of the members to terms of 1 year and 2 years.

"(3) VACANCIES.—If a vacancy occurs on a State Commission, a new member shall be appointed by the chief executive officer of the State and serve for the remainder of the term for which the predecessor of such member was appointed. The vacancy shall not affect the power of the remaining members to execute the duties of the State Commission.

"(4) COMPENSATION.—A member of a State Commission or alternative administrative entity shall not receive any additional compensation by reason of service on the State Commission or alternative administrative entity, except that the State may authorize the reimbursement of travel expenses, including a per diem in lieu of subsistence, in the same manner as other employees serving intermittently in the service of the State.

"(5) CHAIRPERSON.—The voting members of a State Commission shall elect one of the voting members to serve as chairperson of the State Commission.

"(6) LIMITATION ON MEMBER PARTICIPATION.—

"(A) GENERAL LIMITATION.—Except as provided in subparagraph (B), a voting member of the State Commission (or of an alternative administrative entity) shall not participate in the administration of the grant program (including any discussion or decision regarding the provision of assistance or approved national service positions, or the continuation, suspension, or termination of such assistance or such positions, to any program or entity) described in subsection (e)(9) if—

"(i) a grant application relating to such program is pending before the Commission (or such entity); and

"(ii) the application was submitted by a program or entity of which such member is, or in the 1-year period before the submission of such application was, an officer, director, trustee, full-time volunteer, or employee.

"(B) EXCEPTION.—If, as a result of the operation of subparagraph (A), the number of voting members of the Commission (or of such entity) is insufficient to establish a quorum for the purpose of administering such program, then voting members excluded from participation by subparagraph (A) may participate in the administration of such program, notwithstanding the limitation in subparagraph (A), to the extent permitted by regulations issued under section 193A(b)(11) by the Corporation.

"(C) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed to limit the authority of any voting member of the Commission (or of such entity) to participate in—

"(i) discussion of, and hearing and forums on—

"(I) the general duties, policies, and operations of the Commission (or of such entity); or

"(II) the general administration of such program; or

"(ii) similar general matters relating to the Commission (or such entity).

"(e) DUTIES OF A STATE COMMISSION.—The State Commission or alternative administrative entity for a State shall be responsible for the following duties:

"(1) Preparation of a national service plan for the State that—

"(A) is developed through an open and public process (such as through regional forums, hearings, and other means) that provides for maximum participation and input from national service programs within the State and other interested members of the public;

"(B) covers a 3-year period;

"(C) is updated annually;

"(D) ensures outreach to diverse community-based agencies that serve underrepresented populations, by—

"(i) using established networks, and registries, at the State level; or

"(ii) establishing such networks and registries; and

"(E) contains such information as the State Commission considers to be appropriate or as the Corporation may require.

"(2) Preparation of the applications of the State under sections 117B and 130 for financial assistance.

"(3) Assistance in the preparation of the application of the State educational agency for assistance under section 113.

"(4) Preparation of the application of the State under section 130 for the approval of service positions that include the national service educational award described in subtitle D.

"(5) Make recommendations to the Corporation with respect to priorities for programs receiving assistance under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

"(6) Make technical assistance available to enable applicants for assistance under section 121—

"(A) to plan and implement service programs; and

"(B) to apply for assistance under the national service laws using, if appropriate, information and materials available through a clearinghouse established under section 198A.

"(7) Assistance in the provision of health care and child care benefits under section 140 to participants in national service programs that receive assistance under section 121.

"(8) Development of a State system for the recruitment and placement of participants in programs that receive assistance under the national service laws and dissemination of information concerning national service programs that receive such assistance or approved national service positions.

"(9) Administration of the grant program in support of national service programs that is conducted by the State using assistance provided to the State under section 121, including selection, oversight, and evaluation of grant recipients.

"(10) Development of projects, training methods, curriculum materials, and other materials and activities related to national service programs that receive assistance directly from the Corporation (to be made available in a case in which such a program requests such a project, method, material, or activity) or from the State using assistance provided under section 121, for use by programs that request such projects, methods, materials, and activities.

"(f) ACTIVITY INELIGIBLE FOR ASSISTANCE.—A State Commission or alternative administrative entity may not directly carry out any national service program that receives assistance under section 121.

"(g) DELEGATION.—Subject to such requirements as the Corporation may prescribe, a State Commission may delegate nonpolicymaking duties to a State agency or public or private nonprofit organization.

"(h) APPROVAL OF STATE COMMISSION OR ALTERNATIVE.—

"(1) SUBMISSION TO CORPORATION.—The chief executive officer for a State shall notify the Corporation of the establishment or designation of the State Commission or use of an alternative administrative entity for the State. The notification shall include a description of—

"(A) the composition and membership of the State Commission or alternative administrative entity; and

"(B) the authority of the State Commission or alternative administrative entity regarding national service activities carried out by the State.

"(2) APPROVAL OF ALTERNATIVE ADMINISTRATIVE ENTITY.—Any designation of a State Commission or use of an alternative administrative entity to carry out the duties of a State Commission shall be subject to the approval of the Corporation, which shall not be unreasonably withheld. The Corporation shall approve an alternative administrative entity if such entity provides for individuals described in paragraph (1), and some of the individuals described in paragraph (2), of subsection (c) to play a significant policymaking role in carrying out the duties otherwise entrusted to a State Commission, including the duties described in paragraphs (1) through (4) of subsection (e).

"(3) REJECTION.—The Corporation may reject a State Commission if the Corporation determines that the composition, membership, or duties of the State Commission do not comply with the requirements of this section. The Corporation may reject a request to use an alternative administrative entity in lieu of a State Commission if the Corporation determines that the entity does not provide for the individuals described in paragraph (1), and some of the individuals described in paragraph (2), of subsection (c) to play a significant policymaking role as described in paragraph (2). If the Corporation rejects a State Commission or alternative administrative entity under this paragraph, the Corporation shall promptly notify the State of the reasons for the rejection.

"(4) RESUBMISSION AND RECONSIDERATION.—The Corporation shall provide a State notified under paragraph (3) with a reasonable opportunity to revise the rejected State Commission or alternative administrative entity. At the request of the State, the Corporation shall provide technical assistance to the State as part of the revision process. The Corporation shall promptly reconsider any resubmission of a notification under paragraph (1) or application to use an alternative administrative entity under paragraph (2).

"(5) SUBSEQUENT CHANGES.—This subsection shall also apply to any change in the composition or duties of a State Commission or an alternative administrative entity made after approval of the State Commission or the alternative administrative entity.

"(6) RIGHTS.—An alternative administrative entity approved by the Corporation under this subsection shall have the same rights as a State Commission.

"(i) COORDINATION.—

"(1) COORDINATION WITH OTHER STATE AGENCIES.—The State Commission or alternative administrative entity for a State shall coordinate the activities of the Commission or entity under this Act with the activities of other State agencies that administer Federal financial assistance programs under the Community Services Block Grant Act (42 U.S.C. 9901 et seq.) or other appropriate Federal financial assistance programs.

"(2) COORDINATION WITH VOLUNTEER SERVICE PROGRAMS.—

"(A) IN GENERAL.—The State Commission or alternative administrative entity for a State shall coordinate functions of the Commission or entity (including recruitment, public awareness, and training activities) with such functions of any division of ACTION, or of the Corporation, that carries out volunteer service programs in the State.

"(B) AGREEMENT.—In coordinating functions under this paragraph, such Commission or entity, and such division, may enter into an agreement to—

"(i) carry out such a function jointly;

"(ii) to assign responsibility for such a function to the Commission or entity; or

"(iii) to assign responsibility for such a function to the division.

"(C) INFORMATION.—The State Commission or alternative entity for a State, and the head of any such division, shall exchange information about—

"(i) the programs carried out in the State by the Commission, entity, or division, as appropriate; and

"(ii) opportunities to coordinate activities.

"(j) LIABILITY.—

"(1) LIABILITY OF STATE.—Except as provided in paragraph (2)(B), a State shall agree to assume liability with respect to any claim arising out of or resulting from any act or omission by a member of the State Commission or alternative administrative entity of the State, within the scope of the service of the member on the State Commission or alternative administrative entity.

"(2) OTHER CLAIMS.—

"(A) IN GENERAL.—A member of the State Commission or alternative administrative entity shall have no personal liability with respect to any claim arising out of or resulting from any act or omission by such person, within the scope of the service of the member on the State Commission or alternative administrative entity.

"(B) LIMITATION.—This paragraph shall not be construed to limit personal liability for criminal acts or omissions, willful or malicious misconduct, acts or omissions for private gain, or any other act or omission outside the scope of the service of such member on the State Commission or alternative administrative entity.

"(3) EFFECT ON OTHER LAW.—This subsection shall not be construed—

"(A) to affect any other immunities and protections that may be available to such member under applicable law with respect to such service;

"(B) to affect any other right or remedy against the State under applicable law, or against any person other than a member of the State Commission or alternative administrative entity; or

"(C) to limit or alter in any way the immunities that are available under applicable law for State officials and employees not described in this subsection.".

(b) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101-610; 104 Stat. 3127) is amended by striking the item relating to section 178 and inserting the following new item:

"Sec. 178. State Commissions on National and Community Service.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1993.

(d) TRANSITIONAL PROVISIONS.—

(1) USE OF ALTERNATIVES TO STATE COMMISSION.—If a State does not have a State Commission on National and Community Service that satisfies the requirements specified in section 178 of the National and Community Service Act of 1990, as amended by subsection (a), the Corporation for National and Community Service may authorize the chief executive officer of the State to use an existing agency of the State to perform the duties otherwise reserved to a State Commission under subsection (e) of such section.

(2) APPLICATION OF SUBSECTION.—This subsection shall apply only during the 27-month period beginning on the date of the enactment of this Act.

SEC. 202. INTERIM AUTHORITIES OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AND ACTION AGENCY.

(a) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Subtitle G of title I of the National and Community Service Act of 1990 (42 U.S.C. 12651) is amended to read as follows:

"Subtitle G—Corporation for National and Community Service

"SEC. 191. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE.

"There is established a Corporation for National and Community Service that shall administer the programs established under this Act. The Corporation shall be a Government corporation, as defined in section 103 of title 5, United States Code.

"SEC. 192. BOARD OF DIRECTORS.

"(a) COMPOSITION.—

"(1) IN GENERAL.—There shall be in the Corporation a Board of Directors (referred to in this subtitle as the 'Board') that shall be composed of—

"(A) 15 members, including an individual between the ages of 16 and 25 who—

"(i) has served in a school-based or community-based service-learning program; or

"(ii) is or was a participant or a supervisor in a program;

to be appointed by the President, by and with the advice and consent of the Senate; and

"(B) the ex officio nonvoting members described in paragraph (3).

"(2) QUALIFICATIONS.—To the maximum extent practicable, the President shall appoint members—

"(A) who have extensive experience in volunteer or service activities, which may include programs funded under one of the national service laws, and in State government;

"(B) who represent a broad range of viewpoints;

"(C) who are experts in the delivery of human, educational, environmental, or public safety services;

"(D) so that the Board shall be diverse according to race, ethnicity, age, gender, and disability characteristics; and

"(E) so that no more than 50 percent of the appointed members of the Board, plus 1 additional appointed member, are from a single political party.

"(3) EX OFFICIO MEMBERS.—The Secretary of Education, the Secretary of Health and Human Services, the Secretary of Labor, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Housing and Urban Development, the Secretary of Defense, the Attorney General, the Director of the Peace Corps, the Administrator of the Environmental Protection Agency, and the Chief Executive Officer shall serve as ex officio nonvoting members of the Board.

"(b) OFFICERS.—

"(1) CHAIRPERSON.—The President shall appoint a member of the Board to serve as the initial Chairperson of the Board. Each subsequent Chairperson shall be elected by the Board from among its members.

"(2) VICE CHAIRPERSON.—The Board shall elect a Vice Chairperson from among its membership.

"(3) OTHER OFFICERS.—The Board may elect from among its membership such additional officers of the Board as the Board determines to be appropriate.

"(c) TERMS.—Each appointed member of the Board shall serve for a term of 5 years, except that, as designated by the President—

"(1) 3 of the members first appointed to the Board shall serve for a term of 1 year;

"(2) 3 of the members first appointed to the Board shall serve for a term of 2 years;

"(3) 3 of the members first appointed to the Board shall serve for a term of 3 years;

"(4) 3 of the members first appointed to the Board shall serve for a term of 4 years; and

"(5) 3 of the members first appointed to the Board shall serve for a term of 5 years.

"(d) VACANCIES.—If a vacancy occurs on the Board, a new member shall be appointed by the President, by and with the advice and consent of the Senate, and serve for the remainder of the term for which the predecessor of such member was appointed. The vacancy shall not affect the power of the remaining members to execute the duties of the Board.

"SEC. 192A. AUTHORITIES AND DUTIES OF THE BOARD OF DIRECTORS.

"(a) MEETINGS.—The Board shall meet not less often than 3 times each year. The Board shall hold additional meetings at the call of the Chairperson of the Board, or if 6 members of the Board request such meetings in writing.

"(b) QUORUM.—A majority of the appointed members of the Board shall constitute a quorum.

"(c) AUTHORITIES OF OFFICERS.—

"(1) CHAIRPERSON.—The Chairperson of the Board may call and conduct meetings of the Board.

"(2) VICE CHAIRPERSON.—The Vice Chairperson of the Board may conduct meetings of the Board in the absence of the Chairperson.

"(d) EXPENSES.—While away from their homes or regular places of business on the business of the Board, members of such Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, for persons employed intermittently in the Government service.

"(e) SPECIAL GOVERNMENT EMPLOYEES.—For purposes of the provisions of chapter 11 of part I of title 18, United States Code, and any other provision of Federal law, a member of the Board (to whom such provisions would not otherwise apply except for this subsection) shall be a special Government employee.

"(f) STATUS OF MEMBERS.—

"(1) TORT CLAIMS.—For the purposes of the tort claims provisions of chapter 171 of title 28, United States Code, a member of the Board shall be considered to be a Federal employee.

"(2) OTHER CLAIMS.—A member of the Board shall have no personal liability under Federal law with respect to any claim arising out of or resulting from any act or omission by such person, within the scope of the service of the member on the Board, in connection with any transaction involving the provision of financial assistance by the Corporation. This paragraph

shall not be construed to limit personal liability for criminal acts or omissions, willful or malicious misconduct, acts or omissions for private gain, or any other act or omission outside the scope of the service of such member on the Board.

"(3) EFFECT ON OTHER LAW.—This subsection shall not be construed—

"(A) to affect any other immunities and protections that may be available to such member under applicable law with respect to such transactions;

"(B) to affect any other right or remedy against the Corporation, against the United States under applicable law, or against any person other than a member of the Board participating in such transactions; or

"(C) to limit or alter in any way the immunities that are available under applicable law for Federal officials and employees not described in this subsection.

"(g) DUTIES.—The Board shall—

"(1) review and approve the strategic plan described in section 193A(b)(1), and annual updates of the plan;

"(2) review and approve the proposal described in section 193A(b)(2)(A), with respect to the grants, allotments, contracts, financial assistance, payment, and positions referred to in such section;

"(3) review and approve the proposal described in section 193A(b)(3)(A), regarding the regulations, standards, policies, procedures, programs, and initiatives referred to in such section;

"(4) review and approve the evaluation plan described in section 193A(b)(4)(A);

"(5)(A) review, and advise the Chief Executive Officer regarding, the actions of the Chief Executive Officer with respect to the personnel of the Corporation, and with respect to such standards, policies, procedures, programs, and initiatives as are necessary or appropriate to carry out this Act; and

"(B) inform the Chief Executive Officer of any aspects of the actions of the Chief Executive Officer that are not in compliance with the annual strategic plan referred to in paragraph (1), the proposals referred to in paragraphs (2) and (3), or the plan referred to in paragraph (4), or are not consistent with the objectives of this Act;

"(6) receive any report as provided under subsection (b), (c), or (d) of section 8E of the Inspector General Act of 1978;

"(7) make recommendations relating to a program of research for the Corporation with respect to national and community service programs, including service-learning programs;

"(8) advise the President and the Congress concerning developments in national and community service that merit the attention of the President and the Congress;

"(9) ensure effective dissemination of information regarding the programs and initiatives of the Corporation; and

"(10) prepare and make recommendations to the Congress and the President for changes in this Act resulting from the studies and demonstrations the Chief Executive Officer is required to carry out under section 193A(b)(10), which recommendations shall be submitted to the Congress and President not later than September 30, 1995.

"(h) ADMINISTRATION.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Board.

"(i) LIMITATION ON PARTICIPATION.—All employees and officers of the Corporation shall recuse themselves from decisions that would constitute conflicts of interest.

"(j) COORDINATION WITH OTHER FEDERAL ACTIVITIES.—As part of the agenda of meetings of the Board under subsection (a), the Board shall review projects and programs conducted or funded by the Corporation under the national service laws to improve the coordination between such projects and programs, and the activities of other Federal agencies that deal with the individuals and communities participating in or benefiting from such projects and programs. The ex officio members of the Board specified in section 192(a)(3) shall jointly plan, implement, and fund activities in connection with projects and programs conducted under the national service laws to ensure that Federal efforts attempt to address the total needs of participants in such programs and projects, their communities, and the persons and communities the participants serve.

"SEC. 193. CHIEF EXECUTIVE OFFICER.

"(a) APPOINTMENT.—The Corporation shall be headed by an individual who shall serve as Chief Executive Officer of the Corporation, and who shall be appointed by the President, by and with the advice and consent of the Senate.

"(b) COMPENSATION.—The Chief Executive Officer shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.

"(c) REGULATIONS.—The Chief Executive Officer shall prescribe such rules and regulations as are necessary or appropriate to carry out this Act.

"SEC. 193A. AUTHORITIES AND DUTIES OF THE CHIEF EXECUTIVE OFFICER.

"(a) GENERAL POWERS AND DUTIES.—The Chief Executive Officer shall be responsible for the exercise of the powers and the discharge of the duties of the Corporation that are not reserved to the Board, and shall have authority and control over all personnel of the Corporation, except as provided in section 8E of the Inspector General Act of 1978.

"(b) DUTIES.—In addition to the duties conferred on the Chief Executive Officer under any other provision of this Act, the Chief Executive Officer shall—

"(1) prepare and submit to the Board a strategic plan every 3 years, and annual updates of the plan, for the Corporation with respect to the major functions and operations of the Corporation;

"(2)(A) prepare and submit to the Board a proposal with respect to such grants and allotments, contracts, other financial assistance, and designation of positions as approved national service positions, as are necessary or appropriate to carry out this Act; and

"(B) after receiving and reviewing an approved proposal under section 192A(g)(2), make such grants and allotments, enter into such contracts, award such other financial assistance, make such payments (in lump sum or installments, and in advance or by way of reimbursement, and in the case of financial assistance otherwise authorized under this Act, with necessary adjustments on account of overpayments and underpayments), and designate such positions as approved national service positions as are necessary or appropriate to carry out this Act;

"(3)(A) prepare and submit to the Board a proposal regarding, the regulations established under section 195(b)(3)(A), and such other standards, policies, procedures, programs, and initiatives as are necessary or appropriate to carry out this Act; and

"(B) after receiving and reviewing an approved proposal under section 192A(g)(3)—

"(i) establish such standards, policies, and procedures as are necessary or appropriate to carry out this Act; and

"(ii) establish and administer such programs and initiatives as are necessary or appropriate to carry out this Act;

"(4)(A) prepare and submit to the Board a plan for the evaluation of programs established under this Act, in accordance with section 179; and

"(B) after receiving an approved proposal under section 192A(g)(4)—

"(i) establish measurable performance goals and objectives for such programs, in accordance with section 179; and

"(ii) provide for periodic evaluation of such programs to assess the manner and extent to which the programs achieve the goals and objectives, in accordance with such section;

"(5) consult with appropriate Federal agencies in administering the programs and initiatives;

"(6) suspend or terminate payments and positions described in paragraph (2)(B), in accordance with section 176;

"(7) prepare and submit to the Board an annual report, and such interim reports as may be necessary, describing the major actions of the Chief Executive Officer with respect to the personnel of the Corporation, and with respect to such standards, policies, procedures, programs, and initiatives;

"(8) inform the Board of, and provide an explanation to the Board regarding, any substantial differences regarding the implementation of this Act between—

"(A) the actions of the Chief Executive Officer; and

"(B)(i) the strategic plan approved by the Board under section 192A(g)(1);

"(ii) the proposals approved by the Board under paragraph (2) or (3) of section 192A(g); or

"(iii) the evaluation plan approved by the Board under section 192A(g)(4);

"(9) prepare and submit to the appropriate committees of Congress an annual report, and such interim reports as may be necessary, describing—

"(A) the services referred to in paragraph (1), and the money and property referred to in paragraph (2), of section 196(a) that have been accepted by the Corporation;

"(B) the manner in which the Corporation used or disposed of such services, money, and property; and

"(C) information on the results achieved by the programs funded under this Act during the year preceding the year in which the report is prepared;

"(10) provide for studies (including the evaluations described in subsection (f)) and demonstrations that evaluate, and prepare and submit to the Board by June 30, 1995, a report containing recommendations regarding, issues related to—

"(A) the administration and organization of programs authorized under the national service laws or under Public Law 91–378 (referred to in this subparagraph as 'service programs'), including—

"(i) whether the State and national priorities designed to meet the unmet human, education, environmental, or public safety needs described in section 122(c)(1) are being addressed by this Act;

"(ii) the manner in which—

"(I) educational and other outcomes of both stipended and nonstipended service and service-learning are defined and measured in such service programs; and

"(II) such outcomes should be defined and measured in such service programs;

"(iii) whether stipended service programs, and service programs providing educational benefits in return for service, should focus on economically disadvantaged individuals or at-risk youth or whether such programs should include a mix of individuals, including individuals from middle- and upper-income families;

"(iv) the role and importance of stipends and educational benefits in achieving desired outcomes in the service programs;

"(v) the potential for cost savings and coordination of support and oversight services from

combining functions performed by ACTION State offices and State Commissions;

"(vi) the implications of the results from such studies and demonstrations for authorized funding levels for the service programs; and

"(vii) other issues that the Director determines to be relevant to the administration and organization of the service programs; and

"(B) the number, potential consolidation, and future organization of national service or domestic volunteer service programs that are authorized under Federal law, including VISTA, service corps assisted under subtitle C and other programs authorized by this Act, programs administered by the Public Health Service, the Department of Defense, or other Federal agencies, programs regarding teacher corps, and programs regarding work-study and higher education loan forgiveness or forbearance programs authorized by the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) related to community service; and

"(11) for purposes of section 178(d)(6)(B), issue regulations to waive the disqualification of members of the Board and members of the State Commissions selectively in a random, nondiscretionary manner and only to the extent necessary to establish the quorum involved, including rules that forbid each member of the Board and each voting member of a State Commission to participate in any discussion or decision regarding the provision of assistance or approved national service positions, or the continuation, suspension, or termination of such assistance or such positions, to any program or entity of which such member of the Board or such member of the State Commission is, or in the 1-year period before the submission of the application referred to in such section was, an officer, director, trustee, full-time volunteer, or employee.

"(c) POWERS.—In addition to the authority conferred on the Chief Executive Officer under any other provision of this Act, the Chief Executive Officer may—

"(1) establish, alter, consolidate, or discontinue such organizational units or components within the Corporation as the Chief Executive Officer considers necessary or appropriate, consistent with Federal law, and shall, to the maximum extent practicable, consolidate such units or components of the divisions of the Corporation described in section 194(a)(3) as may be appropriate to enable the two divisions to coordinate common support functions;

"(2) with the approval of the President, arrange with and reimburse the heads of other Federal agencies for the performance of any of the provisions of this Act;

"(3) with their consent, utilize the services and facilities of Federal agencies with or without reimbursement, and, with the consent of any State, or political subdivision of a State, accept and utilize the services and facilities of the agencies of such State or subdivisions without reimbursement;

"(4) allocate and expend funds made available under this Act;

"(5) disseminate, without regard to the provisions of section 3204 of title 39, United States Code, data and information, in such form as the Chief Executive Officer shall determine to be appropriate to public agencies, private organizations, and the general public;

"(6) collect or compromise all obligations to or held by the Chief Executive Officer and all legal or equitable rights accruing to the Chief Executive Officer in connection with the payment of obligations in accordance with chapter 37 of title 31, United States Code (commonly known as the 'Federal Claims Collection Act of 1966');

"(7) file a civil action in any court of record of a State having general jurisdiction or in any district court of the United States, with respect to a claim arising under this Act;

"(8) exercise the authorities of the Corporation under section 196;

"(9) consolidate the reports to Congress required under this Act, and the report required under section 9106 of title 31, United States Code, into a single report, and submit the report to Congress on an annual basis; and

"(10) generally perform such functions and take such steps consistent with the objectives and provisions of this Act, as the Chief Executive Officer determines to be necessary or appropriate to carry out such provisions.

"(d) DELEGATION.—

"(1) DEFINITION.—As used in this subsection, the term 'function' means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.

"(2) IN GENERAL.—Except as otherwise prohibited by law or provided in this Act, the Chief Executive Officer may delegate any function under this Act, and authorize such successive redelegations of such function as may be necessary or appropriate. No delegation of a function by the Chief Executive Officer under this subsection or under any other provision of this Act shall relieve such Chief Executive Officer of responsibility for the administration of such function.

"(3) FUNCTION OF BOARD.—The Chief Executive Officer may not delegate a function of the Board without the permission of the Board.

"(e) ACTIONS.—In an action described in subsection (c)(7)—

"(1) a district court referred to in such subsection shall have jurisdiction of such a civil action without regard to the amount in controversy;

"(2) such an action brought by the Chief Executive Officer shall survive notwithstanding any change in the person occupying the office of Chief Executive Officer or any vacancy in that office;

"(3) no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Chief Executive Officer or the Board or property under the control of the Chief Executive Officer or the Board; and

"(4) nothing in this section shall be construed to except litigation arising out of activities under this Act from the application of sections 509, 517, 547, and 2679 of title 28, United States Code.

"(f) EVALUATIONS.—

"(1) EVALUATION OF LIVING ALLOWANCE.—The Corporation shall arrange for an independent evaluation to determine the levels of living allowances paid in all programs under subtitles C and I, individually, by State, and by region. Such evaluation shall determine the effects that such living allowances have had on the ability of individuals to participate in such programs.

"(2) EVALUATION OF SUCCESS OF INVESTMENT IN NATIONAL SERVICE.—

"(A) EVALUATION REQUIRED.—The Corporation shall arrange for the independent evaluation of the operation of subtitle C to determine the levels of participation of economically disadvantaged individuals in national service programs carried out or supported using assistance provided under section 121.

"(B) PERIOD COVERED BY EVALUATION.—The evaluation required by this paragraph shall cover the period beginning on the date the Corporation first makes a grant under section 121, and ending on a date that is as close as is practicable to the date specified in subsection (b)(10).

"(C) INCOME LEVELS OF PARTICIPANTS.—The evaluating entity shall determine the total income of each participant who serves, during the period covered by the evaluation, in a national service program carried out or supported using assistance provided under section 121 or in an approved national service position. The total income of the participant shall be determined as of the date the participant was first selected to participate in such a program and shall include family total income unless the evaluating entity determines that the participant was independent at the time of selection.

"(D) ASSISTANCE FOR DISTRESSED AREAS.—The evaluating entity shall also determine the amount of assistance provided under section 121 during the period covered by the report that has been expended for projects conducted in areas of economic distress described in section 133(c)(6).

"(E) DEFINITIONS.—As used in this paragraph:

"(i) INDEPENDENT.—The term 'independent' has the meaning given the term in section 480(d) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(d)).

"(ii) TOTAL INCOME.—The term 'total income' has the meaning given the term in section 480(a) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(a)).

"SEC. 194. OFFICERS.

"(a) MANAGING DIRECTORS.—

"(1) IN GENERAL.—There shall be in the Corporation 2 Managing Directors, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall report to the Chief Executive Officer.

"(2) COMPENSATION.—The Managing Directors shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

"(3) DUTIES.—The Corporation shall determine the programs for which the Managing Directors shall have primary responsibility and shall establish the divisions of the Corporation to be headed by the Managing Directors.

"(b) INSPECTOR GENERAL.—

"(1) OFFICE.—There shall be in the Corporation an Office of the Inspector General.

"(2) APPOINTMENT.—The Office shall be headed by an Inspector General, appointed in accordance with the Inspector General Act of 1978.

"(3) COMPENSATION.—The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

"(c) CHIEF FINANCIAL OFFICER.—

"(1) OFFICE.—There shall be in the Corporation a Chief Financial Officer, who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) COMPENSATION.—The Chief Financial Officer shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

"(3) DUTIES.—The Chief Financial Officer shall—

"(A) report directly to the Chief Executive Officer regarding financial management matters;

"(B) oversee all financial management activities relating to the programs and operations of the Corporation;

"(C) develop and maintain an integrated accounting and financial management system for the Corporation, including financial reporting and internal controls;

"(D) develop and maintain any joint financial management systems with the Department of Education necessary to carry out the programs of the Corporation; and

"(E) direct, manage, and provide policy guidance and oversight of the financial management personnel, activities, and operations of the Corporation.

"(d) ASSISTANT DIRECTORS FOR VISTA AND NATIONAL SENIOR VOLUNTEER CORPS.—

"(1) APPOINTMENT.—One of the Managing Directors appointed under subsection (a) shall, in accordance with applicable provisions of title 5, United States Code, appoint 4 Assistant Directors who shall report directly to such Managing Director, of which—

"(A) 1 Assistant Director shall be responsible for programs carried out under parts A and B of

title I of the Domestic Volunteer Service Act of 1973 (the Volunteers in Service to America (VISTA) program) and other antipoverty programs under title I of that Act;

"(B) 1 Assistant Director shall be responsible for programs carried out under part A of title II of that Act (relating to the Retired Senior Volunteer Program);

"(C) 1 Assistant Director shall be responsible for programs carried out under part B of title II of that Act (relating to the Foster Grandparent Program); and

"(D) 1 Assistant Director shall be responsible for programs carried out under part C of title II of that Act (relating to the Senior Companion Program).

"(2) EFFECTIVE DATE FOR EXERCISE OF AUTHORITY.—Each Assistant Director appointed pursuant to paragraph (1) may exercise the authority assigned to each such Director only after the effective date of section 203(c)(2) of the National and Community Service Trust Act of 1993.

"SEC. 195. EMPLOYEES, CONSULTANTS, AND OTHER PERSONNEL.

"(a) EMPLOYEES.—Except as provided in subsection (b), section 194(d), and section 8E of the Inspector General Act of 1978, the Chief Executive Officer shall, in accordance with applicable provisions of title 5, United States Code, appoint and determine the compensation of such employees as the Chief Executive Officer determines to be necessary to carry out the duties of the Corporation.

"(b) ALTERNATIVE PERSONNEL SYSTEM.—

"(1) AUTHORITY.—The Chief Executive Officer may designate positions in the Corporation as positions to which the Chief Executive Officer may make appointments, and for which the Chief Executive Officer may determine compensation, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, to the extent the Chief Executive Officer determines that such a designation is appropriate and desirable to further the effective operation of the Corporation. The Chief Executive Officer may provide for appointments to such positions to be made on a limited term basis.

"(2) APPOINTMENT IN THE COMPETITIVE SERVICE AFTER EMPLOYMENT UNDER ALTERNATIVE PERSONNEL SYSTEM.—The Director of the Office of Personnel Management may grant competitive status for appointment to the competitive service, under such conditions as the Director may prescribe, to an employee who is appointed under this subsection and who is separated from the Corporation (other than by removal for cause).

"(3) SELECTION AND COMPENSATION SYSTEM.—

"(A) ESTABLISHMENT OF SYSTEM.—The Chief Executive Officer, after obtaining the approval of the Director of the Office of Personnel Management, shall issue regulations establishing a selection and compensation system for employees of the Corporation appointed under paragraph (1). In issuing such regulations, the Chief Executive Officer shall take into consideration the need for flexibility in such a system.

"(B) APPLICATION.—The Chief Executive Officer shall appoint and determine the compensation of employees in accordance with the selection and compensation system established under subparagraph (A).

"(C) SELECTION.—The system established under subparagraph (A) shall provide for the selection of employees—

"(i) through a competitive process; and

"(ii) on the basis of the qualifications of applicants and the requirements of the positions.

"(D) COMPENSATION.—The system established under subparagraph (A) shall include a scheme for the classification of positions in the Corporation. The system shall require that the compensation of an employee be determined in part on the basis of the job performance of the employee, and in a manner consistent with the principles described in section 5301 of title 5, United States Code. The rate of compensation for each employee compensated under the system shall not exceed the annual rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

"(c) CORPORATION REPRESENTATIVE IN EACH STATE.—

"(1) DESIGNATION OF REPRESENTATIVE.—The Corporation shall designate 1 employee of the Corporation for each State or group of States to serve as the representative of the Corporation in the State or States and to assist the Corporation in carrying out the activities described in this Act in the State or States.

"(2) DUTIES.—The representative designated under this subsection for a State or group of States shall serve as the liaison between—

"(A) the Corporation and the State Commission that is established in the State or States;

"(B) the Corporation and any subdivision of a State, Indian tribe, public or private nonprofit organization, or institution of higher education, in the State or States, that is awarded a grant under section 121 directly from the Corporation; and

"(C) after the effective date of section 203(c)(2) of the National and Community Service Trust Act of 1993, the State Commission and the Corporation employee responsible for programs under the Domestic Volunteer Service Act of 1973 in the State, if the employee is not the representative described in paragraph (1) for the State.

"(3) MEMBER OF STATE COMMISSION.—The representative designated under this subsection for a State or group of States shall also serve as a member of the State Commission established in the State or States, as described in section 178(c)(3).

"(4) COMPENSATION.—If the employee designated under paragraph (1) is an employee whose appointment was made pursuant to section 195(b), the rate of compensation for such employee may not exceed the maximum rate of basic pay payable for GS–13 of the General Schedule under section 5332 of title 5, United States Code.

"(d) CONSULTANTS.—The Chief Executive Officer may procure the temporary and intermittent services of experts and consultants and compensate the experts and consultants in accordance with section 3109(b) of title 5, United States Code.

"(e) DETAILS OF PERSONNEL.—The head of any Federal department or agency may detail on a reimbursable basis, or on a nonreimbursable basis for not to exceed 180 calendar days during any fiscal year, as agreed upon by the Chief Executive Officer and the head of the Federal agency, any of the personnel of that department or agency to the Corporation to assist the Corporation in carrying out the duties of the Corporation under this Act. Any detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

"(f) ADVISORY COMMITTEES.—

"(1) ESTABLISHMENT.—The Chief Executive Officer, acting upon the recommendation of the Board, may establish advisory committees in the Corporation to advise the Board with respect to national service issues, such as the type of programs to be established or assisted under the national service laws, priorities and criteria for such programs, and methods of conducting outreach for, and evaluation of, such programs.

"(2) COMPOSITION.—Such an advisory committee shall be composed of members appointed by the Chief Executive Officer, with such qualifications as the Chief Executive Officer may specify.

"(3) EXPENSES.—Members of such an advisory committee may be allowed travel expenses as described in section 192A(d).

"(4) STAFF.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Chief Executive Officer is authorized to appoint and fix the compensation of such staff as the Chief Executive Officer determines to be necessary to carry out the functions of the advisory committee, without regard to—

"(i) the provisions of title 5, United States Code, governing appointments in the competitive service; and

"(ii) the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(B) COMPENSATION.—If a member of the staff appointed under subparagraph (A) was appointed without regard to the provisions described in clauses (i) and (ii) of subparagraph (A), the rate of compensation for such member may not exceed the maximum rate of basic pay payable for GS–13 of the General Schedule under section 5332 of title 5, United States Code.

"SEC. 196. ADMINISTRATION.

"(a) DONATIONS.—

"(1) SERVICES.—

"(A) VOLUNTEERS.—Notwithstanding section 1342 of title 31, United States Code, the Corporation may solicit and accept the voluntary services of individuals to assist the Corporation in carrying out the duties of the Corporation under this Act, and may provide to such individuals the travel expenses described in section 192A(d).

"(B) LIMITATION.—Such a volunteer shall not be considered to be a Federal employee and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits, except that—

"(i) for the purposes of the tort claims provisions of chapter 171 of title 28, United States Code, a volunteer under this subtitle shall be considered to be a Federal employee;

"(ii) for the purposes of subchapter I of chapter 81 of title 5, United States Code, relating to compensation to Federal employees for work injuries, volunteers under this subtitle shall be considered to be employees, as defined in section 8101(1)(B) of title 5, United States Code, and the provisions of such subchapter shall apply; and

"(iii) for purposes of the provisions of chapter 11 of part I of title 18, United States Code, such a volunteer (to whom such provisions would not otherwise apply except for this subsection) shall be a special Government employee.

"(C) INHERENTLY GOVERNMENTAL FUNCTION.—

"(i) IN GENERAL.—Such a volunteer shall not carry out an inherently governmental function.

"(ii) REGULATIONS.—The Chief Executive Officer shall promulgate regulations to carry out this subparagraph.

"(iii) INHERENTLY GOVERNMENTAL FUNCTION.—As used in this subparagraph, the term 'inherently governmental function' means any activity that is so intimately related to the public interest as to mandate performance by an officer or employee of the Federal Government, including an activity that requires either the exercise of discretion in applying the authority of the Government or the use of value judgment in making a decision for the Government.

"(2) PROPERTY.—

"(A) IN GENERAL.—The Corporation may solicit, accept, hold, administer, use, and dispose of, in furtherance of the purposes of this Act, donations of any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise. Donations accepted under this subparagraph shall be used

as nearly as possible in accordance with the terms, if any, of such donation.

"(B) STATUS OF CONTRIBUTION.—Any donation accepted under subparagraph (A) shall be considered to be a gift, devise, or bequest to, or for the use of, the United States.

"(C) RULES.—The Chief Executive Officer shall establish written rules to ensure that the solicitation, acceptance, holding, administration, and use of property described in subparagraph (A)—

"(i) will not reflect unfavorably upon the ability of the Corporation, or of any officer or employee of the Corporation, to carry out the responsibilities or official duties of the Corporation in a fair and objective manner; and

"(ii) will not compromise the integrity of the programs of the Corporation or any official or employee of the Corporation involved in such programs.

"(D) DISPOSITION.—Upon completion of the use by the Corporation of any property accepted pursuant to subparagraph (A) (other than money or monetary proceeds from sales of property so accepted), such completion shall be reported to the General Services Administration and such property shall be disposed of in accordance with title II of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481 et seq.).

"(3) VOLUNTEER.—As used in this subsection, the term 'volunteer' does not include a participant.

"(b) CONTRACTS.—Subject to the Federal Property and Administrative Services Act of 1949, the Corporation may enter into contracts, and cooperative and interagency agreements, with Federal and State agencies, private firms, institutions, and individuals to conduct activities necessary to assist the Corporation in carrying out the duties of the Corporation under this Act.

"(c) OFFICE OF MANAGEMENT AND BUDGET.—Appropriate circulars of the Office of Management and Budget shall apply to the Corporation.

"SEC. 196A. CORPORATION STATE OFFICES.

"(a) IN GENERAL.—The Chief Executive Officer shall establish and maintain a decentralized field structure that provides for an office of the Corporation for each State. The office for a State shall be located in, or in reasonable proximity to, such State. Only one such office may carry out the duties described in subsection (b) with respect to a State at any particular time. Such State office may be directed by the representative designated under section 195(c).

"(b) DUTIES.—Each State office established pursuant to subsection (a) shall—

"(1) provide to the State Commissions established under section 178 technical and other assistance for the development and implementation of national service plans under section 178(e)(1);

"(2) provide to community-based agencies and other entities within the State technical assistance for the preparation of applications for assistance under the national service laws, utilizing, as appropriate, information and materials provided by the clearinghouses established pursuant to section 198A;

"(3) provide to the State Commission and other entities within the State support and technical assistance necessary to assure the existence of an effective system of recruitment, placement, and training of volunteers within the State;

"(4) monitor and evaluate the performance of all programs and projects within the State that receive assistance under the national service laws; and

"(5) perform such other duties and functions as may be assigned or delegated by the Chief Executive Officer.".

(b) DOMESTIC VOLUNTEER SERVICE ACT OF 1973.—Section 401 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5041) is amended by inserting after the second sentence the following: "The Director shall report directly to the Chief Executive Officer of the Corporation for National and Community Service.".

(c) TRANSFER OF FUNCTIONS OF COMMISSION ON NATIONAL AND COMMUNITY SERVICE.—

(1) DEFINITIONS.—For purposes of this subsection, unless otherwise provided or indicated by the context, each term specified in section 203(c)(1) shall have the meaning given the term in such section.

(2) TRANSFER OF FUNCTIONS.—There are transferred to the Corporation the functions that the Board of Directors or Executive Director of the Commission on National and Community Service exercised before the effective date of this subsection (including all related functions of any officer or employee of the Commission).

(3) APPLICATION.—The provisions of paragraphs (3) through (10) of section 203(c) shall apply with respect to the transfer described in paragraph (2), except that—

(A) for purposes of such application, references to the term "ACTION Agency" shall be deemed to be references to the Commission on National and Community Service; and

(B) paragraph (10) of such section shall not preclude the transfer of the members of the Board of Directors of the Commission to the Corporation if, on the effective date of this subsection, the Board of Directors of the Corporation has not been confirmed.

(d) CONTINUING PERFORMANCE OF CERTAIN FUNCTIONS.—The individuals who, on the day before the date of enactment of this Act, are performing any of the functions required by section 190 of the National and Community Service Act of 1990 (42 U.S.C. 12651), as in effect on such date, to be performed by the members of the Board of Directors of the Commission on National and Community Service may, subject to section 193A of the National and Community Service Act of 1990, as added by subsection (a) of this section, continue to perform such functions until the date on which the Board of Directors of the Corporation for National and Community Service conducts the first meeting of the Board. The service of such individuals as members of the Board of Directors of such Commission, and the employment of such individuals as special Government employees, shall terminate on such date.

(e) GOVERNMENT CORPORATION CONTROL.—

(1) WHOLLY OWNED GOVERNMENT CORPORATION.—Section 9101(3) of title 31, United States Code, is amended by inserting after subparagraph (D) the following:

"(E) the Corporation for National and Community Service.".

(2) AUDITS.—Section 9105(a)(1) of title 31, United States Code, is amended by inserting ", or under other Federal law," before "or by an independent".

(f) DISPOSAL OF PROPERTY.—Section 203(k) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(k)) is amended by adding at the end the following:

"(5)(A) Under such regulations as the Administrator may prescribe, the Administrator is authorized, in the discretion of the Administrator, to assign to the Chief Executive Officer of the Corporation for National and Community Service for disposal such surplus property as is recommended by the Chief Executive Officer as being needed for national service activities.

"(B) Subject to the disapproval of the Administrator, within 30 days after notice to the Administrator by the Chief Executive Officer of the Corporation for National and Community Service of a proposed transfer of property for such activities, the Chief Executive Officer, through such officers or employees of the Corporation as the Chief Executive Officer may designate, may sell, lease, or donate such property to any entity that receives financial assistance under the National and Community Service Act of 1990 for such activities.

"(C) In fixing the sale or lease value of such property, the Chief Executive Officer of the Corporation for National and Community Service shall comply with the requirements of paragraph (1)(C).".

(g) INSPECTOR GENERAL.—

(1) SPECIAL PROVISIONS IN INSPECTOR GENERAL ACT OF 1978.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended by redesignating sections 8E and 8F as sections 8F and 8G, respectively, and inserting after section 8D the following new section:

"SPECIAL PROVISIONS CONCERNING THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

"SEC. 8E. (a) Notwithstanding the provisions of paragraphs (7) and (8) of section 6(a), it is within the exclusive jurisdiction of the Inspector General of the Corporation for National and Community Service to—

"(1) appoint and determine the compensation of such officers and employees in accordance with section 195(b) of the National and Community Service Trust Act of 1993; and

"(2) procure the temporary and intermittent services of and compensate such experts and consultants, in accordance with section 3109(b) of title 5, United States Code,

as may be necessary to carry out the functions, powers, and duties of the Inspector General.

"(b) No later than the date on which the Chief Executive Officer of the Corporation for National and Community Service transmits any report to the Congress under subsection (a) or (b) of section 5, the Chief Executive Officer shall transmit such report to the Board of Directors of such Corporation.

"(c) No later than the date on which the Chief Executive Officer of the Corporation for National and Community Service transmits a report described under section 5(b) to the Board of Directors as provided under subsection (b) of this section, the Chief Executive Officer shall also transmit any audit report which is described in the statement required under section 5(b)(4) to the Board of Directors. All such audit reports shall be placed on the agenda for review at the next scheduled meeting of the Board of Directors following such transmittal. The Chief Executive Officer of the Corporation shall be present at such meeting to provide any information relating to such audit reports.

"(d) No later than the date on which the Inspector General of the Corporation for National and Community Service reports a problem, abuse, or deficiency under section 5(d) to the Chief Executive Officer of the Corporation, the Chief Executive Officer shall report such problem, abuse, or deficiency to the Board of Directors.".

(2) TERMINATION OF STATUS AS DESIGNATED FEDERAL ENTITY.—

(A) IN GENERAL.—Section 8F(a)(2) of the Inspector General Act of 1978 (5 U.S.C. App.) (as redesignated by paragraph (1) of this subsection) is amended by striking out "ACTION,".

(B) EFFECTIVE DATE.—This paragraph shall take effect on the effective date of section 203(c)(2).

(3) TRANSFER.—

(A) IN GENERAL.—Section 9(a)(1) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(i) in subparagraph (T), by striking out "and" at the end thereof; and

(ii) by adding at the end thereof the following new subparagraph:

"(V) of the Corporation for National and Community Service, the Office of Inspector General of ACTION; and".

(B) EFFECTIVE DATE.—This paragraph shall take effect on the effective date of section 203(c)(2).

(4) HEAD OF ESTABLISHMENT AND ESTABLISHMENT.—Section 11 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(A) in paragraph (1) by inserting "; the Chief Executive Officer of the Corporation for National and Community Service;" after "Thrift Depositor Protection Oversight Board"; and

(B) in paragraph (2) by inserting ", the Corporation for National and Community Service," after "United States Information Agency".

(5) TECHNICAL AND CONFORMING AMENDMENTS TO THE INSPECTOR GENERAL ACT OF 1978.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(A) in section 4(b)(2)—

(i) by striking out "section 8E(a)(2), and any" and inserting in lieu thereof "section 8F(a)(2), and any";

(ii) by striking out "section 8E(a)(1)" and inserting in lieu thereof "section 8F(a)(1)"; and

(iii) by striking out "section 8E(a)(2)." and inserting in lieu thereof "section 8F(a)(2)."; and

(B) in section 8G (as redesignated by paragraph (1) of this subsection)—

(i) by striking out "or 8D" and inserting in lieu thereof "8D, or 8E"; and

(ii) by striking out "section 8E(a)" and inserting in lieu thereof "section 8F(a)".

(6) POSTAL SERVICE TECHNICAL AND CONFORMING AMENDMENTS.—Section 410(b) of title 39, United States Code, is amended—

(A) in paragraph (8) by striking out "and" after the semicolon;

(B) in the first paragraph (9) by striking out the period and inserting in lieu thereof a semicolon and "and"; and

(C) by striking out the second paragraph (9) and inserting in lieu thereof the following:

"(10) the provisions of section 8F of the Inspector General Act of 1978.".

(h) TABLE OF CONTENTS.—Section 1(b) of the National and Community Service Act of 1990 (Public Law 101–610; 104 Stat. 3127) is amended by striking the items relating to subtitle G of title I of such Act and inserting the following:

"Subtitle G—Corporation for National and Community Service

"Sec. 191. Corporation for National and Community Service.
"Sec. 192. Board of Directors.
"Sec. 192A. Authorities and duties of the Board of Directors.
"Sec. 193. Chief Executive Officer.
"Sec. 193A. Authorities and duties of the Chief Executive Officer.
"Sec. 194. Officers.
"Sec. 195. Employees, consultants, and other personnel.
"Sec. 196. Administration.
"Sec. 196A. Corporation State offices.".

(i) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), or paragraph (2) or (3) of subsection (g), the amendments made by this section shall take effect on October 1, 1993.

(2) ESTABLISHMENT AND APPOINTMENT AUTHORITIES.—Sections 191, 192, and 193 of the National and Community Service Act of 1990, as added by subsection (a), shall take effect on the date of enactment of this Act.

SEC. 203. FINAL AUTHORITIES OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE.

(a) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—

(1) APPLICATION.—

(A) EVALUATION.—Subsections (a), (d), and (e) of section 179 of the National and Community Service Act of 1990 (42 U.S.C. 12639) are amended by striking "this title" and inserting "the national service laws".

(B) CORPORATION.—Subtitle I of the National and Community Service Act of 1990 (as amended by section 202 of this Act) is amended in section 191, paragraphs (5) and (10) of section 192A(g), section 193(c), subsections (b) (other than paragraph (10)), (c) (other than paragraph (7)), and (d) of section 193A, subsections (c) and (e) of section 195, and subsections (a) and (b) of section 196, by striking "this Act" each place the term appears and inserting "the national service laws".

(2) GRANTS.—Section 192A(g) of the National and Community Service Act of 1990 (as added by section 202 of this Act) is amended—

(A) by striking "and" at the end of paragraph (9);

(B) by redesignating paragraph (10) as paragraph (11); and

(C) by inserting after paragraph (9) the following:

"(10) notwithstanding any other provision of law, make grants to or contracts with Federal or other public departments or agencies and private nonprofit organizations for the assignment or referral of volunteers under the provisions of the Domestic Volunteer Service Act of 1973 (except as provided in section 108 of the Domestic Volunteer Service Act of 1973), which may provide that the agency or organization shall pay all or a part of the costs of the program; and".

(3) RECRUITMENT AND PUBLIC AWARENESS FUNCTIONS.—Section 193A of the National and Community Service Act of 1993 (as added by section 202 of this Act) is amended by adding at the end the following:

"(g) RECRUITMENT AND PUBLIC AWARENESS FUNCTIONS.—

"(1) EFFORT.—The Chief Executive Officer shall ensure that the Corporation, in carrying out the recruiting and public awareness functions of the Corporation, shall expend at least the level of effort on recruitment and public awareness activities related to the programs carried out under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.) as ACTION expended on recruitment and public awareness activities related to programs under the Domestic Volunteer Service Act of 1973 during fiscal year 1993.

"(2) PERSONNEL.—The Chief Executive Officer shall assign or hire, as necessary, such additional national, regional, and State personnel to carry out such recruiting and public awareness functions as may be necessary to ensure that such functions are carried out in a timely and effective manner. The Chief Executive Officer shall give priority in the hiring of such additional personnel to individuals who have formerly served as volunteers in the programs carried out under the Domestic Volunteer Service Act of 1973 or similar programs, and to individuals who have specialized experience in the recruitment of volunteers.

"(3) FUNDS.—For the first fiscal year after the effective date of this subsection, and for each fiscal year thereafter, for the purpose of carrying out such recruiting and public awareness functions, the Chief Executive Officer shall obligate not less than 1.5 percent of the amounts appropriated for the fiscal year under section 501(a) of the Domestic Volunteer Service Act of 1973.".

(b) AUTHORITIES OF ACTION AGENCY.—Sections 401 and 402 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5041 and 5042) are repealed.

(c) TRANSFER OF FUNCTIONS FROM ACTION AGENCY.—

(1) DEFINITIONS.—For purposes of this subsection, unless otherwise provided or indicated by the context—

(A) the term "Chief Executive Officer" means the Chief Executive Officer of the Corporation;

(B) the term "Corporation" means the Corporation for National and Community Service, established under section 191 of the National and Community Service Act of 1990;

(C) the term "Federal agency" has the meaning given to the term "agency" by section 551(1) of title 5, United States Code;

(D) the term "function" means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(E) the term "office" includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(2) TRANSFER OF FUNCTIONS.—There are transferred to the Corporation the functions that the Director of the ACTION Agency exercised before the effective date of this subsection (including all related functions of any officer or employee of the ACTION Agency).

(3) DETERMINATIONS OF CERTAIN FUNCTIONS BY THE OFFICE OF MANAGEMENT AND BUDGET.—If necessary, the Office of Management and Budget shall make any determination of the functions that are transferred under paragraph (2).

(4) REORGANIZATION.—The Chief Executive Officer is authorized to allocate or reallocate any function transferred under paragraph (2) among the officers of the Corporation.

(5) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—Except as otherwise provided in this subsection, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this subsection, subject to section 1531 of title 31, United States Code, shall be transferred to the Corporation. Unexpended funds transferred pursuant to this paragraph shall be used only for the purposes for which the funds were originally authorized and appropriated.

(6) INCIDENTAL TRANSFER.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, is authorized to make such determinations as may be necessary with regard to the functions transferred by this subsection, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this subsection. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this subsection and for such further measures and dispositions as may be necessary to effectuate the purposes of this subsection.

(7) EFFECT ON PERSONNEL.—

(A) IN GENERAL.—Except as otherwise provided by this subsection, the transfer pursuant to this subsection of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall be to positions in the Corporation subject to section 195(a) of the National and Community Service Act of 1990, as added by section 202(a) of this Act, and shall not cause any such employee to be separated or reduced in grade or compensation, or to have the benefits of the employee reduced, for 1 year after the date of transfer of such employee under this subsection, and such transfer shall be deemed to be a transfer of functions for purposes of section 3503 of title 5, United States Code.

(B) EXECUTIVE SCHEDULE POSITIONS.—Except as otherwise provided in this subsection, any person who, on the day preceding the effective date of this subsection, held a position compensated in accordance with the Executive

Schedule prescribed in chapter 53 of title 5, United States Code, and who, without a break in service, is appointed in the Corporation to a position having duties comparable to the duties performed immediately preceding such appointment shall continue to be compensated in such new position at not less than the rate provided for such previous position, for the duration of the service of such person in such new position.

(C) TERMINATION OF CERTAIN POSITIONS.—Positions whose incumbents are appointed by the President, by and with the advice and consent of the Senate, the functions of which are transferred by this subsection, shall terminate on the effective date of this subsection.

(8) SAVINGS PROVISIONS.—

(A) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(i) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official thereof, or by a court of competent jurisdiction, in the performance of functions that are transferred under this subsection; and

(ii) that are in effect at the time this subsection takes effect, or were final before the effective date of this subsection and are to become effective on or after the effective date of this subsection,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the Chief Executive Officer, or other authorized official, a court of competent jurisdiction, or by operation of law.

(B) PROCEEDINGS NOT AFFECTED.—The provisions of this subsection shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the ACTION Agency at the time this subsection takes effect, with respect to functions transferred by this subsection. Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this subsection had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subparagraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this subsection had not been enacted.

(C) SUITS NOT AFFECTED.—The provisions of this subsection shall not affect suits commenced before the effective date of this subsection, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this subsection had not been enacted.

(D) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the ACTION Agency, or by or against any individual in the official capacity of such individual as an officer of the ACTION Agency, shall abate by reason of the enactment of this subsection.

(E) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the ACTION Agency relating to a function transferred under this subsection may be continued by the Corporation with the same effect as if this subsection had not been enacted.

(9) SEVERABILITY.—If a provision of this subsection or its application to any person or circumstance is held invalid, neither the remainder of this subsection nor the application of the provision to other persons or circumstances shall be affected.

(10) TRANSITION.—Prior to, or after, any transfer of a function under this subsection, the Chief Executive Officer is authorized to utilize—

(A) the services of such officers, employees, and other personnel of the ACTION Agency with respect to functions that will be or have been transferred to the Corporation by this subsection; and

(B) funds appropriated to such functions for such period of time as may reasonably be needed to facilitate the orderly implementation of this subsection.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section, and the amendments made by this section, shall take effect—

(A) 18 months after the date of enactment of this Act; or

(B) on such earlier date as the President shall determine to be appropriate and announce by proclamation published in the Federal Register.

(2) TRANSITION.—Subsection (c)(10) shall take effect on the date of enactment of this Act.

SEC. 204. BUSINESS PLAN.

(a) BUSINESS PLAN REQUIRED.—

(1) IN GENERAL.—The Corporation for National and Community Service (referred to in this section as the "Corporation") shall prepare and submit to Congress a business plan. The Corporation may not provide assistance under section 121 of the National and Community Service Act of 1990 before the twentieth day of continuous session of Congress after the date on which the Corporation submits the business plan to Congress.

(2) COMPUTATION.—For purposes of the computation of the 20-day period referred to in paragraph (1), continuity of a session of the Congress shall be considered to be broken only by—

(A) an adjournment of the Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than 3 days to a date certain.

(b) REQUIRED ELEMENTS OF BUSINESS PLAN.—

(1) ALLOCATION OF FUNDS.—The business plan shall contain—

(A) a description of the manner in which the Corporation will allocate funds for programs carried out by the Corporation after October 1, 1993;

(B) information on the principal offices and officers of the Corporation that will allocate such funds; and

(C) information that indicates how accountability for such funds can be determined, in terms of the office or officer responsible for such funds.

(2) INVESTIGATIVE AND AUDIT FUNCTIONS.—The business plan shall include a description of the plans of the Corporation—

(A) to ensure continuity, during the transition period, and after the transition period, in the investigative and audit functions carried out by the Inspector General of ACTION prior to such period, consistent with the Inspector General Act of 1978 (5 U.S.C. App.); and

(B) to carry out investigative and audit functions and implement financial management controls regarding programs carried out by the Corporation after October 1, 1993, consistent with the Inspector General Act of 1978, including a specific description of—

(i) the manner in which the Office of Inspector General shall be established in the Corporation, in accordance with section 194(b) of the National Community Service Act of 1990, as added by section 202 of this Act; and

(ii) the manner in which grants made by the Corporation shall be audited by such Office and the financial management controls that shall apply with regard to such grants and programs.

(3) ACCOUNTABILITY MEASURES.—The business plan shall include a detailed description of the accountability measures to be established by the Corporation to ensure effective control of all funds for programs carried out by the Corporation after October 1, 1993.

(4) INFORMATION RESOURCES.—The business plan shall include a description of an information resource management program that will support the program and financial management needs of the Corporation.

(5) CORPORATION STAFFING AND INTEGRATION OF ACTION.—

(A) TRANSFERS.—The business plan shall include a report on the progress and plans of the President for transferring the functions, programs, and related personnel of ACTION to the Corporation, and shall include a timetable for the transfer.

(B) DETAILS AND ASSIGNMENTS.—The report shall specify the number of ACTION employees detailed or assigned to the Corporation, and describe the hiring activity of the Corporation, during the transition period.

(C) STRUCTURE.—The business plan shall include a description of the organizational structure of the Corporation during the transition period.

(D) STAFFING.—The business plan shall include a description of—

(i) measures to ensure adequate staffing during the transition period with respect to programs carried out by the Corporation after October 1, 1993; and

(ii) the responsibilities and authorities of the Managing Directors and other key personnel of the Corporation.

(E) SENIOR EXECUTIVE SERVICE.—The business plan shall include—

(i) an explanation of the number of the employees of the Corporation who will be paid at or above the rate of pay for level 1 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code; and

(ii) information justifying such pay for such employees.

(6) DUPLICATION OF FUNCTIONS.—The business plan shall include a description of the measures that the Corporation is taking or will take to minimize duplication of functions in the Corporation caused by the transfer of the functions of the Commission on National and Community Service, and the transfer of the functions of ACTION, to the Corporation. This description shall address functions at both the national and State levels.

(c) DEFINITION.—The term "transition period" means the period beginning on October 1, 1993 and ending on the day before the effective date of section 203(c)(2).

SEC. 205. ACTIONS UNDER THE NATIONAL SERVICE LAWS TO BE SUBJECT TO THE AVAILABILITY OF APPROPRIATIONS.

No action involving the obligation or expenditure of funds may be taken under one of the national service laws (as defined in section 101(15) of the National and Community Service Act of 1990 (42 U.S.C. 12511(15))) unless and until the Corporation for National and Community Service has sufficient appropriations available at the time such action is taken to satisfy the obligation to be incurred or make the expenditure to be made.

TITLE III—REAUTHORIZATION

Subtitle A—National and Community Service Act of 1990

SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 501 of the National and Community Service Act of 1990 (42 U.S.C. 12681) is amended to read as follows:

"SEC. 501. AUTHORIZATION OF APPROPRIATIONS.

"(a) TITLE I.—

"(1) SUBTITLE B.—

"(A) IN GENERAL.—There are authorized to be appropriated to provide financial assistance under subtitle B of title I, $45,000,000 for fiscal year 1994 and such sums as may be necessary for each of the fiscal years 1995 through 1996.

"(B) PROGRAMS.—Of the amount appropriated under subparagraph (A) for a fiscal year—

"(i) not more than 63.75 percent shall be available to provide financial assistance under subpart A of part I of subtitle B of title I;

"(ii) not more than 11.25 percent shall be available to provide financial assistance under subpart B of part I of such subtitle; and

"(iii) not more than 25 percent shall be available to provide financial assistance under part II of such subtitle.

"(2) SUBTITLES C, D, AND H.—

"(A) IN GENERAL.—There are authorized to be appropriated to provide financial assistance under subtitles C and H of title I, to provide national service educational awards under subtitle D of title I, and to carry out such audits and evaluations as the Chief Executive Officer or the Inspector General of the Corporation may determine to be necessary, $300,000,000 for fiscal year 1994, $500,000,000 for fiscal year 1995, and $700,000,000 for fiscal year 1996.

"(B) PROGRAMS.—Of the amount appropriated under subparagraph (A) for a fiscal year, up to 15 percent shall be made available to provide financial assistance under section 125, under subsections (b) and (c) of section 126, and under subtitle H of title I.

"(3) SUBTITLE E.—There are authorized to be appropriated to provide financial assistance under subtitle E of title I, such sums as may be necessary for each of the fiscal years 1995 through 1996.

"(4) ADMINISTRATION.—

"(A) IN GENERAL.—There are authorized to be appropriated for the administration of this Act $40,000,000 for fiscal year 1994, $60,000,000 for fiscal year 1995, and $70,000,000 for fiscal year 1996.

"(B) CORPORATION.—Of the amounts appropriated under subparagraph (A) for a fiscal year—

"(i) up to 60 percent shall be made available to the Corporation for the administration of this Act; and

"(ii) the remainder shall be available to provide financial assistance under section 126(a).

"(b) TITLE III.—There are authorized to be appropriated to carry out title III $5,000,000 for each of the fiscal years 1994 through 1996.

"(c) AVAILABILITY OF APPROPRIATIONS.—Funds appropriated under this section shall remain available until expended.

"(d) SPECIFICATION OF BUDGET FUNCTION.—The authorizations of appropriations contained in this section shall be considered to be a component of budget function 500 as used by the Office of Management and Budget to cover education, training, employment, and social services, and, as such, shall be considered to be related to the programs of the Departments of Labor, Health and Human Services, and Education for budgetary purposes.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1993.

Subtitle B—Domestic Volunteer Service Act of 1973

SEC. 311. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This subtitle may be cited as the "Domestic Volunteer Service Act Amendments of 1993".

(b) REFERENCES.—Except as otherwise specifically provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

CHAPTER 1—VISTA AND OTHER ANTI-POVERTY PROGRAMS

SEC. 321. PURPOSE OF THE VISTA PROGRAM.

The last sentence of section 101 (42 U.S.C. 4951) is amended to read as follows: "In addition, the objectives of this part are to generate the commitment of private sector resources, to encourage volunteer service at the local level, and to strengthen local agencies and organizations to carry out the purpose of this part.".

SEC. 322. ASSISTANT DIRECTOR FOR VISTA PROGRAM.

(a) IN GENERAL.—Section 102 (42 U.S.C. 4952) is amended by striking "The Director" and inserting "This part shall be administered by one of the Assistant Directors appointed pursuant to section 194(d)(1)(A) of the National and Community Service Act of 1990. Such Director".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the effective date of section 203(b).

SEC. 323. SELECTION AND ASSIGNMENT OF VISTA VOLUNTEERS.

(a) VOLUNTEER ASSIGNMENTS.—Section 103(a) (42 U.S.C. 4953(a)) is amended—

(1) in the matter preceding paragraph (1), by striking "a public" and inserting "public";

(2) in paragraph (2), by striking "and" at the end;

(3) in paragraph (3), by striking "illiterate or functionally illiterate youth and other individuals,";

(4) in paragraph (5), by striking "and" at the end;

(5) in paragraph (6)—

(A) by striking "or the Community Economic" and inserting "the Community Economic";

(B) by inserting "or other similar Acts," after "1981,"; and

(C) by striking the period and inserting "; and"; and

(6) by adding at the end the following new paragraph:

"(7) in strengthening, supplementing, and expanding efforts to address the problem of illiteracy throughout the United States.".

(b) RECRUITMENT PROCEDURES.—Section 103(b) (42 U.S.C. 4953(b)) is amended—

(1) in paragraph (2)—

(A) by amending subparagraph (A) to read as follows:

"(2)(A) The Director shall establish and maintain within the national headquarters of the ACTION Agency (or any successor entity of such agency) a volunteer placement office which shall be responsible for all functions related to the recruitment and placement of volunteers under this part. Such functions and activities shall be carried out in coordination or in conjunction with recruitment and placement activities carried out under the National and Community Service Trust Act of 1993. Upon the transfer of the functions of the ACTION Agency to the Corporation for National and Community Service, the office established under this subparagraph shall be merged with the recruitment office of such Corporation. At no time after such transfer of functions shall more than one office responsible primarily for recruitment exist within the Corporation.";

(B) by striking subparagraph (C); and

(C) by redesignating subparagraph (D) as subparagraph (C);

(2) by striking paragraphs (4) and (6); and

(3) by redesignating paragraphs (5) and (7) as paragraphs (4) and (6), respectively.

(c) PUBLIC AWARENESS AND RECRUITMENT.—Subsection (c) of section 103 (42 U.S.C. 4953(c)) is amended—

(1) in paragraph (1)—

(A) in the 1st sentence by striking "regional or State employees designated in subparagraphs (C) and (D) of subsection (b)(2)" and inserting "personnel described in subsection (b)(2)(C)";

(B) in the second sentence, by striking "shall include" and inserting "may include";

(C) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

(D) by inserting after subparagraph (E) the following new subparagraph:

"(F) publicizing national service educational awards available under the National and Community Service Trust Act of 1993;";

(2) by striking paragraphs (4) and (5); and

(3) by redesignating paragraph (6) as paragraph (4).

(d) COORDINATION WITH OTHER FEDERAL AGENCIES.—Section 103 (42 U.S.C. 4953) is amended by adding at the end the following new subsection:

"(h) The Director is encouraged to enter into agreements with other Federal agencies to use VISTA volunteers in furtherance of program objectives that are consistent with the purposes described in section 101.".

SEC. 324. TERMS AND PERIODS OF SERVICE.

(a) CLARIFICATION AND PERIODS OF SERVICE.—Subsection (b) of section 104 (42 U.S.C. 4954(b)) is amended to read as follows:

"(b)(1) Volunteers serving under this part may be enrolled initially for periods of service of not less than 1 year, nor more than 2 years, except as provided in paragraph (2) or subsection (e).

"(2) Volunteers serving under this part may be enrolled for periods of service of less than 1 year if the Director determines, on an individual basis, that a period of service of less than 1 year is necessary to meet a critical scarce skill need.

"(3) Volunteers serving under this part may be reenrolled for periods of service in a manner to be determined by the Director. No volunteer shall serve for more than a total of 5 years under this part.".

(b) SUMMER PROGRAM.—Section 104 (42 U.S.C. 4954) is amended by adding at the end the following new subsection:

"(e)(1) Notwithstanding any other provision of this part, the Director may enroll full-time VISTA summer associates in a program for the summer months only, under such terms and conditions as the Director shall determine to be appropriate. Such individuals shall be assigned to projects that meet the criteria set forth in section 103(a).

"(2) In preparing reports relating to programs under this Act, the Director shall report on participants, costs, and accomplishments under the summer program separately.

"(3) The limitation on funds appropriated for grants and contracts, as contained in section 108, shall not apply to the summer program.".

SEC. 325. SUPPORT FOR VISTA VOLUNTEERS.

(a) POSTSERVICE STIPEND.—Section 105(a)(1) (42 U.S.C. 4955(a)(1)) is amended—

(1) by inserting "(A)" after "(a)(1)"; and

(2) by striking the second sentence and inserting the following:

"(B) Such stipend shall not exceed $95 per month in fiscal year 1994, but shall be set at a minimum of $100 per month, and a maximum of $125 per month assuming the availability of funds to accomplish such maximum, during the service of the volunteer after October 1, 1994. The Director may provide a stipend of a maximum of $200 per month in the case of persons who have served as volunteers under this part for at least 1 year and who, in accordance with standards established in such regulations as the Director shall prescribe, have been designated volunteer leaders on the basis of experience and special skills and a demonstrated leadership among volunteers.

"(C) The Director shall not provide a stipend under this subsection to an individual who

elects to receive a national service educational award under subtitle D of title I of the National and Community Service Act of 1990.".

(b) SUBSISTENCE ALLOWANCE.—Section 105(b) (42 U.S.C. 4955(b)) is amended—

(1) in paragraph (3)—

(A) by striking subparagraph (A);

(B) in subparagraph (B), by striking the subparagraph designation; and

(C) by adding at the end the following new sentence: "The Director shall review such adjustments on an annual basis to ensure that the adjustments are current."; and

(2) by striking paragraph (4).

(c) CHILD CARE.—Section 105 (42 U.S.C. 4955) is amended by adding at the end the following:

"(c)(1) The Director shall—

"(A) make child care available for children of each volunteer enrolled under this part who need such child care in order to participate as volunteers; or

"(B) provide a child care allowance to each such volunteer who needs such assistance in order to participate as volunteers.

"(2) The Corporation shall establish guidelines regarding the circumstances under which child care shall be made available under this subsection and the value of any child care allowance to be provided.".

SEC. 326. PARTICIPATION OF YOUNGER AND OLDER PERSONS.

Section 107 (42 U.S.C. 4957) is amended to read as follows:

"SEC. 107. PARTICIPATION OF YOUNGER AND OLDER PERSONS.

"In carrying out this part and part C, the Director shall take necessary steps, including the development of special projects, where appropriate, to encourage the fullest participation of individuals 18 through 27 years of age, and individuals 55 years of age and older, in the various programs and activities authorized under such parts.".

SEC. 327. LITERACY ACTIVITIES.

Section 109 (42 U.S.C. 4959) is amended—

(1) in subsection (g)—

(A) by striking paragraph (1); and

(B) by striking the paragraph designation of paragraph (2); and

(2) in subsection (h)—

(A) in paragraph (1) by striking "paragraphs (2) and (3)" and inserting "paragraph (2)"; and

(B) by striking paragraph (3).

SEC. 328. APPLICATIONS FOR ASSISTANCE.

Section 110 (42 U.S.C. 4960) is amended to read as follows:

"SEC. 110. APPLICATIONS FOR ASSISTANCE.

"In reviewing an application for assistance under this part, the Director shall not deny such assistance to any project or program, or any public or private nonprofit organization, solely on the basis of the duration of the assistance such project, program, or organization has received under this part prior to the date of submission of the application. The Director shall grant assistance under this part on the basis of merit and to accomplish the goals of the VISTA program, and shall consider the needs and requirements of projects in existence on such date as well as potential new projects.".

SEC. 329. REPEAL OF AUTHORITY FOR STUDENT COMMUNITY SERVICE PROGRAMS.

Section 114 (42 U.S.C. 4974) is repealed.

SEC. 330. UNIVERSITY YEAR FOR VISTA.

(a) PROGRAM TITLE.—Part B of title I (42 U.S.C. 4971 et seq.) is amended—

(1) in the part heading, to read as follows:

"PART B—UNIVERSITY YEAR FOR VISTA";

(2) by striking "University Year for ACTION" each place that such term appears in such part and inserting "University Year for VISTA";

(3) by striking "UYA" each place that such term appears in such part and inserting "UYV"; and

(4) in section 112 (42 U.S.C. 4972) by striking the section heading and inserting the following new section heading:

"AUTHORITY TO OPERATE UNIVERSITY YEAR FOR VISTA PROGRAM".

(b) SPECIAL CONDITIONS.—Section 113(a) (42 U.S.C. 4973(a)) is amended—

(1) by striking "of not less than the duration of an academic year" and inserting "of not less than the duration of an academic semester or its equivalent"; and

(2) by adding at the end the following new sentence: "Volunteers may receive a living allowance and such other support or allowances as the Director determines to be appropriate.".

SEC. 331. AUTHORITY TO ESTABLISH AND OPERATE SPECIAL VOLUNTEER AND DEMONSTRATION PROGRAMS.

Section 122 (42 U.S.C. 4992) is amended to read as follows:

"SEC. 122. AUTHORITY TO ESTABLISH AND OPERATE SPECIAL VOLUNTEER AND DEMONSTRATION PROGRAMS.

"(a) IN GENERAL.—The Director is authorized to conduct special volunteer programs for demonstration programs, or award grants to or enter into contracts with public or nonprofit organizations to carry out such programs. Such programs shall encourage wider volunteer participation on a full-time, part-time, or short-term basis to further the purpose of this part, and identify particular segments of the poverty community that could benefit from volunteer and other antipoverty efforts.

"(b) ASSIGNMENT AND SUPPORT OF VOLUNTEERS.—The assignment of volunteers under this section, and the provision of support for such volunteers, including any subsistence allowances and stipends, shall be on such terms and conditions as the Director shall determine to be appropriate, but shall not exceed the level of support provided under section 105. Projects using volunteers who do not receive stipends may also be supported under this section.

"(c) CRITERIA AND PRIORITIES.—In carrying out this section and section 123, the Director shall establish criteria and priorities for awarding grants and entering into contracts under this part in each fiscal year. No grant or contract exceeding $100,000 shall be made under this part unless the recipient of the grant or contractor has been selected by a competitive process that includes public announcement of the availability of funds for such grant or contract, general criteria for the selection of recipients or contractors, and a description of the application process and application review process.".

SEC. 332. TECHNICAL AND FINANCIAL ASSISTANCE.

Section 123 (42 U.S.C. 4993) is amended to read as follows:

"SEC. 123. TECHNICAL AND FINANCIAL ASSISTANCE.

"The Director may provide technical and financial assistance to Federal agencies, State and local governments and agencies, private nonprofit organizations, employers, and other private organizations that utilize or desire to utilize volunteers in carrying out the purpose of this part.".

SEC. 333. ELIMINATION OF SEPARATE AUTHORITY FOR DRUG ABUSE PROGRAMS.

Title I (42 U.S.C. 4951 et seq.) is amended—

(1) by repealing section 124; and

(2) by redesignating section 125 as section 124.

CHAPTER 2—NATIONAL SENIOR VOLUNTEER CORPS

SEC. 341. NATIONAL SENIOR VOLUNTEER CORPS.

(a) TITLE HEADING.—The heading for title II is amended to read as follows:

"TITLE II—NATIONAL SENIOR VOLUNTEER CORPS".

(b) REFERENCES.—

(1) Section 200(1) (42 U.S.C. 5000(1)) is amended by striking "Older American Volunteer Programs" and inserting "National Senior Volunteer Corps".

(2) The heading for section 221 (42 U.S.C. 5021) is amended by striking "OLDER AMERICAN VOLUNTEER PROGRAMS" and inserting "NATIONAL SENIOR VOLUNTEER CORPS".

(3) Section 224 (42 U.S.C. 5024) is amended—

(A) in the section heading by striking "OLDER AMERICAN VOLUNTEER PROGRAMS" and inserting "NATIONAL SENIOR VOLUNTEER CORPS"; and

(B) by striking "volunteer projects for Older Americans" and inserting "National Senior Volunteer Corps projects".

(4) Section 205(c) of the Older Americans Amendments of 1975 (Public Law 94–135; 89 Stat. 727; 42 U.S.C. 5001 note) is amended by striking "national older American volunteer programs" each place the term appears and inserting "National Senior Volunteer Corps programs".

SEC. 342. THE RETIRED AND SENIOR VOLUNTEER PROGRAM.

(a) PART HEADING.—The heading for part A of title II is amended by striking "RETIRED SENIOR VOLUNTEER PROGRAM" and inserting "RETIRED AND SENIOR VOLUNTEER PROGRAM".

(b) REFERENCES.—Section 200 (42 U.S.C. 5000) is amended by striking "retired senior volunteer program" each place that such term appears in such section and the Act and inserting "Retired and Senior Volunteer Program".

SEC. 343. OPERATION OF THE RETIRED AND SENIOR VOLUNTEER PROGRAM.

Section 201(a) (42 U.S.C. 5001(a)) is amended—

(1) in the matter preceding paragraph (1) by striking "retired persons" and inserting "retired individuals and working older individuals"; and

(2) in paragraph (2)—

(A) by striking "aged sixty or over" and inserting "55 years of age or older"; and

(B) by inserting ", and individuals 60 years of age or older will be given priority for enrollment," after "enrolled".

SEC. 344. SERVICES UNDER THE FOSTER GRANDPARENT PROGRAM.

Section 211(a) (42 U.S.C. 5011(a)) is amended by striking ", including services" and all that follows through "with special needs." and inserting a period and the following: "Such services may include services by individuals serving as foster grandparents to children who are individuals with disabilities, who have chronic health conditions, who are receiving care in hospitals, who are residing in homes for dependent and neglected children, or who are receiving services provided by day care centers, schools, early intervention programs under part H of the Individuals with Disabilities Education Act (20 U.S.C. 1471 et seq.), Head Start agencies under the Head Start Act, or any of a variety of other programs, establishments, and institutions providing services for children with special or exceptional needs. Individual foster grandparents may provide person-to-person services to one or more children, depending on the needs of the project and local site.".

SEC. 345. STIPENDS FOR LOW-INCOME VOLUNTEERS.

Section 211(d) (42 U.S.C. 5011(d)) is amended—

(1) in the second sentence by striking "Any stipend or allowance provided under this subsection shall not be less than $2.20 per hour until October 1, 1990, $2.35 per hour during fiscal year 1991, and $2.50 per hour on and after October 1, 1992," and inserting "Any stipend or allowance provided under this section shall not be less than $2.45 per hour on and after October 1, 1993, and shall be adjusted once prior to December 31, 1997, to account for inflation, as determined by the Director and rounded to the nearest five cents,"; and

(2) by adding at the end the following:

"In establishing the amount of, and the effective date for, such adjustment, the Director, in

consultation with the State Commissions on National and Community Service (as established under section 178 of the National and Community Service Act of 1990) and the heads of the State offices established under section 195 of such Act, shall consider the effect such adjustment will have on the ability of non-Federally funded volunteer programs similar to the programs under this title to maintain their current level of volunteer hours.".

SEC. 346. CONDITIONS OF GRANTS AND CONTRACTS.

Section 212 (42 U.S.C. 5012) is repealed.

SEC. 347. EVALUATION OF THE SENIOR COMPANION PROGRAM.

Section 213(c) (42 U.S.C. 5013(c)) is amended by striking paragraph (3).

SEC. 348. AGREEMENTS WITH OTHER FEDERAL AGENCIES.

(a) PROMOTION.—Section 221(a) (42 U.S.C. 5021(a)) is amended—

(1) by striking "(a)" and inserting "(a)(1)"; and

(2) by adding at the end the following:

"(2) To the maximum extent practicable, the Director shall enter into agreements with—

"(A) the Department of Health and Human Services to—

"(i) involve retired and senior volunteers, and foster grandparents, in Head Start programs;

"(ii) involve retired and senior volunteers, and senior companions, in providing services authorized by title III of the Older Americans Act of 1965; and

"(iii) promote the recognition of such volunteers who are qualified to provide in-home services for reimbursement under title XVIII of the Social Security Act for providing such services;

"(B) the Department of Education to promote intergenerational tutoring and mentoring for at-risk children; and

"(C) the Environmental Protection Agency to support conservation efforts.".

(b) MINIMUM EXPENDITURE.—Section 221(b)(3) (42 U.S.C. 5021(b)(3)) is amended by striking "$250,000" and inserting "$375,000".

SEC. 349. PROGRAMS OF NATIONAL SIGNIFICANCE.

Section 225 (42 U.S.C. 5025) is amended—

(1) in subsection (a)(2)(B) by striking "paragraph (10)" and inserting "paragraphs (10), (12), (15), and (16)";

(2) in subsection (b), by adding at the end the following new paragraphs:

"(12) Programs that address environmental needs.

"(13) Programs that reach out to organizations (such as labor unions and profitmaking organizations) not previously involved in addressing national problems of local concern.

"(14) Programs that provide for outreach to increase participation of members of ethnic groups who have limited English proficiency.

"(15) Programs that support criminal justice activities and juvenile justice activities.

"(16) Programs that involve older volunteers working with young people in apprenticeship programs.

"(17) Programs that support the community integration of individuals with disabilities.

"(18) Programs that provide health, education, and welfare services that augment the activities of State and local agencies, to be carried out in a fiscal year for which the aggregate amount of funds available to such agencies is not less than the annual average aggregate amount of funds available to such agencies for the period of 3 fiscal years preceding such fiscal year.";

(3) in subsection (c)(1), by striking "under this title"; and

(4) in subsection (d), by striking paragraph (1) and inserting the following new paragraph:

"(1) Except as provided in paragraph (2), from the amounts appropriated under subsection (a), (b), (c), or (d) of section 502, for each fiscal year there shall be available to the Director such sums as may be necessary to make grants under subsection (a).".

SEC. 350. ADJUSTMENTS TO FEDERAL FINANCIAL ASSISTANCE.

Section 226(b) (42 U.S.C. 5026(b)) is amended—

(1) in paragraph (1)—

(A) by striking "(1)"; and

(B) by striking "annually" and inserting ", once every 2 years"; and

(2) by striking paragraph (2).

SEC. 351. DEMONSTRATION PROGRAMS.

Title II (42 U.S.C. 5000 et seq.) is amended by adding at the end the following new part:

"PART E—DEMONSTRATION PROGRAMS

"SEC. 231. AUTHORITY OF DIRECTOR.

"(a) IN GENERAL.—The Director is authorized to make grants to or enter into contracts with public or nonprofit organizations, including organizations funded under part A, B, or C, for the purposes of demonstrating innovative activities involving older Americans as volunteers. The Director may support under this part both volunteers receiving stipends and volunteers not receiving stipends.

"(b) ACTIVITIES.—An organization that receives a grant or enters into a contract under subsection (a) may use funds made available through the grant or contract for activities such as—

"(1) linking youth groups and older American organizations in volunteer activities;

"(2) involving older volunteers in programs and activities different from programs and activities supported in the community; and

"(3) testing whether older American volunteer programs may contribute to new objectives or certain national priorities.

"SEC. 232. PROHIBITION.

"The Director may not reduce the activities, projects, or volunteers funded under the other parts of this title in order to support projects under this part.".

CHAPTER 3—ADMINISTRATION

SEC. 361. PURPOSE OF AGENCY.

Section 401 (42 U.S.C. 5041) is amended—

(1) by inserting after the first sentence the following: "Such Agency shall also promote the coordination of volunteer efforts among Federal, State, and local agencies and organizations, exchange technical assistance information among such agencies and organizations."; and

(2) by striking "Older American Volunteer Programs" each place the term appears and inserting "National Senior Volunteer Corps".

SEC. 362. AUTHORITY OF THE DIRECTOR.

Section 402 (42 U.S.C. 5042) is amended in paragraphs (5) and (6) by inserting "solicit and" before "accept" in each such paragraph.

SEC. 363. POLITICAL ACTIVITIES.

Section 403 (42 U.S.C. 5043) is amended—

(1) by redesignating subsections (b)(2) and (c) as subsections (c) and (d), respectively;

(2) in subsection (c), as so redesignated, by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively; and

(3) by striking subsection (b)(1) and inserting the following:

"(b)(1) Programs assisted under this Act shall not be carried on in a manner involving the use of funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with—

"(A) any partisan or nonpartisan political activity associated with a candidate, or a contending faction or group, in an election for public or party office;

"(B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or

"(C) any voter registration activity;

except that programs assisted under this Act may make voter registration applications and nonpartisan voter registration information available to the public on the premises of such programs.

"(2) In carrying out any voter registration activity permitted under paragraph (1), an individual who is affiliated with, or employed to carry out, a program assisted under this Act shall not—

"(A) indicate a preference with respect to any candidate, political party, or election issue; or

"(B) seek to influence the political or party affiliation, or voting decision, of any individual.".

SEC. 364. COMPENSATION FOR VOLUNTEERS.

Section 404 (42 U.S.C. 5044) is amended—

(1) in subsection (c), by inserting "from such volunteers or from beneficiaries" after "compensation";

(2) by striking subsection (f); and

(3) by redesignating subsection (g) as subsection (f).

SEC. 365. REPEAL OF REPORT.

Section 407 (42 U.S.C. 5047) is repealed.

SEC. 366. APPLICATION OF FEDERAL LAW.

Section 415(b)(4)(A) (42 U.S.C. 5055(b)(4)(A)) is amended by striking "a grade GS–7 employee" and inserting "an employee at grade GS–5 of the General Schedule under section 5332 of title 5, United States Code".

SEC. 367. NONDISCRIMINATION PROVISIONS.

Section 417 (42 U.S.C. 5057) is amended to read as follows:

"SEC. 417. NONDISCRIMINATION PROVISIONS.

"(a) IN GENERAL.—

"(1) BASIS.—An individual with responsibility for the operation of a program that receives assistance under this Act shall not discriminate against a participant in, or member of the staff of, such program on the basis of race, color, national origin, sex, age, or political affiliation of such participant or member, or on the basis of disability, if the participant or member is a qualified individual with a disability.

"(2) DEFINITION.—As used in paragraph (1), the term 'qualified individual with a disability' has the meaning given the term in section 101(8) of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111(8)).

"(b) FEDERAL FINANCIAL ASSISTANCE.—Any assistance provided under this Act shall constitute Federal financial assistance for purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.).

"(c) RELIGIOUS DISCRIMINATION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), an individual with responsibility for the operation of a program that receives assistance under this Act shall not discriminate on the basis of religion against a participant in such program or a member of the staff of such program who is paid with funds received under this Act.

"(2) EXCEPTION.—Paragraph (1) shall not apply to the employment, with assistance provided under this Act, of any member of the staff, of a program that receives assistance under this Act, who was employed with the organization operating the program on the date the grant under this Act was awarded.

"(d) RULES AND REGULATIONS.—The Director shall promulgate rules and regulations to provide for the enforcement of this section that shall include provisions for summary suspension of assistance for not more than 30 days, on an emergency basis, until notice and an opportunity to be heard can be provided.".

SEC. 368. ELIMINATION OF SEPARATE REQUIREMENTS FOR SETTING REGULATIONS.

Section 420 (42 U.S.C. 5060) is repealed.

SEC. 369. CLARIFICATION OF ROLE OF INSPECTOR GENERAL.

Section 422 (42 U.S.C. 5062) is amended—

(1) in subsection (a), by inserting "or the Inspector General" after "Director"; and

(2) in subsection (b), by inserting ", the Inspector General," after "Director" each place that such term appears.

SEC. 370. COPYRIGHT PROTECTION.

Title IV is amended by adding at the end, the following new section:

"SEC. 425. PROTECTION AGAINST IMPROPER USE.

"Whoever falsely—

"(1) advertises or represents; or

"(2) publishes or displays any sign, symbol, or advertisement, reasonably calculated to convey the impression,

that an entity is affiliated with, funded by, or operating under the authority of ACTION, VISTA, or any of the programs of the National Senior Volunteer Corps may be enjoined under an action filed by the Attorney General, on a complaint by the Director.".

SEC. 371. DEPOSIT REQUIREMENT CREDIT FOR SERVICE AS A VOLUNTEER.

(a) CIVIL SERVICE RETIREMENT SYSTEM.—

(1) CREDITABLE SERVICE.—Section 8332(j) of title 5, United States Code, is amended—

(A) in paragraph (1)—

(i) in the first sentence, by inserting "the period of an individual's service as a full-time volunteer enrolled in a program of at least 1 year's duration under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973," after "Economic Opportunity Act of 1964,";

(ii) in the second sentence, by inserting ", as a full-time volunteer enrolled in a program of at least 1 year's duration under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973," after "Economic Opportunity Act of 1964"; and

(iii) in the last sentence—

(I) by inserting "or under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973" after "Economic Opportunity Act of 1964"; and

(II) by inserting "or the Chief Executive Officer of the Corporation for National and Community Service, as appropriate," after "Director of the Office of Economic Opportunity"; and

(B) by adding at the end the following new paragraph:

"(3) The provisions of paragraph (1) relating to credit for service as a volunteer or volunteer leader under the Economic Opportunity Act of 1964, part A, B, or C of title I of the Domestic Volunteer Service Act of 1973, or the Peace Corps Act shall not apply to any period of service as a volunteer or volunteer leader of an employee or Member with respect to which the employee or Member has made the deposit with interest, if any, required by section 8334(l).".

(2) DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.—

(A) IN GENERAL.—Section 8334 of title 5, United States Code, is amended by adding at the end the following new subsection:

"(l)(1) Each employee or Member who has performed service as a volunteer or volunteer leader under part A of title VIII of the Economic Opportunity Act of 1964, as a full-time volunteer enrolled in a program of at least 1 year's duration under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973, or as a volunteer or volunteer leader under the Peace Corps Act before the date of the separation on which the entitlement to any annuity under this subchapter is based may pay, in accordance with such regulations as the Office of Personnel Management shall issue, an amount equal to 7 percent of the readjustment allowance paid to the employee or Member under title VIII of the Economic Opportunity Act of 1964 or section 5(c) or 6(1) of the Peace Corps Act or the stipend paid to the employee or Member under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973, for each period of service as such a volunteer or volunteer leader.

"(2) Any deposit made under paragraph (1) more than 2 years after the later of—

"(A) October 1, 1993; or

"(B) the date on which the employee or Member making the deposit first becomes an employee or Member,

shall include interest on such amount computed and compounded annually beginning on the date of the expiration of the 2-year period. The interest rate that is applicable in computing interest in any year under this paragraph shall be equal to the interest rate that is applicable for such year under subsection (e).

"(3) The Director of the Peace Corps and the Chief Executive Officer of the Corporation for National and Community Service shall furnish such information to the Office of Personnel Management as the Office may determine to be necessary for the administration of this subsection.".

(B) CONFORMING AMENDMENT.—Section 8334(e) of title 5, United States Code, is amended in paragraphs (1) and (2) by striking "or (k)" each place that such term appears and inserting "(k), or (l)".

(b) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—

(1) CREDITABLE SERVICE.—Section 8411 of title 5, United States Code, is amended—

(A) in subsection (b)(3), by striking "subsection (f)" and inserting "subsection (f) or (h)"; and

(B) by adding at the end the following new subsection:

"(h) An employee or Member shall be allowed credit for service as a volunteer or volunteer leader under part A of title VIII of the Economic Opportunity Act of 1964, as a full-time volunteer enrolled in a program of at least 1 year's duration under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973, or as a volunteer or volunteer leader under the Peace Corps Act performed at any time prior to the separation on which the entitlement to any annuity under this subchapter is based if the employee or Member has made a deposit with interest, if any, with respect to such service under section 8422(f).".

(2) DEDUCTIONS, CONTRIBUTIONS.—Section 8422 of title 5, United States Code, is amended by adding at the end the following new subsection:

"(f)(1) Each employee or Member who has performed service as a volunteer or volunteer leader under part A of title VIII of the Economic Opportunity Act of 1964, as a full-time volunteer enrolled in a program of at least 1 year's duration under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973, or as a volunteer or volunteer leader under the Peace Corps Act before the date of the separation on which the entitlement to any annuity under this subchapter, or subchapter V of this chapter, is based may pay, in accordance with such regulations as the Office of Personnel Management shall issue, an amount equal to 3 percent of the readjustment allowance paid to the employee or Member under title VIII of the Economic Opportunity Service Act of 1964 or section 5(c) or 6(1) of the Peace Corps Act or the stipend paid to the employee or Member under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973, for each period of service as such a volunteer or volunteer leader.

"(2) Any deposit made under paragraph (1) more than 2 years after the later of—

"(A) October 1, 1993, or

"(B) the date on which the employee or Member making the deposit first becomes an employee or Member,

shall include interest on such amount computed and compounded annually beginning on the date of the expiration of the 2-year period. The interest rate that is applicable in computing interest in any year under this paragraph shall be equal to the interest rate that is applicable for such year under section 8334(e).

"(3) The Director of the Peace Corps and the Chief Executive Officer of the Corporation for National and Community Service shall furnish such information to the Office of Personnel Management as the Office may determine to be necessary for the administration of this subsection.".

(c) APPLICABILITY AND OTHER PROVISIONS.—

(1) APPLICABILITY.—

(A) AMENDMENTS RELATING TO CSRS.—

(i) IN GENERAL.—The amendments made by subsection (a) shall apply with respect to any individual entitled to an annuity on the basis of a separation from service occurring on or after the effective date of this subtitle.

(ii) RULES RELATING TO ANNUITIES BASED ON EARLIER SEPARATIONS.—An annuity under subchapter III of chapter 83 of title 5, United States Code, payable to an individual based on a separation from service occurring before the effective date of this subtitle shall be subject to the provisions of paragraph (2).

(B) AMENDMENTS RELATING TO FERS.—

(i) IN GENERAL.—The amendments made by subsection (b) shall apply with respect to any individual entitled to an annuity on the basis of a separation from service occurring before, on, or after the effective date of this subtitle, subject to clause (ii).

(ii) RULE RELATING TO ANNUITIES BASED ON EARLIER SEPARATIONS.—In the case of any individual whose entitlement to an annuity is based on a separation from service occurring before the effective date of this subtitle, any increase in such individual's annuity on the basis of a deposit made under section 8442(f) of title 5, United States Code, as amended by subsection (b)(2), shall be effective beginning with the annuity payment payable for the first calendar month beginning after the effective date of this subtitle.

(2) SPECIAL RULES.—

(A) OLD-AGE OR SURVIVORS INSURANCE BENEFITS.—Subject to subparagraph (B), in any case in which an individual described in paragraph (1)(A)(ii) is also entitled to old-age or survivors insurance benefits under section 202 of the Social Security Act (or would be entitled to such benefits upon filing an application therefor), the amount of the annuity to which such individual is entitled under subchapter III of chapter 83 of title 5, United States Code (after taking into account any creditable service as a volunteer or volunteer leader under the Economic Opportunity Act of 1964, the Domestic Volunteer Service Act of 1973, or the Peace Corps Act) which is payable for any month shall be reduced by an amount determined by multiplying the amount of such old-age or survivors insurance benefit for the determination month by a fraction—

(i) the numerator of which is the total of the wages (within the meaning of section 209 of the Social Security Act) for service as a volunteer or volunteer leader under the Economic Opportunity Act of 1964, the Domestic Volunteer Service Act of 1973, or the Peace Corps Act of such individual credited for years before the calendar year in which the determination month occurs, up to the contribution and benefit base determined under section 230 of the Social Security Act (or other applicable maximum annual amount referred to in section 215(e)(1) of such Act for each such year); and

(ii) the denominator of which is the total of all wages described in clause (i), plus all other

wages (within the meaning of section 209 of such Act) and all self-employment income (within the meaning of section 211(b) of such Act) of such individual credited for years after 1936 and before the calendar year in which the determination month occurs, up to the contribution and benefit base (or such other amount referred to in section 215(e)(1) of such Act for each such year.

(B) LIMITATIONS.—

(i) REDUCTION IN ANNUITY.—Subparagraph (A) shall not reduce the annuity of an individual below the amount of the annuity which would be payable to the individual for the determination month if the provisions of section 8332(j) of title 5, United States Code, relating to service as a volunteer or volunteer leader, applied to the individual for such month.

(ii) APPLICATION.—Subparagraph (A) shall not apply in the case of an individual who, prior to the date of enactment of this Act, made a deposit under section 8334(c) of title 5, United States Code, with respect to service as a volunteer or volunteer leader (as described in subparagraph (A)).

(iii) DETERMINATION MONTH.—For purposes of this paragraph, the term "determination month" means—

(I) the first month the individual described in paragraph (1)(A)(ii) is entitled to old-age or survivors benefits under section 202 of the Social Security Act (or would be entitled to such benefits upon filing an application therefor); or

(II) the first calendar month beginning after the date of enactment of this Act, in the case of any individual entitled to such benefits for such month.

(iv) RULE RELATING TO ANNUITIES BASED ON EARLIER SEPARATIONS.—Any increase in an annuity which occurs by virtue of the enactment of this paragraph shall be effective beginning with the annuity payment payable for the first calendar month beginning after the effective date of this subtitle.

(3) FURNISHING OF INFORMATION.—The Secretary of Health and Human Services shall furnish such information to the Office of Personnel Management as may be necessary to carry out this subsection.

(4) ACTION TO INFORM INDIVIDUALS.—The Director of the Office of Personnel Management shall take such action as may be necessary and appropriate to inform individuals entitled to credit under this section for service as a volunteer or volunteer leader, or to have any annuity recomputed, or to make a deposit under this section, of such entitlement.

CHAPTER 4—AUTHORIZATION OF APPROPRIATIONS AND OTHER AMENDMENTS

SEC. 381. AUTHORIZATION OF APPROPRIATIONS FOR TITLE I.

Section 501 (42 U.S.C. 5081) is amended to read as follows:

"SEC. 501. NATIONAL VOLUNTEER ANTIPOVERTY PROGRAMS.

"(a) AUTHORIZATIONS.—

"(1) VOLUNTEERS IN SERVICE TO AMERICA.—There are authorized to be appropriated to carry out parts A and B of title I, excluding section 109, $56,000,000 for fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 and 1996.

"(2) LITERACY ACTIVITIES.—There are authorized to be appropriated to carry out section 109, $5,600,000 for fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 and 1996.

"(3) SPECIAL VOLUNTEER PROGRAMS.—There are authorized to be appropriated to carry out part C of title I, excluding section 125, such sums as may be necessary for each of the fiscal years 1994 through 1996.

"(4) LITERACY CHALLENGE GRANTS.—There are authorized to be appropriated to carry out section 125, such sums as may be necessary for each of the fiscal years 1994 through 1996.

"(5) SPECIFICATION OF BUDGET FUNCTION.—The authorizations of appropriations contained in this subsection shall be considered to be a component of budget function 500 as used by the Office of Management and Budget to cover education, training, employment, and social services, and, as such, shall be considered to be related to the programs of the Departments of Labor, Health and Human Services, and Education for budgetary purposes.

"(b) SUBSISTENCE.—The minimum level of an allowance for subsistence required under section 105(b)(2), to be provided to each volunteer under title I, may not be reduced or limited in order to provide for an increase in the number of volunteer service years under part A of title I.

"(c) LIMITATION.—No part of the funds appropriated to carry out part A of title I may be used to provide volunteers or assistance to any program or project authorized under part B or C of title I, or under title II, unless the program or project meets the antipoverty criteria of part A of title I.

"(d) AVAILABILITY.—Amounts appropriated for part A of title I shall remain available for obligation until the end of the fiscal year following the fiscal year for which the amounts were appropriated.

"(e) VOLUNTEER SERVICE REQUIREMENT.—

"(1) VOLUNTEER SERVICE YEARS.—Of the amounts appropriated under this section for parts A, B, and C of title I, including section 124, there shall first be available for part A of title I, including sections 104(e) and 109, an amount not less than the amount necessary to provide 3,700 volunteer service years in fiscal year 1994, 4,000 volunteer service years in fiscal year 1995, and 4,500 volunteer service years in fiscal year 1996.

"(2) PLAN.—If the Director determines that funds appropriated to carry out part A, B, or C of title I are insufficient to provide for the years of volunteer service required by paragraph (1), the Director shall submit a plan to the relevant authorizing and appropriations committees of Congress that will detail what is necessary to fully meet this requirement.".

SEC. 382. AUTHORIZATION OF APPROPRIATIONS FOR TITLE II.

Section 502 (42 U.S.C. 5082) is amended to read as follows:

"SEC. 502. NATIONAL SENIOR VOLUNTEER CORPS.

"(a) RETIRED AND SENIOR VOLUNTEER PROGRAM.—There are authorized to be appropriated to carry out part A of title II, $45,000,000 for fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 and 1996.

"(b) FOSTER GRANDPARENT PROGRAM.—There are authorized to be appropriated to carry out part B of title II, $85,000,000 for fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 and 1996.

"(c) SENIOR COMPANION PROGRAM.—There are authorized to be appropriated to carry out part C of title II, $40,000,000 for fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 and 1996.

"(d) DEMONSTRATION PROGRAMS.—There are authorized to be appropriated to carry out part E of title II, such sums as may be necessary for each of the fiscal years 1994 through 1996.".

SEC. 383. AUTHORIZATION OF APPROPRIATIONS FOR TITLE IV.

Section 504 (42 U.S.C. 5084) is amended to read as follows:

"SEC. 504. ADMINISTRATION AND COORDINATION.

"(a) IN GENERAL.—For each of the fiscal years 1994 through 1996, there are authorized to be appropriated for the administration of this Act as provided for in title IV, 18 percent of the total amount appropriated under sections 501 and 502 with respect to such year.

"(b) EVALUATION.—For each of the fiscal years 1994 through 1996, the Director is authorized to expend not less than 2½ percent, and not more than 5 percent, of the amount appropriated under subsection (a), for the purposes prescribed in section 416.".

SEC. 384. CONFORMING AMENDMENTS; COMPENSATION FOR VISTA FECA CLAIMANTS.

Section 8143(b) of title 5, United States Code, is amended by striking "GS-7" and inserting "GS-5 of the General Schedule under section 5332 of title 5, United States Code".

SEC. 385. REPEAL OF AUTHORITY.

Title VII (42 U.S.C. 5091 et seq.) is repealed.

CHAPTER 5—GENERAL PROVISIONS

SEC. 391. TECHNICAL AND CONFORMING AMENDMENTS.

The Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.) is amended by striking "That this Act" and all that follows through the end of the table of contents and inserting the following:

"SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

"(a) SHORT TITLE.—This Act may be cited as the 'Domestic Volunteer Service Act of 1973'.

"(b) TABLE OF CONTENTS.—The table of contents is as follows:

"Sec. 1. Short title; table of contents.
"Sec. 2. Volunteerism policy.

"TITLE I—NATIONAL VOLUNTEER ANTIPOVERTY PROGRAMS

"PART A—VOLUNTEERS IN SERVICE TO AMERICA

"Sec. 101. Statement of purpose.
"Sec. 102. Authority to operate VISTA program.
"Sec. 103. Selection and assignment of volunteers.
"Sec. 104. Terms and periods of service.
"Sec. 105. Support service.
"Sec. 106. Participation of beneficiaries.
"Sec. 107. Participation of younger and older persons.
"Sec. 108. Limitation.
"Sec. 109. VISTA Literacy Corps.
"Sec. 110. Applications for assistance.

"PART B—UNIVERSITY YEAR FOR VISTA

"Sec. 111. Statement of purpose.
"Sec. 112. Authority to operate University Year for VISTA program.
"Sec. 113. Special conditions.

"PART C—SPECIAL VOLUNTEER PROGRAMS

"Sec. 121. Statement of purpose.
"Sec. 122. Authority to establish and operate special volunteer and demonstration programs.
"Sec. 123. Technical and financial assistance.
"Sec. 125. Literacy challenge grants.

"TITLE II—NATIONAL SENIOR VOLUNTEER CORPS

"Sec. 200. Statement of purposes.

"PART A—RETIRED AND SENIOR VOLUNTEER PROGRAM

"Sec. 201. Grants and contracts for volunteer service projects.

"PART B—FOSTER GRANDPARENT PROGRAM

"Sec. 211. Grants and contracts for volunteer service projects.

"PART C—SENIOR COMPANION PROGRAM

"Sec. 213. Grants and contracts for volunteer service projects.

"PART D—GENERAL PROVISIONS

"Sec. 221. Promotion of National Senior Volunteer Corps.
"Sec. 222. Payments.
"Sec. 223. Minority group participation.
"Sec. 224. Use of locally generated contributions in National Senior Volunteer Corps.
"Sec. 225. Programs of national significance.

"Sec. 226. Adjustments to Federal financial assistance.
"Sec. 227. Multiyear grants or contracts.
"PART E—DEMONSTRATION PROGRAMS
"Sec. 231. Authority of Director.
"TITLE IV—ADMINISTRATION AND COORDINATION
"Sec. 403. Political activities.
"Sec. 404. Special limitations.
"Sec. 406. Labor standards.
"Sec. 408. Joint funding.
"Sec. 409. Prohibition of Federal control.
"Sec. 410. Coordination with other programs.
"Sec. 411. Prohibition.
"Sec. 412. Notice and hearing procedures for suspension and termination of financial assistance.
"Sec. 414. Distribution of benefits between rural and urban areas.
"Sec. 415. Application of Federal law.
"Sec. 416. Evaluation.
"Sec. 417. Nondiscrimination provisions.
"Sec. 418. Eligibility for other benefits.
"Sec. 419. Legal expenses.
"Sec. 421. Definitions.
"Sec. 422. Audit.
"Sec. 423. Reduction of paperwork.
"Sec. 424. Review of project renewals.
"Sec. 425. Protection against improper use.
"Sec. 426. Center for Research and Training.
"TITLE V—AUTHORIZATION OF APPROPRIATIONS
"Sec. 501. National volunteer antipoverty programs.
"Sec. 502. National Senior Volunteer Corps.
"Sec. 504. Administration and coordination.
"Sec. 505. Availability of appropriations.
"TITLE VI—AMENDMENTS TO OTHER LAWS AND REPEALERS
"Sec. 601. Supersedence of Reorganization Plan No. 1 of July 1, 1971.
"Sec. 602. Creditable service for civil service retirement.
"Sec. 603. Repeal of title VIII of the Economic Opportunity Act.
"Sec. 604. Repeal of title VI of the Older Americans Act.".

SEC. 392. EFFECTIVE DATE.

This subtitle shall become effective on October 1, 1993.

TITLE IV—TECHNICAL AND CONFORMING AMENDMENTS

SEC. 401. DEFINITIONS.

Section 421 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5061) is amended—

(1) by striking "and" at the end of paragraph (6);

(2) by striking the period at the end of paragraph (7) and inserting a semicolon; and

(3) by adding at the end the following new paragraphs:

"(8) the term 'Corporation' means the Corporation for National and Community Service established under section 191 of the National and Community Service Act of 1990;

"(9) the term 'foster grandparent' means a volunteer in the Foster Grandparent Program;

"(10) the term 'Foster Grandparent Program' means the program established under part B of title II;

"(11) except as provided in section 417, the term 'individual with a disability' has the meaning given the term in section 7(8)(B) of the Rehabilitation Act of 1973 (29 U.S.C. 706(8)(B));

"(12) the term 'Inspector General' means the Inspector General of ACTION;

"(13) the term 'national senior volunteer' means a volunteer in the National Senior Volunteer Corps;

"(14) the term 'National Senior Volunteer Corps' means the programs established under parts A, B, C, and E of title II;

"(15) the term 'Retired and Senior Volunteer Program' means the program established under part A of title II;

"(16) the term 'retired or senior volunteer' means a volunteer in the Retired and Senior Volunteer Program;

"(17) the term 'senior companion' means a volunteer in the Senior Companion Program;

"(18) the term 'Senior Companion Program' means the program established under part C of title II;

"(19) the terms 'VISTA' and 'Volunteers in Service to America' mean the program established under part A of and

"(20) the term 'VISTA volunteer' means a volunteer in VISTA.".

SEC. 402. REFERENCES TO THE COMMISSION ON NATIONAL AND COMMUNITY SERVICE.

(a) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—

(1) Section 1092(b) of the National Defense Authorization Act for Fiscal Year 1993 (42 U.S.C. 12653a note) is amended—

(A) in paragraph (1)—

(i) by striking "Commission on National Community Service" and inserting "Corporation for National and Community Service"; and

(ii) by striking "Commission shall prepare" and inserting "Board of Directors of the Corporation shall prepare"; and

(B) in paragraph (2), by striking "Board of Directors of the Commission on National and Community Service" and inserting "Board of Directors of the Corporation for National and Community Service".

(2) Section 1093(a) of such Act (42 U.S.C. 12653a note) is amended by striking "the Board of Directors and Executive Director of the Commission on National and Community Service" and inserting "the Board of Directors and Chief Executive Officer of the Corporation for National and Community Service".

(3) Section 1094 of such Act (Public Law 102–484; 106 Stat. 2535) is amended—

*(A) in the title, by striking "**COMMISSION ON NATIONAL AND COMMUNITY SERVICE**" and inserting "**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**";*

(B) in subsection (a)—

(i) in the heading, by striking "COMMISSION" and inserting "CORPORATION";

(ii) in the first sentence, by striking "Commission on National and Community Service" and inserting "Corporation for National and Community Service"; and

(iii) in the second sentence, by striking "The Commission" and inserting "The Chief Executive Officer of the Corporation"; and

(C) in subsection (b)—

(i) in paragraph (1), by striking "Board of Directors of the Commission on National and Community Service" and inserting "Chief Executive Officer of the Corporation for National and Community Service"; and

(ii) in paragraph (2), by striking "the Commission" and inserting "the Chief Executive Officer of the Corporation for National and Community Service".

(4) Section 1095 of such Act (Public Law 102–484; 106 Stat. 2535) is amended in the heading for subsection (b) by striking "COMMISSION ON NATIONAL AND COMMUNITY SERVICE" and inserting "CORPORATION FOR NATIONAL AND COMMUNITY SERVICE".

(5) Section 2(b) of such Act (Public Law 102–484; 106 Stat. 2315) is amended by striking the item relating to section 1094 of such Act and inserting the following:

"Sec. 1094. Other programs of the Corporation for National and Community Service.".

(b) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—

(1) Sections 159(b)(2) (as redesignated in section 104(b)(3) of this Act) and 165 (as redesignated in section 104(b)(3) of this Act), subsections (a) and (b) of section 172, sections 176(a) and 177(c), and subsections (a), (b), and (d) through (h) of section 179, of the National and Community Service Act of 1990 (42 U.S.C. 12653h(b)(2), 12653n, 12632 (a) and (b), 12636(a), 12637(c), and 12639 (a), (b), and (d) through (h)) are each amended by striking the term "Commission" each place the term appears and inserting "Corporation".

(2) Sections 152, 157(b)(2), 162(a)(2)(C), 164, and 166(1) of such Act (in each case, as redesignated in section 104(b)(3) of this Act) (42 U.S.C. 12653a, 12653f(b)(2), 12653k(a)(2)(C), 12653m, and 12653o(1)) are each amended by striking "Commission on National and Community Service" and inserting "Corporation".

(3) Section 163(b)(9) of such Act (as redesignated in section 104(b)(3) of this Act) (42 U.S.C. 12635l(b)(9)) is amended by striking "Chair of the Commission on National and Community Service" and inserting "Chief Executive Officer".

(4) Section 303(a) of such Act (42 U.S.C. 12662(a)) is amended—

(A) by striking "The President" and inserting "The President, acting through the Corporation,";

(B) by inserting "in furtherance of activities under section 302" after "section 501(b)"; and

(C) by striking "the President" both places it appears and inserting "the Corporation".

SEC. 403. REFERENCES TO DIRECTORS OF THE COMMISSION ON NATIONAL AND COMMUNITY SERVICE.

(a) BOARD OF DIRECTORS.—

(1) Section 159(a) of such Act (as redesignated in section 104(b)(3) of this Act) (42 U.S.C. 12653h(b)) is amended—

(A) by striking "BOARD.—The Board" and inserting "SUPERVISION.—The Chief Executive Officer";

(B) by striking "the Board" in the matter preceding paragraph (1), and in paragraph (1), and inserting "the Chief Executive Officer"; and

(C) by striking "the Director" in paragraph (1) and inserting "the Board".

(2) Section 159(b) of such Act (as redesignated in section 104(b)(3) of this Act) (42 U.S.C. 12653h(b)) is amended by striking "(b)" and all that follows through "Commission on National and Community Service" and inserting "(b) MONITORING AND COORDINATION.—The Chief Executive Officer".

(3) Section 159(c)(1) (as redesignated in section 104(b)(3) of this Act) (42 U.S.C. 12653h(c)(1)) is amended—

(A) in subparagraph (A), by striking "the Board, in consultation with the Executive Director," and inserting "the Chief Executive Officer"; and

(B) in subparagraph (B)(iii), by striking "the Board through the Executive Director" and inserting "the Chief Executive Officer".

(4) Section 166(6) (as redesignated in section 104(b)(3) of this Act) (42 U.S.C. 12653o(6)) is amended—

(A) by striking paragraph (6); and

(B) by redesignating paragraphs (7) through (11) as paragraphs (6) through (10), respectively.

(b) DIRECTOR OF CIVILIAN COMMUNITY CORPS.—Sections 155(a), 157(b)(1)(A), 158(a), 159(c)(1)(A), and 163(a) (in each case, as redesignated in section 104(b)(3) of this Act) of the National and Community Service Act of 1990 (42 U.S.C. 12653d(a), 12653f(b)(1)(A), 12653g(a), 12653h(c)(1)(A), and 12653l(a)) are amended by striking "Director of the Civilian Community Corps" each place the term appears and inserting "Director".

SEC. 404. DEFINITION OF DIRECTOR.

Section 421 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5061) is amended by striking paragraph (1) and inserting the following new paragraph:

"(1) the term 'Director' means the Chief Executive Officer of the Corporation for National and Community Service appointed under section 193 of the National and Community Service Act of 1990;".

SEC. 405. REFERENCES TO ACTION AND THE ACTION AGENCY.

(a) DOMESTIC VOLUNTEER SERVICE ACT OF 1973.—

(1) Section 2(b) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950(b)) is amended—

(A) by striking "ACTION, the Federal domestic volunteer agency," and inserting "this Act"; and

(B) by striking "ACTION shall" and inserting "the Corporation for National and Community Service shall".

(2) Section 103(b)(2)(A) of such Act (as amended by section 323(b)(1)(A) of this Act) is amended by striking "the ACTION Agency" the first place that such term appears and inserting "the Corporation".

(3) Section 103(b)(4) of such Act (as redesignated by section 323(b)(3) of this Act) is amended by striking "the ACTION Agency" each place that such appears and inserting "the Corporation".

(4) Section 103(c)(1)(D) of such Act is amended by striking "the ACTION Agency" and inserting "the Corporation".

(5) Section 124(b) of such Act (as redesignated by section 333(2) of this Act) is amended by striking "the ACTION Agency" and inserting "the Corporation".

(6) Section 225(e) of such Act (42 U.S.C. 5025(e)) is amended by striking "the ACTION Agency" and inserting "the Corporation".

(7) Section 403(a) of such Act (42 U.S.C. 5043(a)) is amended—

(A) by striking "the ACTION Agency" the first place such term appears and inserting "the Corporation under this Act"; and

(B) by striking "the ACTION Agency" the second place such term appears and inserting "the Corporation".

(8) Section 408 of such Act (42 U.S.C. 5048) is amended by striking "the ACTION Agency" and inserting "the Corporation".

(9) Section 416(f)(1) of such Act (42 U.S.C. 5056(f)(1)) is amended by striking "ACTION Agency" and inserting "Corporation".

(10) Section 421(12) of such Act (as added by section 401 of this Act) is amended by striking "ACTION" and inserting "the Corporation".

(11) Section 425 of such Act (as added by section 370 of this Act) is further amended by striking "ACTION" and inserting "the Corporation".

(b) CIVIL SERVICE RETIREMENT SYSTEM.—Section 8332(j)(1) of title 5, United States Code (as amended by section 371(a)(1)(A)(iii)(II) of this Act) is amended by striking "the Director of ACTION" and inserting "the Chief Executive Officer of the Corporation for National and Community Service".

(c) PUBLIC HOUSING SECURITY.—Section 207(c) of the Public Housing Security Demonstration Act of 1978 (Public Law 95–557; 92 Stat. 2093; 12 U.S.C. 1701z–6 note) is amended—

(1) in paragraph (3)(ii), by striking "ACTION" and inserting "the Corporation for National and Community Service"; and

(2) in paragraph (4), by striking "ACTION" and inserting "the Corporation for National and Community Service".

(d) NATIONAL FOREST VOLUNTEERS.—Section 1 of the Volunteers in the National Forests Act of 1972 (16 U.S.C. 558a) is amended by striking "ACTION" and inserting "the Corporation for National and Community Service".

(e) PEACE CORPS.—Section 2A of the Peace Corps Act (22 U.S.C. 2501–1) is amended by inserting after "the ACTION Agency" the following: ", the successor to the ACTION Agency,".

(f) INDIAN ECONOMIC DEVELOPMENT.—Section 502 of the Indian Financing Act of 1974 (25 U.S.C. 1542) is amended by striking "ACTION Agency" and inserting "the Corporation for National and Community Service".

(g) OLDER AMERICANS.—The Older Americans Act of 1965 is amended—

(1) in section 202(c)(1) (42 U.S.C. 3012(c)(1)), by striking "the Director of the ACTION Agency" and inserting "the Corporation for National and Community Service";

(2) in section 203(a)(1) (42 U.S.C. 3013(a)(1)), by striking "the ACTION Agency" and inserting "the Corporation for National and Community Service"; and

(3) in section 422(b)(12)(C) (42 U.S.C. 3035a(b)(12)(C)), by striking "the ACTION Agency" and inserting "the Corporation for National and Community Service".

(h) VISTA SERVICE EXTENSION.—Section 101(c)(1) of the Domestic Volunteer Service Act Amendments of 1989 (Public Law 101–204; 103 Stat. 1810; 42 U.S.C. 4954 note) is amended by striking "Director of the ACTION Agency" and inserting "Chief Executive Officer of the Corporation for National and Community Service".

(i) AGING RESOURCE SPECIALISTS.—Section 205(c) of the Older Americans Amendments of 1975 (Public Law 94–135; 89 Stat. 727; 42 U.S.C. 5001 note) is amended—

(1) in paragraph (1)—

(A) by striking "the ACTION Agency," and inserting "the Corporation for National and Community Service,"; and

(B) by striking "the Director of the ACTION Agency" and inserting "the Chief Executive Officer of the Corporation";

(2) in paragraph (2)(A), by striking "ACTION Agency" and inserting "Corporation"; and

(3) in paragraph (3), by striking subparagraph (A) and inserting the following new subparagraph:

"(A) the term 'Corporation' means the Corporation for National and Community Service established by section 191 of the National and Community Service Act of 1990.".

(j) PROMOTION OF PHOTOVOLTAIC ENERGY.—Section 11(a) of the Solar Photovoltaic Energy Research, Development, and Demonstration Act of 1978 (42 U.S.C. 5590) is amended by striking "the Director of ACTION,".

(k) COORDINATING COUNCIL ON JUVENILE JUSTICE.—Section 206(a)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(a)(1)) is amended by striking "the Director of the ACTION Agency" and inserting "the Chief Executive Officer of the Corporation for National and Community Service".

(l) ENERGY CONSERVATION.—Section 413(b)(1) of the Energy Conservation and Production Act (42 U.S.C. 6863(b)(1)) is amended by striking "the Director of the ACTION Agency,".

(m) INTERAGENCY COUNCIL ON THE HOMELESS.—Section 202(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11312(a)) is amended by striking paragraph (12) and inserting the following new paragraph:

"(12) The Chief Executive Officer of the Corporation for National and Community Service, or the designee of the Chief Executive Officer.".

(n) ANTI-DRUG ABUSE.—Section 3601 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11851) is amended by striking paragraph (5) and inserting the following new paragraph:

"(5) the term 'Director' means the Chief Executive Officer of the Corporation for National and Community Service,".

(o) ADMINISTRATION ON CHILDREN, YOUTH, AND FAMILIES.—Section 916(b) of the Claude Pepper Young Americans Act of 1990 (42 U.S.C. 12312(b)) is amended by striking "the Director of the ACTION Agency" and inserting "the Chief Executive Officer of the Corporation for National and Community Service".

(p) NATIONAL AND COMMUNITY SERVICE.—

(1) Subsection (i) of section 178 of the National and Community Service Act of 1990 (as amended by section 201 of this Act) is further amended by striking "ACTION, or of the Corporation," and inserting "the Corporation".

(2) Subsection (r) of section 198 of such Act (as amended by section 104(c) of this Act) is further amended by striking "ACTION Agency" and inserting "Corporation".

SEC. 406. EFFECTIVE DATE.

(a) COMMISSION.—The amendments made by sections 401 through 402 will take effect on October 1, 1993.

(b) ACTION.—The amendments made by sections 404 and 405 shall take effect on the effective date of section 203(c)(2).

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. COMPLIANCE WITH BUY AMERICAN ACT.

No funds appropriated pursuant to this Act (including the amendments made by this Act) may be expended by an entity unless the entity agrees that in expending the assistance the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c, popularly known as the "Buy American Act").

SEC. 502. SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.

(a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided under this Act (including the amendments made by this Act), it is the sense of the Congress that entities receiving such assistance should, in expending the assistance, purchase only American-made equipment and products.

(b) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance under this Act (including the amendments made by this Act), the Secretary of Education shall provide to each recipient of the assistance a notice describing the statement made in subsection (a) by the Congress.

SEC. 503. PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.

If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds appropriated to carry out this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

And the Senate agree to the same.

From the Committee on Education and Labor:

WILLIAM D. FORD,
AUSTIN J. MURPHY,
DALE E. KILDEE,
M.G. MARTINEZ,
MAJOR R. OWENS,
STEVE GUNDERSON,

Additional conferees from the Committee on Government Operations:

JOHN CONYERS, Jr.,
CARDISS COLLINS,
HENRY A. WAXMAN,

Additional conferees from the Committee on the Judiciary:

JACK BROOKS,
JOHN BRYANT,
ROBERT C. SCOTT,

Additional conferees from the Committee on Natural Resources:

GEORGE MILLER,
BRUCE F. VENTO,

Additional conferees from the Committee on Post Office and Civil Service:

WILLIAM L. CLAY,
PAT SCHROEDER,
FRANK MCCLOSKEY,
JOHN T. MYERS,
CONNIE MORELLA,

Additional conferees from the Committee on Public Works and Transportation:

NORMAN Y. MINETA,
NICK J. RAHALL,
JAMES A. TRAFICANT, Jr.,

Managers on the Part of the House.

From the Committee on Labor and Human Resources:

EDWARD M. KENNEDY,
CLAIBORNE PELL,
HOWARD M. METZENBAUM,
CHRISTOPHER J. DODD,
PAUL SIMON,
TOM HARKIN,
JEFF BINGAMAN,
PAUL WELLSTONE,
HARRIS WOFFORD,
JIM JEFFORDS,
DAVE DURENBERGER,

From the Committee on Governmental Affairs (with respect to those provisions within the jurisdiction of that Committee):

JOHN GLENN,
DAVID PRYOR,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2010) to amend the National and Community Service Act of 1990 to establish a Corporation for National Service, enhance opportunities for national service, and provide national service educational awards to persons participating in such service, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

The House bill is entitled "The National Service Trust Act." The Senate bill is entitled "The National and Community Service Trust Act." The House recedes.

The findings of the Senate bill, but not the House bill, include the goal of transcending gender, age, and income, in addition to race, religion, disability, and region. The House recedes.

The purposes of the Senate bill, but not the House bill, include certain additional provisions. The Senate recedes.

TITLE I—PROGRAMS AND RELATED PROVISIONS

The House bill, but not the Senate bill, retains Subtitle C of the National and Community Service Act and renames it Subtitle I. The Senate recedes with amendments conforming Subtitle I to the new legislation.

SUBTITLE C—NATIONAL SERVICE TRUST PROGRAM

The Senate bill, but not the House bill, references labor organizations and community action agencies as a modifier of public and private not-for-profit organizations. The Senate recedes here and throughout and consolidates the references into the definitions.

The Senate bill, but not the House bill, requires Federal agencies to enter into contracts with local providers where appropriate. The House recedes.

The Senate bill requires a 50 percent matching requirement from Federal agencies, while the House bill exempts agencies from matching requirements. The Senate recedes.

The definition of youth corps in the Senate bill refers only to economically disadvantaged youths. The definition in the House bill refers to other disadvantaged youths. The Senate recedes.

The definition of specialized training programs in the House bill, but not the Senate bill, qualifies with "if appropriate" the requirement of bringing participants together periodically. The Senate recedes.

The definition of professional corps in the Senate bill, but not the House bill, includes reference to other health care providers in addition to nurses, and to engineers. The House recedes.

The definition of youth corps in the Senate bill includes youth ages 16–25, while in the House bill it includes youth ages 16–24. The House recedes.

The definition of certain programs in low-income areas in the Senate bill, but not the House bill titles them "Communities in Action programs." The House bill, but not the Senate bill, requires a "board composed in significant part of low-income communities. The Senate recedes with an amendment providing for after-school 'safe places' including schools.

The House bill, but not the Senate bill, includes programs to assist rural communities and programs to eliminate hunger on the list of model programs. The Senate recedes.

The Senate bill, but not the House bill, requires program applicants to list job descriptions and minimum qualifications for national service participants. The House recedes.

The House bill, but not the Senate bill, allows the Corporation to consult with experts in the delivery of certain services in addition to those with extensive experience in developing and administering national service programs. The Senate recedes.

The Senate bill, but not the House bill, requires States to establish in their State plans State priorities. The House recedes, with an amendment stating that State priorities are subject to approval as part of the application process under section 130.

The Senate bill, but not the House bill, requires the Corporation to treat existing grantees equitably when priorities change. The House recedes.

The Senate bill, but not the House bill, allows subgrantees not to follow national priorities. The Senate recedes. Subgrantees who receive funding under the formula portion of the program must follow priorities consistent with national priorities. It is the Conferees' intent that the Corporation ensure that programs meet clear priorities, in order to ensure that national service program meet the most significant and urgent needs.

The House bill requires "appropriate" technical assistance while the Senate bill requires technical assistance "where necessary." The Conference Substitute requires technical assistance "where appropriate and necessary."

The House bill, but not the Senate bill, allows the Corporation to provide technical assistance to assist with risk management procedures. The Senate recedes.

The House bill, but not the Senate bill, establishes in section 126 for aid to State Commissions a maximum of $17.5 million and an individual State cap of $500,000. The Senate recedes, with an amendment raising the State cap to $750,000, and establishing a small-State minimum of $125,000 in 1994 and $175,000 in 1995 and 1996. Other provisions governing administrative costs are contained in title III.

The Senate bill, but not the House bill, allows disaster service to be provided through the VISTA program. The House recedes.

The House bill, but not the Senate bill, specifically references the Stafford Disaster Relief Act. The Senate recedes.

The House bill allocates one-third of funds by formula to States. The Senate bill allocates 40 percent by formula in the first year, 45 percent in the second year, and 50 percent in the third year. The Senate recedes.

The Senate bill reserves one percent of funds for territories and Indian tribes. The House bill reserves one percent for the territories and an additional one percent for Indian tribes. The Senate recedes.

The House bill, but not the Senate bill, contains punitive provisions concerning a State's failure to limit liability. The House recedes.

The Senate bill, but not the House bill requires that the Corporation determine an equitable procedure for providing post-service educational awards during the transition period. The Senate recedes.

The House bill allocates one-third of funds on a competitive basis to States. The Senate bill allocates 30 percent on a competitive basis in the first year, 27.5 percent in the second year, and 25 percent in the third year. The Senate recedes.

The House bill reserves one-third of funds for the Corporation to allocate directly. The Senate bill allocates 30 percent on this basis in the first year, 27.5 percent in the second year, and 25 percent in the third year. The Senate recedes.

The House bill allows up to one-third of Federal funds to be allocated to Federal agencies, while the Senate bill allows up to 30 percent. The Senate bill recedes.

The Senate bill, but not the House bill, specifies that in the Federal allocation of funds, if State applicants and nonprofit applicants are of equal value, the Corporation shall select the nonprofit applicant. The Senate recedes.

The House bill, but not the Senate bill, specifies that the State does not have to specify its selection process if so doing would conflict with State or local law or policy. The House recedes.

The Senate bill, but not the House bill, requires the Corporation to set aside not less than 2 percent and not more than 5 percent of funds up to $10,000,000 to assist individuals with disabilities to participate in national service programs. The House recedes with an amendment requiring that not less than 1 percent and not more than $5,000,000 be allocated for these purposes.

The House bill and the Senate bill contain slightly different potential application requirements, including information concerning efforts to reduce reliance on Federal funds. The House recedes.

The House bill, but not the Senate bill, requires that States take into account the location of programs, population density and economic distress. The Senate recedes.

The House bill, but not the Senate bill, defines a service sponsor for the purpose of the written concurrence requirement from local labor organizations. The Senate recedes.

The Senate bill, but not the House bill, requires that programs offer assurances that they will provide structured opportunities for reflection to participants. The House recedes with an amendment limiting the role of reflection to instances "where appropriate."

The House bill, but not the Senate bill, requires union consultation only if unions exist in the area to be served by the program. The Senate recedes.

The House bill, but not the Senate bill, requires the Corporation to develop evaluation criteria and performance goals applicable to all national service programs. The Senate recedes.

The House bill, but not the Senate bill, allows the State, when agreeing to select participants from national or State lists, to select applicants only from within the State. The House recedes.

The Senate bill, but not the House bill, prohibits the use of assistance to provide instruction as part of a program that includes mandatory religious education or worship, or to construct, operate or maintain facilities devoted to religious instruction or worship. The House recedes, with an amendment specifying that it is only facilities primarily or inherently devoted to religious instruction or worship. It is the intent of the conferees that this provision not preclude participants from engaging in activities as part of a program separate from and supplemental to the regular program of an organization engaged in religious activities, such as government-funded programs like chapter 1 of Title I of the Elementary and Secondary Education Act and the Individuals with Disabilities Education Act, so long as there is no mandatory instruction or worship as part of that separate and supplementary program.

The Senate bill, but not the House bill, includes provisions to ensure that assistance is not used to promote political activities. The Senate recedes. The Conferees note that Section 174(b) already prohibits use of assistance to finance activities designed to influence the outcome of elections.

The Senate bill, but not the House bill, prohibits programs to be operated by entities that spend more than 20 percent of their budgets, or aim primarily, to influence public policy or lobby the government. The Senate bill also States that these provisions are not designed to discourage individuals from engaging in advocacy undertaken at their own initiative. The House recedes, with an amendment conforming prohibitions to the tax code governing 501(c)(3) nonprofit organizations.

The Senate bill, but not the House bill, specifies that certain Native Regional Corporations will not be considered ineligible to benefit from service programs. The House recedes.

On the list of areas where projects are needed most, the House bill references rural areas adversely affected by unfair trading, while the Senate bill references areas experiencing a substantial reduction in population and having a high percentage of disadvantaged older adults. The House recedes.

On the list of areas where projects are needed most, the House bill, but not the Senate bill, references areas adversely affected by Federal actions relating to the management of Federal lands and areas with above-average unemployment rates. The Senate recedes.

The Senate bill, but not the House bill, allows State Commissions to request that the Corporation waive priorities to assist State programs if they are of greater quality. The House recedes.

The Senate bill, but not the House bill, requires a peer review panel to address applications valued at greater than $100,000. The Senate recedes with an amendment setting the minimum at $250,000.

The Senate bill, but not the House bill, allows Subtitle D demonstration corps under the 1990 National and Community Service Act to apply directly to the Corporation for funding under the final year of that demonstration authority. The House recedes.

The Senate bill, but not the House bill, targets all of the areas needing projects most for 50 percent of funds. The House recedes.

The House bill, but not the Senate bill, includes a report concerning the economic and demographic characteristics of participants. The House recedes, with an amendment incorporating this report in other reports required under section 202.

The Senate bill, but not the House bill, requires that national service participants meet eligibility requirements directly related to the tasks to be accomplished. The House recedes.

The House bill, but not the Senate bill, allows United States nationals and lawful permanent resident aliens to participate. The Senate recedes.

The Senate bill, but not the House bill, allows a waiver of the high school diploma or GED requirement in instances in which individuals are demonstrated to be incapable of obtaining a high school diploma or GED. The House recedes.

The House bill, but not the Senate bill, allows participation by an individual without a GED but enrolled in a post-secondary institution on an ability-to-benefit basis. The Senate recedes.

The House bill, but not the Senate bill, requires the Corporation and State recruiting system to include positions under title II of the Domestic Volunteer Service Act. The Senate recedes, with an amendment stating that recruiting efforts may, but need not, include such positions.

The Senate bill, but not the House bill, references State vocational rehabilitation agencies within the meaning of the Rehabilitation Act of 1973. The House recedes.

The House bill, but not the Senate bill, includes as priority participants in national leadership pool participants in subtitle D programs of the National and Community Service Act of 1990 and honorably discharged members of the Armed Forces. The Senate recedes.

The House bill, but not the Senate bill, requires evaluation of participants prior to their acceptance for second term of service. The Senate recedes.

The House bill establishes an award for part-time service and requires 1,700 hours per part-time term. The Senate bill establishes an award with half the value of the House award for part-time service and requires 900 hours per part-time term. The House recedes.

The House bill, but not the Senate bill, gives an individual released from service for compelling personal reasons the option to receive a portion of the educational award or to return within two years to complete service and receive the entire award. The Senate recedes.

The House bill, but not the Senate bill, requires a stipend no less than the VISTA living allowance and establishes a waiver for lower stipends. The Senate recedes.

The House bill, but not the Senate bill, requires a study concerning minimum living allowances. The House recedes, with an amendment incorporating the study in reports required under section 202.

The Senate bill, but not the House bill, ensures that only those needing child care in order to participate receive it. The House recedes.

The House bill, but not the Senate bill, requires the provision of individualized support services to qualified individuals with disabilities. The Senate recedes, with an amendment requiring reasonable accommodation.

The House bill, but not the Senate bill, applies the new living allowance requirements to the American Conservation and Youth Corps, and also requires an evaluation of the living allowance in this subtitle. The Senate recedes with an amendment to include the evaluation in reports required under section 202.

SUBTITLE D—NATIONAL SERVICE TRUST AND PROVISION OF NATIONAL SERVICE EDUCATIONAL AWARDS

The House bill, but not the Senate bill, sets the date of March 1 for submission of annual reports on the financial status of the National Service Trust. The Senate recedes.

The House bill requires United States nationals and lawful permanent resident alien status for receipt of an education award, while the Senate requires lawful admission for permanent residence. The Senate recedes.

The Senate bill, but not the House bill, specifically requires enrollment at an eligible institution of higher education for receipt of an educational award. The House recedes.

The House bill, but not the Senate bill, allows lawful permanent resident aliens to receive educational awards. The Senate recedes.

The Senate bill, but not the House bill, requires that individuals not receive stipends for more than two terms of service. The House recedes.

The House bill allows use of an educational award for up to seven years, the Senate bill for up to five years, after the completion of service. The Senate recedes.

The Senate bill, but not the House bill, limits the percentage of students at an educational institution who are receiving national service educational awards to 15 percent. The House recedes.

The House bill, but not the Senate bill, suspends the eligibility of drug-related offenders to use educational awards. The Senate recedes.

The House bill, but not the Senate bill, provides an authority for the Corporation to establish demonstration programs. The Senate recedes.

The House bill and the Senate bill establish identical educational awards. The award is to $4725 per year, and is equal to 90 percent of the veterans' benefit for two-year enlistment less individual contribution, under the Montgomery GI Bill (90 percent of $325 multiplied by 36 months, less $1200, divided by two). The Conferees note that the benefit for the two year enlistment is dispersed over 36 months.

The House bill allows an individual to select which loans to pay off first; the Senate bill requires the individual to pay off the principal first. The Senate recedes.

The Senate bill allows the Corporation to pay for interest during an individual's period

of forbearance; The House bill requires the Corporation to pay. The Senate recedes.

The House bill and Senate bill contain minor drafting differences concerning the treatment of educational awards for purposes of determining eligibility for educational aid. The Conferences Substitute clarifies this issue.

SUBTITLE B—SCHOOL-BASED AND COMMUNITY-BASED SERVICE-LEARNING PROGRAMS

The House bill, but not the Senate bill, specifies that grants under the Serve-America program shall be made to State Educational Agencies. The Senate recedes.

The House bill, but not the Senate bill, lists the duties of the service-learning coordinator. The House recedes with an amendment shortening the list of duties. It is the intent of the conferees that service learning coordinators should provide services to local educational agencies as indicated in the Senate bill as reported, in section 111(b).

The Senate bill, but not the House bill, requires applications under section 114 to reflect programs carried out in more than one State. The Senate recedes.

The Senate bill, but not the House bill, limits multiple applications for a single project. The House recedes.

The Senate bill, but not the House bill, creates a waiver so that programs may utilize not less than 10 percent and not more than 25 percent of their assistance under section 112 for capacity-building activities. The Committee substitute includes the waiver, with a maximum of 20 percent for such activities.

The Senate bill, but not the House bill, requires "grantmaking entities" under section 117 to have experience with service-learning. The Senate recedes.

The Senate bill, but not the House bill, allows the Corporation to establish other criteria to define grantmaking entities. The House recedes.

The House bill, but not the Senate bill, indicates local application requirements. The House recedes. It is the intent of the Conferees that the Corporation request the information indicated in the Senate bill, as reported, in section 113(b).

The House bill, but not the Senate bill, requires certain information in local applications. The House recedes. It is the intent of the conferees that the Corporation should require the information indicated in the Senate bill as reported, in section 114(d).

The Senate bill, but not the House bill, requires for assistance under section 117 assurances related to consultation with local labor organizations. The House recedes, with an amendment that restricts the assurance to instances when appropriate.

The Senate bill, but not the House bill, contains a limitation on the same project in multiple applications under section 117. The House recedes.

The House bill, but not the Senate bill, contains a list of application requirements for States or Indian tribes to receive assistance to carry out community-based service programs under section 117. The House recedes. It is the intent of the Conferees that the Corporation require the information indicated in the Senate bill as reported, section 117(d).

The House bill, but not the Senate bill, includes in the list of functions of a clearinghouse providing information relating to service-learning programs for individuals with disabilities. The Senate recedes.

The Senate bill, but not the House bill, includes authority to strengthen the leadership and instructional capacity of teachers among the authorities under the Higher Education Innovative projects. The House recedes.

The Senate bill, but not the House bill, requires grant applicants to provide participants with an opportunity to reflect on their service experience. The House recedes.

SUBTITLE H—QUALITY AND INNOVATION ACTIVITIES

The Senate bill, but not the House bill, authorizes assistance under Subtitle H for National Youth Service Day. The House recedes.

The House bill, but not the Senate bill, authorizes grants to the Foster Grandparent Program to support Head Start projects. The Senate recedes.

The Senate bill, but not the House bill, authorizes a special demonstration project for the Yukon-Kuskokwim Delta of Alaska. The House recedes.

Additional subtitles and provisions

The Senate bill, but not the House bill, authorizes a military installation conversion demonstration program. The House recedes. The House recedes, with amendments requiring the demonstration program to provide meaningful "service opportunities" rather than "training and paid employment" and "stipend" rather than "salary." It is the intent of the conferees that the 25 percent requirement referred to in subsection (g), "limitation on grant," refer to the total cost of the base conversion and not the total cost of the demonstration programs.

The House bill authorizes a Public Lands Corps, a youth conservation corps program within the Departments of Interior and Agriculture. Participants would carry out conservation projects located on federal public lands, Indian lands, or Native Hawaiian home lands. The Public Lands Corps would also be authorized to carry out disaster prevention and relief efforts on federal, state, local or private lands in response to a disaster or emergency declared by the President. In addition, the Secretaries of the Interior and Agriculture would be authorized to enter into contracts or cooperative agreements with other qualified youth or conservation corps to carry out appropriate conservation projects. The Secretaries of the Interior and Agriculture would be eligible to apply for grants and assistance from the Corporation and use their own appropriated Departmental funds to carry out the provisions of the Public Lands Corps. For projects carried out by non-federal conservation corps, a 25 percent match must be provided from non-federal sources in the form of funds or in kind assistance. The Senate amendment was nearly identical to the House bill. The Senate recedes with an amendment conforming titles.

The House bill, but not the Senate bill, creates an Urban Youth Corps. The grants are to be made available for service projects carried out by a qualified youth corps established by the Secretaries of Housing and Urban and Transportation. The Conferees do not intend to require the establishment of a separate agency within the Departments to implement the youth corps program. The Urban Youth Corps program is designed to offer meaningful, full-time work for individuals ages 16 to 25 in an urban public works, public housing, or transportation project. The program must, in addition to the work, give the participants the opportunity to acquire greater citizenship values, basic life experiences, education, training and support services. It is the intent of the Conference that the urban youth corps be established by the Secretaries of Housing and Urban Development (HUD), and Transportation with appropriate Congressional approval and consultation with the Corporation. It is the belief of the Conference that the Departments of Housing and Urban Development and Transportation can provide significant projects, including reclamation of, rehabilitation of, and enhancement of low income housing stock, local streets and highways, and other public spaces funded in whole or in part by Federal monies. The Department of Transportation and HUD programs established under this section may utilize those existing urban youth corps that have proven records of success in providing services in low income communities through opportunities for inner city poor and disadvantaged youth. Departments and agencies establishing urban youth corps are eligible to apply for grants from the Corporation in the same manner as any other Federal agency. The Senate recedes with an amendment conforming titles.

The House bill, but not the Senate bill, specifies that a "community-based agency" may include a church or other religious entity and that it may be representative of a "significant segment" of the community. The Senate recedes.

The House and Senate bills differ in their definitions of Indian lands. The House recedes.

The House and Senate bills differ in their definitions of school-age youth. The House recedes.

The Senate bill, but not the House bill, contains an independent evaluation and report on the demographics of national service participants and communities. The House recedes.

The Senate bill, but not the House bill, requires a report by the Secretary of Defense on the effect of programs on recruitment for the Armed Forces. The House recedes.

The Senate bill, but not the House bill, specifies certain requirements with respect to audits. The House recedes.

The House bill, but not the Senate bill, specifies that the absence of a participant pursuant to certain laws shall not be counted toward the completion of the term of service. The Senate recedes.

TITLE II—ORGANIZATION

The Senate bill refers to "State Commissions on National and Community Service," while the House bill refers to "State Commissions on National Service." The House recedes.

The House bill requires throughout Section 201 that an alternative administrative entity included all of the individuals listed as required and eligible under Section 201, while the Senate bill only requires certain of those individuals. The House recedes.

The Senate bill, but not the House bill, includes throughout Section 201 references to a State Commission "or alternative administrative entity". The House recedes.

The Senate bill requires State Commissions to include not less than 7 voting members and not more than 25 voting members. The House bill requires not less than 15 voting members. The Conference Substitute requires not less than 15 and not more than 25 voting members.

The House and Senate bills include different lists of required members of the State Commissions. The Conference Substitute includes the following members: individuals with expertise regarding disadvantaged youth, an individual with experience concerning voluntary action by older Americans, a representative of community-based

agencies or organizations, the head of the State educational agency, a representative of local governments, a representative of local labor organizations, a representative of business, an individual between the ages of 16 and 25 who is a program participant or supervisor, and a representative of a national service program.

The House and Senate bills include different lists of optional members. The Conference Substitute includes members selected from among local educations, experts in delivering certain services, representatives of Indian tribes, members selected from among out-of-school or at-risk youth, and representatives of entities receiving assistance under DVSA.

The Senate bill makes the Corporation representative to the State Commission an ex officio non-voting member, while the House bill makes the representative a voting member. The House recedes, with an amendment allowing a State to designate the member as voting if it so chooses.

The Senate bill requires, while the House bill allows, the State to appoint any additional Corporation employee responsible for programs in the State. The Senate recedes.

The House bill requires that the Governor achieve diversity in the State commission, while the Senate bill requires diversity to the maximum extent practicable and mentions diversity of disability characteristics. The House recedes.

The Senate bill, but not the House bill, names outreach to diverse community-based agencies among the duties of the State Commission. The Senate recedes.

The House bill, but not the Senate bill, requires State Commissions to engage in an open and public process. The Senate recedes.

The House bill, but not the Senate bill, contains provisions governing conflict of interest by the State Commission members. The Senate recedes.

The Senate bill, but not the House bill, specifies certain criteria for including a program within the State application. The Senate recedes.

The House bill, but not the Senate bill, states that the State Commission shall make recommendations regarding priorities under the Domestic Vounteer Service Act and shall make technical assistance available to applicants. The Senate recedes.

The Senate bill, but not the House bill, provides for full equal treatment of an alternative administrative entity. The House recedes with an amendment deleting specific references to parity in benefits and support.

The Senate bill establishes an effective date for section 201 of October 1, while the House establishes the date of enactment as effective date. The House recedes.

The Senate bill allows a transitional entity to operate for 36 months, while the House bill allows such an entity for 12 months. The Conference Substitute allows for a period of 27 months.

The Senate bill, but not the House bill, indemnifies State Commission members for claims arising out of actions within the scope of their service. The House recedes.

The Senate bill establishes a "Corporation for National and Community Service, while the House bill establishes a "Corporation for National Service." The House recedes.

The House bill establishes a single Chairperson of the Corporation, while the Senate bill establishes a Chairperson and a President. The House recedes, with an amendment renaming the "President" as the "Chief Executive Officer."

The Senate bill requires that the Chairperson be appointed by the Board, while the House requires that the Chairperson be appointed by the President of the United States. The Conference Substitute requires that the Corporation Chief Operating Officer and the first Chairperson be appointed by the President of the United States, with subsequent Chairpersons appointed by the Board from within the Board.

The Senate bill establishes a Board consisting of 15 members, while the House bill establishes a Board consisting of not less than 15 members. The House recedes, with an amendment including the Chief Executive Officer of the Corporation among the 15.

The Senate bill, but not the House bill, makes the Secretary of Veterans Affairs an ex officio member of the Board. The House recedes.

The Senate bill establishes three years terms, but the House bill five year terms, for the Board of the Corporation. The Senate recedes.

The House bill, but not the Senate bill, requires that the Board conduct public hearings throughout the United States. The House recedes.

The House bill, but not the Senate bill, requires the Board to establish an Inspector General Oversight Committee. The House recedes.

The Senate bill, but not the House bill, states that a Board member shall be considered a Federal employee for purposes of tort claims. The House recedes.

The House bill requires the Board to prepare the strategic plan, while the Senate bill requires the Board to review and approve the strategic plan. The House recedes.

The House bill requires the Board to disseminate information; the Senate bill requires effective dissemination. The House recedes.

The Senate bill, but not the House bill, requires the Board to prepare recommendations to the Congress and President of the united States under section 193A(b)(10). The House recedes.

The House bill, but not the Senate bill, prescribes rules governing conflict of interest by Board members. The Senate recedes with an amendment conforming the rules to standard ethics provisions.

It is the indent of the Conferees that the Chairman of the Board shall receive the report of the Inspector General at the same time as such report is delivered to the Chief Executive of the Corporation.

The Senate bill, but not the House bill, exempts the Board from the Federal Advisory Committee Act. The House recedes.

The House bill, but not the Senate bill, requires the Corporation to coordinate its activities with those of Federal agencies dealing with communities participating in or benefiting from service programs. The Senate recedes.

The Senate bill, but not the House bill, requires the Senate to consolidate functions of the Corporation. The House recedes, with an amendment deleting specific instances of functions.

The House bill, but not the Senate bill, provides the Corporation with explicit authority to delegate functions. The House recedes.

The Senate bill, but not the House bill, requires the Director to consolidate the reports to Congress required under the Act. The House recedes.

The House bill, but not the Senate bill, authorizes the Corporation to spend funds for construction, without regard to other law, and to spend funds, without regard to other law, for rent or buildings. The House recedes.

The Senate bill, but not the House bill, requires a series of studies and demonstrations, concerning administration, priorities, educational awards, stipended service, and other matters. The House recedes with an amendment to include certain other reports within this section.

The House bill, but not the Senate bill, contains provisions relating to full funding of costs to State and local governments. The House recedes.

The House and Senate bills authorize managing directors with different responsibilities and establish corporation divisions with different authorities. The Conference Substitute allows the Corporation to determine the responsibilities of the directors and the authorities of the divisions.

The House bill makes the Inspector General subject to agency appointment, while the Senate bill makes the Inspector General subject to Presidential appointment and Senate confirmation. The House recedes.

The Senate bill, but not the House bill, amends the Inspector General Act. The House recedes.

The Senate bill, but not the House bill specifies the access of the Chief Financial Officer to information available within the Corporation. The House recedes.

The House bill and the Senate bill contain different provisions concerning personnel, in particular with regard to the transfer of employees from the ACTION agency. The Senate recedes. It is the intent and expectation of the Committee that the bargaining unit shall be transferred substantially intact to the Corporation. It is also the Conferees' intent that these transferred employees be considered an appropriate unit for the purpose of collective bargaining. It is further the intent of the Conferees that none of the authorities conferred upon the Chief Executive Officer by this Act be used in a manner that would adversely affect the bargaining rights of any employee transferred to the Corporation who, on the date of enactment, is covered by a collective bargaining agreement in a bargaining unit.

The Senate bill, but not the House bill, exempts the Corporation representative in each State from the provisions of title V of the United States Code. The Conference Report provides that individuals reported as Corporation representatives appointed under the Corporation's alternative personnel system not be paid more than the equivalent rate under GS–13. Individuals appointed under standard civil service rules will have their pay governed by the civil service classification system.

The Senate bill, but not the House bill, includes certain provisions governing the use of volunteers by the Corporation. The House recedes.

The Senate, but not the House, specifies that appropriate OMB Circulars apply to the Corporation. The House recedes. It is the intent of the Conference that this applies specifically to the Single Audit Act Circulars, and that the Corporation determine which OMB circulars are appropriate.

The House bill, but not the Senate bill, requires that the Corporation receive concurrence in certain building activities from certain congressional committees. The Senate recedes.

The Senate bill, but not the House bill, requires the Corporation to submit a business plan to Congress prior to the issue of any grants. The House recedes with minor amendments.

TITLE III—REAUTHORIZATION

The House bill, but not the Senate bill, specifies that authorizations are subject to

the availability of appropriations. The Senate recedes.

The Senate bill authorizes $300 million in fiscal year 1994, $500 million in fiscal year 1995, and $700 million in fiscal year 1996. The House bill authorizes $394 million in fiscal year 1994 and such sums in fiscal years 1995 and 1996. The House recedes.

The Senate bill authorizes for administration 15 percent of appropriations for subtitles B, C, D, and H in the first year and 10 percent in subsequent years, with 50 percent of such funds for the Corporation and 50 percent for State Commission. The House bill authorizes such sums for administration, with a limit of $17.5 million for State Commissions (in section 126). The House recedes, with an amendment authorizing for administration $40 million in 1994, $60 million in 1995, and $70 million in 1996, stating that not more than 60 percent of funds may be made available to the Corporation, with the remainder of State Commissions.

The House bill, but not the Senate bill, specifies that the authorizations of appropriations come under budget function 500 as used by the Office of Management and Budget to cover education, training, employment and social services. The Senate recedes. The Conferees note that since the initial submission of the Administration's budget request for a national service initiative, funding for the programs authorized by this bill have been classified by the Office of Management and Budget as being displayed within budget function 500—Education, Training, Employment and Social Services. The Conferees further note that the Committees on Appropriations determined that the appropriate jurisdiction for National Service Trust programs would be the VA/HUD Subcommittee, and that this controlling decision is, unaffected by this amendment. The Conferees note that the ACTION programs are under the jurisdiction of the Labor/HHS Subcommittee.

The House bill, but not the Senate bill, has a provision in section 321A that requires the Assistant Director of VISTA have authority to administer the VISTA provision. The Senate recedes.

The House bill, but not the Senate bill, retains a volunteer placement office for VISTA. The Senate recedes, with an amendment requiring that upon integration of ACTION into the Corporation, any placement office shall be merged into the Corporation.

The House bill, but not the Senate bill, maintains the minimum funding set-aside of 1.5% for recruitment. The Senate recedes.

The House bill, but not the Senate bill, requires publicity about education awards. The Senate recedes.

The Senate bill, but not the House bill, requires that service opportunities be provided for returned Peace Corps volunteers. The Senate recedes.

The House bill mandates a minimum monthly post-service stipend of $100 for VISTA volunteers and a maximum of $200 for VISTA leaders; the Senate provides for a minimum of $125 for volunteers and $200 for volunteer leaders. The Senate recedes, with an amendment allowing for a maximum stipend of $125 for volunteers assuming the availability of funds to accomplish the increase.

Both the House bill and the Senate bill reduce the minimum age to 55. The House bill, but not the Senate bill, requires a priority in the Retired Senior Volunteer Program for individuals 60 years of age and older. The Senate recedes.

The Senate bill, but not the House bill, deletes a State Agency review provision. The Senate recedes.

The House bill, but not the Senate bill, requires consultation with states to consider the impact of stipend adjustments on non-Federally funded programs. The Senate recedes.

The Senate bill, but not the House bill, revises guidelines governing participation of non low-income persons. The Senate recedes.

The Senate bill, but not the House bill, removes certain State agency and community action agency project review authorities. The House recedes.

The House bill, but not the Senate bill, increases the minimum to be spent on promotion of Older Americans' programs from $250,000 to $500,000. The Committee substitute establishes a minimum of $375,000.

The Senate bill, but not the House bill, deletes a requirement that one-third of new monies be devoted to programs of national significance. The Senate recedes.

The House bill, but not the Senate bill, adds to the list of programs of national significance programs providing certain services augmenting the activities of State and local activities in years when those agencies have limited funds. The Senate recedes.

The House bill, but not the Senate bill, permits programs assisted under DVSA to make voter registration applications and information available on the premises of such programs. The Senate recedes.

The Senate bill, but not the House bill, provides a specific authority for a center for research and training. The Senate recedes.

The House bill, but not the Senate bill, restores a civil service retirement credit for former Peace Corps volunteers. The Senate recedes.

The House bill authorizes, to carry out parts A and B of title I, excluding section 109, $56,000,000 for 1994 and such sums for subsequent years. The Senate bill authorizes, to carry out part A of title I, excluding sections 104E and 109, $45,800,000 for 1994 and such sums for subsequent years. The Senate recedes.

The Senate bill, but not the House bill, establishes an independent authorization for the VISTA Summer Program. The Senate recedes.

The Senate bill authorizes $5,600,000 for literacy activities, while the House bill authorizes such sums. The House recedes.

The Senate bill authorizes $37,054,000 for the Retired and Senior Volunteer Program, while the House bill authorizes $53,100,000. The Conference Substitute authorizes $45,000,000.

The Senate bill authorizes $71,284,000 for the Foster Grandparent Program, while the House bill authorizes $98,200,000. The Conference Substitute authorizes $85,000,000.

The Senate bill authorizes $32,509,000 for the Senior Companion Program, while the House bill authorizes $48,700,000. The Conference Substitute authorizes $40,000,000.

The Senate bill authorizes 15 percent of the amount appropriated under sections 501 and 502 for administration and coordination. The House bill authorizes 21 percent. The Conference Substitute authorizes 18 percent. The managers have been informed that there have been problems in certain parts of the country regarding the payment of administrative costs by ACTION for expenses related to volunteers in local programs. This confusion arises particularly with respect to requests for payments related to expenses under federally approved cost allocation plans. The managers urge that ACTION review its policies regarding the payment of administrative costs covering program expenses consistent with federally approved cost allocation plans and determine whether administrative adjustments requested by local sponsors for program expenses consistent with such federally approved cost allocation plans should be permitted.

The House bill contains an authorization for funds for evaluation in the amount of not less than 2.5 percent of the amounts appropriated for administration. The Senate bill contains an authorization of one-half of one percent to 1 percent from the overall appropriation for evaluation and the center for research and training. The Senate recedes.

The Senate bill, but not the House bill, establishes a Rural Community Service Program. The Senate recedes.

The House bill, but not the Senate bill, includes a prohibition of contracts with persons falsely labeling products as Made in America and encouragement to the Corporation to follow Buy American practices. The Senate recedes.

From the Committee on Education and Labor:

WILLIAM D. FORD,
AUSTIN J. MURPHY,
DALE E. KILDEE,
M.G. MARTINEZ,
MAJOR R. OWENS,
STEVE GUNDERSON,

Additional conferees from the Committee on Government Operations:

JOHN CONYERS, Jr.,
CARDISS COLLINS,
HENRY A. WAXMAN,

Additional conferees from the Committee on the Judiciary:

JACK BROOKS,
JOHN BRYANT,
ROBERT C. SCOTT,

Additional conferees from the Committee on Natural Resources:

GEORGE MILLER,
BRUCE F. VENTO,

Additional conferees from the Committee on Post Office and Civil Service:

WILLIAM L. CLAY,
PAT SCHROEDER,
FRANK MCCLOSKEY,
JOHN T. MYERS,
CONNIE MORELLA,

Additional conferees from the Committee on Public Works and Transportation:

NORMAN Y. MINETA,
NICK J. RAHALL,
JAMES A. TRAFICANT, Jr.,

Managers on the Part of the House.

From the Committee on Labor and Human Resources:

EDWARD M. KENNEDY,
CLAIBORNE PELL,
HOWARD M. METZENBAUM,
CHRISTOPHER J. DODD,
PAUL SIMON,
TOM HARKIN,
JEFF BINGAMAN,
PAUL WELLSTONE,
HARRIS WOFFORD,
JIM JEFFORDS,
DAVE DURENBERGER,

From the Committee on Governmental Affairs (with respect to those provisions within the jurisdiction of that Committee):

JOHN GLENN,
DAVID PRYOR,

Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 2264, OMNIBUS BUDGET RECONCILIATION ACT OF 1993

Mr. BROOKS. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky [Mr. MAZZOLI].

Mr. MAZZOLI. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, from February 17 when just behind me where I am speaking from now, President Clinton announced his plan, we have come a very far piece. We have come so far that I think it would be profligate on our part, wasteful on our part, not to seize this moment and not to take the next step and pass the conference report on reconciliation.

The bill we have before us tonight is a better bill than the President presented to us on February 17. It is not perfect. It does have deficit reduction, it has business investment, it has human investment.

I would say, in the last analysis, the only thing worse than passing a bill which may not be the perfect bill is to come this far and do nothing. So the only thing worse than to take action, I believe, is to be inactive.

I hope, therefore, tonight when we reach the vote in a few hours that the vote on the part of this assembly is to vote up the conference report and take that next step into the future of deficit reduction and a stronger economy.

Mr. RAMSTAD. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida [Mr. CANADY], an outstanding new member of the committee.

Mr. CANADY. Mr. Speaker, I wish that every Member of this House would read the headline in this morning's Tampa Tribune.

That headline sums up the message coming to this House from the American people.

Don't do it.

Don't do it. Don't pass this tax and spend package over the protest of the American people.

Don't trample on fundamental fairness by imposing retroactive income tax increases.

Don't slap middle-class retirees in the face by increasing the taxes they pay on their hard-earned Social Security benefits.

Don't increase the gas tax, and raise the cost of everything purchased by American families.

Don't penalize thrift and hard work by increasing the tax burden on savings.

Don't attack the small businesses of America by piling onerous punitive taxes on them.

Don't destroy jobs and opportunity for Americans by taking away the incentive for businesses to invest and expand.

Don't squeeze the families of America to provide more money for big Government.

Don't delay spending cuts for years and years and try to bamboozle the taxpayers of this country.

My Democratic colleagues, I appeal to you:

Don't do it. Don't pass this destructive, dishonest, debilitating reconciliation package.

Listen to the American people, vote no.

[From the Tampa Tribune, Aug. 5, 1993]

DON'T DO IT

If Bill Clinton's budget package is passed, the national debt will increase by more than a trillion dollars over the next five years. The cynically misnamed "spending cuts" in the measure are merely reductions in the amount of anticipated spending increases. The government will be spending billions upon billions more every year.

Here are some numbers: The total federal budget for 1993 is $1.46 trillion. It will rise to $1.51 trillion in 1994, $1.57 trillion in 1995, $1.62 trillion in 1996, $1.69 trillion in 1997, and $1.78 trillion in 1998.

The annual deficits for 1994 through 1998 will come to almost $1.2 trillion.

The deficits may actually be greater as the Clinton tax hikes drag down the economy. Why does the White House deny this inevitable result? How the devil can Democratic congressional leaders look into the television camera and say—without winking or blushing—that the President's program will create jobs? The chief source of new jobs is small business, which would take the heaviest blow from this disastrous scheme. Higher taxes mean higher costs of doing business: Does an employer facing higher operating costs feel more or less inclined to expand his work force?

And then there's the 4.3-cent boost in gasoline taxes. This means the average Florida motorist would spend another $27 a year for gas, not a dreadful burden for most people. But think of what would happen to the motor-vehicle fuel bill of corporations that operate dozens of hundreds of huge trucks and fleets of company cars. You can expect almost every item in the supermarket or department store to cost more.

Well, you might say, Americans should sacrifice for the good of the country. Very true. But why make sacrifices that absolutely will not produce the happy consequences so grandly advertised by the Clinton administration?

The President is going about this the wrong way, and a shameful number of his fellow Democrats fully understand this but are prepared to jump off the cliff anyhow—all in the name of saving Mr. Clinton's political skin. It's a depressing disgusting exercise.

Unless the federal government commits itself to cutting entitlement programs and other income-transfer devices, the prospect of making genuine cuts in the deficit is dim indeed.

Dim? Hopeless is more like it.

How much wiser it would be to cap increases in spending to 2 percent a year and then let the natural growth of the economy gradually dry up the red ink.

If Mr. Clinton were capable of deep thought, which he apparently isn't, he would take steps to lift the confidence of business and consumers. He would understand, as President Kennedy understood, that by lowering taxes he could cause the economy to grow at a faster rate, thus boosting government revenues while contributing to the optimism of the people.

The critical moment is at hand. Either Congress rejects this destructive budget or the national economy will be stalled for years to come.

Mr. BROOKS. Mr. Speaker, I yield 1 minute to the gentlewoman from New York [Ms. VELÁZQUEZ].

Ms. VELAZQUEZ. Mr. Speaker, I rise today in support of this conference report. I would certainly have preferred a package that invested more in our poor families, our hungry children, and our devastated cities. But make no mistake, this is the first serious attempt in 12 long years to cut our crippling deficit while also helping our needy communities.

I have listened all day to Members on the other side of the aisle label this package as a tax bill and condemn the Democrats for our reluctance to cut spending. Let me set the record straight with two simple points.

Point No. 1, more than 50 percent of every dollar going to deficit reduction comes from spending cuts. Point No. 2, only the top 1.2 percent of Americans will experience an increase in their income taxes. So when we hear the Republican Members oppose this bill because of tax increases, they are protecting those individuals who make over $180,000 a year—the only people who benefited from the hit-and-run economics of the Reagan-Bush years.

Mr. Speaker, this debate clearly outlines the difference between Democrats and Republicans. We support cutting the deficit and investing in our future. They support protecting the wealthy and the privileged. It is as simple as that. I hope all my Democratic colleagues will prove themselves worthy of their party by supporting this landmark legislation.

Mr. RAMSTAD. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. MCCOLLUM], the distinguished ranking member of the Subcommittee on International Law, Immigration, and Refugees.

Mr. MCCOLLUM. Mr. Speaker, I think that what we face here with this bill is a very simple fact. It is a fraud. It is designed to be something that it is not.

Supposely we are going to get control over our deficits, and we are going to make some big hunk of reduction in everything out there.

At the end of the 5-year period that we are talking about, after this bill takes effect, if you gave every, every benefit of the doubt to those who are advocating it, you are going to have added over a trillion dollars to the total public debt. You are still going to have over $200 billion in deficits in the 5 years out from now. In addition to that, you do not have nay spending cuts in the bill, not true cuts. You have some reductions in the growth of spending, but Federal programs, domestic spending programs, all of them as they have for the last umpteen years, continue to grow.

We do not really cut spending. We play games with the word "cut." We are only reducing the growth. When are we going to get around to actually cutting some programs? When are we going to get around to eliminating some programs in this place? That is when we are really going to solve the deficit. That is when we are going to gain control over the budget that we have here today. Instead what we have is a fraud on the American public. We have the hugest tax increase in American history going into this reconciliation bill, and we do not have any spending cuts at all, and the ones they say that are in here, the ones that reduce the growth of spending, do not even take effect, for the most part, until this President finishes his entire administration.

I suggest to my colleagues that we ought to vote down this fraud and eliminate this bill right now, go back and start our homework, get together and have a real summit between Republicans and Democrats to decide where we can eliminate programs and where we can really get at this absolutely incredible runaway public debt and deficit that we have that is skyrocketing not only to $4 trillion but $5 trillion and on out with this particular bill.

Let us reject it, and let us get on with doing what the public wants us to do, and put some common sense into this body.

Mr. BROOKS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Mr. MATSUI].

Mr. MATSUI. Mr. Speaker, I am really disappointed to hear Members who would call this legislation a fraud. It was worked by 13 committees including the Committee on Ways and Means.

You know, it is amazing that 62 major corporations that create hundreds of thousands of jobs in America support this legislation because it will result in lower interest rates and a stable economy.

But more than that, you know, we have had to go with the accelerator and the brake on this bill; the accelerator in order to deal with some of the inner-city problems that I think most Americans are aware of, the Lost Angeles riots, what happens in New York and Chicago and Detroit, and at the same time go on the brakes to try to reduce the deficit.

In terms of some of the accelerated areas, we have a number of programs, the earned income tax credit for one. You know, Republicans have always said that we want to keep people

In addition, we inoculate hundreds of thousands of children that are low income that will have measles and diphtheria and create problems for other children in the public school system. This is in that legislation.

Of course, the family preservation bill which basically will hopefully be a first start in preventing the 8,000 children who are abused within their own family every day, or 2.5 million children who are abused in this country every year.

This legislation is one that must pass, and I do not think we can forget about the unmet needs of many of the children who will benefit by this legislation.

So I urge adoption of this bill.

Mr. RAMSTAD. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Virginia [Mr. GOODLATTE], another new member of the committee.

□ 1740

Mr. GOODLATTE. I thank the gentleman from Minnesota for yielding to me so that I may rise in opposition to this tax-and-spend rehash of the last 40 years of policies of this House. This is not hundreds of pages of the tax—the spending cuts that the voters of this country want, these are hundreds of pages of tax increases and spending increases, including new spending programs.

A great deal has been said on the other side of the aisle about a bipartisan approach. I would welcome one, but the fact of the matter is that this side of the aisle has been shut out of this process from start to finish. The only true bipartisan approach has been that of those opposed to this plan because dozens of Democrats, along with all of the Republicans in this House, oppose this plan, along with the vast majority of the American people.

My office has received close to 400 calls already yesterday and today and better than 90 percent of those people are opposed to this plan. Ninety percent of the people I represent are not Republicans. I received letters from people like this gentleman from Lynchburg, who tells me he has been a Democrat all his life but Clinton is making him change to be a Republican.

And here, from a lady in Roanoke, she has been a Democrat all her life but she urges me to oppose this legislation because they know that it is an enormous tax increase, an enormous spending increase, and does not solve the deficit problem and is going to leave us saddled with problems for our children and grandchildren.

I would urge the Members of this body to take a truly bipartisan approach, which would be to throw out this bad bill and start again. Editorial boards across this country and a number in my district have called for and a number of people on both sides of the aisle, including Senator BOREN, Senator BREAUX and Senator DOLE, have called for throwing this out, studying it afresh and doing what the American people want, and that is to cut spending now.

Mr. BROOKS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I wanted to observe at this time that roughly 60 percent of the spending cuts in the Democratic plan that we now have before us occurs in the last 2 years, granted, that is correct. This is the natural result of spending cuts growing about the same amount each year. According to the Congressional Budget Office, in DOLE's own plan—and I saw him here earlier this afternnon—75 percent of the spending cuts occur in the last 2 years. The spending cuts in the Democratic plan are locked in by enacting the entitlement cuts in the bill, by the extension of discretionary spending, caps enforced by sequestration, by the entitlement review procedures to be established by the House and by the President and by the Deficit Reduction Trust Fund being established by the President.

Mr. HEFNER. Mr. Speaker, would the gentleman yield?

Mr. BROOKS. I yield to the gentleman from North Carolina.

Mr. HEFNER. I thank the gentleman for yielding to me.

Mr. Speaker, you know, Republicans have talked about they need to put together a coalition to put together a package that the American people support. I would remind the people that are watching this debate that there was a package that was put together, two different packages put together on this side; 37 of our friends from this side did not vote for anything. They did not vote for the Kasich package, they did not vote for the Republican substitute, and they certainly did not vote for the Democratic package. 37 said, "We don't want to do anything. We are against everything."

The packages that were offered had $66 billion of unspecified cuts. I can give you $150 billion of unspecified cuts or $500 billion of unspecified cuts today. And they were not within $90 billion of the $500 billion deficit reduction that is in this package.

I might say this: They are saying that people are unhappy with this package. Certainly people are unhappy with this package. Certainly people are unhappy with this package from what they are hearing on the radio and television.

Mr. RAMSTAD. Mr. Speaker, I yield myself such time as I may consume.

I would urge every Member of the body before voting today to read the article from today's Wall Street Journal entitled "Tax Bill: Retroactive, Unconstitutional," an article by Mr. Glazier, a Washington lawyer, who says:

> Washington incumbents might take a look at the draft of the new Russian constitution, which states that laws introducing new taxes cannot be retroactive.

Let's prove this author wrong when he says that Boris Yeltsin may have more respect for the U.S. Constitution than the majority of our own House of Representatives.

On the retroactivity ground alone, I urge a "no" vote.

Mr. Speaker, I yield to the gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Speaker, the reason I am voting no on this bill is because it redistributes existing wealth and discourages job expansion. The deficit in this bill is higher than ever before in history, spending goes up faster than inflation, and despite the largest tax increase in history, this country's public debt goes from $4.3 trillion to $6.2 trillion.

The increase in transportation costs and business taxes will be ultimately passed on to middle-class America. Seventy percent of the spending cuts are simply political promises that might happen 4 to 5 years from now, while tax increases will be retroactive to January 1, 1993. The way to help America is to cut spending first.

The SPEAKER pro tempore (Mr. MFUME). The Chair announces that all time for debate for the Committee on the Judiciary has expired and as such is prepared to recognized at this point in the debate the Committee on Merchant Marine and Fisheries, which is to be recognized for 20 minutes, equally divided. The gentleman from Massachusetts [Mr. STUDDS] will be recognized for 10 minutes, and the gentleman from Texas [Mr. FIELDS] will be recognized for 10 minutes.

The Chair recognizes the distinguished gentleman from Massachusetts [Mr. STUDDS].

Mr. STUDDS. Mr. Speaker, I yield myself such time as I may consume.

Mr. STUDDS. Mr. Speaker, in its guidance to my committee, the Budget Committee recommended that we extend vessel tonnage fees through fiscal year 1998, the effect of which would produce $205 million over the 5-year period covered by the budget resolution.

What are tonnage duties? They are duties imposed on the gross tonnage of any vessel entering the United States from a foreign port or operating a so-called "voyage to nowhere."

Under current law, a vessel arriving from a foreign port in the northern Western Hemisphere—Canada, Mexico, Central America, the West Indies, and northern South America—or a vessel returning from a "voyage to nowhere" pays a tonnage duty of 9 cents per ton; the maximum for any 1 year set at 45 cents per ton.

A vessel arriving from a foreign port anywhere else in the world pays 27 cents per ton, not to exceed $1.35 per ton in a single year.

Before the 1990 Reconciliation Act was enacted, the tonnage duties were 2 cents per ton, not to exceed 10 cents per ton, in a single year for vessels entering from the northern Western Hemisphere and "voyages to nowhere", and 6 cents per ton, not to exceed 30 cents per ton, for all other arriving ships. These rates had been unchanged since 1909. The Merchant Marine and Fisheries Committee, in the face of another Coast Guard user fee proposal in 1990, instead raised the tonnage duties to their present levels and made them effective through fiscal year 1995.

In our report to the Budget Committee this year, we extend the current higher rates through fiscal year 1998 which, according to CBO, will result in $67 million, $68 million, and $70 million in each of the "out years", thus totaling the $205 million requested by the Budget Committee. The Senate included practically identical language in its amendment and, of course, the conference agreement contains this tonnage duty extension in section 9001.

Mr. Speaker, the Committee on Merchant Marine and Fisheries also reported a sense of Congress resolution which expressed our intention that the inland waterways fuel tax should not be further increased beyond those increases already mandated by law. This language had no fiscal impact and, as I understand it, was caught by the now quite famous—or infamous—Byrd rule. The sense of Congress resolution was dropped from the conference agreement.

Our committee was also a conference participant in section 9004 of the House bill requiring the Secretary of the Interior to establish a water surcharge on individuals and non-Federal entities that receive water from Federal reclamation projects. Surcharge receipts were to go into a natural resources restoration fund and be available for the benefit of fish and wildlife resources. This admirable provision originated in the Committee on Natural Resources and I commend Chairman MILLER and his colleagues for crafting an extremely reasonable and worthy measure; unfortunately, because of certain appropriation-related problems in the Senate, this was dropped from the conference agreement. I will defer to Chairman MILLER, who follows us in this debate, to provide the details on this particular matter.

Mr. Speaker, I now yield 2 minutes to the distinguished gentlewoman from New York [Mrs. LOWEY].

Mrs. LOWEY. Mr. Speaker, as we vote on this package, I ask my colleagues to look to the future—not November 1994, but to the long-term future of our Nation. I, for one, care deeply about the kind of Nation we pass on to the next generation. I want it to be the best Nation possible, one that offers real opportunity to all: A strong economy; affordable, quality health care; safe streets; and schools where children flourish and don't have to dodge bullets.

But I am a realist. We will never be able to achieve those goals if we don't first establish a sound fiscal base on which to build. After more than a decade of tax and borrow policies, we have to take bold, tough steps to reduce the deficits that have a stranglehold on our economy.

That is why I rise in support of the conference report on H.R. 2264, legislation to begin the long-delayed task of taking back control of our Nation's economic future. The choice that confronts this House today is between this plan and no plan, between action and gridlock, between positive change and business as usual. For the past 6 months, Congress has done as the Framers of our great democracy intended when an issue as important as our economic future is at stake: We have debated, we have caucused, we have conferred, and finally we have produced a bill. The legislative process has run its course. Now it is time to act.

To those who urge defeat of this bill and call, instead, for a budget summit, I can only say that changing the process will not bring us the fundamental change this Nation needs. Past budget summits have done little to improve our fiscal discipline. If they had worked, this Nation would not be in this fiscal mess today. We cannot seek refuge from hard fiscal and economic realities in another round of closed-door meetings. The American people have seen enough process, now they demand and deserve results.

It would be easy for any of us to vote no, because we object to specific parts of this plan. I am deeply troubled by certain components of this bill, in particular the higher tax on a portion of Social Security benefits. I fought for additional cuts in order to avoid raising taxes on some seniors, and I assure you that I will continue to fight that tax—which falls on many middle-class seniors in my part of New York—and replace it with specific spending cuts.

I also object to the retroactive nature of some of the bill's tax provisions. It is simply unjust and unnecessarily disruptive to make tax changes applicable before the date of enactment. While the need for increased revenue to reduce the deficit must be met, it should be done in a way that is nonpunitive and that treats taxpayers as fairly as possible. There are also concerns that a retroactive tax increase of this magnitude could severely harm the recovery. The administration's plan to allow payments of taxes due to be made over the next 2 years, without penalty, is a help, but I remain very much opposed to the retroactive aspects of this package.

All of that notwithstanding, further delay on action to bring down the deficit will do far greater harm to our economic future. Mr. Speaker, the most unproductive tax in the history of our Nation is that $1,100 that, on average, each taxpaying American sends the IRS to pay the interest on our Nation's accumulated debt. This money comes out of our paychecks and does absolutely nothing to address any of the compelling problems facing our Nation. This legislation is a first step toward

ending this onerous and unproductive tax.

The American people understand that unless we restore our Nation's fiscal integrity, we will not be able to rebuild our economic strength. This is an honest budget plan that will

If we do not act today to slow the growth of Government, we will foreclose our Nation's future. Large persistent deficits rob our economy of the capital that is essential to growth and job creation. Our massive debt burden makes it impossible for the Government to make vital investments in the common elements of economic growth—research and development, economic infrastructure, and training and education.

If we truly believe in change, we must have the courage to act on that conviction by addressing, head-on, the greatest obstacle to change: The budget deficit. If we want to reform our Nation's health care system * * * if we want to end welfare as we know it and put people to work * * * if we want to make our Nation's schools once again the best in the world, then we must bring Government spending under control.

If we want to free up private capital for investment in job-creation and economic growth, then we must slow the rate of Government spending so that it does not exceed the growth of our economy. If we want to reinvent Government, the place to start is by cutting the fat. This plan cuts over $60 billion from the Government payroll and reduces administrative expenses by $11 billion. It makes a total of $255 million in spending cuts.

As a member of the House Appropriations Committee, I am committed not only to meeting, but to exceeding, the deficit reduction targets for discretionary spending in the President's plan. And we have already begun. The appropriations bills that have already passed the House this year contain almost 300 cuts below spending levels for the previous year. These include a $1.3 billion cut in foreign aid, a $206 million cut in loan guarantees to the World Bank, and a $500 million cut in home ownership grants, as well as many others.

By eliminating wasteful spending, we will also make it possible to address the toughest and most serious problems facing our country. Today, we can take an important first step in reforming the welfare system by expanding the earned income tax credit so that working families do not have to live in poverty. We can transform millions of welfare recipients into working taxpayers by ensuring that work pays as this bill seeks to do.

This legislation differs from past efforts to control spending in that it recognizes that only with a growing economy can we bring the deficit down. While it includes over 200 specific cuts in Government spending, it also includes a series of measures designed to help American business expand investments in plants and equipment, in research and development, and in job training. These are changes that will enable our economy to compete in the global marketplace.

This plan includes one of the most significant incentive packages ever for small business job creation and capital formation. More than 90 percent of small business will benefit or be eligible for new job-creating tax incentives and tax cuts, while only 4 percent of business owners will pay any higher taxes.

In particular, the plan will increase the amount that small businesses are allowed to expense or deduct from $10,000 to $17,500 of the cost of new equipment put in service. The plan also allows investors in small businesses to exclude one-half of the capital gains earned from investment in the stock of a qualified small business when held at least 5 years. These and other provisions in the package recognize that small businesses are the most potent job-creators in our economy. This package will give these companies the boost they need to make our economy grow.

Over the past 4 years, the champions of gridlock have stood in the way of fundamental change, and the result has been fewer jobs created during that period than any time since the Great Depression. The opponents of the President's plan say that they're looking out for the taxpayer, for the small business owner, and for the retiree. With friends like this, Americans don't need enemies.

Every day, Americans are paying the price of gridlock in the form of stagnant wages, diminished job opportunities, and lost economic security and don't forget that $1,100 average yearly interest payment on the debt. What the opponents of this bill ignore is that the President's plan includes $255 billion in spending cuts and provides $8 in spending cuts for every $1 in new taxes on the middle class. What they refuse to acknowledge in that this plan is fair to the middle class.

The major tax increases in this plan fall on those who have benefited from the dramatic tax cuts of the last decade. And even for those people, their taxes will still be lower than they were in 1980. The only tax increase on middle-class working people is the gas tax, which would cost an average person $35 per year or about 10 cents a day.

Mr. Speaker, for over a decade the American agenda has been on hold because the Federal Government has failed to get its fiscal house in order. This is the first honest attempt to reign in the budget deficit in over a decade. Gone from this plan are the rosy economic scenarios, delayed budget obligations, entitlement caps, and other phoney budget devises which have allowed previous plans to claim deficit reduction while running up a debt at the rate of $1 trillion every 4 years.

Opponents of the plan are not proposing credible alternatives. The proposals they brought to this floor, fell far short of the deficit reduction that this country and this economy so desperately need and they would have imposed a heavy cost on vulnerable populations, especially seniors. These proposals are cynical retreads of the false budgets we saw in the 1980's, the same budget gimickery which got us into this mess in the first place.

We simply cannot afford to let this opportunity to restore our Nations fiscal integrity pass us by. If cutting the deficit were easy, we would have done so long ago. We must keep faith with the people who sent us there by doing what is hard. It's time to lead, it's time to govern, it's time to pay the bills. And it is time to look to the future.

Mr. FIELDS of Texas. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I want to spend just a moment talking about this plan's impact on my State of Texas. A complete examination of the proposed budget package shows that approximately 41,000 Texans could be put out of work because of this budgetary plan. Despite claims by supporters of the plan, it is heavily weighted toward tax increases, calling for nearly $3 in tax hikes or fees for every $1 promised in future spending cuts.

□ 1750

The $250 billion in net tax hikes contained in the plan would cost taxpayers an additional $16 billion over the next 5 years, or $2,654 per household.

The proposed 4.3 cent per gallon tax increase on gasoline and other transportation fuels alone would cost Texas consumers $2.2 billion over the next 5 years, or $315 more for a two-driver family, 11.8 percent more than the national average. Texas consumers already pay 20 cents per gallon in State gasoline taxes.

It hits the State of Texas extremely hard.

However, Mr. Speaker, there is one aspect of the conference report that does not offend me. Despite the fact that the President proposed an increase of 525 percent on inland barge fuel, Congress made it clear this is an unacceptable increase. The conference committee has stricken any increase other than already scheduled to take place under current law.

This action reflects the concerns raised by members of the Committee on Merchant Marine and Fisheries which has jurisdiction over the inland waterways industry.

In considering that portion of the reconciliation bill, the Merchant Marine and Fisheries Committee adopted

a Sense of Congress provision opposing any further increase in the inland waterways fuel tax. The proposal to increase this tax was foolhardy and if enacted would have caused hundreds of barge companies to go out of business, costing countless jobs. I am pleased that outrageous tax was removed from the conference report.

Mr. STUDDS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Washington [Mrs. UNSOELD].

Mrs. UNSOELD. Mr. Speaker, I rise today to strongly support the President's deficit reduction package. A "Yes" vote on the President's plan will result in a better life and a better future for the American people. Here is why:

It includes the largest deficit reduction in our history—nearly $500 billion over 5 years.

Jobs, jobs, jobs. This plan will create 8 million jobs—an estimated 324,000 in my State of Washington alone.

It means low-interest rates. The rates are as low as they have been in 20 years because financial markets know this is a serious plan to reduce the deficit. Millions of Americans are refinancing their home and car loans and saving thousands of dollars, money in their pockets every month.

It rewards struggling families. If you work full-time and have children at home, the Federal Government will be there to help you help yourself out of poverty.

It includes incentives for small business. Nine out of 10 small business owners throughout the U.S. will qualify for a tax cut with this plan.

The package is fair. Nearly 80 percent of all the new taxes in this plan would be paid by the wealthiest Americans in this Nation, and no working family earning less than $180,000 will pay more in income taxes.

It includes investments in programs that put dislocated workers, like those in the timber communities of the Northwest, back to work. Programs that provide immunizations for children and that give 3- and 4-year-olds the head start they need to come to school ready to learn.

Mr. Speaker, perhaps the best reason to support this plan is to ask, "What's the alternative?"

The question for the American people is, will you be better off a year from now? If we pass the President's plan, I strongly believe the answer will be yes.

Mr. FIELDS of Texas. Mr. Speaker, I yield 2 minutes to the dynamic gentlewoman from Maryland [Mrs. BENTLEY], the conscience of the Committee on Merchant Marine and Fisheries.

Mrs. BENTLEY. Mr. Speaker, today's budget proposal seems like "deja vu" once again to those of us who opposed the Budget Reconciliation Act of 1990.

I point to only two of the 1990 taxes—the harbor tax and the luxury boat tax. Not only has neither tax resulted in the anticipated revenues being collected, but both have cost jobs.

The U.S. harbor tax adds $1,250 overhead per container. Therefore, shippers now are bypassing Northeast American ports by routing cargo to the United States via Canadian ports. It is a practical business decision with Northeast U.S. ports losing both tonnage and jobs. People out of work do not pay taxes. We should remember this today—and when we consider NAFTA.

And, the luxury boat tax effectively has shut down luxury boat manufacturing in the United States with 30,000 persons having been laid off as a result. Closed businesses do not pay taxes.

We have been down this road before—tax now, save later. It has not worked before because all the savings are in the out years.

For Americans who do not know what that means—out years are those years after the next election—or those years for which this Congress has no direct responsibility.

In March, Congressman BURTON and I proposed a flat freeze plus 2 percent, which would have saved $848 billion without raising taxes; but the Democrat-controlled Rules Committee would not allow us to bring that budget to this floor for a vote. We had to sneak our budget on the floor by means of a parliamentary maneuver. Many of those 37 Members mentioned by Mr. HEFNER, who did not vote for any budget, were among the 122 who voted for our parliamentary motion.

During this year's budget process, Americans have been denied all nontax alternatives.

The way this bill has been handled reminds me of motor voter earlier this year. If you remember, Mr. LIVINGSTON was not even permitted to raise an amendment to strike those persons from the voters' rolls who had not voted in 100 years.

As a result, some of us did oppose motor voter because it would allow the dead to vote.

But this is not a cause to despair. These are the days of the politics of inclusion. In this budget with its retroactivity of estate taxes, the dead now will have to pay taxes.

It is only right: If the dead can vote, the dead should pay their fair share of taxes too.

Eighty-four-year-old Eva Grasso asks why this Congress insists on robbing the dead like taking the pennies from a dead man's eyes.

Mr. STUDDS. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from California [Ms. ESHOO].

Ms. ESHOO. Mr. Speaker, I want to talk about truth and mission.

Each of us were sent here with a mandate to restore the economic health of this country. We promised our constituents that we would make the hard choices; put our country's well-being ahead of our political safety; face the pressure and do the right thing.

It is time to face the music that 12 years of economic irresponsibility have produced. It is time to pass an honest budget.

Let me tell you what a "no" vote on this budget means—no action; no growth; no hope; no guts.

Mr. Speaker, as my colleague from Texas said earlier, people have fought and died for our country. As one of my constituents so humbly said, "my country's future is worth more than a nickel."

Now, I would like to talk bout truth.

The truth is that this budget reduces the deficit by a half a trillion dollars and does it with more spending cuts than tax revenue.

The truth is this budget does not hurt the middle class. Over 95 percent of Americans do not have their income taxes raised. Yes, those making over $180,000 a year will pay more, but our Nation has always been about fairness.

The truth is this budget protects small business. I am a daughter of a small businessman. I know how hard small business people work to make a future for their families. And the truth is 96 percent of small

And Mr. Speaker, the truth is large businesses, like Hewlett-Packard, TRW, and others in my district endorse the plan. They know that the reduction in our deficit is vitally important for the Nation's long-term economic health.

And finally, Mr. Speaker, the truth is this Nation will be judged on how we care for our children. This plan will immunize them. It will provide family preservation, hunger relief, and it will bring about an earned income tax credit.

Mr. Speaker, I stand here as an American citizen sent by my constituents with the responsibility of casting a vote on their behalf, and on the Nation's behalf. I am going to vote, not as a Democrat, not as a freshman Member worrying about next's year's election, but as a U.S. Representative. Our mission is to get on with the business of governing and pass an honest budget which will restore the economic health of this country.

That is why we should pass this budget—and that Mr. Speaker, is the truth of it.

Mr. FIELDS of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, I would like to enter into the RECORD this statement that says, "Will California vote to cut its own throat?" And it tells exactly how this Clinton tax plan works.

First of all, the Clinton tax bill will drive a stake into the heart of California's economy.

Beyond the broken promises to seniors and the middle class, the Clinton

tax bill is a California killer. How does it do that?

Governor Wilson says the Clinton tax plan will kill 395,000 California jobs. He adds that 12 percent of the Nation's taxes are paid by the State of California, over 12 percent of the total, and 16 percent of the Clinton tax increases will come from California. That equates to over $40 billion that will go out of the State of California, a State that has a $10 billion deficit.

□ 1800

In addition $127 billion in defense cuts, which are the now cuts in the Clinton budget, will cost us 2 million jobs. I hate to see people when base closures come in the State of California and point to who is killing their jobs. Job conversion; will it keep up? Absolute not.

I stated in 1990 that only 33 Republicans voted with President Bush to raise taxes. The rest of them did not because they knew that those spending cuts will not. In the Clinton plan, 80 percent of the cuts that they are talking about comes after 1996, and I do not want "President Jack Kemp" to have to deal with them.

In 1986 Gramm-Rudman was supposed to cut the spending cuts. In 1990, the caps were firewalls. How did we do it? Emergency spending, continuing resolutions, and in 1993, a President's word to cut spending that does not come until after 1996.

The American people just do not believe it, Mr. Speaker.

Mr. Speaker, I include the article referred to as follows:

[From the Los Angeles Times, Aug. 5, 1993]

WILL CALIFORNIA VOTE TO CUT ITS OWN THROAT?

(By James Pinkerton)

If its congressional team helps pass the Clinton budget plan, the state will be the big loser.

Californians should be calling the tune on the "deficit reduction" bill scheduled for a vote in the House today. The Golden State produced nearly one-third of Bill Clinton's popular-vote majority last year. Three senior members of the Clinton economic team—the director of the Office of Management and Budget, the chairman of the Council of Economic Advisers and the special trade representative—are Californians. Its congressional delegation, the largest for any state in U.S. history, includes two Democrats in the Senate and 30 in the House.

Yet, the tax provisions of the bill will make California the big loser if it passes. Californians file about 12 percent of all federal tax returns, but with the new higher income-tax rates, they would pay 16 percent of the increased tax bill. That's an extra $40 billion sucked out of the state economy over the next five years.

Other states aren't hit as hard by the Clinton tax package. For example, Arkansas. Data from the spring, 1993, Statistics of Income Bulletin, published by the IRS, are revealing. Although Razorbacks filed 0.85 percent of 1991 tax returns, we can extrapolate, based on reported income, that they will pay only 0.4 percent of the new tax. Put differently, Californians file about 14 times as many returns as Arkansans, but they will be paying nearly 40 times as much of Clinton's tax increase.

Nobody blames Arkansans for looking out for their kinfolk. What's mystifying is why Californians would want to help them. To their credit, all 22 California Republican congressmen voted "no" in the first legislative go-round on the Clinton package last May, but their votes were swamped by California's Democrats. Both Sens. Barbara Boxer and Dianne Feinstein voted for Clinton's plan, as did all but two Democratic members of the House.

Californians can thus claim the dubious distinction of being largely responsible for the Clinton program getting this far: It passed by just six votes in the House, and by one vote—Vice President Al Gore's tiebreaker—in the Senate.

Ah, but the tax increases only hit "the rich," Clinton supporters say. Compared to the rest of the country, a lot of struggling Californians are "rich." California's per-capita income is substantially higher than the national average, even if its ranking is heading south. However, the cost of living is also higher—something the tax bill doesn't take into account. Consider housing costs: According to the National Assn. of Home Builders, California has seven of the 10 "least affordable" housing markets in the nation. In Los Angeles, even after the real-estate slump, the median price of a home is 70 percent above the nation's median. Real estate in Orange and Ventura counties is even more expensive.

As if California didn't have enough problems, here comes Bill Clinton, wanting to open a vein in the California economy and drain away more purchasing power. Few rich people stash their money away in mattresses. They spend it—on the rest of us. We sell them everything from cars to clothes to newspapers. So it's hard to see how working Californians will be better off with $40 billion gone from circulation on the West Coast. Gov. Pete Wilson, who knows something about raising taxes and further damaging a weak economy, predicts that the Clinton package will cost 359,000 jobs a year.

So what does the California delegation do with its Washington clout? Not much. The Times reported last week that Feinstein helped win a $366-million tax break for real-estate developers. Great. So now a few big campaign contributors get taken care of, while the state's cash flow to Washington is reduced from $40 billion to a mere $39.6 billion. Meanwhile, changes that could really help California are ignored, such as an across-the-board, inflation-adjusted capital-gains tax cut to spur high-tech investment and entrepreneurship.

The only possible argument for the Clinton program is that California's sacrifice is necessary for the long-term fiscal health of the country. But the Clinton budget will raise annual spending another $300 billion by 1998. All the wasteful programs you've read about—the honey subsidy, the mohair program, the space station—have survived.

As an added kick in the teeth, the income-tax increases will now be retroactive to Jan. 1. So this December, when retail stores—and the people who work in them—are hoping for a big holiday shopping season, the crowds will be thinner as "the rich" lay money away until April 15, to pay for Uncle Sam's bees, goats, and military-industrial complex boondoggles.

Mr. STUDDS. And now for another view from California, Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from California [Mr. TUCKER].

Mr. TUCKER. Mr. Speaker, there is a war that is raging, and it is not only in Bosnia-Herzegovina. It is right here on Capitol Hill. It is a war of words. It is a war of truth. It is a war that is being waged by my colleagues on the other side of the aisle of misrepresentation.

That is why I rise today, Mr. Speaker, to set the record straight about the reconciliation bill and the conference report, for my colleagues on the other side of the aisle would use in this war the middle class as a scapegoat, using the middle class to say that this tax bill is wrong because it will hurt the middle class. They must do that and say that because they need the middle class to support their position, the position of those whose incomes doubled in the 1980's under the supply side voodoo economics of Reagan and Bush.

This is a war of truth, Mr. Speaker, and the truth is that this tax bill will hurt the top 1 percent, of the people in this country. Over 90 percent of small businesses will benefit from this tax plan. The gas tax that we hear so much about, $3 a month, $36 a year; that is going to kill the middle class? No.

Mr. Speaker, it is a war on words. It is a war against truth. But we on this side of the aisle have a war to redeem the direction and the future of this country and to provide economic development, and recovery and tax fairness for all. The EITC, earned income tax credit, is going to allow people who have been on welfare to move into workfare. Child immunization is going to allow for $580 million of money to go to young kids who need to be immunized, and still we will retain a $496 billion mark of deficit reduction. There are $102 billion of spending cuts for discretionary spending, $88 billion of entitlement cuts.

These are real cuts, and, yes, people have to suffer from these cuts. Do not talk to me about the cuts that are going to be felt in 1996 because they are going to be felt by real people.

The truth must come out, and the truth must come out tonight, Mr. Speaker. There is a war of truth, and our side will win.

Mr. FIELDS of Texas. Mr. Speaker, I yield 1½ minutes to the gentleman from Maryland [Mr. GILCHREST].

Mr. GILCHREST. Mr. Speaker, I rise today in opposition to the conference report, and I would like to make one comment to the gentleman from California [Mr. TUCKER] who just spoke.

If I thought that this plan would balance the Federal budget and begin to reduce the national debt, regardless of the tax structure, I would vote for it. But I am convinced that this will do nothing to the budget deficit, nor will it decrease the national debt. It will increase the national debt, and it will keep the same budget deficit, and, if we

want to do something for the people of this country, we need a plan, a bipartisan plan, that is going to impact the budget deficit and the national debt, and there are enough of us in this room to accept the fact that

And there are people in this room that said a no vote means gridlock for this country, a no vote is the easy vote, a no vote is something that will be against the American people, or the veterans, or the poor people.

Mr. Speaker, I am pleading with my colleagues that a no vote means that we can get together as a group of people when we come to the fork in this road, which either is right or left, leftwing, rightwing. Let us, together, build a new road. If we have to have tax increases, yes, maybe 1 percent of the highest tax bracket will be taxed with 70 percent of these revenues. Well, that is O.K. if we do it the right way. Have the cuts sooner, and we will be successful.

So, Mr. Speaker, in my opinion a no vote means:

"Let's get together and work harder."

Mr. FIELDS of Texas. Mr. Speaker, I yield 1 minute to the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Mr. Speaker, many of my distinguished colleagues, from both sides of the aisle, have acknowledged that the budget plan before us today is not the best we can do. So, let's go back to the drawing board, in a bipartisan manner, and redraft a budget bill that cuts spending first and reorganizes and reduces the bloated Federal bureaucracy.

Several bipartisan groups in this Chamber have expressed a willingness to sit down together and draft a plan that slashes unnecessary, outdated Government programs, reprioritizes Federal spending and sets forth guiding principles for deficit reduction on which we all can agree.

As Governor of Delaware for the last 8 years—in prosperous times and lean times, I worked together with members of the general assembly to balance the State's budget, in the best interests of the citizens of our State.

Mr. Speaker, this bipartisan cooperation must be our goal in drafting a budget that is in the best interests of this country.

I believe we can agree that there are two fundamental concerns of the American people: They do not want to pay higher taxes * * * and they are tired of gridlock in Washington.

So, let us live up to our titles and truly represent the people. We should reject this budget bill and get to work immediately on a bipartisan measure that focuses our efforts on cutting spending and reducing the deficit.

Mr. STUDDS. Mr. Speaker, I yield our remaining minute to the gentleman from Pennsylvania [Mr. COYNE].

Mr. COYNE. Mr. Speaker, I want to note my strong support for the Omnibus Budget Reconciliation Act of 1993.

There has been a great deal of talk about this budget package, but I would like to present a few facts. First, this budget plan crafted by President Clinton and the House and Senate provides the largest deficit reduction ever voted upon by the House. Reducing the Federal deficit by $496 billion over 5 years will benefit every American by promoting increased private investment and by helping to keep interest rates low.

Achieving this historic level of deficit reduction has not been easy. It has required many Members to make tough decisions on which programs to cut and how revenues should be increased in the fairest manner possible. Careful examination of this budget package shows that over 200 specific budget cuts have been approved. The end result is that budget cuts will outnumber new revenues, with $255 billion in spending cuts compared to $241 billion in new revenues.

The $496 billion deficit reduction package being voted on today honors the spirit of President Clinton's original deficit reduction plan. Deficit reduction is a means to an end, which is to produce a stronger U.S. economy. This budget plan does that by ensuring that probusiness investment incentives and tax fairness provisions were maintained as essential elements of the final bill.

Expansion of the earned income tax credit will provide a tax cut for working parents whose family incomes are under $30,000. This budget agreement rewards moderate-income Americans who work week after week but still find it difficult to make ends meet. Approval of an expanded earned income tax credit will be one of the strongest profamily provisions ever approved by Congress. It is an essential element of any effort to help Americans move from welfare to the workplace and will help most those working Americans who are struggling still to escape poverty. I am pleased to report that the expanded earned income tax credit program will benefit over 22 percent of the families in my congressional district, and will help over 16 percent of working families across the Commonwealth of Pennsylvania.

Other steps have been taken to address the needs of the American people. This package includes funding for family preservation programs to help keep a family intact instead of placing a child in a foster home. The bill also pays for an expansion of childhood immunization programs, which will reduce the number of children in our country who suffer from dangerous and costly illnesses.

There are a number of important incentives for business investment in this budget agreement. I want to note in particular permanent extension of the targeted jobs tax credit and the mortgage revenue bond program, and continuation of the tax credit for research and experimentation and the income tax exclusion for employer-provided educational assistance. The final conference agreement also provides for enactment of empowerment zone incentives for investment in urban and rural areas hardest hit by the lack of sustained economic growth over the past several years.

I want to comment on the pro-small-business provisions of the conference agreement in particular because there has been so much disinformation on this subject. Over 90 percent of American small business will be eligible to receive a tax break as a result of the 1993 Omnibus Deficit Reduction Act. Small firms will be able to see their tax deduction for new equipment purchases almost doubled, rising from $10,000 annually to $17,500 annually. In addition, a targeted small business capital gains relief will allow long-term investors in small firms to exclude 50 percent of the capital gains from that investment. Real estate professionals will also obtain relief from 1986 passive loss restrictions.

While over 90 percent of small business owners will have a chance to reduce their tax payments, only 4 percent of the most well-off small businessmen and women will see an increase in their taxes. The opponents of this deficit reduction plan have attempted to obscure this fact, but the reality is that only about 300,000 out of 7 million small businessmen and women will see any increase in their tax rates. This relatively small group of individuals with incomes from partnerships, S corporations, or sole proprietorships have an average income of $560,000 each year. Americans can see through all the rhetoric to know that we are not talking about the Mom and Pop corner grocery.

I am pleased to report that the final conference agreement maintains the House position of permanent extension for the small issue industrial development bond program. This provision is identical to the bill I introduced at the beginning of this year and which has been cosponsored by over 100 Members of the House. Continuation of the industrial development bond program will allow State and local governments to proceed with hundreds of jobcreating bond issues. The result will be a quick jumpstart to a number of business expansion plans which have been on hold since the expiration of this program.

Industrial development bonds [IDB's] are a perfect example of the public-private partnerships which are often the key to success in our modern economy. Nationwide, between 1987 and 1992, IDB's have created an estimated 182,000 new manufacturing jobs and facilitated the retention of 169,000 jobs through

the financing of roughly 3,800 projects. My own State of Pennsylvania has financed 224 projects between 1987 and 1992 which served to create 8,975 new jobs and helped to retain 17,724 jobs that might have otherwise been lost.

The budget conference agreement also includes a provision which will promote the development of high speed/mag-lev rail systems by State and local governments. This provision was approved by the House earlier this year and will allow State and local governments to make effective use of tax-exempt bond financing for the construction of government-owned high speed/mag-lev rail facilities. I commend the House conferees for maintaining the House position on this issue. The result will be the advancement of our Nation's ability to compete internationally in the commercial development of high speed/mag-lev rail systems.

As the Congressman whose district includes the Port of Pittsburgh, America's most active inland port, I am also pleased that the final budget conference agreement has eliminated entirely the proposed increase in the inland waterway fuel tax. The House Ways and Means Committee took a major step in this direction by cutting in half the proposed increase, and I want to note my appreciation for Chairman ROSTENKOWSKI working with House and Senate conferees to find a way to accept the complete elimination of this proposed fuel tax. The elimination of this proposed inland waterway fuel tax will provide great relief for the U.S. barge industry, which has been suffering economically along with the millions of Americans affected by the floods in the Midwest.

All of these provisions are paid for while still achieving $496 billion in deficit reduction over 5 years, and this is done in the fairest manner possible. The inescapable fact is that this deficit reduction plan is the most progressive revenue provisions considered by the Congress in the past 12 years. I can support this bill because I know that this budget package is the fairest bill possible for the average taxpayer in my district and across this country.

Over 80 percent of the new revenue in this budget package will come from those making over $200,000 annually. Only the top 1.2 percent of all Americans will see their income tax rates increased. These are the same individuals who saw their incomes grow the fastest over the past decade while their taxes were being reduced.

This budget plan closes tax loopholes that have favored special interests and a fortunate few. The House will have a chance today to eliminate the tax deduction for lobbying and will limit the tax writeoff for $1 million corporate salaries and expensive business lunches and entertainment.

Every American is being asked to play a role in reducing the deficit. This is vital if our country is to make the tough decisions needed to control the growth of the Federal debt being passed onto future generations. While middle class Americans will see a 4.3-cent-per-gallon increase in the Federal tax on gasoline, it is important to note that this will cost the average driver in Pennsylvania only about $23.60 a year. Keep in mind that average pump price of gas is lower today than it was at the end of World War II when inflation is taken into consideration.

It is vital that the House approve this $496 billion deficit reduction package. Failure to do so would show that the House is unwilling to make the hard decisions needed to control the deficit. The result of doing nothing would be a rapid jump in interest rates and the end of any hope for economic recovery.

Finally, I must note that the opponents of this package have failed to present any responsible alternative. The Republican plan was $100 billion short in meeting the deficit reduction target set by Congress, and would have achieved even these savings only by devastating programs for seniors, veterans, and moderate-income Americans. The opponents of this package are up in arms because they want to protect the top 1 percent of taxpayers in this country from paying their fair share. They are upset that the failed trickle down policies of the past decade are being reversed finally, after helping to increase the Federal debt from $908 billion in 1980 to over $4.5 trillion in 1992.

Mr. Speaker, I urge that the House approve this balanced program of spending cuts and revenue provisions. This action is essential if the Congress is to control the growth of the Federal debt and promote the investment needed to provide economic opportunities for the American people.

Mr. FIELDS of Texas. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let me just point out that, if the entire Congress had acted as the Committee on Merchant Marine and Fisheries would have acted, then we would be talking about an entirely different budgetary package today, but we are not.

□ 1810

They are not. And it is important for the American people to understand that for every $3 in tax hikes, there is only $1 in promised future spending cuts, the $1 that will never show up. Eighty billion dollars in new spending is in this program, the largest tax increase in our Nation's history. Those are facts. Increased taxes on Social Security.

Now, if one looks at the State of Texas alone, the State of Texas, my constituents, my friends, will be paying $16 billion more in taxes under this particular plan. Texans pay $2 billion over the next 5 years for the 4.3-cent-per-gallon gasoline tax. The average Texas family that drives two automobiles will be spending $315 more. Each family in Texas who drives two cars can just write a check for $315 under this plan and send it to the Federal Government.

This is a bad plan. We should reject this plan, reject tax increases, and come up with a true spending reduction program. That is one which I would support.

The SPEAKER pro tempore (Mr. MFUME). The Chair announces that all time set-aside for the Committee on Merchant Marine and Fisheries has expired.

The Chair now calls upon the Committee on Natural Resources, to be recognized for 20 minutes, equally divided and controlled by the distinguished gentleman from California [Mr. MILLER], and the distinguished gentleman from Alaska [Mr. YOUNG].

The Chair recognizes the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, for the purpose of debate only, I yield myself 4 minutes.

Mr. Speaker, I rise in support of this critical plan to restore integrity to our Nation's economy by making significant and historical reductions in the deficit over the next 5 years.

Mr. Speaker, I would like to take time to point out what I think is the most important part of this program, and that is the extent to which children benefit, especially children who are living in families at risk, under this program.

I would like to take a moment to acknowledge the tremendous achievements of the gentleman from Illinois [Mr. ROSTENKOWSKI], the chairman of the Committee on Ways and Means, including the family preservation program within this deficit reduction package, as well as the provisions for the expansion of the earned income tax credit.

Mr. Speaker, some 5 years ago a number of us who were Members of Congress at that time went to Chairman ROSTENKOWSKI and told him that without his help and without his influence and the strength of his committee, children in this country were not going to be able to do terribly well, given the economic changes that were taking place in families under stress and the increased numbers of families that needed help.

As a result of that conversation and the skills of the gentleman from Illinois [Mr. ROSTENKOWSKI], in that time we have seen the Family Assistance Act passed on a bipartisan basis and sent to the President of the United States, the expansion of title XX, child care provisions for working families and people in job training so they could provide for the economic well-being of their families, the family preservation

program that is included in this program, the funding for the Mickey Leland Child Nutrition Program for both families and children, and expansion of that program, other child nutrition programs, and the funding for child immunization.

Children of this Nation are in fact the biggest winners in this package. They are so because of the Committee on Ways and Means and the efforts of the chairman of that committee, the gentleman from Illinois [Mr. ROSTENKOWSKI], to secure funding for these important programs.

Mr. Speaker, some Members of the House and the Senate have been having a great deal of fun criticizing and denouncing this deficit reduction plan. Curiously, many of them are the exact same people who, over a decade ago, vigorously promoted the dubious Reagan budget strategy which tripled our national debt.

Their partisan, derogatory motives are blatantly apparent.

They have no alternative, because there is no alternative to this legislation. This isn't perfect legislation, but it is the best we can do given the multitudinous interests, agendas, and concerns of this Congress and the American people themselves.

It does not solve every problem. But it does impose significant spending reductions that are serious and that will be enforceable.

It does raise taxes, but in the most progressive and compassionate manner in recent American history. How curious that many of those who denounce this progressive tax plan are the very same people who couldn't wait to vote for the regressive Reagan tax scheme that lavished tens of billions on the wealthiest of Americans while sending the bill to middle income, working families.

Mr. Speaker, the guru of gridlock, Senator BOB DOLE, has a new attack line against our deficit reduction bill.

And what really bothers me, Senator DOLE said Tuesday night, is that they've made the income tax increase retroactive.

Never before in American history has the Government increased taxes retroactively.

Senator DOLE, let me introduce you to Chairman DOLE—the Senate Finance Committee chairman who time after time raised taxes—retroactively.

The 1981 tax bill, written by Chairman DOLE, signed by Ronald Reagan in August, retroactive effective to June.

The 1982 tax bill, written by that same Chairman DOLE, signed by Ronald Reagan in September, retroactive effective to January.

Want more?

The 1984 tax bill, written by Chairman DOLE, again signed into law in July, retroactive effective to January.

And the 1986 tax bill, written by—guess who?—and retroactive nearly a full year, from October to January.

Tax legislation is usually made retroactive. Senator DOLE surely knows that; and Chairman DOLE did it, time after time.

Mr. Speaker, the opponents of this plan are betting all their chips on the slender hope that the American people can be fooled into thinking that nothing is better than something, that gridlock is better than progress, and that the inequitable status quo is better than responsible change.

To those who, offering no substantive plan for national economic renewal, demean our efforts, I recall the words of Senator Robert F. Kennedy:

> Each of us can work to change a small portion of events, and in the total of all those acts will be written the history of this generation.

Mr. Speaker, as chairman of the Committee on Natural Resources, I wish to inform the House of the provisions of this conference report that are the product of the work of the committee.

RECREATIONAL USER FEES

The House sought to avoid adding new fees to the users of our public lands, preferring instead to raise additional fees from those who commercially benefit from the public domain. In some respects we were successful, although this report includes the imposition of entrance fees at congressionally designated forest service and BLM areas and at up to 21 areas of concentrated public use administered by the Secretary of Agriculture.

GOLDEN AGE PASSPORT

The report also includes the House provision that imposes a one-time processing fee of $10 for the purchase of the passport.

USER FEES

The conference agreement raises a number of fees including swimming areas, boat ramps, and managed parking lots on Department of the Interior, Department of Agriculture, and Army Corps of Engineers outdoor recreation sites. The final agreement prohibits charging fees for visitor centers and or solely for the use of picnic tables.

COSTS OF COLLECTION

The report authorizes the Secretaries of Interior and Agriculture to retain all direct costs of collection associated with existing and additional fee revenues, but caps the amount that may be retained at 15 percent of the fee revenues collected for that year. Many of those involved with the current collection of fees at national parks and other sites tell us that they must often forego mandated collection efforts because they simply cost more than they collect. This provision, without raising new fees, provides a necessary mechanism for increasing revenues collections.

COMMERCIAL TOUR FEES

As part of our effort to require that commercial users of public resource pay reasonable fees for their use of the public lands, our bill authorizes commercial tour use fees for vehicles and aircraft entering National Park System units for the sole purpose of providing commercial tour services. The conference agreement authorizes commercial tour use fees for vehicles and aircraft at certain Park System units with high levels of overflight activity.

NON-FEDERAL GOLDEN EAGLE PASSPORT SALES

Many experts in the tourism and recreation industry have told us that the Government could significantly increase revenues from the sale of the golden eagle passport, which allows unlimited visitation of National Parks and other sites, if we allowed private entities to sell the passport for a small profit. The conference agreement allows such sales, when approved by the Secretary, and permit the non-Federal entities to retain 8 percent of gross receipts, with proceeds to be divided among agencies based on a share of entrance fee revenues.

We compound the benefits of this initiative by expending the revenues derived from the non-Federal sale of the golden eagle passport for resource protection, rehabilitation, and conservation projects carried out by conservation corps, to provide employment and important education about resource management and restoration.

COMMUNICATION SITE FEES

The conference agreement provides that the fees assessed and collected in fiscal year 1994 by the Secretaries of the Interior and Agriculture for the utilization of radio, television, and commercial telephone transmission communication sites located on Forest Service and BLM lands, will be 10 percent above the fee assessed and collected during fiscal year 1993. I had hoped to bring these fees up to fair market value, but we could not persuade the Senate to adopt that position. We specifically rejected any proposal to lock permanently into place any plan that would limit the Secretaries' abilities to charge true fair market price for these sites.

HARDROCK MINING CLAIM MAINTENANCE FEE

Mr. Speaker, this House will soon have an opportunity to consider long overdue reform of the Mining Act of 1872. In the meantime, this reconciliation bill continues some interim reforms we began last year to at least reduce the loss of vast amounts of revenue from the mining program. These issues are going to be readdressed in the debate over mining reform, and I would hope for a far more comprehensive solution to the numerous concerns involving the financial, environmental, and public health issues raised by the outdated mining laws of this Nation.

In the meantime, the conferees agreed to extend the $100 claim maintenance fee for fiscal years 1994–98, and provided the Secretary with discretion

to waive the fee for claimants holding 10 or fewer claims. The conference agreement also imposes the $25 location fee for new claims.

MINERAL RECEIPTS

The report amends the Mineral Leasing Act of 1920 to direct the Secretary of the Interior to deduct 50 percent of the Federal costs of administering the onshore mineral leasing programs prior to disbursement to the States and Federal Treasury. For the benefit of several States which, under the general formula, could lose significantly more than the annual cost of the program, the reduction would be computed on the basis of actual costs.

FEDERAL WATER SURCHARGE

Mr. Speaker, we were not able to include in this report a proposal initiated by the administration and strongly supported by the Committee on Natural Resources that would have created a fish and wildlife restoration program to mitigate the impacts of Federal water project construction and operation. We did enact a similar plan last year for the Central Valley project in California, and given the severity of damage from water projects throughout the West. we though a modest surcharge that would be applied to restoration and enhancement activities was a reasonable initiative.

Unfortunately, although all the conferees agreed that a surcharge to finance fish and wildlife restoration was desirable, we were not able to develop a mechanism for outlaying the funds without running afoul of the Byrd rule and other procedural obstructions. This is just one instance, among many, when the limitations of this rule, selectively imposed, have unfairly and adversely affected the legislating process.

My counterpart in the other body, Senator J. BENNETT JOHNSTON, has indicated his support for moving this

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Many Members of Congress, the press, and the public have been outraged by recent reports of chronic abuses in garment factories and other industries in the Commonwealth of the Northern Mariana Islands [CNMI], to which our Government provides over $27 million in special assistance on an annual basis.

The reports have detailed the virtual slavery of thousands of so-called temporary workers, their denial of living wages or decent housing, abominable working conditions, and the immoral purposes to which some of the most unfortunate have been driven.

The clear preference of Members of the House was to end the CNMI funding outright, and the certification of substantive reforms before considering whether to reestablish some assistance plan. The Senate and the administration had proposed providing the CNMI with an additional $120 million in funding.

In our discussions, we made some progress toward conditioning the release of funds on reform in the CNMI. But ultimately, the Senate negotiators were unable to agree to sound conditions and reliable enforcement to end the well-documented abuses.

As a result, we dropped the CNMI section entirely, allowing the program to revert to current law which provides funding only on an annual basis, not the longer 7-year guarantee contained in the administration's proposal.

Frankly, I am not pleased with that conclusion. But it is far preferable to agreeing to modest reforms whose implementation could not be effectively enforced. That alternative would have been unfair to the workers of the Marianas and the U.S. taxpayers.

Mr. Speaker, that concludes the report from the Committee on Natural Resources on the historic and crucial legislation.

I would, however, like to take a moment to acknowledge the great achievement of Chairman ROSTENKOWSKI and the Ways and Means Committee in including the family preservation program in this package.

Family preservation programs represent an early and concentrated investment in helping families cope with the stress and challenges that often produce violence, crime, and dependence. It is a preventive alternative to welfare, to jail, and to foster care that personifies the cost effective approach long recommended by the House Select Committee on Children, Youth and Families.

In my own district, family preservation is working. It is saving families and saving money for taxpayers, too. The program served 71 families with 107 children during the last half of 1992, and only 22 percent of those children ended up being removed from their homes. That is an 80-percent success rate that will save our country $1 million a year in avoided long-term placement costs.

Much of the credit for this achievement, after many years of very hard work, goes to our former colleague, Tom Downey of New York who, as acting chairman of the Human Resources Subcommittee, first promoted and supported the notion of family preservation, as well as authoring major changes in child support enforcement and the E.I.T.C. alternative to welfare plan.

It is very unfortunate that Mr. Downey is not a member of this body as his dream becomes law. But it is a testament to the soundness of that dream that it has carried on beyond his service in Congress to become a reality.

I also want to pay tribute to Chairman ROSTENKOWSKI and Chairman HAROLD FORD, as well as former Acting Chairman BOB MATSUI, all of whom share great credit for this victory on behalf of children and families.

With that, I urge a "yes" vote to pass the Clinton deficit reduction package.

Mr. YOUNG of Alaska. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, this body is addressing the issue of the budget deficit in the wrong manner. There is nothing in this package that creates any real jobs. This is another package where the Government collects money from people that earn that money and redistributes that wealth. It does not create new jobs for new workers and those people that can contribute to the economy of this country.

Mr. Speaker, I am saying this package is flawed because it is a tax package. If you go back through history, every tax package this Congress has passed has put the country into a recession.

Mr. Speaker, may I stress again, unless you develop new wealth, new growth, and do not just redistribute what you have, you can never solve the budget problem. Under this package we will be $4.5 trillion in debt at the end of 5 years. So I am asking my colleagues to vote no on this package. It is not a good package for America, it will not solve the economic problems of this country, and it is not a budget deficit package. It does not reduce the deficit at all.

Mr. Speaker, I suggest, respectfully, let us address the issue of new wealth and new jobs that will broaden the tax base. When we do that, we will solve that problem.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. OWENS].

Mr. OWENS. Mr. Speaker, I rise in support of the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act.

I am proud of the critical role that the Congressional Black Caucus has played in preserving provisions benefiting low-income families and children that were originally included in the House reconciliation bill. Through the leadership of the caucus, the attack launched on these provisions by conservatives in both parties and in both legislative bodies has been repulsed. The people won out. On balance, this legislation represents a progressive step forward—a small step, but a step nonetheless. We are on our way toward fulfilling President Clinton's promise to "put people first" in Washington again.

Though many of the provisions benefiting low-income people that were in the original House bill have been watered down and scaled back in this conference report, this legislation still provides significant gains for low-income families. An increase of $1 billion is provided for the title XX Social Services Block Grant Program which supports child care and other social services; some of these additional resources will be targeted to empowerment zones designated in high-poverty communities. It establishes a new $500 million childhood immunization program to provide free

immunization to all children who are enrolled in Medicaid and to any child whose family does not have health insurance. An additional $2.5 billion is provided to expand food stamp benefits for the needy. Allowable deductions from incomes for shelter and child care

Most significantly, this legislation provides for a major $20.8 billion expansion of the earned income tax credit for low-income working families. Under this bill, many more families, including families without children, will be eligible for the credit and they will receive substantially greater assistance, generally between $200 and $500 depending on the family situation. These provisions are expected to put an additional $68 million in the pockets of more than 39,000 working families in the 11th Congressional District who are struggling to make ends meet.

I am also pleased that the conference agreement does not impose the burden of deficit reduction on the backs of poor-and middle-class Americans. Families earning less than $30,000 annually would actually see their tax bill reduced. Working families earning less than $180,000 annually would see no increase in their income taxes. The increased tax burden of the higher gas tax for families earning between $30,000 and $50,000 annually would be less than $10 a month. Overall, fully 82 percent of the tax increases set out in this legislation would be paid by persons earning more than $200,000 a year.

The corporate tax increases set out in this legislation are also targeted on the largest and wealthiest corporations. Many small businesses will actually see their tax bill reduced as a result of this legislation; some 90 percent of them will be eligible for an array of new and expanded tax credits and deductions.

There are a great many provisions of this legislation with which I adamantly disagree. The cuts it makes in Medicaid and Medicare are steep and will be extraordinarily difficult for the hospitals and other health care providers in Brooklyn to absorb. Increases in the Medicare part B premium paid by participants are not, as they should be, limited to the annual percentage increase in Social Security benefits. This already excessive premium will continue to race out of control. My hope, however, is that both of these issues can be addressed when the Congress takes up health care reform later this year. The legislation also preserves far too many agricultural subsidies which President Clinton had sought to cut or eliminate. Producers of honey, tobacco, and mohair would continue to remain on the Federal dole. I am also extremely concerned about the impact that the legislation's mandated spending caps will have on our ability to provide necessary funding increases for Federal education programs. A massive new federal reinvestment in these programs is essential to our economic competitiveness; the budget caps in this bill must not deter us from making that investment. If necessary, we must shift funds from other lower priority programs to finance it.

I also oppose the higher income taxes the bill would impose on middle- and upper-income Social Security recipients. I am pleased that these tax increases have been scaled back from what was originally set out in the House bill and would not levy taxes on any Social Security recipients who are not already paying taxes on their benefits. I remain opposed to these higher taxes, however, because I know that they will hit many of my senior citizen constituents very hard. Social Security recipients have earned every penny of their benefits; they are not some gift or extra frill that can be taken or taxed away by the Government with impunity. Morever, individuals with incomes of $34,000 are not well-off by any stretch of the imagination and they should not be asked to shoulder such a large share of the deficit reduction burden. In my view, higher corporate and individual income taxes and deeper cuts in agricultural subsidies should have been substituted for the Social Security tax provisions in this bill.

Despite these misgivings, I believe that H.R. 2264 is, on balance, a fair and progressive piece of legislation. It represents just a tiny step forward toward reordering our Federal priorities to put the people first, but it is a step worth taking. I will, however, continue to work alongside my colleagues in the Congressional Black Caucus to press the Congress and the President to go the full distance. We will not rest until they do.

Mr. MILLER of California. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Speaker, I rise in strong support of the conference report on the Budget Reconciliation Act and of the Natural Resources Committee portion of that bill. Today is the day we end a decade of budget gridlock. President Clinton was dealt a lousy hand when he took over the reigns of government in January. The enormous national debt, the legacy of the Reagan-Bush era didn't leave any room for the new administration to propose new investments and programs to meet pressing human needs. And to make matter more difficult the American public is very skeptical of the over promising that has sprung from the economic hyperpole of the 1980's and as I listen today again to the "sky is falling" forecasts from the GOP defenders of the status quo trying to conjure up fears not satisfied with the substance of the issue. It is no wonder people are confused. Yet the Clinton administration and this Congress have been able in spite of this political bombast, to produce a fair and progressive economic plan today which will create jobs, stimulate the economy, provide tax fairness, give hope to those forgotten by the past decade and take a significant step toward reducing the budget deficits which are crippling our ability to govern and reach our potential as a nation.

The Natural Resources Committee achieved $300 million in budget savings through a combination of increased user fees at areas managed by the Departments of Interior, Agriculture, and the Army Corps of Engineers and the implementation of fair-market value charges on certain commercial uses of the national parks and forests lands. While the conference report did not keep as many of the fees on commercial users of Federal lands as the original House bill, I can report that the conference agreement did not have to resort to steep increases in park entrance fees for American families. It is important to note that the recreation fee receipts that are a result of this agreement will be deposited in special accounts and available to the collecting agencies for resource protection and outdoor recreation projects on national parks, forests and Federal lands that the public uses and enjoys.

The Natural Resources Committee title includes fair and reasonable fee provisions including increased user fees for overnight camping and boat launching; authority to charge new entrance fees at a limited number of Forest Service and BLM areas; An increased incentive for entrance and user fee collections, by the agencies authority for nongovernmental entities to sell the golden eagle passport; a small fee on commercial tour services in national parks. I regret that the conference agreement only has a token increase of fees paid by users of communication facilities on Federal lands. For too long—in some cases over 40 years—these commercial users especially TV and radio broadcasters using public lands and forests have avoided paying fair market value for such use. It is unfortunate that the conference agreement postpones the day when these commercial uses of the American people's lands pay their fair share.

While two other committees did report recreation fee provisions, the Natural Resources Committee has always been the primary committee of jurisdiction over recreation fee policy. For 28 years, the Land and Water Conservation Fund Act has been the vehicle for Federal recreation fee policy and agencies implementing new fees must be consistent with the amendments to that act contained in title X of the conference report.

One of the areas the conference report did not get into was changes in mining law and grazing fee reform. These budget

Mr. Speaker, I would not be remiss if I did not mention the insidious influence of the so-called Byrd rule on the conference agreement before us today. In our small section of the conference agreement the Byrd rule was invoked twice and several important provisions were arbitrarily removed from the agreement text of the bill. This occurred after agreements were reached on the basis of many hours of long and intricate negotiations. The House should never enter into negotiations with the other body with our hands tied behind our backs as has happened in this process. We can't let the nameless, the faceless Members of the Senate, treated as a star chamber, dictate at their whim what is extraneous and what is not in the reconciliation process. Mr. Speaker, if this Parliamentary

procedure persists it will debilitate the ability of the Congress to do its job. I would suggest our problem is that we are too often barred by archaic rules and procedures of the Senate already, without new impediments being put in place in 1993.

Mr. Speaker, I urge my colleagues in the House to support the conference report.

This is an important step, a down payment on our future. We have much to do in this session. And it is important that we put in place an economic foundation today and build upon it tomorrow. Vote "yes" on the plan, pass the Clinton economic plan.

□ 1820

Mr. YOUNG of Alaska. Mr. Speaker, I yield 3 minutes to the gentleman from Wyoming [Mr. THOMAS].

Mr. THOMAS of Wyoming. Mr. Speaker, we have heard it all today. Imagine if someone were home watching this on TV and had not had much exposure to it, what they must think. They must be terribly confused about what is going on.

I am not naive enough to think that not a lot of it is partisan, and there is really nothing wrong with being partisan. There is a difference between the parties. There is a difference in what we believe.

We believe that less Government is better than more. We believe that less taxes are better than more. We believe that individual responsibility is the strength of this Nation and not giving it away. There is a difference.

On the other hand, I suspect there is a lot of it hooked up with the idea that we have got to vote for the President. He is going to make some change.

Well, it is going to be a change all right. We have all talked about constituents from home writing, and we all use the last one that fits this the best.

I just got a call from a contractor from Cheyenne who said, "I would have hired six more folks this summer, but I am not going to do it. Why should I do, when it is all going to be taken away in taxes?"

Interesting notion. I did not make that up. He called, has that idea, and he is the one that has the investment that provides jobs.

It is interesting to me that the liberals here are always talking about changing the money from one person to another, and then wonder why there are not any jobs around. People who invest in jobs are the ones that do that.

I am also interested in my friend from Colorado who keeps saying that there are great cuts. Let us take a look at the cuts.

There are some reductions in one place and additions in another. There are not cuts. We are spending 1.4 trillion this year, and in 1998, we will be spending $1.7 trillion. That is a cut? That is not a cut in Wyoming, folks.

Let us talk a little bit about the bill in general. It does not do what needs to be done. What we need to do is reduce the size of Government. This does not do that.

We spend more. We will have more Government in 1998 than we do now.

We need to strengthen the economy and jobs. This does not do that. It takes the money out of the pockets of the people who live here, who invest in jobs. Biggest tax increase we have had.

What we need to do is reduce the deficit. Does it reduce the deficit? No. The deficit, if you include inside borrowing, that is, from Social Security and the other trust funds, there will be a $2 trillion increase between now and the end of this 5-year period.

This bill does not do the things that need to be done for the country.

Mr. MILLER of California. Mr. Speaker, I yield 1 minute to the gentlewoman from Michigan [Miss COLLINS].

Miss COLLINS of Michigan. Mr. Speaker, I rise today to commend the President for his diligence and persistence. The President has spent more time on Capitol Hill in 6 months than the Republican Presidents spent on the Hill in more than 12 years. I would also like to commend the chairman of the Post Office and Civil Service Committee and the conferees for all the hard work that made this budget a reality.

I am proud to speak today, for this is a historic moment. Faced with the crucial consequences and long-term economic effects of a growing deficit, this committee has worked to bring the budget under control by examining broad strategies to maximize government resources and cut government spending while continuing to improve on the delivery of government services. We have embarked on a new course to change the direction of the country that was established over the past 12 years.

Mr. Speaker, I am proud to have been part of the process that set this country on a new course. I would be the first to admit that this budget is not perfect. However, I cannot remember a time in the history of this country when there was the amount of debate and inclusiveness that has become the hallmark of this budget.

My office has been bombarded with calls for and against this budget, but it's the citizens that have not called who are pleased with this budget because they know we have done our best. I realize that we are asking our constituents to make, in some cases, incredible sacrifices, but I assure you that none of these decisions has been made without many hours of painstaking deliberation.

When I see a budget that will provide immunizations for every child in the country not covered by insurance; when I know that food stamps will continue to feed those that would not otherwise eat; when I see money for empowerment zones that will focus on the cities most in need; when I know that we have done all we can to hold the line on Medicare and Social Security; when we have a provision in the budget like the earned income credit which takes into account the average citizen who is trying to make ends meet and is still facing difficult times; then I know that in the final analysis, the American people will appreciate the difference this budget will make in the greatest country in the world.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. CALLAHAN].

Mr. CALLAHAN. Mr. Speaker, the American people must feel like they are watching a ping-pong match. On Tuesday night the President came on national television. He said one thing. Then the minority leader of the Senate came on, and he said another thing.

The next day, yesterday, we had half the newspapers in the country saying this is a great deal, and half of the newspapers saying it is a bad deal. And today, we have seen Member after Member, come to the floor, most of the Members on this side saying it is a good bill and most of the Members on the other side saying it is a bad bill.

But let's put some simple logic into our thought. We talk about the amount of taxation for gasoline, for example. We tell a truck driver we are going to increase his gasoline or diesel fuel 4.3 cents per gallon so it is going to cost him $500 a year to operate that truck. Do Members think he is going to eat that cost? No; he is going to pass it on to the consumer, and the American consumer is going to pay for it.

Do Members think if we increase corporate taxes that corporate America is going to say, "Well, we will just share this sacrifice and have less profits for our stockholders"? No; they will pass it on to the consumer, and the American consumer will pay for that tax.

There are $270 billion in new taxes in this proposal. Simple logic will tell Members that somebody has got to pay it. The people that are going to pay it are the people who buy the products that manufacturers make and trucks deliver.

Let us not try to fool ourselves. Let us recognize that every American is going to have to pay more than just a simple tax rate increase.

There are five basic known absolutes in this package that we know are facts. First, we know that this measure increases taxes. Second, we know that it is going to increase the cost-of-living. Third, we know that it is going to increase the national debt. Fourth, we know that we are going to have bigger government and more bureaucracy and fifth, we're going to increase Government spending.

Let us just insert a little logic into our thought. Let us put this thing off

for 45 days, go back, talk to our constituents, and then come back and vote on this measure.

Mr. MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from Arizona [Mr. PASTOR].

Mr. PASTOR. Mr. Speaker, I have been here a very short time, but they have talked about balanced budget amendments, line-item vetoes. Today we have an opportunity to vote for deficit reduction.

My peers on the other side of the aisle, some on this side of the aisle, are turning their back.

This bill will lower the deficit. All Americans want that. This bill also will bring tax fairness. The poor now will have an opportunity to have some income, and the rich will have to pay what is their due.

Also, this bill will also invest in our children, in our children's future.

For those reasons, Mr. Speaker, I stand in support of the President's bill.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. CALVERT].

Mr. CALVERT. Mr. Speaker, there is an old story about a politician from down south who was addressing a group of his constituents.

Impressed with the large turnout, he began by saying, "I 'shore' am pleased to see such a dense crowd here this morning."

Before he could continue, a man in the back of the room yelled out, "Don't be too pleased; we ain't all dense."

Mr. Speaker, there must be some members of the California congressional delegation who believe that their constituents are dense.

How else could they support a bill that will require 12 percent of the Nation's taxpayers to pay 16 percent of the increased tax bill?

How else could they support a bill that will drain $40 billion from California's economy—during a recession?

Mr. Speaker, anyone in the California delegation who votes for this plan shouldn't be too pleased if it passes—because, believe me, their constituents ain't all dense.

Mr. YOUNG of Alaska. Mr. Speaker, I yield the balance of my time to the workingman's Congressman, the gentleman from Ohio [Mr. TRAFICANT].

The SPEAKER pro tempore. (Mr. MFUME). The gentleman from Ohio [Mr. TRAFICANT] is recognized for 3 minutes.

□ 1830

Mr. TRAFICANT. Mr. Speaker, there has not been a Republican that supports the bill. There are Democrats that oppose the bill. Not one has spoken. There are Democrats that will be mad with me, but I think the American people should know that there are a group of Democrats that want to see us change the core of our Tax Code.

Mr. Speaker, I am voting no. I think there will be a reduction in taxes for many middle-income people, because they will lose their jobs and they will pay no taxes. The 1990 bill, it taxed the rich, too, Today we will repeal most of the taxes that were levied against the rich in 1990. The truth of the matter is, they went overseas and they bought their boats and the people, the working people in America who worked in the factories that built the boats, lost their jobs. For the first time we go at Social Security, and even though the purpose is noble, we use it for something else. I say Congress should keep its hands off Social Security. It is the people's money not Congress'.

What bothers me is, there is more debate on party loyalty. I helped elect Bill Clinton. To tell you the truth, this is not the plan Bill Clinton explained to me, I am going to tell it like it is, when he was a candidate. I am not so sure Bill Clinton even likes it. I think we have got an entrenched group in Washington that writes these policies and you cannot break into them. We are rearranging the deck chairs on the next Titanic.

We have an income tax. I say why don't we at least study combining the income taxes with a consumption tax. We have a whole underground economy we are subsidizing with taxpayer dollars. Let us raise revenue from it.

I support the needy. I support the poor. How do we help the poor and the needy by losing jobs in America and chasing the investments out of our country? I heard this "mother of all votes" business for 12 years. These are nothing more than the mother of all taxes.

I think the Democrat Party has a responsibility. The Democrat Party could sit down with one of the best, most personal Presidents this country could have and work out a better agreement. Are there good things in here? Yes, I commend the Congress. But let me tell the Members, an x ray machine is never going to solve cancer, and there is basic cancer. It is our Tax Code. It is time to change it. It is a loser big time, and we had better start reading the scoreboard.

I want to commend everybody and all the Democrats that were concerned about party loyalty, but I think our loyalty should be to the American people first, and the party will take care of itself.

Mr. MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Speaker, let me just suggest that this is not about loyalty to a party but to the American people. Let us understand that, clearly, here tonight.

In the Fourth Congressional District in Illinois 40,000 families will receive an expanded earned income tax credit, poor working families, families that work 40 hours a week, two families working there, and they are still below the poverty level, Mr. Speaker.

There are those that say, "Should we do this?" Absolutely; we should give them incentives to continue to work. What we are going to do today is historical, because we are going to say no to 12 years of trickle-down economics, economics that say we should give tax breaks to the rich, that they will be kind and benevolent with us and our communities and create jobs. They will not buy yachts with their riches, they will not buy new cars or vacations, they are going to give the working people an opportunity to work in this country.

It has not worked. Let us have some tax fairness and pass this budget, and central to it is giving poor working people a chance and tax fairness, for once, Mr. Speaker.

The SPEAKER pro tempore (Mr. MFUME). The Chair recognizes the gentleman from California [Mr. MILLER] to close this portion of debate.

Mr. MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Speaker, a lot has been said on the floor of the House today, but I ask the Members to consider this. All politicians hate taxes, so why would a gifted politician like Bill Clinton even include taxes on the rich in his plan? Because Bill Clinton and those of us supporting the Clinton plan believe that the future of this country is worth taking a little heat for. President Clinton had the courage to lead, and tonight we answer the question whether Congress has the courage to lead.

We know there will not be a single Republican vote to support this deficit reduction plan. It is up to the Democrats to come together and lead this Nation, put an end to the Reagan-Bush legacy of debt, bring real change and a real future. Real change in Washington starts with Congressmen facing the real problems facing our country and our kids.

The SPEAKER pro tempore. The Chair announces that all time for debate under this committee's allotment has expired.

CALL OF THE HOUSE

Mr. MILLER of California. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 404]

MEMBERS PRESENT

Abercrombie	Bachus (AL)	Bartlett
Ackerman	Baesler	Barton
Allard	Baker (CA)	Bateman
Andrews (ME)	Baker (LA)	Becerra
Andrews (NJ)	Ballenger	Bentley
Andrews (TX)	Barca	Bereuter
Applegate	Barcia	Berman
Archer	Barlow	Bevill
Armey	Barrett (NE)	Bilbray
Bacchus (FL)	Barrett (WI)	Bilirakis

Bishop
Blackwell
Bliley
Blute
Boehlert
Boehner
Bonilla
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burton
Buyer
Byrne
Callahan
Calvert
Camp
Canady
Cantwell
Cardin
Carr
Castle
Chapman
Clay
Clayton
Clinger
Clyburn
Coble
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Coppersmith
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cunningham
Danner
Darden
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Derrick
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Durbin
Edwards (CA)
Edwards (TX)
Emerson
Engel
English (AZ)
English (OK)
Eshoo
Evans
Everett
Ewing
Farr
Fawell
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Ford (MI)
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Franks (CT)
Franks (NJ)
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Hall (OH)
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Inslee
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Jacobs
Jefferson
Johnson (CT)
Johnson (GA)
Johnson (SD)
Johnson, E.B.
Johnson, Sam
Johnston
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klein
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Klug
Knollenberg
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Lewis (CA)
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Lewis (GA)
Lightfoot
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Lipinski
Livingston
Lloyd
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Lowey
Machtley
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Margolies-Mezvinsky
Markey
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Miller (CA)
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Montgomery
Moorhead
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Morella
Murtha
Myers
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Natcher
Neal (NC)
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Obey
Olver
Ortiz
Orton
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
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Price (NC)
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Reynolds
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Rogers
Rohrabacher
Ros-Lehtinen
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal-Allard
Royce
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Sabo
Sanders
Sangmeister
Santorum
Sarpalius
Sawyer
Saxton
Schaefer
Schenk
Schiff
Schroeder
Schumer
Scott
Sensenbrenner
Serrano
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Shepherd
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (MI)
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Smith (TX)
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Solomon
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Spratt
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Stenholm
Stokes
Strickland
Studds
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Sundquist
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Taylor (MS)
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Torricelli
Towns
Traficant
Tucker
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Upton
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Volkmer
Vucanovich
Walker
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Waters
Weldon
Whitten
Wilson
Wise
Wolf
Woolsey
Wyden
Wynn
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

MEMBERS NOT PRESENT

Beilenson
Brooks
Clement
de Lugo (VI)
Faleomavaega (AS)
Frank (MA)
Gunderson
Gutierrez
Hefley
Martinez
Murphy
Neal (MA)
Norton (DC)
Nussle
Owens
Oxley
Packard
Romero-Barcelo (PR)
Shuster
Underwood (GU)
Valentine

□ 1857

The SPEAKER pro tempore (Mr. MURTHA). On this rollcall, 412 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call were dispensed with.

CONFERENCE REPORT ON H.R. 2264, OMNIBUS BUDGET RECONCILIATION ACT OF 1993

The SPEAKER pro tempore. The Committee on Post Office and Civil Service is now recognized.

The Chair recognizes the gentleman from Missouri [Mr. CLAY] for 10 minutes.

□ 1900

Mr. CLAY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I urge my colleagues to vote for this conference agreement. Last fall, when this Nation elected a new President, it bet on the future and on a young man with a vision for a better America. But 12 years of reckless Republican rule left this Nation and this new President a pile of debt as high as the eye can see. If America is to realize his vision, reducing this debt must be the first order of business.

Voting for this agreement is the only responsible thing to do. The spending cuts are real. There are no smoke and mirrors. It will result in $496 billion in serious deficit reduction over the next 5 years. The conference agreement could be better. There are parts I don't like. But better isn't before us today. What is before the House is a credible, responsible deficit reduction package that I can support.

Let me remind my colleagues: a lot is riding on the outcome of this vote. Enactment of this package will demonstrate to the American people that the Democratic Party can govern this Nation. We have proven we can win elections. Now it's time for all Democrats to put short-term political considerations aside and begin governing.

Enactment of this package will mean we can begin solving the problems that the people sent us here to solve. People want a better life for themselves and their children. They are tired of children living in poverty. They are fed up with a health care system that denies access and charges too much. They are tired of schools that do not teach and workers who cannot work. But this country will never even begin to address these problems unless it deals with the deficit. It has sapped our strength and made us timid.

The conference agreement contains a number of provisions within the jurisdiction of the Post Office and Civil Service Committee. We were instructed to cut direct spending by $10.6 billion over fiscal years 1994 through 1998. The committee worked hard to ensure that the required spending reductions were made in the fairest and most responsible manner.

Approving this agreement is the first step toward creating the economic prosperity that will create jobs and improve the standard of living of all Americans. President Clinton and this Congress were elected to restore prosperity and fairness to our Nation. To vote for this conference agreement is to do what the American people sent us here to do.

Mr. Speaker, I reserve the balance of my time.

Mr. MYERS of Indiana. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I rise in opposition to this tax bill this afternoon. I guess that comes as no surprise. But I all say I also voted against the Reagan tax package in 1982, the so-called Bush tax package in 1990.

It is always strange to me that every time we talk about balancing the budget, which we all recognize we must do, we always say, "Let's raise taxes." Cutting spending is the last thing anyone wants to talk about around here.

If rhetoric could balance the budget, we would have it balanced a long time ago, with all the rhetoric around here. Rhetoric is not going to pay this high tax bill for the taxpayers of this country; they will have to.

I can understand the loyalty that Democrats have to their President, and I understand the loyalty that they have to their party. But the first loyalty comes to the American taxpayer, or it should, the working people who have to pay these taxes.

Mr. Speaker, several of the Democrats have said that we are already cutting spending.

I am on the Committee on Appropriations, and I went back and checked. I thought maybe I made a miscalculation here. So I added up the 11 appropriation bills plus the one supplemental appropriation that has already passed.

I think Members have already made their mind up and they are just in conversation now.

But this talk about spending cuts, there have not been any. Of the 12 appropriation bills, 11 regular and one supplemental, which I added up, we are almost $30 billion more than last year's spending. Is that cutting spending? It must be that new math, if it is.

Then they say, "We are only going to tax the rich. It is only the wealthy people, and they should not have the money. They have worked hard, but let us take it away from them, they have no right to it, let's tax them."

But tell that to the senior elderly widow trying to stay in her home, tell her that because she has saved and scrimped all through her life and is able to have some investments now and has an income of $35,000 that she is going to have to have 85 percent of her Social Security taxed. Tell her she is not going to pay any more taxes. Or tell the family who have worked together to build up a farm or a small business and their heirs have to buy it back from the Government—never a friendly ally. And they are going to have to pay estate taxes now, higher estate taxes. Tell them, "You are not going to be affected," when they start to borrow money in order to pay those taxes.

Mr. Speaker, this is not just taxing the wealthy, this is taxing America. And this is something we should not be doing. This is the time for us today to say let's freeze everything at last year's level and let revenues catch up to it.

Mr. CLAY. Mr. Speaker, I yield 30 seconds to the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. I thank the chairman of the committee for yielding this time to me.

Mr. Speaker, I would like to ask a question of the gentleman from California [Mr. STARK], the chairman of the Subcommittee on Health of the Committee on Ways and Means:

Mr. Speaker, I ask the chairman this question: In Section 1877 (42 USC 1395nn)(h)(6)(k) the physician self-referral ban enumerates "inpatient and outpatient hospital services." It is my understanding that this provision is not intended to apply to physician owned lithotripsy facilities that furnish services under contract with a hospital. Is this correct?

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from California.

Mr. STARK. I thank the gentleman for yielding.

Mr. Speaker, the gentleman is correct.

Mr. ROSE. Mr. Speaker, I thank the gentleman for his response.

Mr. MYERS of Indiana. Mr. Speaker, I yield 2 minutes to the gentlewoman from Maryland [Mrs. MORELLA], a member of the committee.

Mrs. MORELLA. I thank the gentleman for yielding this time to me.

Mr. Speaker, a budget which lacks credibility is a budget which I cannot support.

This budget package is quick to tax and loathe to cut. It is replete with questionable accounting and even more questionable economic assumptions.

Take, for instance, the fact that the tax increases contained in this budget would begin retroactively—

In addition, this package does not acknowledge reality. It ignores the fact that Congress and the President annually extend a variety of popular tax credits—such as the targeted jobs tax credit, the research and experimentation tax credit, and the educational assistance tax credit. These costs are not reflected for the full 5 years of the plan.

Mr. Speaker, knowing that they will be extended, honest accounting would reduce the deficit reduction target a minimum of $12 billion. This is an example of the lack of credibility of this budget.

Mr. Speaker, during his national television address on Tuesday evening, the President claimed that there were only two choices in this budget debate—this plan or no plan. Take it or leave it.

And yet, there is an alternative. Republicans and Democrats can and should start working together today to fashion an honest bipartisan agreement—one in which the American people can have confidence. Only when both sides of the aisle work together can we create results worthy of our responsibility. I look forward to participating.

Our Nation's economic future is too critical to be debated through "take it or leave it."

□ 1910

In this Chamber, we do not rule by decree. We conduct meaningful discourse and vigorously debate options.

We do have a choice. We can do much better in this budget. Indeed, we must do much better in this budget.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the delegate from the District of Columbia [Ms. NORTON].

Ms. NORTON. Mr. Speaker, the Republicans are doing it again. They play the game by moving the goal posts. We have met their mantra of $1.00 in spending cuts for every dollar in new taxes and still they whine on.

Federal workers alone are giving back $10.6 billion in benefits, greatly disproportionate to the share borne by other Americans. That comes out of one of five workers who live in my district.

But the tremendous breaks for small businesses, the earned income tax credit for working people and the other modest investments, they will help others in my district.

In effect, lots of my constituents are taking cuts in benefits for those who are most starved for investment. It is how a Federal compact is supposed to work.

This package is paid for, but too many in this House are locked in the logic of the eighties, "Buy now, pay never."

What has been in shortest supply on this floor today is courage, yet the American people seem unafraid. The last recession jolted them out of the feel-good Reagan-Bush years and hurled them into the reality of a decade that serves no free lunch for most and no lunch at all for many.

In a classic case of role reversal, a Democratic President and a Democratic Congress are cutting, not spending.

It may not be a magic moment, but this is an historic day. It took guts to get this far.

Remember the words of the immortal Jessie Owens, "Please don't fail me now." Let us not faint at the finish line. Pass this package.

Mr. MYERS of Indiana. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. Mr. Speaker, we call this a reconciliation bill, but truly that is a misnomer of monumental proportions. This bill does nothing to reconcile Congress to following the will of the American people.

What the American people want is for the two parties to work together to solve the Nation's problems. What the American people want is for spending to be cut—truly cut—before they are asked to ante up more taxes. And what the American people want is for Congress to reduce the deficit—not the targets for deficit reduction.

But are we accomplishing what the American people want? I think the answer clearly is no. We are doing quite the opposite.

We are doing the opposite because this year's budget process has been flawed from the outset. There was no attempt to craft a bipartisan consensus. The administration never reached out to this side of the aisle in developing its budget proposals. Polarization starts when one side gets frozen out—and that is exactly the way this year started—and, unfortunately, that is the way it seems to be continuing.

The decision to raise taxes retroactively—mind you, retroactively—and cut most spending years later is not

likely to warm many hearts. It fails the emotional and intellectual tests of acceptability.

I am not one of those sanctimonious sermonizers who says no taxes ever, under any conditions. In fact, I think deficit reduction will require some tax increases. Failure to see this is to enter the process with blinders on.

But we cannot ask the American people to send more money to Washington until we have shown them that their money is being used wisely. And we cannot expect the American people to pay all sorts of new fees and levies until we have demonstrated that the new taxes fairly distribute the tax burden.

We have not done that yet; we have not persuaded the American people. And that is not a failure of salesmanship, it is a failure of statesmanship. We have not yet fulfilled our responsibilities, and the American people know that.

Voting today to kill this package is a necessary first step toward fulfilling those responsibilities. With this package dead and buried, we can go back to the negotiating table, we can work together, we can agree on real and immediate spending cuts, and then—and only then—we can look at equitable tax increases. That would be true reconciliation. And that would not look anything like what we have gone through, or come up with, so far this year.

I urge my colleagues to vote against this measure.

Mr. CLAY. Mr. Speaker, I yield 1½ minutes to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN. Mr. Speaker, after 4 hours of Republican rhetoric, I think it is still a fair question to ask our friends on the other side of the aisle, what is your real problem with this bill?

Surely it cannot be retroactivity, when most Republicans voted for President Reagan's 1981, 1984, 1986 retroactive tax provisions. President Ford's 1976 Tax Reform Act increased the alternative minimum tax by 50 percent, and yet when it passed in October it was retroactive to the previous January.

Certainly it cannot be out of concern for small businesses, when you know that as many as 90 percent of the small businesses in this country could see their taxes cut as much as five different ways.

It cannot be out of concern for a 4.3 cent gasoline tax, when by shopping around between service stations you can save more than 5 cents. Even if you do not shop around, we are only talking about $30 a year for the average household.

And surely it cannot be because it hurts the elderly with incomes over $44,000. Your plan would have cut much more from health care for the elderly, and not to mention military and civilian retirement pay.

It cannot be because it balances budget cuts with tax increases. President Bush understood the need for balance. In fact, most of the Republicans on this side voted for that balanced deficit reduction bill, and in fact it did reduce potential deficits by up to $500 billion.

And it cannot be because it affects only those with incomes over $180,000 instead of the middle class.

I think the real reason is because it took a Democratic President to do what a Republican President did not have the guts to do to act fiscally responsible.

Mr. MYERS of Indiana. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. WOLF].

Mr. WOLF. Mr. Speaker, after hearing that last speech, let me just say that I rise in strong opposition to the budget reconciliation plan.

The reason that many Members on this side and on the other side are opposed to it, I will tell my colleague, the gentleman from Virginia, one, it does not cut spending.

No. 2, it increases spending.

No. 3, it increases taxes retroactively.

No. 4, it does not even get us near a balanced budget.

Clearly, this bill is an indication if it passes of how far out of touch the White House and the Congress is with the American public.

We should be debating here today how much we are going to cut and we should also be debating here today a bill to increase the personal exemption for children from $2,300 to $3,500 to allow moms and dads to spend more time with their kids, middle class families to take care of them.

Mr. Speaker, this bill is not a good bill.

Mr. Speaker, I rise in opposition to the budget reconciliation plan. If this plan passes, it will show how much this White House and Congress are out of touch. In my office calls about this plan are running 9 to 1 against. What we are hearing is cut spending first.

I share the concern of many citizens regarding the size of the Federal budget deficit. Controlling spending and balancing the budget are among the most critical issues facing Congress today. Continued high deficits harm our Nation's economy. We must work to keep the economy growing. We must keep inflation under control, interest rates low, and investor confidence high to create new jobs.

My concern, however, is with the direction we are moving under the deficit reduction plan as proposed by President Clinton. Under the best of circumstances, this plan over 5 years would reduce the deficit by only one third of the estimated nearly $300 billion deficit today and that's with $275 billion in new taxes proposed in the plan.

This is even if the promised spending cuts in the future come to pass. Billions of promised cuts have fallen by the wayside over the past decade while the upfront tax increases are immediately enacted. Now with this budget we have the novelty of retroactive tax increases. Taking even more money out of the private sector will only increase the current lag in economic growth.

In addition, contrary to claims that the President's deficit reduction program will create jobs and grow the economy, the plan is void of incentives to save, invest, or start up new businesses and saddles small businesses, which are expected to create 75 percent of new jobs, with devastating tax increases that will result in small businesses paying a higher tax rate than large multinational corporations.

This is not the kind of change Americans are demanding; it is more of the same tax and spend status quo. A budget bill which forces middle-income Americans, senior citizens, small-businesses and farmers in this country to send more tax money to the Federal Government so that Washington can continue its spending spree is not legislation which will get my vote.

Americans are not taxed too little; the Government spends too much. Cut spending first.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. MCCLOSKEY].

Mr. MCCLOSKEY. Mr. Speaker, hopefully, come passage of this landmark legislation, demagoguery, partisan bomb throwing, and knee-jerk talk radio anti-tax tirades, will subside into relative calm.

The simple fact is if we fail to get the deficit under control, we sacrifice our future, and our children's future.

This bill is not perfect. We would all like to change something. But this is fundamentally fair, cuts the deficit by nearly $500 billion and seeks to establish a foundation for real economic growth.

This credible plan contains over 200 real and specific spending cuts. These include reducing the size of the Federal workforce by over 100,000 to reducing unproductive crop subsidies by over $2 billion. Discretionary spending is frozen for the next 5 years.

As chairman of the Subcommittee on Civil Service, I can say that this plan is fair to Federal employees. Retiree's survivor benefits will not be cut, and retiree COLAs will not be reduced, instead they will be delayed for 3 months.

No one likes to increase taxes. After 12 years of phony budgets and pie-in-the-sky rhetoric from past administrations, there are no easy votes when it comes to the Federal budget. If we're here to avoid tough choices, and keep everyone happy, ultimately Government cannot function and our democracy will collapse.

This plan, a great step forward for the working poor, significantly expands the earned-income tax credit. More than 35,000 working families in the 8th District of Indiana will benefit.

This change could save a single working mother with two young children who earns $21,000 a year, over $250, in

taxes when it is fully in place in 1994. Nobody's on a tirade for them.

Expansion of the Food Stamps Program, a new Family Preservation Program, and a major expansion of the Child Immunization Program are also included in the package. If the poor had lobbyists, our phones would be ringing off the hook.

This plan is not anti-small business. In fact, it will help the vast majority of small businesses. Even the Wall Street Journal has written that foes of the tax proposals in this plan have misled the public about the small business aspects of this plan.

Only 4 percent of small businesses will be affected by increases in marginal income tax rates, while over 90 percent will benefit from tax incentives, many of which are retroactive. Small businesses that invest in equipment and that use profits to create jobs will benefit from this program.

The plan contains tax incentives that will lead to economic growth and more jobs, including incentives for purchases of new equipment, a 50 percent reduction in the capital gains tax rate for stock in a small business held for more than 5 years, a retroactive extension of the research and development tax credit, a retroactive extension of the Tax-Exempt Small-Issue Development Bond Program, retroactive exclusion from income for employer-provided educational assistance, and retroactive extension of the targeted jobs tax credit.

The only tax increase that will be paid by families with taxable income below $140,000 is the 4.3-cent-per-gallon increase in the tax on gasoline. Residents of Indiana who drive an average of 15,700 miles-per-year will pay about $34 a year more in tax.

I know my office has received a barrage of mail and phone calls from backers of Ross Perot who oppose the tax increases in this package. I want to remind those people that Mr. Perot has called for a 50-cent-per-gallon gas tax increase. In addition, Mr. Perot will not identify the billions of dollars of spending cuts he proposed.

Last weeks' NBC/Wall Street Journal poll indicates that more Americans favor the economic plan than oppose it. Moreover, 54 percent of people view this plan as a step in the right direction. The people are right. This plan is the beginning of realistic and comprehensive Federal budget policy. Unlike previous budgets, this is based on conservative and obtainable economic growth projections.

Some of the provisions that my constituents were most vehemently opposed to are not in this plan. Foremost is the Btu tax, and a provision that would have increased the barge tax on inland waterways. As a Representative of a district with agriculture and coal producers, both of whom use our rivers for transporting their goods, this is good news.

Some Members argue that we should start all over, and convene a summit to draft a new deficit reduction plan from scratch. This is disingenuous to say the least. Most of these same people have opposed the President's plan since February, and want gridlock to drag on endlessly.

The bottom line is that if you want real deficit reduction, you must vote for this plan. It is not the last time we will have to face the deficit in tough budget votes, and nobody is claiming it is. We must, however, pass this plan in order to get our fiscal house in order, and move on to the many critical issues our constituents elected us to face such as health care, welfare reform, crime, and job creation.

□ 1920

Mr. MYERS of Indiana. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana [Mr. BURTON].

Mr. MYERS of Indiana. Mr. Speaker, I yield myself the remaining time.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from Indiana [Mr. MYERS] is recognized for 2 minutes.

Mr. MYERS of Indiana. Mr. Speaker, it is a shame today that we are even addressing this budget reconciliation, almost 2,000 pages that no one in this House got to see except a very few members of the conference. We see it here today, and, to my knowledge, I have not received it in my office. Almost 2,000 pages we had to read in less than 3 or 4 hours, and, from the discussion here on the floor, there was very little discussion about the actual content of this bill. So, we are being asked here to vote on something that even as a conferee we met about a month ago. I was a conferee, met on time, but we Republicans, or at least I as a Republican, was never invited back for another conference, yet we are voting on it here today, voting on something that we listen to with the knowledge that we have. We have had to read about it in the newspaper, which, as we know, is sometimes reliable and sometimes is not. They are on the same schedule as we are, but they have more people, and we had to read this report.

But, Mr. Speaker, it is very simple what we might do here. If we could just freeze every appropriation at last year's level, and keep it there for maybe as much as 3 or 4 years, let the revenue catch up, we would not be tinkering with a very fragile economy we have in the country. The economy is trying to recover.

Now we are doing everything we can do here to take money out of the public's pocket, tax them, bring it down here to Washington so that we can spend it for them, taking money out of their pocket that they would be buying shoes for their children, food for their stomach, send them to school. Every time a consumer out there gets to spend their own dollar, they buy a product or a service someone has to produce. That person will pay taxes on it. Well, if we bring it here, we will have to create jobs out of that tax dollar instead of creating jobs in the private sector.

So, Mr. Speaker, this is not the way to stimulate the economy. It is not the way we ought to be doing business.

Just freeze everything at last year's level, and let revenue catch up to it, and let the economy continue to recover.

One last thing:

We will probably see a tax increase or an increase on postage because we, once again, have come back and hit the postal system for over a billion dollars additional this year that is going to be passed on to the consumer. I say, "Don't forget that when your rates go up. Thank the people who voted aye today."

Mr. CLAY. Mr. Speaker, I yield the balance of our time to the gentlewoman from Colorado [Mrs. SCHROEDER].

The SPEAKER pro tempore. The gentlewoman from Colorado [Mrs. SCHROEDER] is recognized for 2 minutes.

Mrs. SCHROEDER. Mr. Speaker, I thank the gentleman from Missouri [Mr. CLAY] for yielding this time to me, and I just want to lay some facts out here because they seem to have a lot of factlessness on the other side.

Fact No. 1: The fiscal year ends the same time this year it has ended every year, the end of next month. The people who are saying, "Oops, 8 months got away, and we never got around to making a budget. Let's all sit around and talk about it now." Please. The calendars are the same. This is no surprise.

Fact No. 2: The President of the United States has fed and watered more Republicans in his first 7 months at the White House than Bush and Reagan did in their entire 12 years. He has put out all sorts of olive branches, and his hand has been bit every time he put it out. As my colleagues know, the first time it is bit it is OK, but to a certain point one finally says that they do not want to play.

We have got many Members who have not voted for any budget, any budget at all, and the only thing worse than having a budget that one is not particularly 100 percent in love with is having no budget at all. Imagine a government without a budget.

Fact No. 3: People keep talking about there are no cuts in here. I am surprised to see some of the other party on this committee saying there are no cuts. In this area there are probably more cuts proportionately than there are in any other area. Ten billion dollars we are laying on top of Federal employees, and I guess the only fault was they were just such good soldiers

that they did not yell loud enough. But they bit their lip because they realized the real problem is the debt, the threat of the debt, and they understand that it is the future, stupid, and we got to do something about getting that debt down.

So, Mr. Speaker, I say to my colleagues, "If you believe it's the future and we got to do something about the future, and you've been sitting around for 7 months and haven't gotten a budget or anything else, I really wish that we would face up to it and move on. No, it's not perfect, but the hour is late, and I resent very much almost a political cleansing going on here where people want to sit and throw barbs back and forth."

Let us get a budget, and let us get the facts.

The SPEAKER pro tempore. All time has expired for the Committee on Post Office and Civil Service.

The Chair recognizes the Committee on Public Works and Transportation. The gentleman from California [Mr. MINETA] is recognized for 10 minutes.

Mr. MINETA. Mr. Speaker, I yield my 10 minutes to the gentleman from Nebraska [Mr. HOAGLAND], and I ask unanimous consent that he be permitted to yield blocks of time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOAGLAND. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Speaker, I thank the gentleman from Nebraska [Mr. HOAGLAND] for yielding this time to me. I want to talk about one of those terrible spending things we have in here.

It is interesting the way language evolves. Government spending has come to be a very unpleasant phrase for people on the other side to some extent, that some Government spending is a big mistake. I have tried to reduce some of it myself. But some Government spending seems to me to be quite necessary, and I think, when we reach a point where there is an undifferentiated attack on anything that is called Government spending, we are making a big mistake.

One of the significant increases, and it is an increase, in Government spending in this bill is a $20 million increase in something known as the earned income tax credit, and the fundamental premise of that proposal is this:

If you are working, and because you are in such a low-wage job because of your own lack of skills, historically, because imports have depressed the wage level in the area in which you work, if you are a full-time worker, and you have got a family, and you are under the poverty line because the wages you get for that 40-hour week are so low, we are going to, if we pass this bill, bring you out of poverty.

This is not a benefit for people on welfare, many of whom are quite deserving. It is not a benefit for people who do not work. It is not even a benefit for the unemployed. It is a benefit solely, and it is a $20 million spending increase, those bad words, but one, I would hope,

Now I will confess that is an increase in Government spending, and it is one I am very proud to support. I hope this bill is passed because it is an increase that has been conspicuously absent from the Republican versions.

□ 1930

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from Pennsylvania [Mr. SHUSTER] is recognized for 10 minutes.

Mr. SHUSTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, Napoleon was defeated at Waterloo not because of some grand strategic error, but because he made one bad choice. In the fog of war, he looked through his spy glass at the advancing troops and thought they were his own French troops in blue uniform, and it turned out instead they were in the black uniforms of the Hessian mercenaries. Because of that one bad choice, he was defeated and his brilliant career went down.

Mr. Speaker, I fear that some in this Chamber today are putting themselves in a similar kind of position based on the choices that are going to be made. Napoleon could not hide. He had to bear the responsibility for the choice he made. And I fear, particularly because this vote is going to be so close here today, that some of our fine colleagues, particularly on the other side of the aisle, are going to put themselves in a similar kind of position based on the choice that they make here today.

Mr. Speaker, I certainly would not want to go home and try to explain why I voted for such a massive tax increase, from a transportation point of view. I certainly would not want to have to go home and explain voting for a tax increase of 4.3 cents per gallon, which, for Pennsylvania, for example, one State, adds up to $234 million a year taken out of the pockets of Pennsylvanians. Not to build highways or transit systems or bridges, but to send to Washington. Two hundred thirty-four million dollars.

Yes, if you are middle class, this transportation tax hits you four times as hard as it does the wealthy in terms of your share of your income. If you are poor, it hits you eight times as hard as if you were healthy.

So I do not think this is the kind of a vote that many people should want to go back home to explain. Indeed, I am told by many people that this is a bonanza for the Republican Party. We should look with glee upon our Democratic colleagues voting yes for this massive tax increase.

But I say, and not always do we think this way, I suppose, but tonight, because this is so important to the history of our country, I say to my friends, do not do what is best for the Republican Party; do what is best for America.

Mr. Speaker, I urge my colleagues on the other side of the aisle to vote against this massive tax increase, to vote it down so we can sit down together and craft a bipartisan solution that does not impose a massive tax increase on the American people, but rather deals with this deficit problem by reducing spending.

Mr. HOAGLAND. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Mr. Speaker, in my office today and yesterday because of the campaign of misperception and misunderstanding that has been spread, I have gotten families calling me with incomes of $20,000 to $40,000 a year saying how unfair it is, about this retroactivity, and afraid and scared to death they are going to have a tax liability going back to January 1.

Mr. Speaker, let us set the record straight on retroactivity. First of all, if you have under $180,000 a year in family income—that is right, $180,000 a year—you do not have a dog in this fight. This does not apply to you. In fact, those who will be paying, the 1 million people who will be paying back to January 1 of 1993, are those whose average incomes are $300,000 per year.

Second, what is not being revealed in all this campaign of folderol around here is that the tax cuts, as well as the tax increases on those making over $180,000 per year, are retroactive, 14 of them, including repealing the luxury tax, increasing small business expensing, restoring some passive loss for real estate, and favorable alternative minimum tax treatment. And, yes, 90 percent of small businesses in this country will benefit from these provisions, including the retroactive tax cut provisions.

Mr. Speaker, what is also not told is how the people who will be subject to this liability, those earning over $180,000 per year, have 3 years to pay, without interest and without penalty, that increased liability.

Finally, there have been retroactive provisions in the past. Since 1976 there have been five tax bills with 15 provisions, all made retroactive. The Reagan Deficit Reduction Act of 1984 had nine provisions alone. The Tax Reform Act of 1986 had retroactive provisions dealing with investment tax credits. Finally, in 1982, when they retroactively taxed 5.3 million drawing unemployment benefits.

Mr. Speaker, let us set the record straight on retroactivity.

Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. CLINGER].

Mr. CLINGER. Mr. Speaker, I hope this bill is defeated for a lot of reasons, but certainly a primary one and a major one is this increase in the gas tax that we are contemplating.

Mr. Speaker, the Highway Trust Fund was set up more than 30 years ago for the sole purpose of financing the Federal Aid Highway System with money from the gas tax. We have used the money exceedingly well, financing the construction and repair of these roads through gas taxes, which set up a clear relationship in the minds of most people between the gas tax and improvements in our national standard of living.

Under this bill, however, the new gas taxes will be permanently dedicated to deficit reduction. The linkage between the gas tax and roads will be broken, broken forever, both in fact and in the minds of the American people.

Mr. Speaker, not only does this new tax break faith with the concept of the trust fund, it places a disproportionate share of the burden on the transportation industry and on rural America. Under this bill rural Americans will be asked to make a disproportionately large contribution to deficit reduction in comparison to their urban compatriot. So I urge defeat of this bill.

Mr. SHUSTER. Mr. Speaker, I yield 45 seconds to the gentleman from New Hampshire [Mr. ZELIFF].

Mr. ZELIFF. Mr. Speaker, there are many reasons why I will vote against the President's tax and spend bill. Tax increase will reduce growth in the economy, which will create more unemployment. Budget cuts, using phony baseline budget estimates, are not realistic. A deficit reduction program that increases our debt over $1 trillion over the next 5 years is a farce. The soak the rich program will remove incentives for the risk takers to take risks and create jobs. Raiding our Social Security trust fund is a road to disaster, and the same thing applies to the highway trust fund. The restaurant tax will destroy 165,000 jobs.

Mr. Speaker, 80 percent of the cuts are in defense. We need to cut spending first. The President's plan does not cut it. Vote "no."

Mr. HOAGLAND. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Speaker, middle-income taxpayers listening to this debate have to be confused by listening to the differences among the different speakers. So I am going to ask the middle-income taxpayers to do their own calculations to see how they are impacted by the taxes in this proposal. I think they will find the Clinton tax proposal, the Deficit Reduction Act, is a fair proposal.

On income taxes, if you as an individual have taxable income under $115,000, you do not pay any new taxes. If you are a couple with taxable income under $140,000, no new income taxes. That equates to about $180,000 of income. And unless you make $250,000 of taxable income, you are not subject to the 10-percent surtax. So 98 percent of our income taxpayers are not going to pay any new income taxes.

On the Medicare tax, if your salary from one employer is not over $135,000, you are not going to pay any more taxes.

On Social Security, seven out of eight elderly who receive Social Security are not going to pay any more taxes. If your income is below $44,000 as a couple or $34,000 as an individual, you do not pay any more taxes.

The gasoline tax is the only broad-based tax. For people in Maryland on average that will mean an extra $28 a year. There is also the earned income tax credit offering people with $28,000 a year or less in income tax rebates.

Mr. Speaker, when you add it up, 80 percent of the taxes come from people who make over $200,000 a year. All of the new taxes go for deficit reduction, along with the spending cuts. That is good news for middle-income taxpayers: lower interest rates, more money for investment, and jobs for our economy.

Mr. Speaker, I urge my colleagues to support the Deficit Reduction Act.

□ 1940

Mr. SHUSTER. Mr. Speaker, I yield 45 seconds to the distinguished gentleman from Georgia [Mr. COLLINS].

Mr. COLLINS of Georgia. Mr. Speaker, as a Member of this body, I have heard a lot to talk about small business. Well, I am a small businessman. For the last 30 years I have experienced the ebb and flow of the economy.

I have dealt with the effects of increased taxation and the effects of decreased taxation.

Today, I have fewer employees than I had 2 years ago. I have less equipment than I had 2 years ago, the result of a flat economy due to the 1990 tax increase.

This tax increase is no different. It too will again affect the economy. Small business costs will go up. Profits will go down. Jobs will be cut. Tax revenues will decline. Passage of this tax increase is a repeat of the 1990 tax deal. Again, the people's government will lose.

Mr. HOAGLAND. Mr. Speaker, I yield 30 seconds to the gentleman from Kansas [Mr. SLATTERY].

Mr. SLATTERY. Mr. Speaker, I am also a small business person. I want the gentleman to know that I called the Kansas Department of Revenue today, and I learned something.

There are 32,000 corporations in Kansas that file an income tax return. Only 30 of them, three zero, are going to experience an income tax increase under this legislation according to the Kansas Department of Revenue.

As a small business person, I will tell Members what hammered me. It was high interest rates.

This bill is designed to keep interest rates down. The Chairman of the Federal Reserve System has given us a very difficult choice. Pass tough deficit reduction, interest rates stay down. If we fail to pass deficit reduction, interest rates are going up. If interest rates go up it will gobble up the profits of small business all over America.

Mr. SHUSTER. Mr. Speaker, I yield 45 seconds to the distinguished gentleman from New Jersey [Mr. FRANKS].

Mr. FRANKS of New Jersey. Mr. Speaker, this budget process began with high hopes and ends tonight in broken promises. Being from New Jersey, I am in a unique position to know what the imposition of an enormous tax hike can do to a faltering economy.

It can destroy jobs, ruin families, and destroy economic opportunity.

To paraphrase from my friends in New Jersey, the action we are about to take tonight, Mr. Speaker, "Clinton taxes plus Florio taxes, devastating together."

Mr. SHUSTER. Mr. Speaker, I yield 45 seconds to the gentleman from California [Mr. BAKER].

Mr. BAKER of California. Mr. Speaker, I am honored to be speaking on this important day. I thought I would just read a paragraph from a constituent who wrote to me on July 26.

I thought it might be of interest to know how the pending legislation will affect me and my wife. In essence, we have embarked on a "tax-saving" plan. We are foregoing home improvements, so that we will be able to pay Mr. Clinton's taxes. That means that people in the building trades industry are not getting the jobs they would have. Further, people that supply those craftspeople are not getting the sales. And, both California and the U.S. government are not getting tax revenues (both income and sales), that those companies and people would have paid. It's simple. Money is spent directly on taxes or is used to create employment, which produces people with earnings—which produces tax revenues!

Cut spending first.

Mr. Speaker, the omnibus budget reconciliation package is just the wrong medicine for this economy. It has been said, "those who do not learn from history are doomed to repeat it."

The history lesson is a recent one. Just 3 years ago in 1990, George Bush and the Democratic Congress passed what was then the largest tax increase in history. Both Democrats and Republicans voted for it in 1990, and George Bush lost his job because of it.

The 1993 tax and spend plan is even worse than 1990. The taxes are retroactive. Money earned between January 1, 1993 and today will be taxed—even though most of it has been spent or budgeted.

This tax plan includes a gas tax which will hurt anyone who drives a car, uses any form of transportation, or buys any product that involves shipping. Seniors on fixed incomes will be hurt by the gas tax in addition to the increase in the Social Security tax.

Like 1990, the taxes come first and will hit hard. The spending cuts are projected to 3 or more years in the future and, similar to 1990, probably will never come. Furthermore, while the President claims that his plan will reduce the deficit by $500 billion, after 5 years, the national debt will actually be increased by over $1 trillion.

This is not deficit reduction—this is a hoax, and, like 1990, the American people won't forget it.

Mr. HOAGLAND. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado [Mr. SKAGGS].

Mr. SKAGGS. Mr. Speaker, small business people of America, please take note. We salute you. We respect you. We know that you are the engine creating the growth of this economy and jobs for Americans. That is why this bill includes unprecedented incentives for you. You are going to be able to expense out, during the first year, $17,500 of new equipment purchases, rather than $10,000 under current law. You will be the beneficiary of investments induced by a new capital gains tax cut to 50 percent for investments in small firms, a provision that has the NFIB's support. And we will extend the deduction of health insurance for self-employed. All of that, not to mention the extraordinary importance and benefit to small business of lower interest rates and credit availability.

The small business provisions in this bill have been subjected to false attacks that are shameless. What is the truth about the impact of the tax provisions on small business?

Four percent of small businesses in this country—those with average incomes of over a half million dollars a year—will be subjected to some increased taxes. Ninety percent of small businesses will benefit from these incentives and be eligible for tax decreases.

Finally, Mr. Speaker, let us remember to whom we are obliged as Representatives. I cannot state it better than was stated over 200 years ago by the great Irish parliamentarian from Bristol, Edmund Burke, who said to his constituents:

> It ought to be the happiness and glory of a representative to live in the strictest union with his constituents. * * * But his unbiased opinion, his mature judgment, his enlightened conscience he ought not sacrifice to you. * * * They are a trust from providence for the abuse of which he is deeply answerable. * * * Your representative owes you not his industry only but his judgment, and he betrays, instead of serving you, if he sacrifices to your opinion.

My colleagues, we owe America our best judgment. This bill serves the national interest. It is our earnest and difficult duty to support it.

Mr. SHUSTER. Mr. Speaker, I yield 45 seconds to the gentleman from Massachusetts [Mr. BLUTE].

Mr. BLUTE. Mr. Speaker, I rise in strong opposition to this huge tax increase on the productive sector of our economy. I was not a Member of this House in 1990, but I was an interested observer who heard the promises made by those who cut the infamous 1990 budget deal. They are the exact same promises made today by the proponents of this bill. Tax now and we'll cut later.

The fact is that raising taxes never reduces deficits. Rather, in a perverse way, they cause deficits to grow larger.

The taxes in this plan will cost the people of my State of Massachusetts $7 billion over the next 5 years. These are resources that won't be available in my State to invest in new technologies, to create new jobs, to send kids to college or to simply help a family make ends meet.

This isn't change at all. It is the same old Washington, DC tax and dance routine, that will ultimately weaken our economy and sadly hurt real people. I urge a no vote on the tax plan.

Mr. SHUSTER. Mr. Speaker, I yield 45 seconds to the distinguished gentleman from New York [Mr. QUINN].

Mr. QUINN. Mr. Speaker, I rise today in strong opposition to the tax-and-spend plan before the House today because I was sent to Congress by the people of western New York to reduce the staggering budget deficit by cutting spending first.

Unfortunately, this plan raises taxes first and foremost.

There are many families in Buffalo and Erie County who are struggling to make ends meet and cannot afford to pay new taxes on gas.

There are many senior citizens in our area who cannot afford to pay new taxes on Social Security benefits.

There are many small businesses in western New York that employ thousands of hard-working men and women and cannot afford to pay higher income taxes.

Supporters of this budget claim the higher tax rates will only affect the rich—or those who earn over $180,000 a year—but two-thirds of those people are small businessowners who employ many of the working men and women in western New York.

This tax plan does not hit just the rich—the taxes also hit small businesses, the fastest growing sector of our economy that creates the most new jobs.

By taxing the small-business sector, Congress' new gas taxes and income taxes will cost jobs in Buffalo, Erie County, and the rest of the United States.

The budget plan raises taxes first and promises to enact some savings in the so-called "out years"—the problem is that no one has ever lived in an "out year."

In fact, we are just about to enter an "out year" from the 1990 budget deal in which spending cuts are supposed to take effect, but Congress is preparing to scrap the deal and start again with a new tax increase.

Instead of cutting spending first, the budget plan raises taxes first and postpones spending cuts—in fact, it even increases spending in many areas.

Last election day, the people of Buffalo and Erie County, just like people across this country, sent a message to Washington that was loud and clear—we want a change, and a change for the better.

This tax-and-spend budget is business as usual. That's why I oppose it, and that's why I supported the Kasich alternative plan that would have reduced the budget by cutting spending first—not raising taxes.

Mr. HOAGLAND. Mr. Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from Nebraska [Mr. HOAGLAND] is recognized for 1½ minutes.

Mr. HOAGLAND. Mr. Speaker, let me first address myself to the comments of the gentleman from Pennsylvania [Mr. SHUSTER], when I think he said words to the effect that this gas tax increase is a massive tax increase on the middle class.

Let me remind everyone that this is 4.3 cents a gallon. For the average working family in America, it is about 70 cents a week, 70 cents a week dedicated to the twin goals of deficit reduction and getting this economy moving again.

I think that is unreasonable to call it a massive tax increase on the middle class. I do not think it will wash.

Most important, Mr. Speaker, I would like to show everyone this graph here which shows the hard freeze that this bill contains on what we call the domestic discretionary portion of the budget. Now, a hard freeze means that in the next 5 years there is going to be no increase for inflation of any kind. And Members can see from the graph here, the red line is what will happen if we do nothing, as we have for so many years in terms of allowing the domestic discretionary portion of the budget to drift upward. And the blue line is what is going to happen, if we enact this legislation. So we see there are considerable savings, and this difference, by the way, is enforced through a sequestration process. If Congress appropriates more than what this statute requires, that across-the-board cuts be made.

So beginning today, for this and other reasons, looking for the 5-year period that this bill incorporates, this is the largest deficit reduction package ever voted on by the House or the Senate.

□ 1950

Mr. SHUSTER. Mr. Speaker, I am surprised at my friend, the gentleman from Nebraska [Mr. HOAGLAND] thinking this gas tax is a pittance. In Pennsylvania, this gas tax is going to take

$237 million out of the pockets of Pennsylvanians every year. That may not be significant to my friend, the gentleman from Nebraska, but it is significant to Pennsylvanians.

However, it goes beyond the question of dollars. It also goes to the question of trust. Candidate Clinton said in South Dakota he was against a gas tax. Candidate Clinton said on the Super Tuesday debate that he was against a gas tax. Candidate Clinton said in the Chicago primary debate that he was against the gas tax. Candidate Clinton wrote in his book, "Putting People First," that he was against the gas tax. Candidate Clinton in Santa Monica, CA, said he was against the gas tax. In Everett, WA, candidate Clinton said he was against the gas tax, and in Cleveland, OH, candidate Clinton said he was against the gas tax.

This is a question of trust. Let us help President Clinton keep his promise. Let us oppose this massive tax increase on the American people, a part of which is a very significant increase in the gas tax.

The SPEAKER pro tempore (Mr. MURTHA). All time has expired for the Committee on Public Works and Transportation.

The Chair now recognizes the gentleman from Kansas [Mr. SLATTERY] for 10 minutes on behalf of the Committee on Veterans' Affairs.

Mr. SLATTERY. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, title XII of H.R. 2264, the veterans' programs, is the section that I wanted to address.

Mr. Speaker, title XII of the bill contains the agreement reached with the other body on the provisions which relate to veterans' programs. Our target was $2.58 billion over the 5-year period. The agreement our conferees reached with the other body would reduce Federal expenditures for veterans programs by $2.55 billion.

Mr. Speaker, I thank the distinguished chairmen of the House and Senate Veterans' Affairs Committee, the Honorable G.V. "SONNY" MONTGOMERY and the Honorable JAY ROCKEFELLER, for their candor and cooperation in working out the compromise

I am not totally happy with the agreement we have reached on the veterans' issues, but given the deficit we face, it is a reasonable response to the wishes of the House and Senate.

Make no mistake about it, this agreement will cost some veterans. It will reduce some veterans benefits over the next 5 years. However, other options would have required us to reduce some service-connected benefit programs. Given the alternatives, we selected the changes in law which would have the least harmful effect on service-disabled veterans.

The committee report contains a full explanation of all provisions in the agreement. Briefly, the conference agreement would make the following changes to existing law.

First, the bill would extend through the end of fiscal year 1998 a number of provisions that are now law but which would expire between now and 1998.

Second, the bill would increase the various fees payable by veterans using the VA Home Loan Program. Most fees would increase by three-fourths of 1 percent, from 1.25 to 2 percent. Persons using their home loan benefit for the second or subsequent time, and who do not make a downpayment, would see their fees rise to 3 percent. The bill also extends through the end of fiscal year 1998 the procedure used by the Veterans Administration when there is a foreclosure on a VA-guaranteed loan.

Finally, the bill would eliminate the COLA payable during fiscal year 1994 to veterans attending school under the Montgomery GI bill and reduce the 1995 COLA by one-half.

None of the members of the Veterans' Committee enjoy looking for ways to reduce veterans' benefits. However, several of these changes simply improve the integrity of veterans' programs, and the other cuts, while painful, are necessary if we are going to get this deficit down. Our committee has done its share. As the national commander of the DAV said when he appeared before our committee earlier this year, "the DAV does not object to VA's inclusion in the President's deficit-reduction effort. * * * Priorities have to be set and painful, unpopular decisions have to be made." Mr. Speaker, veterans have always been willing to do their fair share when it comes time to put our fiscal house in order. This bill does not call for them to do more than their fair share.

I also want to thank all of the House conferees who contributed so much during our negotiations. I am grateful to the gentleman from Arizona [Mr. STUMP], ranking minority member of the full committee, the gentleman from Illinois [Mr. EVANS], the gentleman from Georgia [Mr. ROWLAND], and the gentleman from Illinois [Mr. SANGMEISTER], our subcommittee chairmen, and the gentleman from New Jersey [Mr. SMITH], and the gentleman from Indiana [Mr. BURTON], two of our subcommittee ranking minority members. Each of them played an important role in our negotiations with the other body. I deeply appreciate their support.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tompore. The Chair recognizes the gentleman from Arizona [Mr. STUMP] on behalf of the Committee on Veterans' Affairs.

Mr. STUMP. Mr. Speaker, I yield such time as he may consume to the gentleman from Alabama [Mr. CALLAHAN].

Mr. CALLAHAN. Mr. Speaker, I rise once again in opposition to this 15-pound package.

Mr. Speaker, like many Americans, I, too, watched President Clinton's speech Tuesday night. And when it was over, I listened to Senator DOLE of Kansas, as he gave our party's response.

Mr. Speaker, while I did not vote for President Clinton that does not mean I do not want him to succeed. I probably will not vote for him in 1996 either, but the time to fight a political battle is during the election, and I will reserve that fight until that time.

The Presidency is the most important and most powerful political position in the entire world. And whether it is a Republican in the White House or a Democrat, after the election, we should all pull together and work on the vast issues which face this country.

Many a time over the history of this country, Americans have gathered around the radio, and in more recent years, the television set, to listen to our President as he has challenged the greatness of our people to do even more.

And during these times, his plea for our help has won over not just our support, but usually additional dollars from our paychecks, and in many cases, the very lives of our sons and daughters as we sent them off to serve in another war or conflict.

Had I known better, after listening to the President speak Tuesday night, I, too, would have called my Congressman and asked him to vote for this plan. It sounded so good, and he was so convincing.

But, Mr. Speaker, I do know better, and I hope and believe the rest of America knows better, too. The President's bill isn't a bad bill only because it raises more than $260 billion in new taxes, but it's the wrong medicine for our economy and the wrong prescription for our future.

To be certain, the President talks a good talk.

He said in 1991 and again in 1992, that in his administration he would offer a middle-income tax cut that would cut rates on the middle class. That sounds good.

Unfortunately, there is no middle-class tax cut in this bill, only middle-class tax increases.

Last year, he also said the only people who will pay more with income taxes are the wealthiest 2 percent, those living in households making over $200,000 a year.

Unfortunately, under the President's plan, income tax increases on Social Security benefits applies to people with only $34,000 of income.

And income tax rate increases apply to single people with taxable income of $115,000. The President's "millionaire surtax" begins at $250,000. And, as Senator DOLE pointed out last night, these taxes are retroactive to January 1 of this year.

Finally, the President says the 4.3 cents per gallon increase in the gas tax will cost us less than a dime a day or $3 a month. I would gladly give the President a check right now for $36 for the entire year, and I'm sure many other Americans would too.

But you tell the truckdriver who's currently making his living on a razor-thin margin of profit, that an extra 4.3 cents per gallon isn't going to affect them and that in turn, isn't going to affect the rest of us, and let me tell you, somebody is living in a dream world. Unfortunately, this is one bad dream.

But, perhaps, the most troubling thing I heard from the President last night wasn't about taxes or the deficit. No, as I listened to the President talk about the need to end welfare as we now know it, which, again, is something most Americans can agree on, he went on to say, and I quote, "We have got to revolutionize government itself * * * have government work better, and put it back in charge of the people who are paying the bill."

Mr. Speaker, I hope this was a Freudian slip on the part of the President. Because if it was not, then he didn't get the same message from last November's election results that I did.

Yes, the American people want government to be more efficient and responsible. Sure we do. But we don't want the Government put even more in charge over our lives, and that's exactly what this bill would do. If we transfer one welfare recipient from one government check to another, simply by creating a new government program, which his plan does repeatedly, then we haven't solved the problem of welfare reform; we've just created another layer of bureaucracy.

Since last night, my phone has been ringing off the hook. People are crying out for more cuts and less spending, not new taxes. Unfortunately, the President's bill does just the opposite.

Let me urge my colleagues to vote no on this bill when it comes to the floor, and by doing so, we'll be saying yes to the will of the American people.

Mr. STUMP. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong opposition to the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act of 1993. This so-called deficit reduction measure imposes the largest tax increase in world history on the American people and fails to eliminate even one Federal program. It is part of an economic plan which will see the national debt increase by $1 trillion—from $4 to $5 trillion—over the next 4 years. Why? Because it ignores the real cause of the deficit—too much spending.

I also rise in strong opposition to this measure for what it does to the veterans of this Nation. America's veterans have a deserved expectation that, in return for military service to their country, sufficient resources would be provided to ensure delivery of earned benefits. Unfortunately, such resources are not being provided.

Federal spending on veterans' programs in inflation-adjusted dollars has not increased in more than a decade and its overall share of the Federal budget has been steadily decreasing. Spending in constant dollars for all Federal social programs has increased by 361 percent since 1965, while spending for veterans programs increased by only 36 percent. Since fiscal year 1988, discretionary spending on veterans' health care has been inadequate to maintain current services.

Over recent years of runaway Federal spending and budget crises, and despite chronic underfunding and veterans programs, veterans have expressed a willingness to contribute to deficit reduction efforts. However, veterans have also stated the belief that spending cuts in veterans programs should go to deficit reduction, not increased spending in other programs.

Yet, it is veterans including military retirees—the people most responsible for winning the cold war—who are bearing the brunt of the President's deficit reduction efforts. Veterans programs are being cut by over $2.5 billion over 5 years in this reconciliation bill—despite chronic underfunding. Additionally, military retirees COLA's are being reduced and delayed. But those cuts are not going solely to deficit reduction. In fact, the bill contains $28 billion in new spending over 5 years—virtually none of which benefits veterans programs.

If it is true that to the victor goes the spoils, then the victors of the cold war must be food stamp recipients who will get an extra $2.5 billion over 5 years, even though there has been no reform of the welfare system. We are cutting veterans' COLA's but giving welfare recipients double COLA's.

Mr. Speaker, President Clinton on Tuesday evening went on national television in this efforts to convince Americans to support his economic plan. In his speech, he stated:

> In a comprehensive economic plan, there are always places for give and take, but from the first day to this day, I have stood firm on certain ideas and ideals that are at the heart of this plan. Tonight I can report to you that every one of those principles is contained in the final version of the plan.

His slick assertion is followed by his statement of principles, including one designed for veterans' consumption: "The third principle is that we must protect older Americans from punitive cuts in Social Security, Medicare, and veterans' benefits that some have proposed."

Well, there is a big problem with what the President said. The proposals to cut veterans benefits have come from him, to the tune of $2.58 billion.

President Clinton's 5-year budget plan proposes a cut of 9,000 employees in the Department of Veterans Affairs, with 7,000 of them from VA hospitals, which are already woefully understaffed. The President's 5-year budget plan also cuts $1 billion in discretionary funding for veterans' health care. This is protecting veterans?

The cuts in veterans' funding I have just mentioned are not in the reconciliation package before us today, they are elsewhere in the President's proposed 5-year budget. What was in President Clinton's specifically proposed initial reconciliation cuts for veterans were the following, not counting his proposed extensions of cuts already made in the Omnibus Budget Reconciliation Act of 1990:

Home Loan Guarantee Fees: Would raise the fee for use of the VA home loan guarantee by 0.75 percentage points.

Establish 1:9 Ratio for GI bill benefits: Under the Montgomery GI bill, service members pay in $1,200 of their own money to the program. The contribution would be increased to $1,600.

Fee and down payments for multiple use of VA home loan guarantee: This provision would require a 2.5-percent fee and a 10-percent downpayment for the second and subsequent uses of the VA Home Loan Guarantee.

Pay Insurance Administration from Excess Funds: Under this proposal, administrative costs in three of the five VA life insurance programs would be financed from surpluses in the insurance funds. The funds come from policy holder premiums, and dividend payment would be reduced. The proposal raises constitutional questions as an interference in existing insurance contracts.

Mr. Speaker, this is not protecting veterans. It is a cruel deception of veterans and the American people to lead them to believe veterans benefits are being protected. President Clinton's credibility gap grows ever larger.

Mr. Speaker, while I oppose the conference report, I want to acknowledge the work of Chairman MONTGOMERY in crafting a reconciliation measure which protects veterans as much as possible. The bottom line of 42.58 billion in cuts was not his. It was mandated by the budget resolution. He succeeded in knocking out the most objectionable provision in the other body's veterans reconciliation package. The unfair cut proposed for GI bill benefits is gone as a result of his steadfast opposition. I commend my good friend for doing his best for veterans under the worst of circumstances.

However, this Nation has no greater obligation than to deliver on its commitments to its veterans. This reconciliation measure fails in meeting this obligation. I urge my colleagues to vote against the conference report.

Mr. Speaker, I reserve the balance of my time.

Mr. SLATTERY. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina [Mr. CLYBURN], a member of the committee.

Mr. CLYBURN. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise to speak on behalf of those who have been victimized by the policies of the last 12 years and cannot afford to pay for telephone calls or purchase postage stamps to register their feelings about the hopelessness they are experiencing and the bleak futures their children and grandchildren are facing.

Tonight, we have an opportunity to change their lives and our Nation's

course. The President's deficit reduction plan will bring about fiscal responsibility, social stability, and economic recovery.

There are many reasons this plan ought be supported. It represents the largest deficit reduction in history, $496 billion over the next 5 years.

More than half of deficit reduction comes from spending cuts, the remainder from revenue increases, 80 percent of which to be borne by those earning more than $200,000 per year.

Moreover, a working family earning less than $180,000 adjusted gross income will not pay a single penny more in income taxes.

Under this plan, one-child families eligible for earned income tax credit will receive up to $2,038, and families with two children up to $2,527. For the first time, working families without children will be eligible.

This is a direct benefit to 32.8 percent of the families in South Carolina and 43.5 percent of the households in the 6th Congressional District. That represents, Mr. Speaker, over 63,000 households and a total dollar amount of $101,000,000.

Finally, Mr. Speaker, this plan means job creation. In South Carolina alone, over 100,000 jobs will be created in the next 3 years. That is 61 percent more jobs than were created from 1989 through 1992.

In light of the severe economic blow to my State and many others due to the most recent round of base closures, the extension of the targeted jobs tax credit, and the creation of empowerment zones and enterprise communities provide new incentives for new industry and new business.

The President's plan for deficit reduction and economic growth will greatly benefit the American people and move this country toward economic recovery and social stability.

□ 2000

Mr. STUMP. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. LINDER], a member of the committee.

Mr. LINDER. Mr. Speaker, I thank the gentleman for yielding the time.

Mr. Speaker, someone said there are only two certain things in life, and that is death and taxes. But death does not get worse every time Congress meets; taxes seem to.

This is the fifth tax increase in the last 11 years specifically for deficit reduction, the fifth time we have said we will take these taxes and reduce the deficit. None has worked. This will not work either. And the taxes in this program take effect 21 days before Bill Clinton was elected President. Eighty percent of the spending cuts that are promised occur after he has been kicked out of office.

That is not a new story. In each of the other four cases we were promised tax increases and spending cuts. The tax increases occur today and the spending cuts occurred in the outyears. That happened in 1982, it happened in 1984, and every time the outyears occur we have a new tax bill with new spending cuts in the outyears.

Ladies and gentlemen, the outyears for the 1990 budget agreement is 1993, and being unwilling to make the cuts and unable to exercise discipline we have come up for the second time with a $500 billion deficit reduction, new taxes now and spending cuts later.

We can only bind this Congress. We hope future Congresses will make the spending cuts we promise and urge them to make.

This program will not work. We will have higher deficits, Mr. Speaker, and I urge everyone to defeat this package.

Mr. SLATTERY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Mr. Speaker, I would say to seniors, please listen. The misinformation and mistrust combination of the minority was addressed to you a few hours ago, and the majority's approach was attacked because it touched beneficiaries as well as providers.

But listen to two facts. First of all, all that our plan does is to extend the 25-percent payment on part B to 1996, 1997, and 1998. In a word, all it does is extend current law.

Second, and most importantly, the Republican plan that was voted on here would have hit beneficiaries $18 billion as distinguished from the $7 billion here, and would have hit Medicare $72 billion as distinguished from about $56 billion. And the plan in the Senate would have hit Medicare $91 billion.

What cynicism it is for anybody on the minority side to stand up here and tell seniors they should be against this plan because it hurts the seniors. What it does is to help seniors by preserving Medicare and making sure that for the future we have a decent deficit reduction plan.

I urge support of this plan by all of the seniors of America.

Mr. STUMP. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas [Mr. HUTCHINSON], a member of the Committee on Veterans' Affairs.

Mr. HUTCHINSON. Mr. Speaker, $200 billion deficits as far as the eye can see. That is what David Stockman said when he sought to shock America with that prediction, but now under the biggest tax plan in history it is a reality.

It is doublespeak and accounting tricks.

Eighty percent of the spending cuts come after the next Presidential election, $16 billion in higher user fees that are called spending cuts, and not one, I say not one Federal program eliminated.

There are higher corporate taxes, higher personal income taxes, higher Social Security taxes, higher estate taxes, higher gasoline taxes, and many of these retroactive to January 1. Deja vu, it is Arkansas all over again.

I think we need to heed John Kennedy's words 30 years ago, when speaking to the Economic Club of New York, where he said we ought to cut taxes across the board, top to bottom, personal and corporate. He said reduce personal as well as corporate income taxes for those in the lower brackets who are certain to spend their additional take-home pay, for those in the middle and higher brackets who can thereby be encouraged to undertake additional efforts and be enabled to invest more capital.

We are doing just the opposite under this plan. Let us take the advice of chief economist at C.J. Lawrence, Ed Yardin, who advised us that, "The best thing they can do for the economy is to figure out a politically acceptable way to walk away from the program."

That is good advice. We need to walk away from this program.

America deserves better. We can do better and, ladies and gentlemen, we must do better.

Mr. STUMP. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Speaker, I get a big kick out of my colleagues coming over here and saying boy, I have got to give you folks the facts. Let me just tell you what some of the facts really are.

The first year of this plan they say is going to cut spending. We are going to raise taxes $10.66 for every one dollar in spending cuts. Now get that, everybody in America, $10.66 in taxes for every $1 in spending cuts. Does that sound like we are doing the job? It does not to me.

Then let us talk about the spending cuts. They say they are going to have $255 billion in spending cuts. But when you take out the smoke and mirrors, and tax and fee increases that they are calling spending cuts, you end up with only $37 billion in spending cuts, and those are in the outyears, in the third, fourth and fifth year, which simply means that they will never materialize. We will not see the spending cuts, but we will see the largest tax increase in the U.S. history.

And what does that mean to everybody? It means higher deficits, a higher national debt, deficits running $350 billion a year, more unemployment, higher interests rates and higher inflation. It is going to be just like the Carter years all over again.

So my friends, we need to get that message out tonight. We need to have those calls keep coming in to my colleagues. Hundreds of thousands of people across this country are calling, saying we do not want more taxes; we want spending cuts first.

Finally, I would just like to say about seniors, President Clinton said

when he was running he was not going to tax seniors. Millions of seniors across this country are going to pay much higher taxes than they have in the past, and the President has violated that promise, just like he did the no new tax promise.

I say to my colleagues across the aisle, if you vote for this tonight, and it passes, I predict that many of you will not be back here in 1994, and we will get control of the Senate, and maybe even this place.

Mr. SLATTERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would just briefly respond to the previous speaker. I would observe that at some time I hope that we are willing to set aside our own personal political futures and do what is in the best interests of the country.

I want to talk about taxes and spending for the next few minutes. On the tax issue, let us be abundantly clear with the American public. Middle-class America is going to face a 4.3 cent per gallon gasoline tax increase. That is going to cost the normal drivers in my part of the country probably about a dollar per week.

Now beyond that, and we have to be absolutely clear about this because there has been so much political rhetoric spread over the last few weeks about this plan. In my State, and this is typical of across the country, and I did not rely on CBO but I called the Kansas Department of Revenue, only one-half of 1 percent of individual income tax payers in my State that file a single return are going to see their income taxes go up, the one-half of 1 percent who make more than $110,000 a year in taxable income. For those filing a joint return only 3 percent of taxpayers in my State, and this is typical of other States, will see their income taxes go up, because only 3 percent are making more than $140,000 a year in taxable income, which is approximately $180,000 in gross income.

□ 2010

Only 30, 30 corporations in my State are going to see their income taxes go up out of 32,000 that file income tax returns.

Why? Because only 30 corporations are making more than the $10 million that triggers the tax increase under this legislation.

I will tell my friends I do not enjoy raising taxes on anyone, and the people that will be paying these additional taxes are some of the most productive, good, hard-working people in America, and when we talk to them, we should not be treating them like we are punishing them, for goodness sakes. They have chased the American dream. They have been successful. They have created jobs, and we must ask them, for the good of this country, to help us solve the problems that this country is facing.

Mr. STUMP. Mr. Speaker, I yield the remainder of my time, 1½ minutes, to the gentleman from New York [Mr. SOLOMON], the ranking member on the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, you know, I could not help but listen carefully to the last speaker.

I am looking at a report here, because he seems to say that this is not going to hurt anybody in his district, but the gentleman from Kansas [Mr. SLATTERY] has 8,499 senior citizens in his district who are going to end up paying new Social Security taxes to the tune of about $7 million.

There was another speaker, the gentleman from Michigan [Mr. LEVIN], and he has 11,426 senior citizens in his district that are going to pay $9.5 million, and I looked at the gentleman from Virginia [Mr. MORAN], who was down here speaking with his rhetoric earlier, and I am sure he was sincere about it, but he has over 18,000 senior citizens who are going to pay over $19 million.

You know, the truth of the matter is that this bill, this tax-and-spend bill before us, will raise taxes retroactively to last January. It will increase gasoline taxes, diesel fuel taxes, it will make older Americans pay more taxes, it will increase the tax burden on small business. Maybe you guys do not have any small business in your district, but I have literally tens of thousands of them. They are all going to pay through the nose retroactively.

That is why you ought to defeat this bill. Defeat it now, like your constituents are asking you to do.

The SPEAKER pro tempore (Mr. MURTHA). All time has expired for the Committee on Veterans' Affairs.

At this time the gentleman from Minnesota [Mr. SABO] will be recognized for 20 minutes, and the gentleman from Ohio [Mr. KASICH] will be recognized for 26.5 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. SABO].

Mr. SABO. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio [Mr. STOKES].

Mr. STOKES. Mr. Speaker, I thank the gentleman for yielding me this time.

I rise in support of the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act of 1993.

Mr. SABO. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. BLACKWELL].

Mr. BLACKWELL. Mr. Speaker, I rise in strong support of H.R. 2264, the Budget Reconciliation Act. This bill will put our Nation on the road to recovery and on the path to progress.

The words of a well known writer are instructive. "Dream, but don't make dreams your master. Think, but don't make thought your aim."

It appears that there are some in Congress who would rather dream about economic recovery and think about putting people back to work.

These dreamers and thinkers would have us do nothing while 16 million Americans remain either out of work or underemployed, while poverty in this Nation continues to rise, and while homelessness and hunger grows.

It is amazing, and it should be unacceptable that working families can find themselves forced to live on the streets of America because they do not earn an adequate income to afford decent housing.

The conference report on the budget reconciliation bill offers, a fair and progressive tax policy, important social investments, and deficit reductions that look to the future.

The dreamers and the thinkers like to talk about the largest tax increase in history, but, Mr. Speaker, they gave us the largest deficit in history. This bill offers a chance for America.

It offers jobs for the jobless, hope for the homeless and hungry, services for the sick and downtrodden and support for those among our citizens who need support.

Most importantly, the bill is balanced.

For the low income, the bill provides $21 billion in expanded earned income tax credits. For fragile families, the bill provides $1 billion for family preservation.

For Medicaid eligible children who lack health insurance, the bill provides $585 million for immunizations. And as an offset to the gas tax for poor families, the bill provides $2.7 billion in food stamp benefits.

The tax package is fair. More than 80 percent of the taxes will be shouldered by those best able to pay, taxpayers with incomes of $200,000 or more. Those least able to pay, taxpayers with incomes below $25,000 would get a tax cut.

Mr. Speaker, the same writer I referred to earlier also instructs us that "we must meet triumph and disaster and treat those two impostors just the same." It took us 12 years to create the record deficit we face.

That was the disaster and while this bill is not the triumph, it can lead us to a triumphant and great America, the kind of nation we dream about and think about. But, to get there, we must act. And, we must act now.

I urge, my colleagues, Democrats and Republicans, to do what we were sent here to do, to lead this Nation, to take hard action, to make decisions, to do what is right for America. Support the President's program.

Mr. SABO. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. PRICE].

Mr. PRICE of North Carolina. Mr. Speaker, it is important tonight not to get lost in the opposition's misleading rhetoric. Speaker after speaker on the other side has gotten up here and said with a perfectly straight face that there are no spending cuts in this plan. Our opponents say with a straight face, as though repeating it would make it so, no spending cuts. But let us focus, Mr. Speaker, on the real choices we have already made in this year's budget process and that we can lock in by passing this bill tonight.

In the House Committee on the Budget, we added $63 billion in spending

cuts to the budget resolution, beyond those proposed by the President. We froze discretionary spending with no adjustment for inflation over a 5-year period.

In the Committee on Appropriations we cut the President's overall budget request by more than $8 billion, and, Mr. Speaker, here on this floor on bill after bill we have added billions more in cuts.

Let me take just a minute to talk about the specifics. Here they are, real specific cuts already passed by this House and locked in by this bill tonight. I am not talking simply about cuts from the inflation-adjusted baseline. I am talking about cuts from the 1993 funding level, below the level of a hard freeze:

A $20 million cut from the market promotion program; $973 million cut in foreign aid; $9 million cut in House staff expenses; $7.7 million cut in congressional mail costs; $2.1 million cut in the office of the Architect of the Capitol; $1.9 million cut in Library of Congress expenses; $4.3 million cut in the General Accounting Office of the Congress; again, this is not from the current services baseline. It is a cut from the 1993 funding level.

Two hundred and six million dollars cut in loan guarantees for the World Bank; $15 million cut in the Enterprise for the Americas Fund; $60 million cut eliminating funding for the European Development Bank; $222 million cut in foreign aid development assistance; $305 million cut in AID economic support funds; $48 million cut in international narcotics operations; $21 million cut in foreign military training; $102 million cut in foreign military loans; $57 million cut in the Export-Import Bank; $2 million cut in office expenses for former Presidents; $97 million cut in the Office of National Drug Policy; $48 million cut in the Federal Drug Control Forfeiture Fund; $30 million cut in the Postal Service. And our opponents say with a straight face that there are no spending cuts!

These are cuts from the 1993 funding level: a $60 million cut in the Customs Service; $13 million cut in new Federal court house projects; $12 million cut in the Secret Service; a $400 million cut on this floor in the superconducting super collider; a $25 million cut on this floor eliminating the nukes in space part of Star Wars; a $32 million cut eliminating the Liquid Metal Reactor.

More cuts: $66 million cut in State aid for education. As we have said often, we

A $70 million cut off the 1993 level in the crop insurance program; a $28 million cut in the loan program for telephone cooperatives; a $24 million cut in generation and transmission co-op loans; a $45 million cut in domestic food assistance programs; a $54 million cut in foreign food aid; a $157 million cut in Superfund; a $2.6 million cut eliminates the Council on Environmental Quality; a $30 million cut in air and water pollution control. And our opponents say with a straight face there are no spending cuts.

A $45 million cut in national parks construction; a $29 million cut in the land and water conservation fund; a $72 million cut in the Fish and Wildlife Service; a $70 million cut in the foreign timber sales and roads programs; a $36 million cut in Indian Health Service facilities; a $552 million cut in the HOPE housing program; a $41 million cut in assistance for the homeless; a $109 million cut in Federal Housing Administration programs; a $24 million cut eliminates the Selective Service System; a $5.2 million cut eliminates six health and education commissions; a $95 million cut in the Job Training Partnership Act; a $34 million cut in the substance abuse block grant program; a $21 million cut eliminates the pediatric AIDS demonstration program, and on and on and on.

Mr. Speaker, there is page after page of cuts. These cuts, under these tight spending caps imposed and enforced by this bill, and three more pages of cuts directly imposed by this legislation. Let's end the posturing for next year's campaign ads. Let's face our fiscal situation honestly and get past the voodoo economics and governmental gridlock of the last 12 years. Let's cut the deficit and secure our economic future. Let's pass the plan.

Mr. FAZIO. Mr. Speaker, I rise in strong support of H.R. 2264, the President's deficit reduction plan. This is the bill that delivers on the President's promise to bring economic change to America. It lays the foundation for rebuilding our economy and restoring the American dream.

This is the largest deficit reduction in our history. As a result of the spending cuts and revenue-generating provisions in this package, the deficit that is choking our economy will be reduced by nearly $500 billion. And every new tax dollar that comes in will be met with over a dollar in spending cuts. Spending cuts outpace revenue increases by $14 billion over the next 5 years under this plan. Plus, all savings from the plan will be locked away in a trust fund that is specifically earmarked for deficit reduction.

Republicans are claiming that this package does not really reduce spending. They say that the spending cuts are delayed and only promised for sometime in the future. But let's look at the facts.

For the first time in history, Congress has frozen Federal spending for 5 years and, for the first year of the plan Congress is cutting spending more than the package requires. The House-passed fiscal year 1994 appropriations bills cut spending 42 percent more than required in the deficit reduction package—$17.3 billion rather than $12.2 billion. Additionally, the $17.3 billion in cuts in our appropriations bills already account for 52 percent—over half—of the package's fiscal year 1994 spending cuts.

These spending cuts are not promises that remain to be kept. We have already taken the first step toward keeping our promise to the American people by cutting spending and cutting it deeply. And finally, when we look beyond this year at the entire 5-year, $500 billion deficit reduction package, we see that 20 percent of the total deficit reduction and over 40 percent of all spending cuts will come from appropriations.

The package is disciplined, balanced, financially sound, and, as the President has said, it is fair. It does not place the burden on our senior citizens. Instead of cutting benefits for Medicare recipients, the plan cuts payments to Medicare providers. And it keeps faith with middle income, working Americans who, for the fist time in years, will not have to

In addition, the package expands the earned income tax credit [EITC], the tax break for low-income working families with children. This gives responsible, poor, tax-paying families who work full time the support they need in order to lift themselves out of poverty. Expanding the EITC will reward these workers and help insure that they do not have to raise their children in poverty.

Investment is a cornerstone of the package. Although new job-creating tax incentives will benefit over 90 percent of small businesses, only 4 percent of business owners will pay higher taxes. The empowerment zone provisions will provide incentives for private sector investment in distressed areas, generating economic activity in our rural and urban communities. The new family preservation provisions will provide support services for families threatened with breakup—keeping families together and avoiding unnecessary foster care and other out-of-home placements.

The plan makes good financial sense. It balances prudent cuts in spending with wise, long-term investments. Government will borrow less and business will invest more. The effects of the plan are already being felt around the country. Faith in the President's package has caused our interest rates to drop and job creation to climb.

Our economic health is at stake. If we do not pass this bill, the deficit will continue to rise, and our economy will continue to sag. But if we follow the President's lead and invest in our people, our communities, and our businesses, we can help him fulfill his long-term commitment to America. We can increase our productivity and renew our financial credibility, both at home and abroad. Here at home, this credibility will continue to cause lower interest rates, and the businesses that create jobs and the hard-working middle income families who need them will have lower borrowing costs. Worldwide, we will be able to compete more effectively in international markets.

The President has had the courage to meet the challenge that he has inherited. He has offered us a bold, realistic plan for getting out from under the tremendous national debt that flourished over the previous 12 years. And through compromise and consensus, and by making hard choices, Congress has developed the package that is now before us.

This plan gives us the means to face the financial challenge that is before us today. And through deficit reduction and wise, long-term investment, it prepares us to meet those that follow.

□ 2020

Mr. KASICH. Mr. Speaker, I yield myself 6 minutes.

Mr. Speaker, we are going to talk about spending cuts, and we are going to talk about the bill, and we are going to explain to you why Republicans are so upset that we have in fact not cut spending first.

In fact, when I show you these numbers, you are not going to believe them. It is going to cause a lot of people to think twice about voting for this bill.

You see, the Democrats claim that you make $250 billion in spending cuts in this bill. But let me tell you where these spending cuts come from.

The first thing you do is you claim $44 billion in defense cuts, but, you see, they are double counted because those were provided for under the 1990 Budget Act. You are double counting your defense savings by $44 billion.

Extension of the 1990 OBRA provision, let me give you an example: If you are a veteran and you pay a $2 copayment that is due to expire. What you do in your bill is you just extend it for a few more years and you claim the cuts. Do you know what that adds up to? $25 billion.

That is a provision under the 1990 Budget Act.

Medicaid drafting error: You claim $4 billion in spending cuts under a correction of the 1990 budget deal where we were paying money that was never intended, and you correct it to make it as it was in the 1990 act. But, unbelievably, you claim $4 billion in spending cuts.

PAYGO leftovers: PAYGO was established in the 1990 Budget Act. If you cut back on entitlements and you save money, that was a provision of the 1990 Budget Act. What you did was you took the savings under PAYGO and you claimed them as your cuts. And do you know what that totals? Another $4 billion.

And then you say that you are going to count user fees as spending cuts, that when you raise the taxes in user fee form on Americans who go to a national park to pay more in user fees, you call that a spending cut. Nobody else in America does. You count that as an $18 billion spending cut.

Now, you have COLA time-shifts: What you do is you delay the cost-of-living benefits to Federal retirees. But do you know what? Come 1999, you give them two COLA's. You do not have any savings there. But that is not the way you count it. You count it as a $3 billion spending cut.

And then you actually try to say that interest savings, debt management, and other is a spending cut, believe it or not. And you claim, believe it or not—it is like a telethon—$53 billion of spending cuts by calling interest savings a spending cut. Come on, folks.

Now, the other area where you claim spending cuts is in the area of what we call unspecified discretionary cuts. You see, the President, when he came up here, he said, "If you don't like my program, give me your specifics." We are still waiting for yours. Do you know what you said about unspecified spending? Spending cuts have not worked in the past because real cuts are hard to make and the estimated caps usually are unrealistic, wishful thinking. Unless you have the guts to say what you will cut in the end, you have no realistic chance of actually succeeding in reducing spending.

I am going to take your words, and I have got to subtract $66 billion from what you call a spending cut in your package but you label as phony baloney when it is unspecified in our package.

Now, you add all of that together, these phony spending cuts, most of which flow from the 1990 Budget Act or are calculated savings because of lower interest payments, and do you know what your number is in phony spending cuts: $217 billion in phony spending cuts.

Now, what you do over 5 years is you have done something pretty good. Out of a $7.5 trillion pot of money, you are going to cut a $7.5 trillion pot of money, you save $38 billion, $38 billion. And do you know what you are doing? You are taxing people first and the Republicans at every turn of the bend offered their specific reforms of Government and downsizing of Government to reduce the deficit and to eliminate your tax increases. And you gridlocked us on every single effort that we made to cut spending, reform the Federal Government, downsize Washington, DC, you said, "Drop dead."

Do you know what? This is now your package. We will come back here next year and try to help you when this puts the economy in the gutter. And virtually every major economic estimating firm in this country says your bill is going to kill jobs. That is why we are passionate about it.

We are not passionate about it because it is your plan or our plan or Clinton's plan; we are passionate about it because we want Americans to work, we want a brighter financial future, a brighter financial picture; we want job security for you, your children, and our constituents. Vote this down; we will work together, we will downsize Government, and we will fix this country.

Cut spending first.

Mr. SABO. Mr. Speaker, I would simply observe that my good friend, the gentleman from Ohio [Mr. KASICH], counted everything he is complaining about as a spending cut in his own amendment. There are spending cuts, and there are many more in the proposal.

Mr. Speaker, I yield 6 minutes to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. I thank the gentleman for yielding this time to me.

Mr. Speaker, in your mind's eye, stand with me at the Missouri State Capitol in Jefferson City, and look north. Weeks ago, you would have seen one of the most scenic sights in America. The Missouri River, beautiful bluffs, green fields. Today, you see water and water and more water. All along the district that I represent, which borders the Missouri River, from Napoleon to Chamois, I have seen farms become lakes, homes devastated, and businesses ruined.

Besides the emotional loss in our State, as well as 24 lives, this flood will be a major cost to the Federal Treasury for farm and business loans, for family grants, for water systems, for roads, and bridges. The price of this disaster could well reach $20 billion. And the Treasury will pay this, and borrow money to do so.

I have given this reconciliation measure now before us a great deal of thought and study. Frankly, I would rather see Treasury moneys go toward helping flood victims in Missouri than paying additional interest on the deficit. Now, we have the opportunity to substantially lower the Federal deficit. And the interest saved by passing this deficit reduction bill—$29 billion—is more than the projected cost of flood reconstruction.

I voted against this measure when it first came to the House in May. It was just not good legislation. Since that time, several of us moderate to conservative Democrats have been heard:

The Btu tax, especially harmful to rural America, has been dropped;

The President signed an Executive order requiring a more disciplined handling of entitlements, to be followed by a comparable vote in Congress;

We were able to obtain additional spending cuts;

We will soon have the opportunity to rescind an additional $10 billion in nondefense spending; and

Some entitlement spending was reduced.

Further, this bill is merely the first step in deficit reduction. The Damoclean sword that hangs over America is the Federal deficit, and we must continue to work toward reducing it. Otherwise, our grandchildren will pay a horrendous price.

The purpose of the Reconciliation Act is to provide for $496 billion in deficit reduction. Unless deficit reduction is accomplished now, interest rates will rise again and cut short the current improvement in the economy. Without deficit reduction the financial markets will again become unsteady and the potential gains from lower interest rates—housing starts, home mortgages, and business investments—will be lost. America must control its economic destiny.

I have done my homework on this bill. It is far from perfect, but much

better than the one I voted against in May. This plan has 200 specific spending cuts totaling $255 billion. Small business will be given a list with incentives targeted toward small business growth. The average family of four will not pay higher income taxes, unless they have an adjusted gross income of over $180,000. These facts are nearly overlooked in much of the rhetoric.

Were I to write this bill by myself, there would be more spending cuts.

Regrettably, there is no alternative. I had hoped that my colleagues on the other side of the aisle would work with those of us moderate and conservative Democrats to produce a bill with fewer taxes and deeper spending cuts. But, that did not happen, leaving us with no credible alternative.

I have experienced difficult votes before today. In past years, I voted against the common situs picketing bill, a heavily lobbied issue; I voted against the Reagan tax cut, because I knew that large Federal budget deficits would result; I voted for the Reagan proposal to aid the Contras in Nicaragua, for the sake of freedom; I voted for the Bush budget summit agreement in 1990, to end the legislative gridlock; and more recently, I voted to send American troops to war in the Middle East, which was the right thing to do.

Leadership is a matter of conscience. On the tough and divisive issues, one must decide—in the long term—what is best for the people of our country and the people at home.

Edmund Burke said, "Nobody ever made a greater mistake than he who did nothing because he could do only a little." The price of doing nothing because we cannot do everything is too high.

We should not forget the main purpose of today's effort is to reduce the deficit, so that when catastrophes come along, such as the flooding in my home State, the Federal Treasury will be more able to respond. I would rather see assistance go to flood victims than to unnecessary interest payments.

This measure is a major step in the right direction. When the shouting and tumult have ended, the only question will be: Did we help put America's financial house back in order?

I will vote for this reconciliation bill.

□ 2030

Mr. KASICH. Mr. Speaker, I yield 3 minutes to the very distinguished gentleman from North Carolina [Mr. MCMILLAN].

Mr. MCMILLAN. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, this is no stimulus package, it is no jobs bill.

What is worse, it is no compromise deficit-reduction plan, it is more of the same.

It raises taxes by $258 billion, double the increase in the 1990 budget agreement. It adds net reductions in the built-in increases in baseline spending of at best $140 billion, most of which is in defense and interest costs.

And in claiming $498 billion in deficit-reduction, it counts about $100 billion in previously agreed-upon cap levels in the discretionary accounts from the 1990 budget agreement, the only thing that worked in that package.

The 1990 agreement failed because it failed to control the double-digit rate of growth in existing entitlement programs. This plan has the same flaw. In fact, by means of the Presidential order, it effectively accepts double-digit increases in Medicare and Medicaid which are contained in CBO baseline projections and calls it a cap. Some cap.

Finally, this bill makes few cuts for the first two years but promises to make cuts in years 4 and 5, 2 years after the next Presidential election and after the next two congressional elections. Some cuts.

In the end, the annual deficit will be greater than now and our national debt will be over $1 trillion higher than today. Americans are prepared to sacrifice, but not in vain.

We can do better—much better.

Republicans offered in committee and on this floor a budget package with over $450 billion in specific spending reductions and no tax increases, none of which were accepted; perhaps because we emphasized "cutting spending first." I say to my colleagues, let us defeat this package and go back to the drawing boards in a manner that captures the center with a bipartisan proposal that solves the problem.

Mr. KASICH. Mr. Speaker, I yield 2 minutes to the very distinguished gentleman from Arizona [Mr. KOLBE], a member of the Committee on the Budget.

Mr. KOLBE. Mr. Speaker, almost 6 months have passed since President Clinton set sail on his maiden economic voyage to convince the Congress and the American people that massive tax increases would lead to economic prosperity and deficit reduction.

He presented his "Vision for Change" to an American public that had clearly shown its willingness to make sacrifices in the name of fiscal responsibility. But his economic voyage, once out in the open seas, was beset by storms. The public and many Members of Congress, including some from his own party, saw the plan for what it is: Its grand vision merely a grand illusion; this ship of dreams actually a ship of folly, run aground on the harsh reality of economic truth.

Why we find ourselves on this voyage today is especially puzzling, because President Clinton campaigned as a new Democrat, opposed to the status quo, business as usual, gridlock in Congress. Yet you would need a genetics examination to determine the difference between this budget and its failed progeny.

The truth is that "Vision for Change" is not new, it is the same slop served up to the taxpayers in the galleys of six deficit reduction shipwrecks since the early 1980's. Under the guise of deficit reduction, combinations of major tax hikes and promised spending cuts were agreed to by Congress in 1982, 1984, 1985, 1987, 1989, and 1990. Each time the results were the same: Greater tax burdens, increased spending and larger deficits. Another shipwreck.

In the famous words of the Spanish philosopher, George Santayana: "Those who cannot learn from history are condemned to repeat it." We ought to listen to history's clear admonition: Massive tax increases will diminish, not enhance, national savings; massive tax increases will increase, not decrease, interest rates; GNP will plummet, not rise, under this plan; jobs will be lost, not gained, from this folly; and, sadly, the deficit will only continue to grow.

The history lesson is clear. Tax increases matched with promised spending cuts have not reduced the deficit. Promised spending cuts never materialized or have been overrun by new spending elsewhere. Yet, President Clinton sails forth with this deal to taxpayers one more time—under the banner of change. But the only real change under the President's plan will be the zeroes added to our national debt.

Besides being bad economic policy, this plan is patently unfair. Its higher tax rates are retroactive to January 1, 1993—weeks

Moreover, retroactive taxes will actually result in less Federal revenue by punishing industry, initiative, and investment. And it will be a hardship for the thousands of small businesses who file individual tax returns and who have been relying on tax rates established in law to make all sorts of business decisions. Now, the President wants to change the rules in the middle of the game. He calls this fairness.

Clinton said his plan was bold and new and, at least here, he is correct. Not in modern times, have income tax rates been increased retroactively. This may be a ship of fools, but like pirates of old, they know how to plunder. Even Captain Hook could take a lesson from this high seas robbery.

The plan will hurt seniors and others not able to absorb the tax increases on Social Security and gasoline. Unless people making $35,000 per year are considered rich, the Clinton plan hits these seniors—hard.

How do you tax the middle class hard and call it fair? Well, Bill Clinton's answer is to provide illusory spending cuts to prevent the mutiny that would certainly follow. Some of the "cuts" in the bill are double-counted from past years, others mere extensions of current law, and the vast majority are

waiting to be enacted in the outyears—by another administration.

The real tragedy is that this ship did not have to run so far off course. A Republican plan, rejected by congressional Democrats last May, would have spurred economic growth by cutting the deficit without raising taxes. Perhaps that is why Mr. Clinton keeps insisting a Republican plan never existed. Full speed ahead, man the decks, batten down the hatches, look for safe passage while avoiding genuine deficit reduction.

Tuesday night, the President again in a nationally televised address shows his memory is selective. The President said that the choice is between his plan or no plan: This is a false choice: there is an alternative plan and its called Cutting Spending First.

The President forgot to tell the American people that I, along with other House Budget Committee Republicans, offered a specific proposal to put the ship on the right course by reducing the deficit by $38 billion in fiscal year 1994 and more than $430 billion over 5 years—with no new taxes.

Our proposal is based on honest budget projections, no smoke and mirrors, no gimmicks, no fools gold. It is built on basic

Our plan was developed after reviewing hundreds of programs, targeting special and local interests and it made more than 160 detailed recommendations to cut the deficit.

Savings were accomplished through innovative steps such as placing Medicaid recipients in managed-care programs, like Arizona's programs; gradually raising the retirement age of federal workers from 55 to 62; by asking seniors with incomes over $100,000 to pay a larger share of their medicare costs; by eliminating foreign aid to countries when it is not in our best interest to assist them, and by making deep cuts in government overhead items such as travel, supplies, printing, and contracts for work and services.

Our budget proposal included budget process reforms, like the line-item veto, the balanced budget amendment and requiring supermajority votes on tax increases, as well.

But even when he sails into these unchartered waters, some landmarks cannot be avoided. By the President's own admission, 1.4 million Americans will lose their chance—directly or indirectly—to have jobs because of this tax increase. Last February, this administration estimated 9.4 million jobs would be created in the next 4 years; on Tuesday night, the number was 8 million. What do we say to the young high school and college graduate whose job we have just sacrificed on the alter of higher taxes?

The national debt and deficit are this country's most pressing problems. All of us—Democrats, Republicans, and all citizens—must come together for the common good. Future generations will judge us by this single legacy. We must not let our children down.

The House Budget Committee Republicans are still waiting for a response to our first invitation to work with the new administration for meaningful deficit reduction and budget reform. We are optimistic that the simple truth will reveal itself to liberal democrats and the President. When it does, we will be quick to join any administration—Democrat or Republican—to work together side by side on these problems. We stand ready to work together—but we cannot countenance this fraud on the American people.

My position remains unequivocal: The Nation cannot tax itself into prosperity and it cannot spend itself out of the deficit. This bill is a ship of fools. Sink it. The world will not come to an end. The voyage of true reform is just beginning.

Mr. SABO. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Maryland [Mr. HOYER].

□ 2040

Mr. HOYER. Mr. Speaker, I thank the gentleman from Minnesota [Mr. SABO] for yielding this time to me.

Mr. Speaker, it is time to pass this plan for America.

Today, thousands of our fellow Americans in the Midwest are underwater, victims of the worst flooding in our history. This is a terrible disaster. But as has been the case before in our history. Americans have faced this crisis by rolling up their sleeves and going to work to fight the forces of nature and rebuild their lives, homes and family farms.

But our country is facing an even more devastating disaster than this, even as we speak. There is a vast tide of red ink that threatens to swamp our economy, crush our future greatness and rob from our children and grandchildren the ability to pay for the simple basic operations and services that they will need in the future.

Many in this Chamber will vote "no." Let no one mistake that this is a phenomenon. At least four times either Mr. Reagan's budget or Mr. Bush's budget were put on this floor, their economic programs untouched, and on this side of the aisle, in the 102d Congress, 46 percent of his own party voted no on the President's economic plan. In the 100th Congress, Mr. Speaker, 85 percent of his own party voted no on the President's program. And in the 99th Congress 99 percent of President Reagan's own party voted no on his economic plan. So, voting no on economic plans is no secret.

Mr. Speaker, it will take courage to vote yes to solve tough problems with tough solutions. The crisis is clear, and the American people want action. They do not want to hear more talk about the problem and platitudes of "its just that simple" about solving it. They do not need more flow charts and graphs. They want to roll up their sleeves and get to work.

This plan accomplishes true deficit reduction by cutting every area of the budget: Discretionary spending is frozen for 5 years. Entitlement programs and administrative costs of running the Government are cut back by over $88 billion. And pay-as-you-go will force entitlement and tax changes to be offset rather than add to the deficit.

But we cannot merely bail our way out of the deficit mess that America has run up in the past 12 years with cuts alone. Everybody knows that. Part of that mess was created by the largest tax breaks, not for average Americans, but for the wealthiest of America. They continue to defend the rich just as George Bush vetoed a millionaire tax and a middle-class tax 2 years ago.

Well, trickled on was just what happened to the middle class, who saw their families swallowed up by rising taxes, bailing and working harder and faster only to see the debt rise higher and higher.

This package restores tax fairness by having the wealthiest share their fair burden in this effort.

President Clinton has shown courage. This plan invests in our people by leading people off welfare and into the work force. Let us support this plan for America, our children and our grandchildren.

Mr. KASICH. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida [Mr. STEARNS].

Mr. STEARNS. Mr. Speaker, I rise in opposition to this budget agreement.

Mr. Speaker, this is not a deficit reduction bill. It has a lot of smoke and mirrors.

But it is very simple to break through the fog. These supposed savings are not real. I repeat, these savings are not real. First, after reviewing some of the provisions in this bill, the public will find that double claims are being made with respect to the alleged savings here. If you look carefully, you will see that approximately $44 billion in so-called savings were already saved under the 1990 budget agreement, $44 billion. This is not my opinion but from the nonpartisan watch dog group called Committee for a Responsible Federal Budget.

This group took a look at the auctioning of radio frequency. During the Energy and Commerce markup of this provision, we were told that this would raise $7.2 billion in revenue. Now all of a sudden, we have a projection of $10 billion in revenues. This is especially hard to buy since the $7.2 billion figure was widely accepted by both sides of the aisle. But that's not really that much after all now is it to quibble over. All right.

Let us take a look at the projected revenues we're going to be taking in under these tax hikes. It appears that the President and Democrats have overestimated how much revenue they can take in as a result of these taxes on the so-called wealthy Americans. I

don't know what formulas they are using to tally up the revenue but it does not take into account or factor in human behavior. Once the American people realize that they are going to be taxed to the hilt, once again, they will seek legitimate shelters and report less to the Internal Revenue Service. The Institute for Research on

But wait, here's the real smoke and mirrors in this package. And the grand illusion I refer to is the use of baseline budgeting. Through this faulty accounting method, the President and the Democrats are able to create deficit reduction while actually increasing the Federal spending.

The Congressional Budget Office [CBO] has projected that Federal spending will increase by hundreds of billions of dollars over the next 5 years. Furthermore, a trillion dollars will be added to the national debt. The deficit in 1998 will only be reduced by about $90 billion than it currently is now. Mr. Speaker, that's not much reduction to achieve or show after all these massive tax hikes and so-called spending cuts. By allowing Congress to measure savings against projected future spending as opposed to last year's spending, the President is technically able to claim deficit reduction. But if you really really really want to get true deficit reduction, I respectfully suggest that the Congress and the President should look at this year's spending compared to last year's spending and Mr. Speaker, this bill does not do that. Why? Because baseline budgeting makes spending increases automatic.

For example, Medicare is cut by $55.8 billion in this package. All this means is that its costs will rise less rapidly because baseline budgeting allowed for an increase of 14 percent a year. They were very deceptive about this. The advocates of this budget have purposely overestimated the future costs of programs,and in doing so, the cuts they claim are only paper savings. They are not real, but the taxes are real. Mr. Speaker, the proponents have been distorting the facts and the size of these savings to the American people. We've seen a lot of pie charts about how the taxes are going to hit the American people. Let's see some real genuine cuts here. Where are the charts and line-by-line explanations of these cuts?

This bill is not a deficit reduction package. Therefore, it deserves a "no" vote.

Mr. KASICH. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. HOBSON], a very distinguished member of the Committee on Appropriations.

Mr. HOBSON. Mr. Speaker, Americans know a bad budget when they see one. They have seen the President's budget, and an overwhelming majority of Americans—about 90 percent—oppose it. People back home have serious problems with this bill, and for good reason.

The President's budget is a flawed budget. Given the magnitude of government waste, it is a disgrace to go back to Americans and demand more taxes, moreover, to demand more taxes from a time predating this administration.

Retroactive taxes are irresponsible and inflationary, and they will only serve to slow our recovering economy.

This budget seeks to reduce the deficit with about a 50/50 mix of taxes and spending cuts. Or should I say imaginary spending cuts. The President wants to reduce the deficit with cuts in the future, 4 or 5 years from now. But if a majority of Members in Congress refuse to accept cuts now, what makes the President think they will be willing to do so 5 years from now?

The majority has excluded Republicans during the budget process. As a member of the House Budget Committee, I know that Republicans worked very hard to be included. We offered over 30 amendments to the President's tax bill, many of which were praised by Democrats, but none of which were accepted.

During that time absolutely no effort was made by the majority to secure Republican support or to incorporate our suggestions which would have made this bill acceptable. Because Democrats cannot deny that they shut us out, their only defense is to portray out opposition as gridlock.

I strongly support deficit reduction, and so does every member here who opposes this bill. But the responsibility of Congress is to remain responsive to the American people, and today on this vote, the majority in Congress has forgotten who they represent.

If we do not have a clear majority today to pass this bill, that's not a failure on the part of Congress or the President. It is an opportunity to reconsider this issue and work to develop a truly bipartisan bill that responds to what American people want—to cut spending first.

Mr. KASICH. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Ohio [Mr. HOKE], a distinguished member of the Committee on the Budget.

Mr. HOKE. Mr. Speaker, this vote is on the budget. Budgets are about numbers. We have all heard more numbers today than we care to remember. But I am going to share with my colleagues the very most important numbers that there are in this budget, and these are the ones for anyone who takes seriously the meaning of the title: "Representative."

The day after the State of the Union Address calls into my office were three to one against the President's program. The day after the Budget Act and during the debate of the Budget Act, early April, it was four to one against the President's program. Budget reconciliation, late May, five to one against the reconciliation program. Conference report, the last 3 days, over a thousand phone calls, seven to one against.

The President seems to think that if he could just communicate this clearly, people would understand it. If he could just get inside their living rooms, sit down with them, have a cup of coffee, make them understand, they would buy into this.

Then he got a better communicator. He communicated it brilliantly.

The fact is, Mr. Speaker, the more they understand, the less they like.

Mr. KASICH. Mr. Speaker, I yield 1 minute to the gentlewoman from the State of Maine [Ms. SNOWE], a member of the Committee on the Budget.

Ms. SNOWE. "This package is better than doing nothing"

Mr. Speaker, I have heard this time and time again from the other side of the aisle as they defend this tax package. Mr. Speaker, I say we can and must set a higher standard than, "better than nothing". Don't we owe that to the American people?

I say we can do better than retroactive income taxes, retroactive estate taxes, and retroactive corporate taxes. I say we can do better in 1994 than $29.5 billion in tax increases as opposed to little or no spending cuts. I say we can do better than adding $1.5 trillion to the deficit as opposed to a mere $119 billion in spending cuts over 5 years. And we can do better than burden the American people with another gas tax hike.

Don't we have within us the leadership and ability to say "enough is enough", and to work together to craft proposals which reach across partisan lines and provide the best proposal for all Americans? Wasn't that the message Americans gave us last year?

Yes, Republicans do have legitimate objections to this package. But the fact is, we also had legitimate alternatives, alternatives that were offered right here in the well of the House.

As a member of the Budget Committee I know we provided specific alternatives. We reasoned. We offered over 30 amendments to this bill. We crafted two detailed budget alternatives in which we achieved $450 billion in deficit reductions over 5 years through real spending cuts. We imposed no new taxes on the middle class in the form of the gas tax. We did not increase the tax on Social Security benefits. We placed caps on additional spending and cut current spending by $333 billion more than this plan. This alternative is more in line with what the American people wanted. We offered these plans once before; we'll offer them again. We continually offered to meet with the leadership to get this country and this process back on track.

But the issue here today is this: are we willing to work together? Are we willing to meet half-way to make the tough decisions? Are we willing to put aside partisan difference, and show the courage and leadership we were elected here to practice?

I challenge all of you across the aisle to meet with us, look at our proposals, and let us finally cooperate to set a higher standard than just better than nothing. We cannot afford the alternative.

□ 2250

Mr. KASICH. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. COX].

Mr. COX. Mr. Speaker, "For working families making less than $180,000 a year there will be no income tax increase." Thus spoke Bill Clinton Tuesday night in the most disingenuous speech of his recent career.

In truth, Clinton's income tax increases will kick in for some families earning as little as $35,000 a year. For example: The Clinton budget now poised for final passage in Congress includes a 70-percent income tax increase on the Social Security benefits of low-income senior citizens. If the Clinton plan becomes law, working Social Security recipients over 70 years old who earn $35,000—or as little as $22,000 of joint income per spouse—will pay 70 percent more in new taxes on the Social Security portion of their income.

On the House floor, I sought to eliminate the Clinton income tax increases on low-income seniors. My effort was rejected in a straight part-line vote.

In an even more obvious way, President Clinton flat-out fibbed when he asserted that "for working families making less than $180,000 a year there will be no income tax increase." The Clinton tax bill increases the top rate from 31 to 36 percent for a family making $115,000—not $180,000. And for families in which both spouses work, their taxes increase by 16 percent even if neither makes more than $70,000.

Here's another example: Clinton's income tax increases will fall on persons in any tax bracket who have to move to a new job. Currently, moving expenses are legitimate business costs. Clinton eliminates the tax deductibility for away-from-home meals, temporary living expenses, rent, and other real estate costs. For a low-wage worker who makes, say, $25,000 a year, that can mean a huge income tax increase.

Clinton's 5-year tax plan also imposes a seriously unfair marriage penalty tax. As a result of the Clinton income tax hikes, middle-income mothers and fathers who are married to each other will be forced to pay dramatically higher income taxes than if they were not married. For Mary and David, both schoolteachers in San Diego who earn $40,000, their tax bill as a married couple will be $1,285 higher than if they live together.

Like all class-warfare economic schemes, the Clinton tax bill aims for the rich and leaves the working poor reeling. Raising taxes on club members by eliminating the deduction for dues is a populist political gimmick worthy of James Carville at the height of his powers. But for every Bel Air or Riviera club member it aims to punish, it hurts scores of regular folks.

How so? Volunteers in Kiwanis, Rotary, Lions, and other service clubs who make as little as $20,000 per year will also have their income taxes raised by this particular provision. Sadly, creating new disincentives for charity and voluntary community service seems to be what Clinton has in mind when he preaches that all Americans must share some pain.

When DICK GEPHARDT and Dick Darman got together in the 1990 budget deal to impose a populist luxury tax on boats, the boat industry left our shores. Did millionaires suffer pain when they flew to Europe or Asia to buy their new yachts? Of course not. But boatyard workers from Maine to California now suffer the pain of unemployment as a direct result of this tax.

By the same token, DICK GEPHARDT and Leon Panetta's new populist tax hikes on business meals won't cause any hardship for tycoons. Instead, laid-off minimum wage workers—cooks, dishwashers, waiter—will pay a 100 percent tax when they lose their jobs.

The Clinton tax bill includes some 25 new tax increases, most of which affect ordinary people who make far less than $180,000 per year. None of these tax hikes curbs Government's spending habits, the real cause of deficits. None of these aids economic growth. None of the Clinton tax hikes gives any new incentive to lift the aspirations of Americans who want to work and enjoy the fruits of their imagination and labor.

Instead, Clinton's tax increases on people with incomes far less than $180,000 will punish senior citizens and cost millions of ordinary working Americans the opportunities of jobs, promotions, and added family income. He didn't tell us that Tuesday night—perhaps because like his tax plan, the truth hurts.

Mr. SABO. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. Mr. Speaker, we are approaching the closing moments of a long and wrenching national debate.

This vote is about just one thing—do we have the courage to stand up and take control of our economic future and to get our Nation's house in order?

We will summon that courage here tonight. I know this isn't an easy decision.

We in public life are often asked to do difficult things. And this is one of those difficult times.

There's no easy way to make record reductions in a $4 trillion debt, to cut $250 billion in spending, to create jobs, and to ensure that the wealthy pay their fair share.

The last two Presidents have just passed the buck, passed the buck to the next generation.

Too many times in the past 12 years, we have taken the easy way out, done the popular thing, done what is most comfortable.

We are here today because our children can't cast a vote to cut the deficit, because working people themselves can't cut Federal spending, and all the good intentions in the world can't move people from welfare to work.

Only we can vote to do that.

This is the first plan in 12 years that uses real numbers to achieve real results.

It's a fair plan, it's responsible, and it deserves a chance to work.

We know the bold details of this plan: A record $496 billion deficit cut that will create jobs; over 200 specific spending cuts; 80 percent of the new taxes paid by the wealthiest 1 percent; and 90 percent of small businesses eligible for tax reduction, to name a few.

But we have to remember that there are faces behind these numbers and stories behind these statistics. Real lives of real people.

Deficit reduction will create jobs that will move autoworkers from the unemployment lines to the assembly lines.

Low interest rates will put an extra $175 a month in the pockets of working families able to refinance their homes.

The earned income tax credit will give millions of working parents dignity and respect.

And small businesses will use tax credits to buy new plants and equipment that will make them more competitive.

That's what this plan will do. That's what it will do for America. That's what it will do for working people.

It's what we are fighting for tonight against all the cynicism, distortions, and outright falsehoods.

We had all hoped, Mr. Speaker, that this could be a bipartisan cause. America's future is not a partisan issue.

But instead of making the President a partner, Republicans have tried to use him as a punching bag.

And listening to their rhetoric today, I think it's clear that the Republicans must have left their spending cuts in the same drawer as those lists Ross Perot always forgets to bring.

Let's tell it like it is: They don't have an alternative. We know it, they know it, and the American people know it.

And now the choice has come down to our plan or no plan.

The American people want change, they voted for change, and it's time we get on with that change.

That is what we were sent here to do. And if Democrats have to carry the weight alone—like we did on unemployment benefits, like we did on family and medical leave, like we did on national service—then we don't shrink from the challenge, we welcome it.

We are going to be proud of this bill. When America's economy is standing tall again, historians will look back to this day and this vote, and say, "that is where it started. That is where it turned around. That is where America's renewal began."

So say "no" to gridlock. Say "no" to the status quo. Don't pass the buck—pass the plan.

Mr. KASICH. Mr. Speaker, I yield 1½ minutes to the gentleman from South Carolina [Mr. INGLIS], a member of the Committee on the Budget.

Mr. INGLIS of South Carolina. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I come back to the floor today to update some numbers. Following some of my earlier freshman mentions of representative democracy and how that should work, let me tell you this: Earlier today I reported there were 247 calls against the President's

plan in my office and 17 for. I have got new numbers: It is 534 against, 43 for.

That is what the people of the Fourth District of South Carolina think. Let me tell you why I think they think that. They are worried about two things:

First, they are worried that this is a repeat of the 1990 budget deal, where they saw taxes, but no spending cuts. The second thing is, and I hope all my colleagues can hear this, they are worried about their jobs.

They are worried that this tax package will mean that they will lose their jobs. That is a legitimate fear that they have, and probably the worst fear that they face.

Mr. Speaker, we must defeat this plan and go back to the drawing board and get a plan that starts with cuts in year one, not in 1997 and 1998.

Mr. Speaker, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back 15 seconds.

Mrs. MALONEY. Mr. Speaker, I rise this evening in support of H.R. 2264, the Omnibus Budget Reconciliation Act.

I am proud to be a part of passing a historic deficit reduction plan tonight. This plan is significantly better than the reconciliation bill that I voted against last May.

This Nation is in an economic crisis. President Clinton didn't get us into this mess, but he's trying to get us out. The negotiations are over. It's time for all Americans to rally behind our President, and ask what we can do for our country.

When I voted against the House bill in May, I intended my vote to be constructive, not divisive. I knew we could do better. And my constituents didn't elect me to settle for less. I offered several suggestions on how to improve the package. Many of those suggestions have been adopted, which I consider a major victory.

Tonight's plan basically equalizes the ratio of spending cuts and revenue increases. It is much fairer to senior citizens, who will pay less in taxes on their Social Security benefits than under the House or even the Senate package.

The Btu tax, which would have hit seniors and the middle class hard, is dead. A modest gas tax will replace it, which is much better for New York City and less expensive for all Americans. It will cost the average New Yorker only a nickel a day more than what they are now paying in taxes. That's a contribution that most Americans will be happy to make to reduce the deficit.

This improved package still cuts the deficit nearly $500 billion. But the package also contains important, progressive initiatives. Expanding the earned income tax credit will reward work over welfare and help bring poor working families out of poverty. Family Preservation Act funding will help reverse the disintegration of the American family. The bill will also create jobs through generous tax incentives for investment in small business. These programs restore the old-fashioned American values of free enterprise and personal responsibility.

This bill represents progress, not perfection. I was deeply disappointed that new income taxes will be retroactive to January 1993. The Senate package called for a July 1993 start date. Together with several of my colleagues, I intend to explore legislation that would prohibit future retroactive tax bills, which I think are terribly unfair.

The President initiated two important programs yesterday through Executive orders. I strongly support the creation of a deficit reduction trust fund that guarantees that our spending cuts and revenue increases go to reduce the deficit, not for more pork. I also support the entitlement review program which begins to put the brakes on the spiraling cost of entitlements, which already constitute two-thirds of our annual budget.

Last, while I continue to oppose retroactive taxes, President Clinton took an important step by allowing our taxpayers to have 3 years, without penalty, to pay for these retroactive increases.

This is not a perfect package, but it's an honest one. It is the first genuine, viable attempt to slash the massive debt created by 12 years of fiscal irresponsibility in the White House and in Congress. And this time, the numbers are provided by the nonpartisan Congressional Budget Office. So they are based in reality, not politics.

The voters demanded last fall that we break the gridlock and bring change. It's easy to be against everything. It is more difficult to be for something. And I am for this revised plan.

I urge my colleagues to pass this historic deficit reduction program.

Mr. BARCIA of Michigan. Mr. Speaker, today I cast perhaps the most necessary, and certainly one of the most difficult votes in my time of public service. Voting in support of this reconciliation bill is not something that I take lightly. I have talked extensively with many of my constituents. I have called upon friends and family for their views. I have received so much conflicting reaction that I know that no matter how I vote, there will be some people who will be upset, and they will be upset for some time, not just for the moment.

But, Mr. Speaker, I see no real alternative to what we have before us today. We need spending cuts. We need responsible and fair tax programs. We need to keep our economy moving. We need to make priority choices, even if that means that some of our favorite programs are losers.

I have spent a great deal of time reviewing the impact of this bill on my constituents. So many people are concerned that they will be harshly hit with additional taxes. This just is not true. In fact, according to census data, 29,987 families within my district will actually receive a tax cut due to the earned income tax credit provisions in this conference report. Only 1,022 families in my district will pay higher income taxes, and these are families where total income exceeds $180,000 per year. The overwhelming majority of people in my district—more than 200,000 families—will see no change in income taxes. I know that many senior citizens are concerned about the increase in the taxable portion of Social Security benefits, and I wish this provision had not been included in the conference report. But again 90 percent of all Social Security recipients will see no change in the taxes on their benefits since this provision applies only to individuals whose total income exceeds $34,000 and couples whose income exceeds $44,000.

Farmers and small businessmen have told me that they need to continue the deductibility of portion of their health insurance premiums. This conference agreement does that. The agreement also increases the expensing of new equipment from $10,000 to $17,500 something many small businessmen have wanted.

My district has over 600 miles of shoreline. Boating is a major activity. A number of boat dealers have told me that the luxury tax on boats has hurt sales and forced layoffs of people. They have worked to repeal this provision for the last 2 years. The agreement gives them the repeal they want.

And another provision in this agreement will allow Saginaw Community Hospital to continue as a Medicaid eligible facility. Without this provision, many people would have to change their health care provider, and it would cost the Government even more because the expense at Saginaw Community Hospital is below the averages for care of its kind.

People tell me that they want the Federal Government to straighten out its budget mess, and to make some real cuts in spending. This bill cuts 200 programs. It freezes domestic discretionary spending for 5 years.

Some people do not want any tax increases, or they do not want tax increases that apply to them. Some people are willing to pay more in taxes, but they want guarantees that the tax increases will be used for deficit reduction. The President has taken action that has never been taken before—he has signed an Executive order mandating that any additional taxes that are collected are set aside for budget deficit reduction and absolutely nothing else.

As I said when I voted in support of the House version of the reconciliation bill, it would be very easy to vote "no." I could wash my hands of the matter and say "its not my problem—don't blame me." The same holds true of today's vote. But such a vote would be irresponsible.

People around this Nation and in my congressional district voted for change in the last election. I don't believe they merely voted to change the names of those people in this Chamber. They voted to change the conduct of this Chamber. Sooner or later we need to take decisive action to correct the Federal budget situation, and I look upon today as the benchmark in that effort.

I say benchmark because today's action alone will not solve our budgetary problems. We need to move toward a balanced budget. I have cosponsored a constitutional amendment calling for a balanced Federal budget. Many States, including my State of Michigan, have such a requirement and I believe that we need to impose the same discipline on the Federal level. But, Mr. Speaker, how can any of us who support a balanced budget amendment oppose a measure that moves us in that direction? Saying one wants a balanced budget and then voting against programs to move in that direction is, in my view, hypocritical.

Most people, I believe, do not understand that even if we eliminated every last penny of

discretionary domestic spending, we would still have a

And if we eliminated this spending, we would certainly have many adverse consequences in the communities where this spending occurs. I urge my colleagues to think of the anguish that they are facing as they try to deal with the economic ramifications of closing military bases in their districts. I know first hand of this problem because of the community concern I encounter in Oscoda, MI, where we are experiencing the effects of closing Wurtsmith Air Force Base. The first question that people ask me is "what will the Government do to help us?" If we do nothing but cut spending, then the answer to that question is "nothing".

So we have to deal with taxes. The bill before us raises corporate income taxes by 1 percent on those companies with taxable income of over $10 million per year. Only 4 percent of business owners will pay higher income taxes, with this plan having been endorsed by over 80 top CEOs of major companies and a number of business associations. It raises taxes on those individuals with incomes of more than $115,000 and couples with incomes of over $140,000. Only the top 1.2 percent of all taxpayers will see an increase in income taxes. It increases the portion of Social Security benefits that are subject to income tax for those individuals who earn more than $34,000 and couples who earn more than $44,000 per year when Social Security benefits are included. This increase in Social Security benefits subject to income tax is one of those provisions that I would certainly oppose if there was a separate vote available, but there is not. It does raise gasoline taxes by 4.3 cents per gallon, and I know that nobody wants to pay more taxes.

But if people want services from their government, then they have to be willing to pay the bills. We must achieve a balance between the demands people place on their government and the revenues that the government receives.

Moving towards this balance, Mr. Speaker, is why I say today that if we are to restore credibility to the budget process, we must make some commitments today to a long-term plan. I believe that if we are going to tell the American people that we are serious about deficit reduction that today we also need to say "no" to new programs unless new programs are revenue neutral. Some would like to say vote no on every new program, but that is not responsible. Some new programs are needed. They will help improve the economy by offering incentives for new jobs in new industries. They will help to improve the training and retraining we provide to our workers. The best way to raise revenue is to have the government share in the increase of wealth that our entire Nation experiences through growth.

But other new programs will have to wait. I cannot support programs that will add additional taxes beyond those we are talking about today. I cannot support increases in many existing programs if those increases are not among the most essential things for our Nation. I cannot support increases in some programs unless they are offset by reductions in others. This will mean that I will be voting at times against programs that some of my constituents support. I have already done that this year, and I have taken the heat for it. I know it will get much hotter, but if we are serious about our budget situation, if we are serious about change, if we are serious about seeing some of the most important portions of the President's agenda moving forward, then we have to be willing to take the heat for making responsible decisions, even if they are unpopular.

Some will say that I am changing a longtime policy of voting against taxes with my vote today. The situation is worse than had been expected last year, so while today's vote is not one that I like, I can see no realistic alternative if we to both begin to achieve a balanced budget and meet the demands that people put on their government. I have a longer policy of doing what needs to be done and I will ask people to withhold judgment until they see the totality of my actions as I have described them here today. We need spending cuts. We need responsible and fair tax programs. We need to keep our economy moving. We need to make priority choices, even if that means that some of our favorite programs are losers. That is the policy to which I commit today. That is why I am voting "yes" on budget reconciliation.

Mr. BORSKI. Mr. Speaker, I rise in strong support of the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act of 1993. This plan will reduce the deficit, reinvigorate our economy, create jobs and restore fairness to our tax system.

For the 11 years that I have been a Member of this body, I have been frustrated by the previous administrations' policies of tax cuts for the wealthy, increased taxes on middle and lower incomes and decreased public investment. These policies have left a legacy of staggering Federal deficits, a national debt of over $4 trillion, a huge growth in the disparities of wealth and an economy struggling to recover from recession. Obviously, Mr. Speaker, these policies have failed this country miserably. It is time to change the course.

Fortunately, Mr. Speaker, today, we have a President with the courage and vision to turn these policies around. For the first time in my career, we have a credible deficit reduction plan that asks those who benefited most from the past policies to pay their fair share, protects middle and lower income people and provides incentives for small businesses and investment that will help grow this economy and create over 8 million jobs over the next 5 years.

H.R. 2264 will cut the deficit by nearly $500 billion over the next 5 years. More than half of this deficit reduction is achieved through real and specific spending cuts, including cuts in agricultural programs, administrative costs and entitlements.

While I would definitely not like to raise taxes at all, I have looked at all other alternatives and there is absolutely no other way to get the deficit under control. This plan does raise taxes; however, it does so in a way that is fair and equitable. The overwhelming majority of taxes fall on those who benefited most from the tax breaks of the 1980's. Eighty percent of the taxes fall on those making over $200,000 a year. Families making under $140,000 a year will not pay one penny more in income taxes. The only tax that will affect middle income Americans is a modest 4.3 cent gas tax. I believe that the gas tax, which will cost most Americans only $3.00 a month, is a small price to pay for ensuring our future economic growth and vitality.

Through the expansion of the earned income tax credit, families making under $25,000 will actually receive a tax break. In addition, this strong antiwelfare measure will give low income people incentives to work and pull themselves out of poverty.

H.R. 2264 provides incentives and investment to get this economy growing. The financial markets, recognizing the credibility of this deficit reduction plan, have already responded favorably and interest rates have dropped. Because of lower interest payments, businesses and individuals now have more money to save and invest for their future. In addition, under this plan, 90 percent of small businesses will be eligible for tax credits for their investments. Helping businesses grow will create millions of jobs for Americans.

The bill also invests in children through Head Start and childhood immunization and expands worker training and education so that American workers have the skills they need to get high-skill, high-wage jobs.

Opponents of this plan claim that there are too many tax increases and not enough spending cuts. However, their alternatives would replace the tax increases on upper income Americans with deep cuts in Social Security, Medicare and other entitlements. Their proposals place an unfair burden on the backs of seniors and working people.

I have heard from many constituents who were concerned that middle income seniors would be hurt by the increased tax on Social Security benefits. While I would prefer that this plan included no tax increase on Social Security recipients, let me emphasize that anyone whose adjusted gross income is less than $34,000 for individuals or $44,000 for couples will not pay any new taxes on their Social Security.

Mr. Speaker, we must pass this plan now. This is the only deficit reduction package before us. The alternative is to do nothing, which would allow deficits to grow unchecked and continue to impede our economic growth and recovery. We cannot allow the failed policies of the past to continue destroying our future. It is time to turn these policies around and get this country on the right track.

Ms. FURSE. Mr. Speaker, I am really tired of hearing vague charges against this bill—mostly from those who oversaw the largest deficit in history.

I feel the people of Oregon should know exactly what to expect from the plan, and these are the facts:

According to Office of Economic Policy, Oregon will gain 63,364 over the next 3 years under the Clinton plan. This is 75 percent more jobs than were created over the last 3 years.

This bill includes over $205 million in business tax breaks for Oregon alone.

The expansion of the earned-income tax credit will give 24,000 working families in the First District of Oregon an additional $40 million in buying power.

The expansion of the earned-income tax credit will give 145,000 Oregon families—nearly 20 percent of all Oregon families—an additional $240 million in buying power.

The plan includes $230 million in worker training to help supplement any funds in the forest plan for dislocated workers.

The plan also includes money to assist localities in Oregon who are trying to deal with Clean Water Act requirements.

Mr. Speaker, the fear of every American is not that their taxes will go up. The fear of every American is that this plan will not work and the deficit will grow until it absorbs all of our future wealth. Americans are not afraid to do the difficult thing, they are afraid we will do nothing.

My district in Oregon is a beautiful place, Mr. Speaker. We have families who have fished for years, urban professionals, high technology workers, virtually every type of American you could imagine. I pledge to my constituents today my tireless efforts to make this plan work and actually reduce the deficit. I also pledge to work to continue to reduce Federal spending—this plan is just the beginning.

But from Cannon Beach to Washington County, from Astoria to downtown Portland, everyone agrees that the deficit needs to be cut. And we have to start somewhere. The 5-year deficit reduction plan before us today makes a real, genuine effort to address our budget deficit, while also providing a number of important incentives for our community in Oregon.

I urge my colleagues to support the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act.

Mrs. CLAYTON. Mr. Speaker, I rise to express my support for this budget reconciliation conference report.

This conference report represents a movement away from the borrow and spend politics of the past decade to a more responsible way of decreasing the Nation's debt. This is a balanced approach between spending cuts and raising revenues through a fair and progressive tax plan.

This budget we are voting on today reverses the decade of trickle-down economics. This legislation includes $241 billion in tax increases and $255 billion in spending cuts. Eighty percent of the tax burden falls on those who make more than $200,000 a year. Only the top 1 percent of all taxpayers will experience an increase in their income taxes. In the First District of North Carolina, less than one-half of 1 percent of families earned more than $180,000. Most of my constituents will be required to pay a gas tax of approximately $32 a year which will be committed totally to deficit reduction.

There are substantial spending cuts—more than 300 cuts were made and all domestic budgets are frozen at 1992 levels for the next 5 years. All of us will make some sacrifice: $3 billion will be cut from farmer programs over the next 5 years; cost of living adjustments for Federal and military retirees will be delayed; Medicare will be reduced by $55.8 billion; and the Guaranteed Student Loan Program will be partially phased into a direct loan program. Many of the programs we liked that have proven to be effective were also cut.

However, this legislation speaks to the social deficit as well as financial deficit. Low- and moderate-income working families will receive a tax cut due to the expansion of the Earned Income Tax Credit Program. A family of four with full-time minimum wage earnings, less than $26,750, will receive a tax credit that will surpass what they have paid in gas taxes. The EITC will lift many families to the poverty line. Last year in North Carolina, over 485,000 working families received this credit, totaling $414 million. In the First District of North Carolina, where the average income for a family of three is $8,900, this credit will be significant to improving the economic quality of life for many families.

This budget reconciliation bill will substantially reduce the financial deficit and will not do so by overburdening the middle class or the disadvantaged. This bill is fair. It is balanced and progressive. While we do not look forward to the sacrifices we are asked to make, we must recognize that we need to make these hard choices now in order to get this country back on its feet.

Mr. TAYLOR of North Carolina. Mr. Speaker, I rise in opposition to the Clinton tax and spend budget plan.

We have before us a choice. We can stand up for the American people and reject the policies of tax and spend or we can drive this country back into recession by passing this bill.

We must reject yet another tax on the middle class. We must refuse the attempt to try to balance the Federal budget on the backs of the elderly. And we must repudiate another tax on small businesses, which has had the additional burden of unfunded mandates and Federal regulations thrust upon them year after year. How can we expect small business, the backbone of job creation in this country, to create jobs if money is being taken from them just because they are successful?

Mr. Speaker, this is a bad bill. In the first year, it increases taxes by $10 for every $1 it cuts in spending. In the second year, it increases taxes by $3 for every $1 it cuts in spending. It increases taxes on the middle class and poor by $33 billion in the form of a new gas tax. It increases taxes on the elderly by some $25 billion. And it increases taxes on our small businesses.

In my district alone, this tax bill will cost 10,128 senior citizens over the age of 65 8.3 million additional tax dollars. We cannot and should not balance the budget on the backs of the elderly of this country. It will cost the poor and the middle class an additional $21 million in increased gas taxes. If you include the current surtax on the elderly, this is a total of $40 million taken out of western North Carolina's economy. And this doesn't include what this bill will do to our small businesses.

We have a President who has twisted and broken the arms of our colleagues in the other body trying to pass this bill. But when we in the Appropriations Committee were trying to cut spending in the Appropriations Committee, we couldn't get him to pull a pinky. Our constituents have spoken: cut spending first, reject higher taxes and spending. Vote against this bill.

Mr. BONILLA. Mr. Speaker, I rise today in strong opposition to the President's tax package and in defense of the working men and women of Texas, especially the people of the 23d District.

President Clinton took to the airwaves Tuesday to try and sell his tax plan to the American people. Since then, my office has been flooded with calls strongly opposing this job killing plan. People are tired of the same old tax and spend talk here in Washington. Cut spending first is what they want. No more taxes. No more class warfare rhetoric. And, most of all, no more antibusiness policies. Americans are drowning in over taxation and overregulation. The policies in this package do nothing to alleviation the pressures felt by Americans today. This tax plan only exacerbates the current situation. It will not lead us to the promised land as some would have you believe.

The retroactive income tax increases will hurt the small business people who are our Nation's leaders in job creation. The regressive gas tax will continue to hurt those low-income families who do not lose their jobs because of the high business taxes. And the retroactive increases in Social Security taxes will hurt those elderly people whose only crime was to have saved enough for retirement.

Mr. Speaker, you will soon receive a letter that I have signed with a bipartisan group requesting that we set aside 10 working days to consider spending cuts—not tax increases. Therefore, I urge my colleagues to vote down this job reduction plan. America will be better off for this. I urge my colleagues to put partisan politics aside and work toward a substitute budget which avoids taxes and only cuts spending. This should not be about saving the President. It should be about saving Americans. So let's cut spending first and quit taxing Americans.

Mr. STENHOLM. Mr. Speaker, it is with genuine remorse that I rise today to oppose H.R. 2264. I am remorseful for numerous reasons, first because of my heartfelt respect for my Budget Committee chairman, MARTY SABO, and the tremendous job he has done in shepherding this unwieldy bill through its lengthy process in a very fair way. I say this not in the obligatory way in which one might pay homage to his chairman, but with genuine respect and affection.

Second, I am remorseful because there are good things which have come out of this process, most notably the Executive order and House rules change dealing with entitlement spending discipline. While this particular issue was not resolved in the way I would have preferred, we have, nonetheless, moved the peg forward in a meaningful way.

Third, I feel remorse because, quite frankly, I hate to be associated with some folks voting "No" today who simply want to see nothing positive happen for the next 4 years. Unlike some of those people, I do want to see our President succeed and, furthermore, I want to be part of giving the American people the end of gridlock that they want.

Finally, and most importantly, however, I feel saddened because I feel we have squandered a unique opportunity for genuine deficit reduction which puts much more emphasis on reducing spending than on raising taxes but acknowledges the need for both, an opportunity for boosting our country's economy, and an opportunity for all sectors of our society to

contribute to the economic well-being of our children and grandchildren.

In the 6 months since President Clinton released his budget proposals, I dedicated myself to working with the administration and my colleagues in Congress to develop a serious deficit reduction package that could win the support of Members across the ideological spectrum and, more importantly, citizens across America. My conservative Democratic colleagues and I attempted to make constructive contributions to the package as it worked its way through each step of the congressional budget process. During House consideration, many of us voted to keep the bill moving precisely because of our hopes that the positive elements within the package could be enhanced. At that time, however, many of us also made it clear that the package needed to be substantially improved to gain our support of a conference report.

In discussions with the President and the House leadership, conservative and moderate Democrats outlined three basic goals that a reconciliation conference report must address to gain our support: First, including a meaningful agreement on entitlement spending discipline; second, eliminating the gas tax included in the Senate version of the reconciliation bill and replacing it with spending cuts; and third, improving the ratio of spending cuts to tax increases from the Senate version. Driven by concern about deficit reduction and the relationship of spending to taxes, we have done more than simply criticize; we have suggested numerous proposals for spending cuts that have widespread support and that could be added to the package. If today's package should happen not to pass, we stand ready to begin fighting immediately for those alternative proposals.

I am extremely disappointed that our efforts to garner bipartisan cooperation on the House-passed entitlement spending discipline were entirely thwarted by Senate Republicans, leaving Byrd rule procedural problems unsurmountable. We applaud the President for responding by signing an Executive order and our House leadership for approving a change in the House rules, both of which use the language of the House-passed entitlement discipline provision. It is clear that these changes will accomplish only a small portion of our original intent. Although the entitlement discipline included in the Executive order and changes in House rules will be very similar to the statutory language in the House-passed reconciliation bill, it is not possible for an Executive order combined with House rules changes to be as strong as the entitlement discipline passed by the House. Still, the Executive order represents a significant step forward in controlling entitlement spending by taking entitlement spending off of automatic pilot and placing accountability on Congress and the President regarding entitlement spending. Nonetheless, it is a step backward from the House-passed statutory language, which already had represented a significant compromise from our original position.

The inability to enact entitlement discipline as strong as the House-passed reconciliation bill makes the fact that the other two goals have been completely unmet even more troubling. The agreement fails to address the concerns expressed by a large number of Democrats about the Senate-passed gas tax and the desire for deeper spending cuts. We believe that it is unwise for substantive as well as political reasons for us to raise taxes on middle-class working men and women in order to pay for increased spending as this conference report does. Rather, any new spending initiatives should be paid for by other spending cuts.

Finally, I am disappointed by last minute changes in this agreement which produce savings which are hard to decipher at best and impossible to substantiate at worst. I have taken pride in the fact that based on realist projections and credible assumptions, this year's budget has been the most honest effort that I have seen in my entire congressional career. I am not certain that I can continue to make that claim about this package and I find that very regrettable.

I regret that I cannot support this agreement, which loses ground from the reconciliation bill that passed the Senate. I continue to believe that the gas tax, as well as all tax retroactivity, should be entirely eliminated from the package and replaced with spending cuts. Furthermore, the sum of numerous other provisions, including the disincentive to agricultural technological development and the move away from job-creating tax incentives, further tilts the balance of this package toward a negative result. Unfortunately, it now appears that the only option available to those of us who wish to change the package in a way that holds middle-class working taxpayers harmless and includes greater spending restraint is to defeat the bill and work to put together a second conference report that can gain the support of a majority of the House and Senate.

Mr. MAZZOLI. Mr. Speaker, today in the House of Representatives, we are here to make an important decision. The decision before us today is whether to move forward on serious and credible deficit reduction by passing the budget reconciliation conference report, or to remain grounded in today's economic quagmire filled with red ink and joblessness throughout America.

There has been much apocalyptic rhetoric this summer about passage or defeat of the President's economic recovery/deficit reduction plan. I am quite frankly not sure how the financial markets will react to the passage or defeat of this plan. All I know is that we have come too far not to do anything.

More importantly, Mr. Speaker, this House and this Congress should pass this conference report because it is meritorious. It is balanced and fair with specific regard to the ratio of tax increases to spending cuts and with asking the wealthiest Americans to pay their fair share.

There are certainly items in the conference report I wish could have been left on the cutting room floor. I dislike the January 1, 1993, effective date for the new tax rate applicable to high-income taxpayers, although now the agreement allows affected taxpayers two additional years to pay the retroactive taxes. I also prefer a broader-based energy tax and additional spending cuts and fewer taxes to achieve more deficit reduction.

Mr. Speaker, I was very encouraged by the President's address from the Oval Office some nights ago. And, I would like to pick up on two important themes he invoked on why we cannot afford to turn our back on this plan.

First, this conference report is profamily. It includes a provision expanding the earned income tax credit [EITC], which provides a credit against income tax for low-income working families with and without children. It includes the Mickey Leland Childhood Hunger Relief Act, which provides food assistance and promotes self-sufficiency for participants in the Food Stamp Program. The agreement also includes the Family Preservation and Support Act, which aims to keep families together by providing supportive services thereby avoiding unnecessary foster care and other out-of-home placements. And, finally, the bill establishes an immunization program to provide free immunization to needy children.

Second, the conference report is probusiness. It provides for the creation of 9 empowerment zones and 95 enterprise zones in both urban and rural areas. The agreement also permanently extends several tax credits which have the potential for extensive use by cities across the Nation, including my hometown of Louisville and Jefferson County. They are: The low-income housing tax credit and the Mortgage Revenue Bond Program.

Allowing companies to expense or deduct nearly double the amount of new equipment put in service permitted today is another valuable business incentive. Furthermore, the conference report extends through June 30, 1994 other tax credits used by businesses: The employer-provided educational assistance program and the targeted jobs tax credit. The research and development tax credit is extended through June 30, 1995.

One small business provision in the bill with which I have concerns—and which I hope Congress can address at a later time—affects subchapter S corporations, partnerships, and sole proprietorships. Under the bill, these small business are subject to the higher personal income tax rates. Although I dislike this approach, the other investment incentives I have mentioned should help ease the effect of this change.

With regard to the revenues in the conference report, I believe most Americans are willing to pay some additional taxes if they know the taxes—and the savings from reduced Government spending—are going to reduce the deficit. In fact, this is where the deficit reduction trust fund and the entitlement enforcement language of the agreement comes in.

The deficit reduction trust fund, which the President has created by Executive order, would be established within the Department of Treasury, and it would ensure that all savings in the budget plan be permanently set aside for deficit reduction. The savings would not be available for increased spending. And, the entitlement enforcement language requires the President and Congress to annually address the issue of spending on entitlement programs which exceeds target levels.

The trust fund and the enforcement language guarantee that the spending cuts and higher taxes are earmarked for deficit reduction. And, as I have said previously, these sacrifices will result in a lower debt, more jobs, lower interest rates, and an overall healthier economy.

Mr. Speaker, I want to commend the President of the United States for tackling the most important economic problems facing us today: The budget deficit. I also commend those of my colleagues on the House Budget, Ways and Means, and Appropriations Committees who labored mightily to develop this conference report. It was not an easy task.

I hope this conference report passes. If America is to remain strong economically and militarily, we must reduce our Nation's heavy and dampening debt in order to invest in education, health, families, and our communities. Let us support the conference report and move forward into the new era.

Mr. STOKES. Mr. Speaker, I rise today in strong support of the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act of 1993. This legislation is the largest deficit reduction package in the entire history of the United States. The conference report on H.R. 2264 includes measures which will help reduce the deficit by $496 billion over the next 5 years, balanced equally between spending cuts and revenue increases.

We have heard a tremendous amount of rhetoric from the other side of the aisle in recent weeks and months, with a steady escalation over the last few days. It is amazing that with all this talk from my colleagues on the other side of the aisle, that they all ignore one simple matter in their broadsides and diatribes launched at the President and this package—the truth. Time after time we have heard from one Member or another that this package is the largest tax increase in history; or how this bill will hurt the middle-class American and ruin small businesses; or that this is the only time in U.S. history that tax increases have been effective retroactively. All of these assertions are demonstrably false. The 1982 tax increase was actually larger in real dollar terms; no American who earns less than $180,000 a year will have their income taxes raised; and only 4 percent of small businesses will be affected by the income tax increase.

Mr. Speaker, when we shine the light of day on the spectres raised by the opponents of this package, they vanish into thin air. The true facts regarding the conference report on H.R. 2264 are that it is a serious attempt at deficit reduction, with realistic plans based on a balance between real spending cuts and targeted revenue increases. Many Members who have risen to voice their opposition to this package were here during the last 12 years or continually, and rapidly escalating budget deficits. Many of these Members have paid lip service to the cause of deficit reduction. Well, Mr. Speaker, I am proud that our new President has taken the courageous step to tackle this problem with an honest, serious plan. I am also proud to stand with him, and all my colleagues who will join in supporting our President's efforts tonight, in enacting a realistic, reasonable deficit reduction bill.

Passage of the conference report on H.R. 2264 will meet the basic goal set in President Clinton's economic agenda submitted in February, and in the congressional budget resolution adopted in April—deficit reduction of roughly $500 billion over a 5-year period. The legislation contains entitlement spending cuts, establishment of discretionary spending caps, savings realized from improvements in government debt management policies, and tax increases which fall predominantly on the wealthiest Americans and corporations. Also, the bill includes investment provisions to encourage long-term investments in small businesses, the prime engines of economic growth in our Nation. In addition, H.R. 2264 expands the earned income tax credit for low-income families by $21 billion to offset the effect of the gasoline tax, and provides tax incentives for economically distressed areas to increase business activity and create jobs.

Mr. Speaker, I stand here today, representing the people of the 11th District of Ohio, the residents of the city of Cleveland, and suburban areas of Cuyahoga County. I believe that the people of Cleveland, the people of Ohio, and the American people as a whole want to see the budget deficit reduced. President Clinton's plan is the first step toward achieving this goal, and this plan will reduce the deficit. President Clinton was elected by the American people because he promised a change from the failed policies, empty promises, and cynical rhetoric of the last dozen years. I urge all my colleagues to stand with the President, to stand with the American people, and vote in favor of the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act of 1993.

Mr. BUYER. Mr. Speaker, it has been my position that Congress spends too much. Since day one, I have asked my colleagues to consider spending cuts before raising taxes. Instead, Congress is passing one of the largest tax increases in history, over $275 billion, before considering ways to cut government waste. If the 103d Congress had any mandate it was to cut spending. We are missing a great opportunity.

The centerpiece of the President's package is one of the largest tax increases in history, and most important it is retroactive to January 1, 1993. Once again, it is tax now and cut spending later. Over 80 percent of the spending cuts don't occur until late 1996. This budget will have a devastating effect on long-term economic growth, while reducing savings and investment, thus crippling the Nation's ability to create new jobs and increase wages. The Congressional Budget Office has estimated that without any plan, the economy will create 9.4 million jobs while the President's plan is estimated to create 8 million jobs. So, by passing this plan, the country will lose 1.4 million jobs.

By the President's own numbers, this budget will result in approximately $1.7 trillion in new debt by 1998. In fact, automatic interest payments on the public debt is $295 billion this year—roughly 60 percent of the personal income tax revenue. Furthermore, this budget will cause the debt to go from $4.3 to $6.2 trillion by 1998 with interest payments about $450 billion a year.

The energy tax, 4.3 cents per gallon, is regressive as it has a greater effect upon low- and moderate-income families and those who live in rural America, like Indiana's 5th District. Once again rural America is being asked to shoulder a greater burden than the big metropolitan areas. It will hurt Indiana's business and manufacturing companies from Marion, to Kokomo, to Logansport when they ship their products around the State and country. It will hurt the worker who drives to the workplace.

Our seniors are being asked to sacrifice so that Congress can spend more. In the fifth district alone over 6,800 so-called wealthy seniors households who have an annual income over $35,000, will be taxed up to 85 percent of their Social Security benefits. Individual seniors with income over $34,000 and retired couples with income over $44,000.

Congress has been a copilot on a journey of politics as usual. A few months ago I held 21 town meetings all over the fifth district. Time and time again I was told to cut spending before raising taxes. This bill does not do that, therefore, it is a budget I cannot support.

Mr. SMITH of New Jersey. Mr. Speaker, I rise today to express my strong opposition to the Clinton tax package, the largest tax increase in American history.

I will cast my vote against this $275 billion gross tax increase since I remain convinced that the plan will jobs and never reduce the deficit. I also find it outrageous that Mr. Clinton's plan is retroactive and imposes taxes on income earned before he was even President.

Mr. Speaker, the so-called savings in the package are a sham and are likely to never occur. Many are doubled-counted from other bills, user fees shamelessly labeled as tax cuts, or spending cuts that begin in the outyears. Since 80 percent of the cuts occur after the 1996 election, one must wonder whether a future Congress will still approve these cuts. The taxes, however, are retroactive and are here to stay.

The 5-year ratio of taxes to spending cuts is $2.13 of taxes for every $1 in cuts. The package also fails to terminate even one single program.

The Clinton tax increases will undoubtedly cost our economy jobs. The economic forecasts are chilling: DRI/McGraw Hill predicts that 700,000 jobs will be lost and the National Center for Policy Analysis estimates 1.4 million jobs will vanish. This is not the solution to our economic problems. History has shown that we cannot tax ourselves into prosperity.

Contrary to the President's claims, Mr. Speaker, the middle class will not be spared from these tax hikes. The 4.3 cent per gallon gas tax and the vastly expanded Social Security taxes will pick the pockets of New Jersey residents. In a state like New Jersey which has a high cost of living, $34,000 per year is not wealthy. The income tax rate hikes will also harm small businesses since 80% of businesses pay personal income tax rates rather than corporate.

Mr. Speaker, the class warfare championed in this package will not produce the revenues promised by the administration. Soaking the rich never works. This very bill includes an admission of this fact. In one of the only wise actions in the conference report, the misguided luxury tax will be repealed. In New Jersey, we learned how the luxury tax—designed to tax the rich—failed miserably. Instead of raising revenues by hitting the wealthy yacht buyers, the tax destroyed the jobs of the middle-class Americans who built yachts. I knew that this type of class warfare would fail and I voted against it in 1990. We should take a lesson from the luxury tax experience and abandon this new call for class warfare.

The President's historic tax increase will not cure our ills—it will only make matters worse.

Mr. Speaker, I remain committed to cut spending first and will continue to vote against wasteful programs so that we may put our fiscal house in order.

Mr. Speaker, I urge my colleagues to vote against this package and to pledge to initiate a new attempt at cutting spending and reducing the deficit.

Mr. PORTER. Mr. Speaker, I rise with sadness tonight because I feel we have yet again lost the opportunity to address the deficit with courage and take the real steps necessary to save our economy. This legislation is, according to the President, a once in a decade milestone. By that standard, however, its provisions are grossly insufficient to the task at hand.

The deficit, Mr. Speaker, is a national problem—it is our national crisis. The budget deficit drains our economy of capital and hurts all Americans. And there is perhaps no one more injured by the deficits' effect on the economy than those in our society who exist at the margins.

For a national problem, what is required is a national solution—a solution that calls on every American to contribute and to sacrifice for the betterment of all of us. In fact, any plan that doesn't require the participation of everyone—requiring everyone to give up something—will fail in its essential goal of reducing the deficit.

The President, in his speech on Tuesday, told us that this was such a bill—that all Americans were making a contribution. Mr. Speaker, this is simply not true. In truth, it is a plan that asks only a handful of Americans to contribute to the solution, and that is what is so tragically disappointing about it.

Despite all the rhetoric, this legislation's basic feature is a significant tax increase on the wealthy. Beyond this group, no other members of our society are being asked to make any significant contribution. Indeed, not one single Federal program is terminated by this legislation. Thus, we know already that this plan will not do what the President says it will—it simply does not contain any serious spending reductions or other deficit reduction proposals.

Compounding this failing will be the effect on our economy of the large and punitive taxes contained in this legislation. The wealthy, Mr. Speaker, will invest less, they will purchase less and they will move their money into unproductive ventures for tax avoidance purposes. The result, Mr. Speaker, in that middle class and lower income Americans will pay a terrible price. As the economy continues its sluggish performance, it is the working people that will lose their jobs, that will see their wages fall behind, and that will see the American dream slip a little further from their grasp.

The taxes in the President's plan are huge, permanent, and retroactive. The spending cuts are small, focused only on defense and health providers, and to come mostly in the last 2 years when, history tells us, they probably won't materialize.

Bringing down the deficit is promised, not guaranteed, and most of the new taxes, even if the promises are kept, will support new and increased spending, not deficit reduction. A guarantee I proposed earlier that every penny of new taxes would be applied to reduce the deficit or the taxes would be automatically and instantly repealed, was jettisoned by the Rules Committee and not even allowed to be considered.

The President has had every opportunity to truly address the deficit and be a "different" Democrat. Unfortunately, he has been captured by the economic liberals of his party and the only difference is the packaging.

Mr. Speaker, I think the American people are ahead of the President on this issue. They would support a plan that called on everyone to sacrifice if sacrifice led to real deficit reduction. They would support new taxes if the Democrats had first committed to large, real spending cuts and if they knew the taxes would be applied to actually bring down the deficit.

But this is not such a plan. Unfortunately, what the President has provided is symbolism without substance, a tax bill masquerading as a deficit reduction package, weakness instead of resolve.

Mr. BALLENGER. Mr. Speaker, I am opposed to the conference report on H.R. 2264, the Omnibus Budget Reconciliation Act of 1993. The bottom line is that the Clinton tax and spending bill fails its most fundamental goal: deficit reduction. The original goal of $500 billion over 5 years was lowered to $427.5 billion to gain political support. The spending cuts of only $38.2 billion are too small, too few, and too vague. These spending cuts will not produce the savings claimed be the Administration. The tax increases of $275 billion will not produce desired deficit reduction either. History shows that Congress spends $1.59 for every $1 collected in taxes. Because most of the President's spending cuts occur in future years, the tax increases imposed immediately on working Americans will only serve to feed more Government spending rather than reduce the deficit. I believe the American taxpayer has given enough and Congress should cut spending, not increase taxes.

I remain opposed to this type of phony deficit reduction. Congress tried this in 1990. The tax increases were put into effect immediately, and we have yet to see any of the promised spending cuts. This policy is what sent our economy into the recession we are still trying to pull out of.

I am particularly concerned about the effect of the tax hikes on North Carolinians. A study by the Citizens for a Sound Economy shows that approximately 19,200 North Carolina residents could be out of jobs. In addition, the $275 billion tax hike could cost North Carolina taxpayers an additional $5.7 billion over the next 5 years, or $2,248 per household.

Finally, the proposed 4.3 cents per gallon tax increase on gasoline adds $295 to the average two-driver family in the tarheel State. North Carolina citizens already pay 22.3 cents per gallon in State taxes. The Clinton tax increase means that North Carolina drivers will pay a total of 40.7 cents per gallon in State and Federal taxes.

I believe there is a better way to reduce the deficit. The proper solution to spiraling deficits is to control Federal spending. To that end, I accept certain fundamental ideas; that Federal resources are limited, that we must make the tough choices on spending priorities, and that unaccountable spending can not go unchecked. We can reduce the deficit, without tax increases or touching Social Security, and continue economic growth.

House Republicans have a plan that presents a common-sense approach to reduce the deficit. The plan simply cuts spending by eliminating out-dated programs and reforming or reducing new others. The Republican plan includes no tax increases, no spending increases, $60 billion in defense cuts, $409 billion in domestic spending cuts, and produces $478 billion in deficit reduction.

The solution is simple: cut spending first! To borrow a popular sologan, "Just Do It!"

Mr. COLEMAN. Mr. Speaker, passage of the Clinton administration's deficit reduction package represents a historic change for the country and El Paso. Congress voted to reverse 12 years of "squeeze the middle class" policies of the Reagan-Bush years.

Certainly, there are plenty of critics who pan the Clinton administration deficit reduction plan as having done too much or not enough. In comparison to what? I had a front row seat for a decade of the Reagan-Bush years and their initiatives hardly resulted in greater investment or smaller deficits.

When Ronald Reagan moved into the White House the deficit was just over $74 billion and the national debt and just under $1 billion. When George Bush moved out of the White House the deficit was racing past $300 billion and the national debt stood at just over $4 trillion.

The test of the Clinton deficit plan should not be perfection. Rather, it should be does this plan offer a change of direction from failed trickle-down economics that brought us shrinking incomes, record unemployment, soaring debt and more families living in poverty than in the last 40 years. The Clinton plan delivers that change of direction. Surely, even given its worst assessment, the Clinton plan could come nowhere close to the reckless results of the past two Republican administrations.

And what do my Republican colleagues choose to do to set this situation right? Nothing. Not a single Member of the party which brought us this debt was willing to begin to reverse the spend now, pay later policies which this party wrought. More than 40 Republican Members voted "no" on every plan, even their own party's.

Instead, the Republican Party embarked on an unprecedented campaign of misinformation. Falsely alleging the middle class would get soaked and that small business would be robbed by the Clinton Plan. Now the facts.

Not a single family with a gross adjusted income under $180,000 a year will pay a penny more in income taxes. Need I respect that? Families with higher incomes will pay higher taxes, as they should. During the last decade, the wealthy saw their incomes increase at a rate of about 136 percent as a result of trickle down economics. During this same period, working class families' incomes fell.

The Clinton plan restores progressivity and tax fairness and asks that the wealthiest do the most to help reduce the deficit. Middle class families are asked to pay only about $1 a week in the form of the gas tax. And every penny of that weekly dollar will go directly to reducing the deficit.

But the Clinton plan does more than just reduce the projected deficit by about $500 billion. It also invests in families and in small business.

El Paso alone, living in poverty despite both parents full-time jobs will receive $86 million in assistance to lift them out of poverty and reward their economic contribution. More than one-in-three of every family in El Paso will see their taxes cut and their incomes increased. Fewer than 1,000 families in the entire county actually have incomes high enough to require that they pay higher income taxes.

Most importantly, the small business owners of our county are finally going to get their just rewards for having done their best during the long recession to keep their heads above water and create jobs. The Clinton plan will provide some of the most lucrative tax incentives ever offered to small business. To say otherwise is dishonest. Even the Wall Street Journal's analysis of the small business package last week carried a headline that read, "Higher Expenditure Ceiling, Retroactive Too, Promises an Array of Breaks."

The package includes a 50-percent cut in the capital gains tax rate for investment in small business, a 75-percent increase in expensing of investments in equipment, and an extension of the health insurance deduction for the self-employed. In fact, 95 percent of small business, or six million entrepreneurs, will see their taxes go down under the Clinton plan.

This is not the largest tax increase in history. It is the largest deficit reduction package in history because it restores tax fairness and cuts $260 billion from projected government spending. Those are the facts.

Mr. DIXON. Mr. Speaker, as we close these budget negotiations, I would like to commend my colleagues for the close attention and diligence paid to the daunting task of balancing our Nation's needs and resources. Meeting the increased demand for human services, particularly those of children, and the common sense strategy of investing in American families and communities, are worthy goals, and I am pleased that these issues remained on the front burner in these negotiations. In this regard we have done better than some expected, though perhaps not as well as we would have liked.

It is clear, however, that the needs will not be adequately met, nor the resources readily at hand, unless we become more aggressive about identifying funding sources that increase revenues without creating more debt. Given the state of our economy, the increased demand for expenditures and the compelling need to reduce the Nation's deficit, we need a new budget perspective—one that makes it a priority to bring resources as well as requests to the budget table.

I want to bring to your attention a proposal that arose very late in these budget proceedings but that, nevertheless, raises the possibility of capturing tax dollars that have eluded us for several years. A group called the Coalition to Close the Loophole and Put Our Kids First proposes to close a loophole in the Tax Code that would provide $1.2 billion annual revenues. The coalition wants that money used for children's programs—a need that is unarguable. We should examine this proposal and weigh its merits. If we can gain substantial new revenue by curtailing what would appear to be an unintended tax advantage, we should do so. And put that money where it is needed most.

Mr. STARK. Mr. Speaker, today I will vote to support the President's budget reconciliation package as a first step to putting our financial house in order.

I am not pleased with all the provisions in this package. I am troubled at the $55.8 billion burden borne by Medicare right as Congress begins the task of healthcare reform. I also see this package as a break from the tenets of the Tax Reform Act of 1986 in which rates were lowered for individuals and businesses in return for fewer tax breaks.

I will support this package for the following reasons: First, it is the only serious deficit reduction package to gain a majority of votes and second, it contains a much needed expansion of investment in our human resources through the earned income tax credit [EITC], enterprise zones, Childhood Immunizations and the Family Preservation Act.

The conference agreement reduces the deficit by approximately $496 billion from fiscal year 1994–98, with more spending reduction $255 billion than revenue increases $241 billion.

The income tax rate increase will affect only high income Americans—the top 1% of the population. No family of four will pay higher income taxes unless they have an adjusted gross income of above $180,000.

Working families with children in the lower-income ranges will have a tax reduction as a result of the expanded EITC. The maximum credit will be approximately $2,000 for families with 1 child and, when fully phased in, well over $3,000 for families with more than one child.

For the first time, there will be an EITC for childless workers as well. Besides increasing the size of the credit, the expanded EITC will cover about 18 million workers as opposed to 12 million workers under current law. The credit promotes the policy that it pays to work.

About 18 million workers will be covered by this expanded EITC. In the 13th Congressional District, approximately 24,200 families will qualify for the EITC.

The bill creates nine empowerment zones which will get enhanced tax benefits for businesses operating in pockets of poverty designated by the federal government. In addition, ninety five enterprise zones will receive a combination of tax benefits and title XX funds.

Tax relief is included in the conference report for individuals who have lost their homes and possessions in a Presidentially declared federal disaster. The conference report includes the language of my bill, HR 406, and applies to taxpayers who lost their homes in the East Bay fire of 1991 and to all disaster loss victims across the country.

The bill makes permanent the low-income housing credit, small issue IDBs and mortgage revenue bonds. There is a twenty-four month extension for the R&D tax credit and eighteen month extension for targeted jobs tax credit and education assistance. All of these tax benefits will be applied retroactively to June, 1992, when they expired.

Passive loss relief is provided for real estate professionals so that losses from real estate activities would not be subject to limitation if most of the taxpayers professional work is in the rental real estate business.

An increase in expensing from $10,000 to $17,500 is in the bill to help create a stimulus to business investment.

The luxury tax on furs, jewelry, airplanes, and boats is repealed effective January 1, 1993. The conference report indexes cars for the $30,000 threshold and exempts equipment installed for use by disabled persons.

The bill includes a modest gas tax for deficit reduction. For the average California driver, the 4.3 cents a gallon tax increase will cost $27.83 a year.

Revenues are also raised through increasing the corporate rate 1% for business with income in excess of $10 million (this affects only 1% of all businesses), reducing the deduction for business meals from 80% to 50%, limiting deductions for lobbying and for million dollar compensation packages and for US corporations sheltering income by operating in Puerto Rico, and a proposal I authored which removes tax incentives for the export of raw logs.

Entitlement spending is reduced by cutting Medicare expenditures with no new cuts affecting beneficiaries, increasing the taxation of Social Security benefits next year for couples earning over $44,000 and singles earning $34,000, along with welfare savings.

The Medicare agreement will reduce the deficit by $55.8 billion over the next 5 years. This is the highest level of Medicare savings ever achieved, exceeding the previous maximum of $44 billion by nearly 25 percent.

These savings are higher than the $50 billion in savings that I supported, but were a necessary element of the overall agreement. These savings are spread evenly and broadly across the entire program. Hospitals and other Part A providers contribute 62% percent of the reductions in provider payments while physicians and other Part B providers account for the remaining 38% of the cuts. These are almost the same proportions that these segments make up of total Medicare spending: 60% is Part A, and 40% is Part B.

The agreement protects vulnerable populations and providers. Beneficiaries are protected from rapid increase in their medical costs. Primary care physicians, community health centers, and small rural hospitals are also protected.

In sum, this is a tough but balanced deficit reduction package. No one else has a better one—and to do nothing is to drift mindlessly into larger and larger deficits.

Mrs. LLOYD. Mr. Speaker, today we pass judgment on 4 months of hard work, deliberation, conference, and consensus. The debate surrounding the reconciliation bill has been unusually spirited and comprehensive and the public has been active in voicing their thoughts on the process and the final product.

Mr. Speaker, the bill before us represents a compromise. It is not expected that every Member is in support of every provision of this comprehensive agreement. The question that is before us is, are there enough positive features of the bill to win our support. Regrettably, for this Member, the answer is no. I believe Congress and the President can do better with more spending cuts.

When we passed the House version of the budget, my support was contingent on several factors, including the inclusion of entitlement caps, elimination of retroactive tax provisions and the Btu tax. While the House-passed Btu tax is gone, my concerns on the two former provisions have not been met.

Entitlements in this country now account for over 50 percent of Government spending and are on the rise. A head-on approach to confronting the growth of entitlements is needed if we are serious about our commitment to deficit reduction. The entitlement caps included in the House bill are precisely the direction we should be moving in. They would have forced both the President and Congress to make the tough decisions on mandatory spending. Due to the provisions of the Byrd rule, entitlement caps have been stricken from the bill before us. While I support the entitlement review contained in the rule, I don't believe it goes far enough. Entitlement caps should be rule of law, not rule of the House.

Mr. Speaker, I have also expressed concern over the retroactivity of the tax increases in the bill. This will unfairly burden many of those people affected by depriving them of needed time to adjust to the tax increase. Many could find themselves unable to meet their new tax burden under the retroactive provisions in this bill.

I applaud the conferees for deleting the onerous and insidious Btu tax. This tax never had my support although it was included in the House-passed budget which I supported for other reasons. Unfortunately, a distant relative of the Btu tax—the gas tax—has materialized in its place. While the overall effect of the gas tax on the individual is substantially lower than the Btu, the fact is it hits the financially strapped middle and lower classes.

I have briefly touched on three concerns that I have with the legislation. Let me make mention of one other. The spending provisions included in this bill are admirable; but I feel these proposals are premature. Presumably we in Congress will be tackling welfare reform sometime next year. Changes to assistance programs should be deferred until we can take a more comprehensive approach to welfare reform.

Mr. Speaker, I feel it would not be fair for me to vote against this bill without applauding and supporting its overall goal of deficit reduction—it is the means toward that end that I object to. The fact is this is the largest deficit reduction package ever to come before Congress. The effort that has been expended to bring this legislation before us should not go unappreciated. Members will make up their own minds on how to vote on this package based on what is important to them and their districts. Whether you vote yea or nay, I hope we can all respect and honor the goal of deficit reduction and continue our commitment to bringing Government spending under control.

Mr. FRANKS of Connecticut. Mr. Speaker, this tax and spend Democrat budget plan will hurt the State of Connecticut possibly worse than any other State in the Nation. The State of Connecticut and New England went into the recession first, and we are still having a difficult time. I implore my Democrat colleagues from New England to oppose this historic tax bill.

As a delegation we have had a number of meetings on the credit crunch problem. Yet Democrat Members will vote to take more money away from people with this new tax. Our small business people, our entrepreneurs, cannot get money from the banks now, and under this plan they will have to dig deeper into their pockets to pay for more Government and more social spending programs.

President Clinton has asked Congress to support his budget today because he claims that it will reduce the deficit while increasing jobs, investment, and economic growth. I would be inclined to agree if the so-called deficit reduction in this bill was achieved through prudent and needed spending cuts. However, this budget has been designed and approved by those who feel that greater Government intervention in the economy will benefit the Nation. These people neglect to consider whether taking money away from the people and plowing it into bureaucracies will spark economic growth.

I urge my colleagues to consider whether a $250 billion tax increase will help our Nation. Before I was elected to Congress, a budget agreement was approved that contained tax increases and was proclaimed to be the key to deficit reduction. Now, with the deficit larger than ever, Congress is being asked once again to approve tax increases for deficit reduction. Mr. Speaker, tax increases do not encourage Congress to make spending cuts. Tax increases just encourage more spending.

Let us take a specific look at the aspects of the bill that really make it a tax monstrosity, First, there will be an excise tax of 4.3 cents per gallon on gasoline, diesel, and most other transportation fuels. This energy tax achieves two goals of the Clinton administration: It raises more money to spend on new Government programs, and it discourages Americans from driving their motorized vehicles. A two-driver family will pay an additional $247 a year in gas taxes alone—the equivalent of 2 weeks worth of groceries—unless they adjust their lifestyles to fulfill the whims of the President and Vice President GORE. This budget also extends the 2.5 cent gas tax enacted in 1990 for additional years. Once a tax is enacted, the big spenders in Congress can take it for granted. Americans will be reminded of candidate Clinton's promise for middle-class tax cuts every time they fill their tank.

A second tax that will be detrimental to the economy is the increase in the highest marginal income tax rate from 31 to 36 percent. Because 40 percent of small firms file under the personal income tax, this tax is likely to hurt small businesses. How will small businesses pay this additional tax burden? They

A third objection I have to this bill is the tax increase on the personal savings of retired Americans. This budget increases the so-called elderly surtax on pensions, IRA withdrawals, interest from municipal bonds, certifications of deposit, and other income over a $34,000 threshold for single retirees and $44,000 for married retired couples. In my district, the Government will take an estimated 11 million additional dollars from the pockets of the elderly constituents I represent. Fortunately for them, I have heard their voices of concern. I will not vote to punish the responsibility of senior citizens who have wisely planned to supplement their Social Security benefits with investment income. This new tax seems to send a message to Americans: it's best if you let the Government fully support you.

Perhaps the most pernicious aspect of this budget is the retroactive nature of some of the tax increases. The top tax rate for income, estate, and the gift taxes will be applied retroactively to January 1, 1993—back to before Bill Clinton was President. The Constitution prevents Congress from passing a law that make an activity illegal even before the law was passed. This principle should be applied to tax laws as well. There will be a lot of scrambling by individuals and businesses to find ways to pay their back-taxes to the Government. These retroactive taxes also create a bad precedent and yet another way for the big spenders in Congress to grab some extra money. I hope my constituents have saved their tax records from the 1980's.

Tax increases have never reduced the deficit and will not now. An alternative budget plan, which I voted for in March and in May, would have achieved genuine deficit reduction solely through spending cuts and without tax increases. President Clinton inexplicably denies that such a plan exists.

I wonder why President Clinton is so adamant about passing this particular plan without any sort of bipartisan input or consideration. I think economist Thomas Sowell may be on the right track when he stated about the Clinton budget in the August 16 Forbes magazine: "It is, in fact, not an economic program at all, but a political program to get more money and more power over the economy." President Clinton wants control over even more of the economy than he currently has. He doesn't realize that he and his youthful advisers already have enough on their hands.

We in Connecticut are familiar with the phrase, "throwing gasoline on a fire." Well, this tax and spend budget plan will do just that for the State of Connecticut. I encourage my colleagues, not just from my State, but from all States, to vote against this flawed budget so Congress and the President can start again from scratch.

Mr. DOOLEY. Mr. Speaker, I rise to express my opposition to Section 1105(c) of H.R. 2264, the Omnibus Budget Reconciliation Act. Section 1105(c) provides for a 90-day moratorium on the sale of recombinant bovine growth hormone, commonly referred to as BST.

The Senate-passed reconciliation bill included a 1-year moratorium on the sale, marketing or use of BST. I strongly opposed this provision because it was an unprecedented attempt by a handful of Senators to exert congressional control over the approval process of a regulated drug. The moratorium was not sought on the basis of scientific rationale regarding the health or safety of milk produced with BST, but on irrational fears in a small sector of the dairy industry about the possible economic impacts of a tool to increase the efficiency of dairy farmers. Mr. Speaker, I cannot predict the impact that the use of BST may have on the dairy industry, but I strongly believe that Congress should not decide which products may or may not be brought to the market because of a fear of upsetting the status quo.

I am a strong supporter of the biotechnology industry. This relatively new industry is at the brink of introducing many products in the agricultural and pharmaceutical industries that have the potential to change the way we grow crops and treat disease in the United States. I am very excited about these discoveries and future products.

However, the 90-day moratorium on the sale of BST included in the budget reconciliation bill sends a negative message to these companies. What this moratorium says is—Don't spend time or money researching a product that may face opposition because you can count on Congress to place a moratorium on the sale of your product. This is the wrong message to be sending to these small entrepreneurial companies. Congress should stay out of these decision, and let the regulatory agencies, such as the Food and Drug Administration, make decisions on the safety of products.

I think it is important to point out what the 90-day moratorium does not do. It does not in any way influence the approval process at the FDA for BST or any other biotechnology product. The FDA must proceed on the approval of BST based on considerations of health and safety alone. The FDA is free to make that decision according to its own time table.

The votes in the conference, and the history of this provision, clearly demonstrate that there is almost no support in Congress for a moratorium of any length. There is virtually no support for political interference in the FDA on behalf of any economic or social agenda.

The continued competitiveness of U.S. agricultural lies in the continued advancement of technology to make farmers more efficient. Biotechnology is the key to our future productivity. I hope in the future that Congress will not be held hostage by a small, special interest and that bad policy, like the 90-day moratorium, will be rejected.

Mr. ROGERS. Mr. Speaker, in February, the President announced his intentions to enact a budget bill that would promote jobs, cut spending, and reduce the deficit. Sadly, H.R. 2264, the President's budget conference agreement falls short of all counts. It should be rejected. It will not create jobs, not cut spending, and not reduce the deficit.

First, the heart of this deficit reduction package is a $275 billion tax increase directed to the very people that the President said he wanted to help—middle-class families, seniors, and small business.

One of the biggest revenue raisers—$23 billion comes from the 4.3-cent increase in the Federal gas tax. Despite the call for tax fairness, this tax increase is a direct hit for rural States, particularly Kentucky. The conference agreement will mean that Kentuckians will be paying $100 million a year to the Federal Treasury or about two times more for deficit reduction than people in New York or Washington, DC, on a per capita basis. Not only will the gasoline tax mean higher prices at the pump for families across the State, but it will mean higher prices for all types of goods and services because transportation costs account for about 20 percent of all product costs. But, that is just the beginning.

For seniors, the burden is especially unfair. The gas tax, the income tax rate increases, and the tax increases on Social Security will mean that almost 5 million seniors on fixed incomes will see more of their benefits taxed away, while prices rise on medicine, food, and almost all products. The $25 billion in new revenues to the Federal Government will come directly from seniors who have saved for retirement. If a senior makes more than $34,000 a year, then the Federal Government will tax 85 percent of their Social Security benefits. Incredibly, the plan actually penalizes people who have scrimped and saved for retirement.

Small business fairs even worse under the Clinton tax package. Although the President has said he wants the rich to pay their fair share by raising the individual rate from 31 to 36 percent, a full 80 percent of business pay taxes as individuals. It is no secret that small business is the engine of job growth. While jobs have been lost in larger companies, small businesses have been the number one job creator in the Nation. In my own State of Kentucky, 60 percent of new jobs created in the last year were produced by small business. Ironically, the tax on these proprietorships, partnerships, and S corporations will mean that small businesses will be taxed at a higher rate than corporate America—going from 31 percent tax rate to 39.4 percent—and contributing over $50 billion in new revenues to Washington.

Despite the calls for new job creation, the President's plan is actually a jobs loser, with just over 1 million jobs at risk if the tax provisions go into effect. And, the final blow for small business—the income tax increases are retroactive to January 1, 1993, placing an additional unfair burden on small business.

What about the spending cuts? The bill counts spending reductions on the order of $240 billion. If only that were true. The ostensible spending reductions in the Clinton tax bill relay largely on double counting, extensions of current law, time-shift gimmicks, and unspecified spending cuts that the administration itself has called illegitimate.

For example, the conference agreement counts $44 billion worth of cuts that have been achieved as part of the 1990 Budget Agreement. The authors then claim another $52 billion worth of spending cuts, from interest savings. Still another $4 billion in spending cuts is counted from a Medicaid drafting error—simply by changing a discretionary service to mandatory, then changing it back again to discretionary—the conferees have magically cut $4 billion from health care costs. All told, there are less than $5 billion in spending cuts in fiscal year 1994. These claimed savings total $217.2 billion over 5 years. But without the smoke and mirror provisions, the reconciliation conference report actually contains only $37.8 billion of real savings over 5 years, and much of those cuts occur after the next election.

Finally, the bill calls for new spending on a number of programs. At least $300 million is targeted for health care for illegal aliens. So, it should come as no surprise that the deficit after 5 years actually goes up under this budget proposal—from a projected low of $202 billion in fiscal year 1997 to $350 billion in just 3 short years.

Mr. Speaker, I urge my colleagues to vote "no" on this tax bill. It will not create jobs, will not cut spending, and will not reduce the deficit. It deserves to be defeated.

Mrs. UNSOELD. Mr. Speaker, we may think our debate over the budget is something new, but it's not. In millions of American homes, families have been having the kind of budget discussions for years that we're having right now.

Families figure out how to pay for what they really need—the mortgage on the house, the utility bill, the phone bill, the car to get to work and back. They make money available for the investments that are too important to do without: the college education for a son or daughter; the trip to the hospital for an operation or a test; or the night classes that can help further a career. After doing all this, they try to set aside enough for the extras—a 3-day weekend at the beach, a camping trip, shoes for growing feet, or a winter coat. But if the money isn't there, they know they can't spend it. And if they've met each month's expenses by using plastic, they know they must eventually discipline themselves to pay down those credit card charges.

Well, it's time for our Federal Government to start managing its budget the way American families manage theirs. That means cutting our deficits without losing sight of creating jobs and paying our bills without losing sight of important investments. We have a package that does all that—the President's.

It includes the largest deficit reduction in our history—nearly $500 billion over 5 years.

It creates as many as 8 million jobs—an estimated 324,000 in Washington State alone.

It reprioritizes spending to help the working poor, rewards small businesses, and invests in proven programs that will save us several dollars tomorrow for each dollar we put in today.

The guardians of gridlock will continue to carp and criticize because they want to see the President and his plan fail. They say the President offers taxes now and spending cuts later—but the President's plan cuts $50 billion in spending the first year and phases in spending cuts much sooner than the alternative plan put forth by the opposition in the other body. The President's package is also lambasted for not doing enough to cut spending—but the Dole plan included $100 billion less in deficit reduction than the President's plan. Finally, the Republicans complain that the income tax increase on the wealthiest 1.2 percent of Americans is retroactive to January 1—without mentioning that some of the tax cuts for small businesses in this plan are retroactive to mid-1992.

The fact is that the President's plan means a better life and a better future for millions of Americans. Here's why:

Low interest rates.—Interest rates are as low as they've been in 20 years because financial markets know this is a serious plan to reduce the deficit. Millions of Americans are refinancing their home and car loans and saving thousands of dollars. If you're paying 10 percent interest on your home, refinancing at a 7.5-percent rate puts an extra $175 a month into your pocket.

It rewards struggling families.—Low-income families will receive an earned income tax credit that allows them to support their children without going on welfare. Finally we will end the despair of millions of working parents in Washington State and across America and replace it with a message of hope: If you work

full time and have children at home, we will help you help yourself out of poverty.

Jobs.—When this President took office, he made a commitment to reduce the deficit, create jobs, and put this nation back on track. In the first 5 months of this administration, 740,000 people landed new jobs in the private sector. That rate of job creation is seven times the rate achieved by the previous administration.

Small business incentives.—If small businesses invest in job growth, they will be rewarded with tax cuts. The President's plan calls for deductions in capital gains taxes, increased expensing and extending a deduction on health insurance premiums for the businesses which create most of the jobs in this country. Nine out of ten small business owners in Vancouver, Olympia, Longview, and throughout the United States will qualify for a tax cut with this plan.

Fairness.—This plan ends a decade-long trend that saw millions of working Americans pay more and get less while the wealthy got wealthier. Nearly 80 percent of all the new taxes in this plan would be paid by the wealthiest Americans in this Nation, and no working family earning less than $180,000 will pay more in income taxes. The average family will pay only one tax—less than a dime a day in an energy tax that's devoted entirely to deficit reduction and represents only a fraction of the amount advocated by Ross Perot.

Investment.—The President's budget plan recognizes that it makes sense to invest in those who suffered the most over the past decade by enhancing programs that save us several dollars for every one we spend. Programs that put dislocated workers—like those in our timber communities—back to work. Programs that provide immunizations for children. Programs that give 3- and 4-year-olds the Head Start they need to come to school ready to learn.

Perhaps the best reason to support this plan is to ask yourself, "What's the alternative?" We can have a real plan or no plan, real change or a return to the status quo and gridlock with which American people are fed up. The question is, "Will you—will southwest Washington and the Nation—be better off a year from now?" I strongly believe the answer is "yes."

Mr. GALLO. Mr. Speaker, during the course of this debate, we have heard some of our colleagues on the other side of the aisle dismiss the public's overwhelming outpouring of opposition to this bill as nothing more than the ravings of uninformed people hoodwinked by the message of the Republican minority.

I do not understand how any of my Democrat colleagues—all of whom were elected by the people they now believe can be easily fooled by cheap political propaganda—can so readily dismiss the views of those they represent.

I have received some very thoughtful and illuminating messages from my constituents over the past several days. I would like to share with my colleagues some of the people's wisdom.

A constituent in Randolph, NJ who knows her history and is concerned that the President's plan would hurt economic growth and cost American jobs, sent me a copy of a statement issued by the executive council of the American Federation of Labor in 1940. This statement concluded:

> We urge that all Government actions that tend unnecessarily to discourage business expansion cease and that a positive effort be made to encourage greater industrial activity. We have learned the lesson that when opportunities for profit diminish opportunities for jobs likewise disappear.

Another constituent, a resident of Livingston, NJ, wrote to urge me to review President Kennedy's December 14, 1962, speech to the Economic Club of New York in which he describes in detail the reasons why tax rate increases will not stimulate a peacetime economy, and why rate reductions will result in a stronger economy, higher employment, larger revenues, and a lower deficit.

I did review that speech, and found that Bill Clinton is no Jack Kennedy. In that speech, President Kennedy said:

> It is increasingly clear that no matter what party is in power * * * an economy hampered by restrictive tax rates will never produce enough revenue to balance our budget just as it will never produce enough jobs or enough profits.

A third constituent, a voter in Flanders, NJ, wrote in direct response "to President Clinton's request that I contact you with my view on how you should vote this week on the compromise tax package. Vote no," he said. He then expressed his concern about the President's efforts to divide our country through class warfare:

> The current president continues to sound like a broken cassette machine stuck on an idiotic sound byte * * * get the rich, make them pay, people that work hard and make money are evil. . . . Class warfare is a fool's paradise. . . . People that have capital and earn capital invest or spend it. That is how a free market economy works. That process creates real private sector employment.

A fax from another constituent said:

> Please be secure in the knowledge that the People are both intelligent and thoughtful. We recognize the inertia which continues to carry our Government deeper and deeper into debt. We understand the difficulties involved in changing that basic direction. Moreover we are willing to make the sacrifices necessary to effect that change. The spending cuts have to come first, however.

I could go on. Since yesterday morning, more than 400 people have called, faxed, and sent telegrams to me. Of that number, more than 92 percent have urged me to oppose the President's plan. I do not remember any other issue during my service in Congress that has generated as great a response as this.

Mr. Speaker, each of us who has the honor to serve in this House, this people's House, has an obligation to, at the very least, respect the thoughts and concerns of those we represent. You do not have to agree with them. But neither should you dismiss them as ill-informed or ignorant. After all, they are the ones who sent you here.

Mr. SENSENBRENNER. Mr. Speaker, President Clinton's televised appeal to the American public backfired because the majority of taxpayers know when to call a spade a spade. Americans have correctly perceived the Clinton program as the same old tax and spend. The largest tax increase in American history, $275 billion, coupled with imaginary and deceptive spending cuts, prompts memories of the 1990 disaster. But this time around the stakes are much higher. This tax bill is a job killer, the fuel tax is regressive, inflationary, and punishes the middle-class Americans promised a tax cut by candidate Clinton.

President Clinton makes history in more than one way in his tax plan. For the first time in history, the tax hikes imposed on small businesses and individuals will apply retroactively to January 1, 1993. Twenty days prior to being sworn in, Bill Clinton had already raised taxes. I must give credit to the President for initiating his tax and spend agenda while still blowing up balloons for the inaugural ball. Retroactive taxation is outrageously unfair. Small businessmen and hard working Americans will discover that money already earned, saved, or spent, is now to be taxed. President Clinton is truly the nemesis of American entrepreneurs and job providers.

Social Security recipients of modest means will face a tax hike, not to go toward deficit reduction, but to feed the congressional spending spree and lavish more taxpayer dollars on new Federal spending.

There is no question that the tax increases in the bill are real. Sadly, the spending cuts are phony. The alleged $255 billion in spending cuts are made up of cuts already approved under the 1990 bill, projected interest savings assuming the deficit will go down, and billions in unspecified reductions. Eighty percent of the cuts take place after the 1996 Presidential election.

I have received a resounding message from my constituents since the President outlined his program in February—cut spending first. This bill fails that test and many others. It is time to go back to the drawing board and craft a budget that does not punish American taxpayers, one that shrinks our bloated federal government and embraces the principles of economic independence for working Americans. I am convinced the Clinton plan is the same failed experiment of past Democratic administrations on a scale that could wreck the American economy.

Mr. MENENDEZ. Mr. Speaker, I rise in support of the conference agreement. This is not the time to go back to business as usual by making the easy, wrong decisions—now is the time to move forward by making the hard, right decisions for the future.

Voting for this conference agreement is a hard decision. But it is the right decision for the working people of my district.

I represent people who work hard, play by the rules, and earn a middle class living. This plan is designed to be fair to them now and to help them build a better future. The people of my district will benefit under this plan.

They will benefit first and foremost from the largest deficit reduction plan in history. This plan locks into place $496 billion of deficit reduction and will reduce our massive debt by some 40 percent over the next 5 years. Already we are seeing the positive effects of passing this plan—we have the lowest interest rates in two decades and a stronger economy that is generating new jobs at seven times the monthly rate of the previous administration.

People told me, Mr. Speaker, cut spending before you raise my taxes to show me that our

Government is serious about getting its finances in order.

I listened and that's exactly what this package does. We cut spending by $255 billion first, and only then did we increase taxes on those most able to bear the burden. There is more than $1 in spending cuts for each $1 in new taxes. There are 200 specific spending cuts and discretionary spending is frozen for 5 years—a 13.5 percent cut in real terms.

Most importantly, this plan is fair to the people that I represent—there are $8 in spending cuts for every $1 in new taxes on the middle class. For every $10 of deficit reduction, $5 comes from spending cuts, $4 comes from people making over $200,000 a year, and only $1 from all other taxpayers.

This plan is fair for everyone. Senior citizens who do not currently pay taxes on their Social Security benefits will not be affected by this plan and will be able to continue to live without fear of financial ruin.

Only the top 1.2 percent of the Nation's taxpayers will be asked to pay more income taxes. In the 13th Congressional District, only 1,560 families will be subject the higher income tax. No working family making less than $180,000 a year will pay higher income taxes. The only new taxes that 99 percent of my constituents are asked to pay amounts to approximately $22 a year through the increased tax on gasoline.

On the other hand, 54,535 low- and moderate-income families from Jersey City to Perth Amboy, Union City to Elizabeth will benefit by receiving $78 million from the expanded earned income tax credit once it is fully phased in. We will be rewarding people who work hard by making sure that no working family will have to live in poverty, and for the first time we will help thousands of childless workers in my district escape poverty by extending them the credit as well.

They will benefit from the food stamp and immunization initiatives. For the first time, poor families with children that do not live in public or subsidized housing, and who pay more than half of their income for housing, will be eligible to receive food stamps. These families will no longer have to choose between paying rent and utility bills and providing their families with enough food throughout the month.

This plan also preserves the section 936 tax credit program for businesses operating in Puerto Rico. By doing so, we will keep our historic commitment to Puerto Rico, and prevent an additional influx of unemployed workers from seeking to compete with our families and friends for jobs here in the United States.

My district suffers 10.5 percent unemployment as a result of 12 years of Republican indifference—relying on those easy, wrong decisions. Under the President's plan, they will benefit from the numerous small business incentives, empowerment zones for distressed urban areas, and job training investments that will help create new and better-paying jobs in my urban district.

Small businesses are a vital source of jobs for the 13th Congressional District. While less than 4 percent of these small businesses will pay any higher taxes, more than 90 percent of small businesses will benefit from new job-creating tax incentives or tax cuts, including a major expansion of the provisions that allow for annual expensing of business investments, and a new targeted capital gains tax credit for investment in small business.

In conclusion, Mr. Speaker, Americans have always shown the willingness to work hard today in order to make better tomorrow. This plan honors that spirit. The overwhelming majority of the people I represent will pay no increase in income taxes or will actually receive a tax cut. After 12 long years, Congress will create the jobs they need, let them keep the money they earn, and give them the honest and forthright deficit reduction they deserve.

This is the only credible plan before us—to vote against it would be easy, but irresponsible and wrong. It is time to take our problems head on and make the hard and right decisions. I urge my colleagues to support the conference agreement.

Mr. FOGLIETTA. Mr. Speaker, there have been so many words, so many statistics, so many charts. But this storm of rhetoric has complicated an issue that is really pretty simple. We need to talk plainly.

When you spend more than you take in, you have a deficit.

And there are only two ways to reduce a deficit. Cut spending or bring in more money.

This plan makes deep, deep cuts in spending: 200 specific cuts totaling $250 billion over 5 years.

Others talk about harsher cuts, but let's get specific. Some say, for example, you can cut defense spending. I spent 12 years on the Armed Services Committee—fighting to make deep cuts in the military. With that experience, I don't believe we can make any more deeper cuts without seriously endangering our national interest.

Ross Perot and others talk and talk about spending cuts, but they never, ever give you specifics on how to cut spending—without hurting senior citizens and children in desperate ways. Like at home, there's a limit on how much you can save by cutting spending—before your children go around with clothes that don't fit or before you can't put food on the table.

Having cut spending as much as we can, we have no alternative, we have to look at bringing in more money—increasing taxes. Who can we tax?

We can't tax the poor. That doesn't make sense.

We can't tax working men and women any further. They paid for the trickle down economics of the 1980's.

That leaves the well off. This plan puts the brunt of the tax burden on the wealthiest Americans; 80 percent of the tax burden falls on people making more than $200,000 a year. And isn't that the way it should be? Asking those who have the very most to contribute their fair share.

Further, the tax burden cannot fall on senior citizens—and it does not.

A flat-out lie was told the other night: that all senior citizens would be getting a tax increase. That's just not true. I ask all senior citizens to listen to me: Unless you have an average net worth of $1 million or your joint income is $44,000, $34,000 if single, your Social Security will not be affected. If you don't now pay taxes on your benefits, you won't under this agreement.

These are the facts. I say to my colleagues on the other side of the aisle, let's stop clouding the truth, let's stop trying to make this more complicated than it really is, let's stop trying to scare the American people.

This is a good plan. It is fair. It will lead to growth and more jobs.

The alternative is to do nothing, leave it for another day, leave it for our grandchildren to solve. That would be irresponsible. This is the job we were sent to do. Let's do it.

Mr. REED. Mr. Speaker, I rise in support of the President's plan to reduce the budget deficit by $496 billion over the next 5 years, and to restore fairness to our tax system.

This legislation is not perfect, but it is the fairest and most realistic proposal put forward. Indeed, it is really the only credible plan to reduce the deficit and begin to put our economic house in order. It is a plan that makes significant cuts in Federal programs and places the burden of revenue increases on the wealthiest Americans while shielding, to a significant degree, the tax burden on middle income Americans.

While some of my colleagues believe we should do nothing or merely demagog about make believe spending cuts, the President's plan makes the tough choices about reducing the budget deficit. Moreover, the President recognizes that we need to correct the economic policies of the last 12 years which favored the few over the many and generated ever and ever greater budget deficits.

Indeed, over the last decade, the tax burden of America's corporations and top income earners dropped, while the majority of hard-working Americans like the welder at Electric Boat, the nurse at RI Hospital, the assembler at Hasbro, and the teacher at Coventry High School received no lasting benefits from the "1980's economic miracle."

As we now know, tax cuts for those who make the most and excessive defense spending combined with the lack of a national health care system quadrupled the national debt and brought us to our current position.

Today, we have the opportunity to do something about the deficit and the economic fears of our constituents. We can support this plan and reduce the deficit by $496 billion or we can continue the past policy of gridlock and inaction.

The President's plan achieves this goal by cutting Government spending by $255 billion and raising $241 billion in revenue—That's over 1 dollar of cuts for each dollar of taxes.

If you want spending cuts this package has them: $542 million from the Rural Electrification Administration, $894 million from outdated overseas broadcasting programs, $3 billion from agriculture subsidies like the peanut marketing program, $10.7 billion from Federal employee retirement programs, $48 billion from Medicare and Medicaid cuts in payments to hospitals, physicians, and other medical providers, and most importantly a freeze on discretionary spending which will save $102 billion.

Many of my colleagues have called for more cuts—and during this year's appropriation debates we have answered this call with cuts above and beyond those in the President's plan. Indeed, House-passed appropriations bills are $10 billion under budget, and I will continue to vote for further reductions.

The other hallmark of the President's plan is tax fairness—fairness for the ordinary American. Although many of my colleagues claim this plan will raise taxes on most American families, their definition of the ordinary family is certainly very different from the one I have. Indeed, 90 percent of the taxes in this plan will affect those individuals and corporations with the highest incomes. Families earning less than $140,000 in adjusted gross income will have no change in their income tax. Only 10 percent of the taxes will come from the gas tax which is the only tax that effects the vast majority of Americans, and the contribution made by the average American wage earner to reducing the deficit will be less than $1 a week. Furthermore, less than 2 percent of Americans will see any increase in their income taxes.

For example, in my State of Rhode Island, the median income is approximately $32,000. Now, some Rhode Islanders might earn more and some earn considerably less, but I am hard pressed to believe that the majority of people I know in Rhode Island will see any change in their taxes other than a dollar a week. In addition, thousands of Rhode Islanders will save hundreds of dollars from the drop in interest rates which has occurred since President Clinton was elected—their mortgage rates are lower, their car loans cost less, and educational loans are cheaper.

The family of a factory worker in Providence, or a teacher in Westerly, or a secretary in Cranston, or a cook in Glocester does not typically have an adjusted gross income above $140,000. Most of the families I know are struggling to get by on far, far less than the $140,000 that my colleagues on the other side of the aisle consider the average family income. In fact, 14 percent of Rhode Island families would qualify for the expanded earned income tax credit which gives tax breaks to families with adjusted gross income under $23,760 and keeps them out of poverty and in their jobs.

There have also been many misstatements that this plan will hurt small businesses. However, only 4 percent of small businesses will see any increase in their taxes, and 90 percent of small businesses will actually be eligible for tax cuts. The small business incentives in this plan include a repeal of the luxury tax on boats and jewelry which means jobs for Rhode Islanders, a research and experimentation tax credit which means jobs in Rhode Island's emerging high-technology industries, increased equipment expensing so small businesses can write off the cost of new equipment which means greater productivity and jobs, a capital gains tax cut for people willing to invest in new small companies which means jobs, a 25 percent deduction for health care costs for the self-employed, empowerment zones which mean jobs in our cities, incentives to revive the real estate industry which means jobs, and a reduction in the deficit which means lower interest rates for business loans which means jobs. This plan is not just about taxes—it's about the issues of greatest concern to our constituents—jobs and the economy.

I think it is important to consider what happens if the President's plan does not pass. Failure to pass this plan means more than supporting the status quo of gridlock and hoping that market forces will perform a miracle. Failure means more than a financial crisis and rising interest rates. Failure means the continued deterioration of our standard of living and a loss of jobs. It means a continuation of economic fear and a loss of the American dream for millions of families. When I talk to Rhode Islanders, they may have a job, but unlike 5 or 10 years ago, they are not sure they will keep it. They see falling wages and massive layoffs, while corporate profits and executive compensation soar. They want action on the economy which the short-term philosophy of the market will not take.

If we fail to pass this plan, we will fail ourselves and the next generation. Unlike our parents who sacrificed during the Great Depression and fought to win the Second World War, we will have failed to answer the call. We will have surrendered to self-interest and abandoned our dedication to the dream of opportunity in this Nation. We will have failed to forthrightly and responsively address the great challenge of this time. I trust that we will not fail. I trust that we will summon our courage and our common sense and pass this plan.

If there was a way to reduce the deficit painlessly and effortlessly, it would have been done years ago. Unfortunately, reducing the deficit is not easy nor is it painless, but the time to begin this process is certainly now, and I believe the President's plan is the most fair and realistic proposal to reduce our deficit. I urge my colleagues to join me in supporting this plan.

Mr. PACKARD. Mr. Speaker, Abe Lincoln once said: "You may fool all the people some of the time; you can even fool some of the people all the time; but you can't fool all of the people all of the time."

President Bill Clinton and the Democratic-controlled Congress are out to prove honest Able Lincoln wrong. President Clinton through his false gimmick packaging is trying to sell the American people into believing that his huge tax hike, the largest in American history, will go towards reducing the Federal deficit.

President Clinton and the Democrats are conning the American people, and this is why I checked with my doctors yesterday to get their approval to cast my vote against President Clinton's budget. This vote is the first I have made since I underwent triple by-pass surgery on July 16 to remove arterial blockage. I believe this vote is crucial to my constituents and the country and this is why I am here before you instead of at home recuperating.

The Democratic leadership claim that the goal of the Clinton's tax package is to pare $500 billion from the Federal debt over the next 5 years. What President Clinton and the Democrats fail to say is that even if they pass the President's budget, the Nation's debt will still increase by a staggering $1.2 trillion.

If this doublespeak is not insulting enough to the intelligence of taxpayers, Clinton and the Democrats are trying to pull a fast one on American families and businesses by front-loading $275 billion of gross tax increases, without significant spending cuts. The Clinton tax package heaps taxes on Americans already struggling to provide a decent standard of living for themselves and their families. Rather than making Americans pay their fair share, the Clinton tax plan will ensure that Americans will be sharing most of their income with the Federal Government.

Maybe the President and the Democratic leadership in Congress have convinced themselves of this, but my constituents are not persuaded. History has demonstrated to us time and time again that increasing taxes does not reduce the deficit. Higher taxes means increased spending. I ask you my colleagues, the question my constituents have asked me, how can these tax increases be justified with the knowledge that no mechanisms exist to cut spending in the budget.

Three parts of this budget represent a particularly onerous tax burden that will affect the middle class, seniors, and anyone else in America who breathes: The gas tax, the Social Security tax, and surprising new retroactive taxes.

First, the gas tax. This Federal gasoline tax of 4.3 cents per gallon will be more burdensome to families living in the large States of the West and South. California will not escape the affect of this tax. This increase will tax gasoline, diesel, compressed natural gas, and noncommercial aviation fuel.

California will be hit extremely hard since it has a large population that utilizes various forms of transportation. Transportation costs will inevitably increase. The Clinton energy tax is inflationary and will escalate the already spiralling tax burden passed on to American families.

The energy tax will stifle the economic recovery we see occurring right now. According to the Tax Foundation, it is estimated that 54,299 jobs will be lost in my State of California. Behind every number, there is a human face, a family, someone who can blame their unemployment on Clinton's tax package.

Next, the tax on Social Security benefits, or if you listen to the President: a spending cut. Seniors will be penalized for working and saving for their retirement under the Clinton tax plan. Even though in his manifest, "Putting People First," candidate Clinton promised to "protect the integrity of the Social Security Trust Fund," he has decided to balance the budget on backs of seniors.

Clinton's proposal will affect seniors with incomes of over $32,000 or couples' incomes over $44,000 by increasing the tax on 85 percent of their Social Security benefits. In addition to this, these taxes increase the elderly surtax on pensions, IRA withdrawals, interest from municipal bonds and certificates of deposit. The tax revenues generated by these new taxes on seniors will then be used to fund other programs, rather than going into the Social Security trust fund. The President should not wonder, as he pillages senior's benefits to pay for other programs, why in addition to the budget deficit, he also must contend with the "trust fund."

This elderly surtax is anything but fair. The increase in the elderly surtax hits the prudent and frugal who live on fixed incomes. According to the Heritage Foundation, it is estimated that in California 566,328 households over 65 with incomes greater than $35,000 will be hit, and more specifically, in my district 13,884 households affected.

The $29 billion Clinton hopes to raise at the expense of our seniors could easily be

achieved by implementing just a handful of seniors waste-cutting recommendations that have been put before him. Seniors should be appalled that a President who was not even born while many of them were fighting in World Wars to make the world safe for democracy, and working to feed their families, is now trying to pick their pockets to pay for his new spending programs.

And speaking of new taxes, Mr. Speaker, I'd like to call my colleagues attention to language tucked away in the budget reconciliation bill. The measure imposes an unfair rate increase in estate, gift and generation-skipping taxes that would be retroactive to January 1, 1993. The proposed increase which would raise the top rate from 50 percent to 55 percent would hit many estates and beneficiaries, including many owners of family-owned businesses and farms.

This change is a radical departure from tradition. No retroactive change has been imposed since the estate tax was enacted in 1916. President Clinton and the Democrats are not satisfied with the amount of revenue raised through the largest tax increase in American history, they still want to rob the American people of more money. American taxpayers are discovering they do not have much left to tax, and to make matters worse President Clinton's so called budget cuts will not take effect until he is out of office. The Clinton administration is raising taxes retroactive to January 1, 1993, and prolonging spending cuts for 4 years. I truly doubt that this is the type of change that Americans voted for in November.

Eighty percent of small businesses who file as individuals will be hit by these taxes. President Clinton conceded that up to 1.25 million small business men and women could be paying this increased tax. This is a huge sacrifice for the most vibrant facet of our economy. The President and the Democrats should follow the lead of every previous Congress that has considered the issue and change the budget reconciliation bill to eliminate retroactive taxes.

When you add it all up, Clinton's budget reconciliation bill cannot possibly shave $500 billion from the Federal debt. He may fool some of the American people into believing that it will, but certainly not all, and probably not even most. The American people will remember this as they watch more and more of their paycheck go toward Federal taxes.

President Clinton portrays this package as change for America, saying that it is time the rich pay their fair share. However, President Clinton is robbing everyone in America to pay for the Congress' insatiable appetite for spending. The most common sentiment of the 100's get well cards and letters was "cut spending before raising taxes—vote "no" on the Clinton tax package."

Mr. COOPER. Mr. Speaker, every family, every business, and every nation must have a budget in order to be successful.

I think President Clinton should have cut spending first. That's why I voted for the spending-cuts-only budget offered by the Republicans. It failed by a vote of 138 to 295. Forty Republicans refused to support it, and only six Democrats were willing to cross party lines.

The Republican plan is the closest Congress has come to an alternative budget. So the question is whether to support Clinton's budget or have no budget at all.

I think our Nation must have a budget.

I would have drafted a very different plan than Clinton did. I am a strong supporter of the line-item veto, the balanced budget amendment, entitlement caps, spending freezes, and all manner of spending cuts. I've even called for a special session of Congress to deal with the deficit. I have received awards from the U.S. Chamber of Commerce and the National Federation of Independent Business for my fiscal conservatism.

The Clinton plan cuts the growth of the Federal deficit by almost $500 billion over the next 5 years. This is not enough, but it is a start. Half are spending cuts and half are tax increases. I intend to make sure that all the spending cuts are enacted. In fact, Congress has already cut spending this year by $10 billion more than the President requested. The tax increases fall primarily on those with taxable income over $115,000, with the exception of the gasoline tax, which will cost the average Tennessee driver about $30 a year. Farmers are exempt from the gas tax.

This means that 90 percent of the tax increases will be paid by Tennesseans with incomes over $100,000. The vast majority of our fellow citizens will face no income tax increase.

The easy political vote is "no." I could still pretend that I was for deficit reduction. But I think the right vote is "yes," even though it is a flawed plan. Some budget is better than no budget. Every day that we wait we are spending $800 million that we do not have. Tennesseans want to cut the deficit and cut it now so that we stop mortgaging our future. The American people voted for change in the last election, not gridlock.

PASS THE BUDGET—CRITICS HAVE NO CHANCE TO AGREE ON ALTERNATIVE

President Clinton is right about the one budget issue that matters most right now: Congress has a choice between his plan and no plan.

Congress should pass the President's budget. The nation can't afford more months of haggling and feuding. Businessmen need some idea of what's going to happen to them, even if it's not entirely to their liking.

To be honest, a lot of people find little to like in what the President proposes. The big problem they have is that they can't do anything about it.

Sen. Bob Dole of Kansas, speaking for the Republican opposition, urged Congress to reject the Clinton budget and promised that Republicans then would work with Democrats to forge the right kind of budget for the nation.

That's rank politics—or daydreaming.

Dole and his Republican colleagues favor lower taxes to stimulate the economy and less spending to cut the deficit. They're not going to pass that budget, however. They couldn't even do it with a Republican in the White House.

Clinton and the leadership in Congress face a harsh test, both political and economic.

Two of the three pillars of Clinton's original budget vision have collapsed. He had to give up on his economic stimulus package, which depended heavily on a broad energy tax, because of congressional resistance. His goal of dramatic increases in jobs has succumbed to the prospects of much slower economic growth than the administration had predicted.

That leaves the pillar of reducing the deficit. He has a chance to do it, although the public will eventually become disenchanted with the claims of cutting $496 billion from the deficit. The less exhilarating facts are that the cuts won't really start to take effect for a few years and that the annual deficits will still be large enough to keep the nation's overall federal debt growing. That debt will take much longer and many more sacrifices to reduce and, meanwhile, it will continue to cost a depressing percentage of the budget just to service the interest payments.

Then there's the infamous practice of "baseline budgeting," in which cuts are figured not from what was spent last year but from what an agency projects it would need to cover inflation, pay increases and other normal growth. Cuts become cuts in the rate of growth, not in actual spending. Clinton's deficit reduction of $496 billion may turn out to be a much more modest amount.

The promised cuts could even fall victim to congressional second thoughts or politicking. Congress could increase spending for the traditional purposes of pork, reelection, political payoffs and ideological fantasies—purposes that Clinton blasted in his televised speech Tuesday night.

Will Clinton and the leadership stick together on the deficit goal? Will they control the Democratic majority? Clinton promised his TV audience that he would make any correction necessary to keep on target, but he could end up without the necessary clout.

For the President—as for the nation—a great deal rides on the outcome. If his promises disintegrate, he won't have a second term to patch and mend and blame congressional gridlock. A bad economy and angry population would clean out the White House. Perhaps the Congress, too.

Critics of the Clinton budget—from both sides of the aisle—have some sound points.

They complain, for instance, that the tax increases can slow growth by reducing funds available for both consumer purchases and investments. How can the public be encouraged to save, they argue, when more is taken from wages and other income?

Higher taxes on business, they say, will cool down plans for expansion and cost jobs that otherwise would have been created. On that score, Clinton's health reform plans, which he's expected to submit to Congress this fall, could really hurt job creation by requiring employers to finance expensive insurance coverage for every new employee.

Some members of Congress are bitter about last-minute changes that are meant to win a few key, undecided votes. There probably is considerable public unrest, too, over the decision to make income tax increases retroactive to Jan. 1—the first retroactive tax hike since the 1960s.

Other critics say that Clinton should place his first priority on new jobs. To do that, they say, the budget should include deeper cuts in spending and greater incentives for savings. Sen. Bob Kerrey (D-Neb.) has proposed a special session of Congress to consider nothing but spending cuts.

The criticisms, however, don't make a budget. Congress has been agonizing over these issues for months (and, before Clinton, for 12 years under two Republican presidents). It's not any closer to a consensus on its own.

What Clinton has managed to pry out of Congress—and he had to make numerous compromises in what he first proposed—won't solve the nation's economic problems. But it will provide some movement, which is

far better than the current stagnation and uncertainty.

There will be chances to add and improve. But first there has to be a budget. Pass it.

CALL OF THE HOUSE

Mr. SABO. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 405]

Ackerman
Allard
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Applegate
Armey
Bacchus (FL)
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barca
Barcia
Barlow
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bateman
Becerra
Beilenson
Bentley
Bereuter
Berman
Bevill
Bilirakis
Bishop
Blackwell
Bliley
Blute
Boehlert
Boehner
Bonilla
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burton
Buyer
Byrne
Callahan
Calvert
Camp
Canady
Cantwell
Cardin
Carr
Castle
Chapman
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Coppersmith
Costello
Cox
Coyne
Cramer
Crane
Crapo
Danner
Darden
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Derrick
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Durbin
Edwards (CA)
Edwards (TX)
Emerson
Engel
English (AZ)
English (OK)
Eshoo
Evans
Everett
Ewing
Farr
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Fingerhut
Fish
Flake
Ford (MI)
Ford (TN)
Fowler
Franks (CT)
Franks (NJ)
Frost
Furse
Gallegly
Gallo
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Glickman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Grams
Grandy
Green
Greenwood
Gunderson
Gutierrez
Hall (OH)
Hall (TX)
Hamburg
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings
Hayes
Hefley
Hefner
Herger
Hilliard
Hinchey
Hoagland
Hobson
Hochbrueckner
Hoekstra
Hoke
Holden
Horn
Houghton
Hoyer
Huffington
Hughes
Hunter
Hutchinson
Hutto
Hyde
Inglis
Inhofe
Inslee
Istook
Jacobs
Jefferson
Johnson (CT)
Johnson (GA)
Johnson (SD)
Johnson, E.B.
Johnson, Sam
Johnston
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kim
King
Kingston
Klein
Klink
Klug
Knollenberg
Kolbe
Kopetski
Kreidler
Kyl
LaFalce
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Lazio
Leach
Levin
Levy
Lewis (CA)
Lewis (GA)
Lightfoot
Linder
Lipinski
Livingston
Lloyd
Long
Lowey
Machtley
Maloney
Mann
Manton
Manzullo
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCloskey
McCollum
McCrery
McCurdy
McDade
McHale
McHugh
McInnis
McKeon
McKinney
McMillan
McNulty
Meehan
Meek
Menendez
Meyers
Mfume
Mica
Michel
Miller (FL)
Mineta
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Nadler
Natcher
Neal (MA)
Neal (NC)
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pickle
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quillen
Quinn
Rahall
Ramstad
Rangel
Ravenel
Reed
Regula
Reynolds
Richardson
Ridge
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Rowland
Roybal-Allard
Royce
Rush
Sabo
Sanders
Sangmeister
Santorum
Sarpalius
Sawyer
Saxton
Schaefer
Schenk
Schiff
Schroeder
Schumer
Scott
Sensenbrenner
Serrano
Sharp
Shaw
Shays
Shepherd
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Spratt
Stearns
Stenholm
Strickland
Studds
Stump
Stupak
Sundquist
Swett
Swift
Synar
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas (CA)
Thomas (WY)
Thompson
Thornton
Thurman
Torkildsen
Torres
Towns
Traficant
Tucker
Unsoeld
Upton
Valentine
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Waters
Watt
Waxman
Weldon
Wheat
Whitten
Wilson
Wise
Wolf
Woolsey
Wyden
Wynn
Yates
Young (FL)
Zeliff
Zimmer

□ 2118

The SPEAKER pro tempore (Mr. MURTHA). On this rollcall, 410 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call were dispensed with.

□ 2120

CONFERENCE REPORT ON H.R. 2264, OMNIBUS BUDGET RECONCILIATION ACT OF 1993

The SPEAKER pro tempore (Mr. MURTHA). The Chair will announce that the gentleman from Ohio [Mr. KASICH] has 11 minutes and 15 seconds remaining and the gentleman from Minnesota [Mr. SABO] has 10 minutes remaining. The Chair will be liberal in its calculation of time for all of the leadership.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The Chair would ask the gallery not to make any demonstration of applause for or against the legislation or for or against the speakers as they make their presentations.

Mr. KASICH. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding the time.

Mr. Speaker, this debate defines the difference between Republicans and Democrats. I am not done yet. Democrats believe prosperity comes from a bigger government. Republicans know it comes through ordinary people acting on behalf of themselves and their families.

Mr. Speaker, tonight we see the change that President Clinton and congressional Democrats have promised since election day. Unfortunately, it is a change for the worse. It is a return to the policies of high taxes and economic stagnation. It is a plan for growing government. It is a plan that says "Americans can't, the Government can." It breaks faith with the spirit of enterprise that made America great in the first place.

Taxes will go up. The economy will sputter along. Dreams will be put off and all this for the hollow promise of deficit reduction and magical theories of lower interest rates.

Like so many of the President's past promises, deficit reduction will be another cruel hoax. Tax revenues will lag because the economy will fall. Government spending will increase at least another $300 billion a year. And the deficit will reach another record high.

To sell this plan, the Democrat leadership tells us that we must pass it or face the consequences of higher deficits; exactly what they told us 3 years ago when they were peddling the failed budget deal that cost George Bush the White House. In 1990 they told us that their plan would make the economy stronger and reduce the deficit by $500 billion. What happened? We went into a recession and the deficit shot higher than ever.

Well, here we are 3 years later about to make the same mistake.

What are you Democrats going to tell your constituents after you fail them again?

I'm sorry your tax bill went up?

I'm sorry your business failed?

I'm sorry you lost your job?

I'm sorry the deficit isn't better?

I'm sorry it didn't work for George Bush and it won't work for you.

Without apology, Republicans oppose this plan. Not because of politics. We oppose it on principle. We oppose it because George Bush tried it with you in 1990 and it failed.

We oppose this plan because it's a giant tax on the American dream and on America's future.

You Democrats don't see things happen unless you see the Government do them. You don't understand that jobs aren't created in committee rooms, Government agencies, or White House staff meetings. Jobs are created when Americans take risks and dare to chase their dreams.

This plan is not a recipe for new jobs, more opportunities for our young people, or more secure retirement for our parents. It is a recipe for disaster. Democrats may give your President a political victory today, but it's a defeat for our economy and the well-being of the American people.

Vote for your constituents tonight. Vote against this failed plan.

Save this Nation's economy and save your President's presidency.

Mr. KASICH. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Georgia [Mr. GINGRICH], the Republican whip.

Mr. GINGRICH. Mr. Speaker, I thank the gentleman for yielding the time, and I want to take just a second to thank the gentleman from Pennsylvania [Mr. MURTHA] for the extraordinary skill he has brought to presiding over this debate.

Mr. Speaker, at a time when this House needs help in restoring the legitimate reputation of parliamentary democracy and of the process of the legislative bodies, this debate today, the way in which it has presided and the way in which both sides engaged is in fact an example of what free people should do and how we should be functioning. And I think whichever side you are on, we can all be proud that this was the right kind of debate to create the right kind of environment for the American people to see what self-government should be.

In that framework, frankly, if I were only a Republican partisan, I would hope that this tax increase bill would pass by one or two votes so that every Democrat who voted yes would bear the responsibility for a massive tax increase and the job-killing recession it will lead to.

However, patriotism is far more important than partisanship, and on behalf of America and the American people, I would appeal to all of my colleagues on both sides of the aisle to reject this conference report and ask the conference to start over.

Americans listened the other night. The President said call and let the Congress know what you think. In my district it was 9 to 1. In district after district across the country it was 5 to 1, 8 to 1, 3 to 1, 2 to 1, and every once in a while I heard a Democrat say well, mine were running even. But for the bulk of the country, in polling data, in phone calls, the American people have answered the President. They have said not this bill, not this increase, not now.

Let us look at why they might have said that. As the gentleman from Ohio [Mr. KASICH] points out, there is only $38 billion in truly new defined spending cuts out of $7 trillion. The Kasich plan that we offered earlier this year had $38 billion in real spending cuts the first year.

Now, there is $24 billion in higher taxes on the middle class, and $25 billion in higher spending on the welfare state.

□ 2130

So that is not cutting the deficit.

But consider the problems of the Midwest, of Minnesota, of Iowa, of Missouri, every new piece of equipment, every new piece of furniture, everything brought in to help with the flood will pay a higher barge tax and a higher gasoline tax. The people trying to dig out from that flood will be taxed by this Congress if this bill passes. So their recovery will be more difficult and more of their money will go to Washington.

And in that sense, the barge tax and the gasoline tax will be disproportionately levied on the people of the flooded areas.

Consider one last thing, this is the first time in American history that we have reached back in a massive way to a broad class of taxpayers and said, "This Government has the right to raise your taxes retroactively."

One colleague laughed and said, "Why don't we make it retroactive to 1789 and pay off the entire national debt?"

But what are you going to say to the widow who thought she had taken care of her husband's estate? What are you going to say to the small business that thought it had paid its taxes? What are you going to say to the family farm that thought it had a contract with its Government that it could trust?

Because retroactivity is the most dangerous precedent we could set, because it says this Government can steal your money after the fact anytime it gets a majority willing to go out and take the money out of your family to send it to Washington. And in that sense, the principle of retroactivity is a threat to every American who ever intends to earn a dime at any level in this country.

Let me paraphrase Lincoln: If you can do it to one person because they happened to have one amount of money in their wallet, then you can do it to another person who has much less money; if you can do it on a particular tax, you could retroactively raise the gasoline tax and have the IRS decide how many miles the average American must have driven and then send them a bill.

Once you set this principle, you will have established a precedent that will threaten every American at every level that their Government is their fiscal enemy.

Let me say this one last thing. I saw today the wonderful fig leaf. I thought it was remarkable, the wonderful fig leaf issued by the Speaker and the majority leader of the new promises of the new opportunities to someday later on save the spending that they did not save in this bill.

First of all, anybody who has been in this Congress any length of time has seen these come and go. They always mean you will get a fig leaf, but you will not get anything to happen, and later on you will be able to hope that people do not remember.

But let me make two points: First, it is an admission that there are not enough spending cuts in this bill for the Democratic leadership to have had to make that concession, even though it is all procedural and no substance.

Second, let us remind the country that the Democrats on the Committee on Rules blocked 31 amendments this year which could have cut spending additionally by $97 billion this year alone. They would not even let the House vote on $97 billion in this year's spending cuts, $97 billion.

I simply say to my friends, this is not the best bill we can write. This is not the right approach. We should cut spending first. We should help the economy grow.

If we will defeat this tax increase, we can work together to design a spending-cut-first budget, we can put together a coalition, and we can have, I think, something much better for America and the American people.

Mr. SABO. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey [Mr. HUGHES].

Mr. HUGHES. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, once the rhetorical smog clears, I think the American public will see very clearly that the right vote is in favor of this package. I intend to support it.

Mr. HUGHES. Mr. Speaker, I rise today in support of the conference report on House Resolution 2264, the Omnibus Budget Reconciliation Act of 1993.

It was not an easy decision. Indeed, it would be much easier for me to pick out several of the most objectionable provisions in the bill, and use that as an excuse for voting against the entire package.

That might be the smart political vote, but where would it leave us? More importantly, where would it leave our country?

Our national debt is already $4.3 trillion, and results in annual debt service of over $300 billion. How much longer can we put off the hard choices to reduce the debt, while the deficit just grows and grows?

And what kind of message would it send to the American people, to Wall Street, and to the international economic community, if we defeat this package and once again become bogged down in gridlock and paralysis?

Make no doubt about it. This vote is the proverbial fork in the road. It is the choice between continuing the meaningless, feel-good policies of the past which sugar-coated our economic problems, or embarking on a real action plan to confront the deficit honestly and fairly.

It is the test of our willingness and ability to look beyond our own political self-interests, and do what is best for our country: To provide real leadership, and not just take the easy way out: To chart a new course for

America, or to return to the failed fiscal policies of the past.

I am convinced that the consequences of doing nothing, and simply prolonging the deficit dilemma, are far worse than standing up now and beginning to make the tough choices to cut spending and increase taxes to get the deficit under control—even where those choices are not always easy or politically popular.

I do not want to be remembered as a Member of Congress who, through lack of courage, moved our Nation closer to bankruptcy, or denied our children and grandchildren the promise of a better life.

In my heart, I know that an aye vote is the right one for our country. My constituents expect me to use my very best judgment and do right by them, and in a manner which keeps faith with my oath of office.

I also believe that the plan now before us is a significant improvement over what left the House. Two of the three major concerns I had with the House bill have been addressed, with the elimination of the Btu tax and the increase in the earnings threshold for taxing Social Security benefits.

The plan still does not go as far as I had hoped in terms of spending cuts, but we can address that separately through the appropriations process. Indeed, we are already doing so.

But let us be honest with one another. While this plan is not perfect, it is a good starting point for real deficit reduction. The deficit will be reduced by some $496 billion over the next 5 years, through a combination of spending cuts, tax increases mostly on the wealthy, and tax breaks for business to stimulate new economic growth.

The economic assumptions are realistic, and the President will sign an Executive order today which dedicates the revenues to deficit reduction.

Can we do better? Well, we have tried for almost 4 months to fashion a compromise that will attract enough votes. Starting all over again will not make the choices any easier, and if history is any guide, it might only result in a worse product.

Most important, there is nothing in this plan which precludes us from working through the appropriations process to impose additional spending cuts beyond the targets outlined in this bill. This budget bill simply provides a framework for deficit reduction, which we can and will improve upon in the years ahead.

Indeed, the appropriations bills which have already passed the House this year contain nearly 300 additional cuts below last year's spending levels. We have already achieved $10 billion in spending cuts beyond this plan's level of funding.

Let me repeat that. We have already this year cut spending by $10 billion more than contemplated by this budget plan. And we can and should do more.

For instance, I voted in the last few weeks alone to cut funding for the $30 billion space station and the $10 billion super conducting supercollider, which we just cannot afford.

I also voted against four entire appropriations bills because they were too expensive. Thus, we can continue to make further cuts through the appropriations process, where we are not satisfied with the larger spending levels.

Now, let us take a look at just what this bill does.

On the spending side, it provides for some $255 billion in net spending cuts. That means more than half of the total deficit reduction will be achieved through direct spending cuts.

Included in these cuts are a $125 billion reduction in military spending over 5 years; $60 billion in spending cuts from the Federal payroll; $11 billion in federal administrative cost reductions; and more than $1 billion in unnecessary public housing programs, just to mention a few.

The bill also addresses the problem of skyrocketing entitlement costs—which are the fastest growing part of the budget—by restraining some $56 billion in future Medicare payments to providers, and another $7 billion in Medicaid expenditures. Again, I agree that it does not go far enough.

I would like to take these cuts one step further by imposing means testing on recipients of Medicare part B. There are multimillionaires receiving Medicare reimbursements which the government subsidizes to the tune of 75 cents on the dollar. That is simply outrageous. But, the votes are not there to change that right now.

For those who claim we can eliminate the entire deficit simply by eliminating waste and cutting spending, I say show me how. While we surely have waste and inefficiency in government and have to work harder to eliminate it, such sincere but simplistic suggestions are just cop-outs.

Let us get down to basics. There are four categories of Federal spending: entitlements, defense, interest on the debt, and domestic discretionary programs. Entitlements, such as Social Security and other income security programs, make up 51 percent of all Federal outlays. We can do little about entitlements because they are a matter of right to the beneficiaries. We are bound by contract to make these payments.

Interest payments on the national debt account for another 14 percent of the budget. These payments are also mandatory and cannot be reduced without lowering the debt. That takes care of 65 percent of the budget.

Defense spending has already been scaled down from 26 percent to 20 percent. While there is still room for additional cuts in defense, to better reflect our changing military priorities in the post-cold war era, we cannot go too much farther without putting our national security at risk. That totals 85 percent of the budget.

What is left is the fourth and final category of Federal spending: discretionary programs, which account for only 15 percent of the budget. Included in this category is the funding for education, health care, law enforcement, nutrition, Coast Guard, environmental protection, housing, transportation and so forth.

We could eliminate—yes eliminate—every single domestic program in the discretionary budget and still not eliminate the deficit. The money just is not there. Moreover, it is unrealistic to think we could simply eliminate the FBI, Coast Guard, Park Service, Veterans' Administration and so many other domestic programs which are critical to the security, health and well-being of the American people.

While it does not go as far as I would like, I am satisfied that, on balance, this reconciliation bill meets the test on the spending side of the equation. It addresses every category of spending, and distributes the cuts in a fair and reasonable way without disrupting the very fragile economic recovery which is currently underway.

So let us move on to the tax side of the bill.

This bill contains a host of provisions which I strongly support to stimulate the economy by providing major business and investment incentives.

For example, it repeals the so-called luxury tax on boats, which has virtually destroyed the American boat building industry, especially in my own State of New Jersey, and put thousands of people out of work.

The bill also restores certain passive loss deductions for the real estate sector, to help spur new investment and growth. Housing is a core industry in America, and any improvements we make in real estate will have a dramatic ripple effect throughout the economy.

The bill establishes targeted capital gains provisions for people who invest in small business ventures, to encourage new investment in the critical small business sector. It also extends the targeted jobs tax credit, the low-income home tax credit, mortgage revenue bonds and small-issue development bonds, all of which benefit the economy.

In addition to these tax incentives, the bill seeks to rebuild our revenue base by requiring the wealthiest individuals and corporations to pay their fair share of taxes.

Except for the increase in the taxable portion of Social Security, no couple with gross income under $180,000 will pay any additional income tax. No corporation with less than $10 million of income will pay more income tax.

The plan, in essence, targets the tax increases at those in the top bracket, who had a relatively free ride through the 1980's and not the middle class, which has borne the brunt of the tax burden under the economic policies of the last two administrations.

I have heard this bill characterized by its opponents as the largest tax increase in history. That is nonsense. The fact is, some 98.9 percent of the American people will experience no increase in their income taxes under this bill. The tax increase represents less than one percent of our GDP.

The one exception is the 4.3 cent a gallon increase in the Federal gasoline tax. But this increase is very modest, and is more than offset by the increase in the earned income tax credit for families earning less than $30,000 a year.

Moreover, it is a great improvement over the so-called Btu tax, which was a part of the original House bill. I am also pleased that the conference report retains the current levels of taxation for Social Security benefits until income reaches $44,000 for couples and $34,000 for individuals, instead of the lower thresholds passed by the House. This is a much more fair and reasonable compromise than was contained in the House bill.

While I am pleased with these improvements, however, I am disgusted with some of the concessions which were made in conference to attract the votes of individual Senators.

If this deficit reduction plan was not so essential to the welfare of our country, I would be tempted to cast a protest vote against it. It is most unfortunate that the Administration yielded to such tactics.

Mr. Speaker, let us not forget how we got into this mess in the first place. It started with the 1981 tax bill, which drained the Treasury of more than $2 trillion, and more than quadrupled the national debt.

I voted against that bill, and warned then that it would leave our country with a legacy of debt. Unfortunately, that is just what has happened.

What followed over the next decade were a series of feel-good economic proposals, such as the Gramm-Rudman law and the balanced budget constitutional amendment. These proposals were designed to make it look like we were doing something about the deficit, although they really did not. They only put off the hard choices to cut spending, while the deficit grew and grew.

I voted against these gimmicks, just as I voted against the 1990 budget agreement, which piled more taxes on the middle class without cutting spending or reducing the deficit, because it was based on phony assumptions.

Mr. Speaker, it is time to cut through the gimmicks and rhetorical fog once and for all, and face up to the fact that we have an economic crisis in our country. It is not a Republican crisis or a Democratic crisis, but an American crisis. The American people are looking to us, their elected leaders, for solutions, not more excuses, or feel-good slogans or wishful thinking.

The time has come to do what is best for our country. That means standing up now and voting to cut spending, to reduce the deficit and to put us on the road to economic recovery. It is a beginning of that journey that we must start now.

I urge my colleagues to support the bill.

Mr. FRANKS of New Jersey. Mr. Speaker, this budget process began with high hopes and ends today with broken promises.

This budget calls for new taxes on gasoline and on Social Security, and yet President Clinton as a candidate condemned such taxes.

Supporters say this budget reduces spending and will begin to get a handle on the national debt, yet even the President acknowledges that under this budget Federal spending will actually increase more than 20 percent over the next 5 years. And worse, the national debt will actually grow by $1 billion a day. But most importantly, this budget is a job killer—pure and simple.

Those of us in New Jersey have already learned what an enormous tax hike can do to a fragile economy. Three years after the largest tax hike in our State's history, New Jersey has yet to regain its economic health. To paraphrase my State's tourism slogan: Clinton's taxes and Florio's taxes—devastating together.

Mr. Speaker, we don't need any more empty promises. The American people deserve a better budget.

Mr. LIGHTFOOT. Mr. Speaker, this tax plan is the direct result of electing a man President who has never worked in the private sector. President Clinton claims that by enacting the largest tax increase in our history we will create jobs and strengthen the economy. In other words, he believes the Federal Government spends money more efficiently than the private sector.

The American people already pay enough taxes: income tax, property tax, sales tax, capital gains tax, inheritance tax, gas tax, to name a few. But today, we are offered a new and dangerous tax: a tax on history.

President Clinton reaches into the past to take your money but into the future, after the next Presidential election, for the spending cuts. What kind of new direction is this? How is this different from Gramm-Rudman, Gramm-Rudman II, the Budget Enforcement Act?

We are elected to govern and that means tough choices. It means telling some people no, it is a great idea but we can't afford it this year. This plan takes the coward's way out. Tax the American people this year and make future Congresses and the next administration responsible for the cuts. Congress must take responsibility and cut spending now.

President Clinton says it is time for a change, but a tax on the past is not positive change. This plan boils down to more taxes, more spending, and promises of future cuts that have never, and will never, materialize.

President Clinton has said he wants to go in a new direction. Mr. Speaker, if this tax and spend package is passed, the American people will tell him where to go.

Mr. COSTELLO. Mr. Speaker, 12 years ago, our Nation gambled with trickle-down economics by giving huge tax breaks to the very wealthy, expecting the money they spent to trickle down to the rest of society. At the same time the wealthy were paying less, defense spending doubled from $150 billion to $300 billion and spending on entitlement programs continued to increase without control.

In November, the people elected a new President demanding change and a new direction for the country. Opinion polls clearly indicate that people want their Government to reduce the deficit and cut spending, and have said they are willing to pay more to accomplish these goals.

President Clinton submitted his budget to the Congress several weeks ago. His plan contained a goal of reducing the deficit by $500 billion, $255 billion from spending cuts and $230 billion from revenue increases—90 percent of which would be paid by those making more than $100,000 per year—and set new priorities for the Federal Government.

I objected to several items in the President's original plan: First, I did not want a Btu tax that affected every household in our district regardless of income; second, I opposed the inland waterways tax that affected the cost of shipping agriculture and other products; and third, I wanted more spending cuts, a mechanism to control spending on entitlement programs and a trust fund to apply all new revenues to deficit reduction.

After many versions proposed by liberal, moderate, and conservative Democrats in the House and the Senate, the final plan passed by the Congress eliminates the Btu tax and the inland waterways tax. In addition, the President has issued Executive orders putting control mechanisms in place to control entitlement spending and set up a trust fund for deficit reduction.

In addition to the revenue increases and spending cuts, the bill contains many other items that restrict and in some cases eliminate tax benefits for business lunches, entertainment, country club dues, and other expenses used by lobbyists.

In this limited space, I will do my best to explain how this plan will affect the people of our congressional district.

First, you should know that the median household income in our district is approximately $26,000 annually. Under the President's plan, the average household in our district will get a tax cut of $37 per year, primarily due to the earned income tax credit for working families.

In addition, about 43,000 working families in our district will receive approximately $71 million in tax benefits as a result of the Expanded Earned Income Tax Credit Program. That is a dramatic boost in EITC benefits.

Over 99 percent of the people of our district will not be affected by the higher income tax rates. The remaining 1 percent or less that earn $140,000 individually, or $180,000 for a couple filing jointly, will see their tax rate increase from 31 percent to 36 percent. That is far short of the 70 percent rate that the wealthy once paid.

Almost 90 percent of our Social Security recipients will not be affected by the increase in taxes on Social Security benefits. About 10 percent of our recipients—those paying taxes on their benefits now—will pay an additional tax. Social Security recipients earning more than $34,000 or $44,000 for a couple will be taxed on 80 percent of their income in excess of these earnings. They will not pay taxes on Social Security benefits if their income is less than $34,000 or $44,000 per couple.

Second, everyone who drives a vehicle will pay 4.3 cents per gallon more into the deficit reduction trust fund. This amounts to about 10 cents per day for the average family in our district, with some exemptions for farm machinery and a phased in tax for airlines, to help cushion the cost—a helpful provisions for us.

Third, 97 percent of the small businesses in our district will not be affected by the higher tax rates. The remaining 3 percent that will be affected have owners making an average profit of $560,000. In addition, small businesses will see a solid benefit under the bill—an almost doubling of their tax deduction for equipment purchases, from $10,000 to $17,500.

Fourth, the Chairman of the Federal Reserve, Alan Greenspan, has stated that a $500 billion deficit reduction package passed by the Congress will keep interest rates low. Without such a plan, Mr. Greenspan said interest rates would increase, affecting everyone's ability to borrow money and cut loan amounts.

Fifth, there are over 200 specific spending cuts in the President's plan. In addition, funds that the Congress has discretionary control over to spend as it sees fit will be frozen for the next 5 years. The President has issued an Executive order that places a mechanism on runway spending for entitlement programs that make up over one-half of all Federal spending.

This country has tried trickle down economics for the past 12 years. Clearly it failed. This plan is not perfect by any means. However, it

is the only plan that could address some of the concerns of the liberals, moderates, and conservatives in order to get 218 votes in the House and 51 votes in the Senate.

It is clear that no other plan would pass the Congress—not the President's original plan with the Btu tax, or Ross Perot's plan to raise gas taxes by 50 cents per gallon and make unspecified spending cuts, or BOB DOLE'S plan to cut the budget but without saying how. It was either this plan to reduce the deficit or a return to gridlock and business as usual.

Finally, we all have our own view as to which programs should be cut and who should pay additional taxes. As a member of the House Budget Committee, I proposed eliminating the space station and superconducting super collider, at a savings of over $10 billion this year. However, a colleague of mine from Taxes proposed in return that we shut down Scott Air Force Base and the Mel Price Army Support Center. In a democracy, we are forced to compromise until we reach a consensus on legislation that is acceptable to 218 Members of the House and 51 Senators.

This bill is only a beginning to get our Federal budget spending and deficit under control. Without meaningful health care reform, we will never get our budget problems solved. I will continue to vote in Congress to cut spending—in the past several weeks I have voted against the leadership in my party by voting to cut billions from programs that have come before the Congress. I will also continue to push for a balanced budget amendment in Congress.

While this bill is not the answer to all of our problems, I believe that is fair to the majority of the people in our congressional district. It will accomplish what our Nation must do, which is to reduce the Federal budget deficit, for the sake of our children and grandchildren. That is why I support it.

Mr. VALENTINE. Mr. Speaker, today we reach the end of a long and painful process. As I study the final product of that process, I cannot hide my disappointment.

Like many House Members, I began the budget process with high hopes that this would be the year that we toss aside business as usual and tackle the deficit head on. Unfortunately, we have missed numerous opportunities to demonstrate that we have conquered the borrow and spend mentality that has hung a huge debt around the necks of our citizens.

Business as usual has continued to be the rule of the day. A good example of this attitude can be found in the recent flood relief bill. That bill was a perfect opportunity to say to the American people that we have kicked the borrowing habit—that we are ready and willing to face even our most urgent needs honestly. How amazed and impressed would the American people be—to see a Congress willing to actually cut spending in other areas to pay for the flood relief.

Instead, we met the crisis the same way we confronted the earthquake in San Francisco, the hurricanes in Florida, Louisiana, and the Carolinas, and even the Persian Gulf war—by increasing the deficit.

Mr. Speaker, I do not mean to make light of the desperate needs of the people of the Midwest who have been stricken by the floods. But, I am disappointed that we have not done more to fight an even bigger flood—the Federal deficit.

In the early eighties, we built a levee and called it Gramm-Rudman, and it fell at the first wave of red ink. So we built a new levee and called it Gramm-Rudman II, and we tore it down to save the elections downstream. So we constructed a flood wall and called it the 1990 Budget Summit Agreement. But the red ink just continues to wash right over us.

Our efforts to hold back the flood have failed. Our task ahead is not only to control it, but to stop the flow as well. Our lost opportunities should be put behind us. Today, we must focus on the deficit reduction bill before us.

The bill we have before us today is certainly not perfect. Every one of us would have written it differently.

But it provides real deficit reduction—nearly a half-trillion dollars. It is the only legislation of that magnitude that was offered and it is the only bill that has any chance of passage.

I have spent the last decade trying to hold back the flow of deficit spending. I have seen a lot of efforts fail. But those in this body and across this land who use past failures as examples of a future lack of success are cheating not only us, but the next generation. We cannot let this historic opportunity pass.

Mr. Speaker, the bill before us today is not perfect, but it represents a good first step toward changing the way we do business—toward stopping the flow of red ink. If the bill is defeated, I am convinced that the next one will not be better, only smaller—increasing the chance that we will once again be clamoring for sandbags to stop the flow in just a few years. I intend to vote for the only bill that can put us on the road toward a balanced budget and economic justice for our grandchildren.

Mr. Speaker, I began by saying we have reached the end of a painful process. We are also beginning another, even more painful, process. This deficit reduction plan is a beginning, but our most difficult decisions still lie ahead. The toughest spending cuts are yet to come. If this wall is to control the flood, we must continue to build on it—to guard it, until we get the flood under control.

And, just as success in the Midwest depended on the participation of everyone, this country will be much better off if everyone in the Congress participates in the tough decisions which lie ahead. I understand the short-term political attractiveness of standing on the sidelines and pointing out the errors of those who govern, but the country cannot afford elected officials who limit their involvement to rhetoric and criticism.

The time has come to stop debating and act. I urge my colleagues to vote for this bill, to once again take up the fight against red ink and begin the process of eliminating the deficit.

Mr. DE LA GARZA. Mr. Speaker, I will vote "yes" for this budget plan because I am committed to reducing the Federal deficit. I am committed to seeing this Government balance its budget.

The American people want us to act. That has been the unequivocal message I have been hearing from the people of my district.

That is why I am here today. My colleagues, we must have the courage to address the issue of deficit reduction.

There are no easy, painless choices anymore. There are people who are telling me—no, don't do it this way or that way.

There are others who say—whatever you do, just don't touch me. And you know what—we tried that for 12 years and look where it got us.

This bill includes a lot of provisions that conservatives in both parties have been urging. I supported and worked for inclusion of these provisions in the negotiations for this budget plan.

We do not need income tax increases on the middle class. This bill will not raise income taxes on 98 percent of Americans.

We need to give people tax incentives to invest in small businesses. This bill does that.

We need to allow small businesspeople to expense more of their depreciable assets. This bill does that.

We need to relax the passive loss rules on rental real estate to help the depressed real estate markets. This bill does that.

We need to give tax incentives to businesses to locate in low-income communities. This bill does that.

We need to give poor people a reason to work rather than stay on welfare. This bill does that.

We need to cut entitlements. This bill does that. For agriculture alone, we reduced spending by $3 billion. That's $3 billion on top of the $13 billion reduction required under the 1990 budget agreement.

My friends, the agriculture function of the budget is the only major entitlement that until now has had budget discipline forced upon it.

Mr. Speaker, I cannot believe the misinformation the opponents of this bill are putting out. I have received orchestrated calls from my district from people who have challenged my loyalty.

I have been accused of not being a real Texan. I'm beginning to wonder what that means. Does that mean you vote against tax increases while protecting Texas projects?

If there is going to be a VA hospital built in south Texas, we need this bill. If the Corpus Christi Naval Air

This conference report also makes major changes and significant, cost-saving reforms in several agriculture programs. We reform crop insurance and the Market Promotion Program. We cut the honey, wool, and mohair programs and reduce the amount of benefits an individual can receive.

Mr. Speaker, I am pleased to say the agriculture conferees included the Mickey Leland provisions to improve the Food Stamp Program. The funds being spent for the Food Stamp Program increases do not come out of farm programs.

Mr. Speaker, I would also point out that the tax provisions of this legislation will promote small business growth. The tax provisions in this bill are good and fair for American farmers.

Mr. Speaker, this budget plan will reduce the deficit. This budget plan will help keep interest rates and inflation down. This plan will help our economy grow and create jobs for Americans.

This vote takes courage, my friends. But you know, that is the American way. I look back through history and I wonder:

What if the brave men at Valley Forge had said it's too cold, let's go home?

What if the brave men at Normandy had said, this is too dangerous, let's go back? What if they said, we don't believe Eisenhower, this won't end the war?

What if the brave men and women of Desert Storm had said, let's go home?

This vote should transcend party. This vote should transcend region. What we speak about today is the future of America. The future of our children, my grandchildren—for the generations not yet born. Is this too large a sacrifice to ask for?

Even the tax increases on the wealthy are not really that much. For example, in yesterday's Wall Street Journal, there was a chart that showed under this plan a couple with an income of $185,000, filing jointly, will pay an additional $251 per year in income taxes. Is this too much sacrifice for a couple earning $185,000 a year?

My friends, this vote is about the future. I don't want to look back and have the American people say we failed them. This is not about party or standing by the President. The sacrifice is minimal. The potential returns for our country are limitless.

This vote is about our country and our future. A "yes" vote is the most responsible vote for our Nation's future.

Mr. SKAGGS. Mr. Speaker, the House will make history today. We'll either take a big step toward putting our country back on a sane economic path and help the President bring our country out from the shadow of a growing debt, or we will demonstrate tragically how difficult it is for a democracy like ours to impose discipline on itself. For the sake of our children and our grandchildren, I pray that we will have the courage to take that big step in the right direction.

We're caught in a vicious cycle: If we take drastic steps to quickly wipe out the debt, we risk throwing the country into a recession. But if we reduce the debt too slowly, it will continue sucking vital resources from the economy and will eat further into the ability of Government to afford vital services.

It has taken 12 years to quadruple the national debt and to get ourselves into this mess. It will take several years for us to extricate ourselves. But we must begin.

The first step toward restoring our economic health—and it is only a first step—is to start reducing the gap between what the Government takes in and what it spends. We have to take a rational, long-term approach, and we're doing that today, with a budget and economic plan that cuts deficits over 5 years by $500 billion. And please note: On average, Federal spending as a percentage of gross domestic product will be less over the next 5 years than during the Reagan-Bush era.

We're proceeding by cutting spending and raising taxes—in equal amounts. The spending cuts are real, they total $255 billion, and they start in 7 weeks when the new fiscal year begins. When we combine them with the tax increases, the annual budget gap will be 40 percent less in 5 years. And the debt will be $100 billion less than it would have been under the plans that Republicans have proposed as alternatives.

The spending cuts come in three forms. First, we're freezing all discretionary spending for 5 years at or below the amount we're spending this year. That's the spending that Congress must take action on each year to pay for almost all Governmental activity, from food inspectors to the Coast Guard to national parks. It will save $102 billion.

This is a hard freeze, with no adjustment for inflation or population growth. In real terms, it's a cut in spending. And we've gone even farther in the bills we're working on right now to fund the Government for the fiscal year starting on October 1. The House has already passed 11 spending bills that contain over 300 cuts—totalling over $12 billion—below this year's levels.

I'll give you one specific example I've been working on that

And there are many similar items in the Federal budget that Congress has to cut—both in the interest of sound government and to comply with the tough ceilings we've put on spending.

Next, we're cutting entitlements—the benefits Americans are eligible for because they're veterans or active-duty military or old or sick or farmers or unemployed or poor with kids. And we're reducing them by $88 billion.

Third, we're cutting the interest payments we'll have to pay on the massive debt we've been accumulating. When we cut the amount of money the Government has to borrow each year, we also save on interest costs, and that will total $65 billion.

This plan also raises taxes. That's not a pleasant task; no one likes to do it. But there is absolutely no way to get the kind of deficit reduction we need and preserve our fragile economy without raising taxes.

The Republicans tried to come up with a plan that didn't raise taxes, and succeeded. But they came up with $100 billion less in deficit reduction, and even to get to that point they had to make up for the lack of increased revenues by making the elderly pay much more for their health care. It's worth noting how important it seemed to be to the Republicans to protect the wealthiest among us from any tax increases and how ready they were to hit the elderly and less well-to-do. The President's plan also asked for significant sacrifice from the elderly, in the form of some reduced programs. But instead of trying to make the elderly and the sick shoulder still more of the burden of deficit reduction, we've tried to do it a fairer way. And so we've assigned some responsibility to the more fortunate, raising income taxes on the top 1½ percent—an approach that also brings more progressivity to the Tax Code. This plan restores the progressivity that was lost in the 1980's, when the top 1 percent of taxpayers saw their effective tax rate drop almost 25 percent.

The bill also makes a major contribution to social and economic progress by encouraging the working poor to stay at work and off welfare. This budget, through the expansion of the earned income tax credit, says to low-income working Americans, "We want to help you support your family if you're bringing home a paycheck."

The head of a family who works full time and still has income below the poverty line will get a tax credit to bring the family out of poverty. The average family making less than $30,000 a year will see its income taxes go down under this bill.

This is a tax cut for over 22,000 families in my congressional district, and one out of every five families in Colorado. The Treasury Department tells me that only around 2,400 families in the area I represent will have to pay the new tax rates for the wealthy, and they all have incomes above $180,000 a year.

We've talked about the rich and the poor. How about the middle class? The only tax increase for 98.8 percent of all American working families will be the 4.3 cents-per-gallon gas tax. The American Automobile Association says that will cost the average family $3 per month—less than a dime a day.

But these same families will benefit from reduced interest rates when they buy a car or refinance a mortgage or charge purchases on their credit cards—interest rates that have stayed low because the financial markets have confidence that we're doing the right thing. The average household will, as a result of this budget bill, save $191 a month in interest payments. So these families on the average will pay $3 more a month for gas and save $191 a month in interest payments. That's $188 more each month in the pockets of average working Americans.

Who else pays higher taxes? One-eighth of Social Security beneficiaries—individuals with incomes over $34,000 and couples with incomes over $44,000. Instead of counting half of their Social Security benefits as income, we'll count 85 percent. That gives their Social Security benefits roughly the same tax treatment as other pension benefits, government or private. There's one key fact to keep in mind: if a retiree is not paying taxes on Social Security benefits now, he or she won't pay them as a result of this bill.

For almost 99 percent of Americans—including retirees—the new rates don't start until next January.

That brings us to the subject of retroactivity. The only people whose tax bills start going up effective January 1, 1993, are the top 1 percent of families with more than $180,000 in gross income. The President stated clearly and directly from the beginning of his campaign that he intended to take this step, so it should certainly have come as no surprise. In addition, these taxpayers can pay the additional 1993 tax in three annual installments, starting in 1994, without interest or penalty.

This budget is also a shot in the arm for small business. Only 4 out of every 100 small business owners will be affected by higher income tax rates, and that group has an average income above $500,000. Meanwhile, 90 of every 100 will benefit from several tax cuts that start on January 1 of this year or earlier.

The one that will probably have the biggest impact is the provision that allows businesses to deduct the cost of buying equipment the same year it's purchased, instead of depreciating it over several years. Prior to this bill, the annual limit was $10,000. We're raising that limit to $17,500—a 75-percent increase. This rewards job-producing investment and will spur economic growth.

Another cuts capital gains taxes in half for stock investments in small firms that's held for at least 5 years. And all businesses will be able to take advantage of several provisions that are retroactive to June 30 of last year:

tax credits for research and development, for building low-income housing, and for providing jobs for the poor; and tax deductions for their health care and for education assistance they give their workers.

In short, this should be a very positive stimulus for small business growth. It uses tax breaks to help the biggest job-creating force in our economy. And the fastest-growing businesses that are providing the most jobs won't be affected much anyway, because they're reinvesting their profits in expansion—not taking them out in taxable income.

The hard-nosed, conservative people who make a living in the financial markets know we're making a serious effort today. That's why interest rates—the interest rates that have an impact on every business owner—are staying low. Does anyone doubt that if the analysts and economists of Wall Street were skeptical about this budget bill, it wouldn't be reflected in the financial markets?

What, in summary, does this bill do for America and for Colorado?

It cuts the deficit by $496 billion over 5 years through balanced and reasonable steps. It makes $255 billion in specific and tough spending cuts—including entitlements. An it raises an almost equal amount in taxes, in the process putting more fairness and equity into our tax code.

Our country works on consensus and compromise; we have to balance the competing demands of a huge and diverse Nation and this bill does that. President Clinton inherited a terrible burden, and he has taken on the responsibility of dealing with it. I commend him for trying to do a job that has been shirked for much too long, and I commend my Democratic colleagues for supporting him.

Mr. SABO Mr. Speaker, I yield 5 minutes to the distinguished majority leader, the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Speaker, I am glad we could finally agree on something tonight, but I am not quite sure what it is.

Mr. Speaker, I rise in support of this economic plan. Many of us were here in 1981 when Ronald Reagan's budget was approved. Many of us were here again in 1990 when George Bush's economic summit was approved.

You may say on this side that your economic plan was not completely in place over the last 2 years, but I would submit that it was substantially in place, and now after the election on November 1992 it is time to give the economic plan of Bill Clinton a chance.

Over the past weeks I have been deeply impressed by the people in my district and in the Midwest who have been fighting the flood. I have seen neighbors who have stopped speaking to one another for years fighting together, sandbagging together to protect their property. I have seen businessmen who rarely talk to their employees working with them in the hot sun for hours to protect their common business. I have seen old people, young people, disabled people, wealthy people, and poor people bound together fighting for a common purpose against a common threat.

In short, I have seen all of the attributes that have made this a great country, discipline, responsibility, sacrifice, community, family, people, all kinds of people, rising to the occasion.

Ladies and gentlemen of the House, tonight we must rise to the occasion to make common purpose, to meet a great danger. All of us know that this deficit cannot be in our common interest. It is a dagger pointed at our economic heart.

This plan, while not perfect, is good. It reduces the deficit by $500 billion over 5 years. It has real cuts and real hard estimates, conservative estimates, of what the economy will do. It is fair. It asks Americans, families who earn over $180,000 a year, yes, to again pay their fair share. It also asks common Americans to pay an energy tax, about a dollar a week, about $50 a year.

It is a first step. It is a step in the direction of getting Americans to go to work, an incentive for families who have been stuck on welfare to be able to say, "Yes, I can get off welfare. I can work."

And there is an inducement, an incentive, to be off welfare and to work.

I have been heartened by seeing all of the parts, all of the beliefs in our Democratic Party come together to work on this plan. I have seen liberal members of our party and moderate members and conservative members give and take, compromise, sacrifice, be willing to take positions that they did not know or think they could take, but took them because they knew the common good of the country was at stake.

And each who has voted for this plan in committee or on the floor has done it knowing that there is no way in the world that we can attack this great deficit without making tough, hard choices that no one really wants to take.

All of our constituents and all of us suffer from what I call the same schizophrenia; all of us want cuts in general, but it is harder when the cuts get very specific.

□ 2140

And I am proud of the members of my party who have come together, taken the choices, made the decisions, and risen to the occasion.

To Members here tonight who are still undecided, let me say this is a challenge, this deficit; this plan is a challenge to our generation that we must meet. As a great American recently said, young Americans are inheriting some 4.5 million miles of roadway, 3,500 colleges, 7,000 hospitals, 110,000 schools, 360,000 churches, He said, "you don't have to pay for them. They are part of your national inheritance. But you can hand them down with what you add yourself to your children and to your grandchildren."

Ladies and gentleman of the House, surely after all that has been done for us, all that has been given to us by our fathers and our mothers, surely we who have been so benefited by their sacrifice and their responsibility, surely tonight we can take the responsibility ourselves to see that the country we hand to the next generation is not as good but is better than the country that was handed to us.

Mr. KASICH. Mr. Speaker, I yield the balance of my time to the very distinguished Republican leader, the gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Speaker, may I thank all the Members of the House for your respectful applause to your leaders on both sides of the aisle tonight. May I first thank my Members for the way you have acquitted yourselves all during the course of this day in this very historic debate.

Yes, as the whip indicated, a credit to all, the entire House, for the manner in which this debate has been conducted.

Mr. Speaker, I will be relatively brief on the measure, as I sense Members are somewhat weary of hearing the same arguments all day long and our listening audience must be somewhat overwhelmed with all of the figures being bandied about. I think it is fair to say the die is cast here in the House tonight, but it will be close. I noted in the majority leader's comments a last-moment appeal to the undecided.

Yes, we are solid against the President's plan on our side of the aisle because of our basic philosophical difference with the Democratic majority on the issues of taxes and spending cuts. But we will be joined by some discerning Democrats who feel as we do, and we applaud you for your independence.

That is the important point: The differences here are philosophical, they are real, profound, differences over fundamentals that transcend partisanship.

I might say parenthetically when we get to welfare reform, health care reform, anticrime legislation, NAFTA, and the rest of the agenda later in this Congress, we Republicans will be participating players because we do have constructive alternatives to offer that neither the President nor the Democratic majority can ignore.

And over in the other body, in the Senate, I will predict a very tight vote on that measure that is before us here tonight, with probably the Vice President having to cast the deciding vote. It will be that close.

And these close votes suggest strongly that the President's plan is not all

that popular with the American people, as borne out by the overwhelming number of calls and letters against it coming into our offices, particularly within the last few days.

We will concede, with all the pressure brought to bear by the present leadership on the Democratic side, that you will probably have your way for this day, but we will be back another day to remind you of your folly.

Remember this package will not create any new jobs beyond the norm because you are taxing away the incentives of the small entrepreneurs who create three-fourths of all the new jobs that are created in this country. You have been so obsessed with this $500 billion figure that you have lost your marbles attempting to achieve it.

To raise so many taxes is not enough, but to make them retroactive just to satisfy this mystifying figure is unconscionable. And even if you want to admit it being bad public policy at this late hour by giving people 3 years to make up the difference, I would call upon you to think about the long-range disastrous effects of what you are doing. And by the way, have you thought of how confusing this will be for taxpayers in the States where local, State income taxes are predicated, in part, upon what one's Federal tax might be?

You might even give a passing thought to next April 15. Do you actually believe the American people will not be taking notice then? They may not be today because they simply are not aware of what skullduggery you have cooked up for them. But they will remember, oh, how they will remember next April—I might even add, November.

Mr. Speaker, I strongly urge a vote against this harmful, ill-conceived conference report that taxes today or taxes yesterday, taxes today and, yes, taxes tomorrow.

Mr. SABO. Mr. Speaker, I yield the balance of my time to the distinguished Speaker of the House, the gentleman from Washington [Mr. FOLEY].

Mr. FOLEY. Mr. Speaker, one important thing has happened today, and important as it was, a more important thing is about to happen.

The important thing that has already happened was not a reconciliation but an engagement, and all of us wish our two colleagues on the Republican side, SUSAN MOLINARI and BILL PAXON, the best of futures and the warmest of best wishes.

May they enjoy every happiness.

And perhaps it would not be unfair to say that how happy their future and how happy the future of all Americans to a very significant degree may depend upon the other thing we do tonight.

Whether we decide at long last, after many years of indulgence and avoidance and delay and excuse, take a hard road back to fiscal responsibility and a sound economic future for all of our people.

□ 2150

We all know the facts. It took 191 years from George Washington to the Presidency of Jimmy Carter to amass a deficit of $794 billion.

Now we have a deficit of $4,500 billion, $4.5 trillion. If we do nothing tonight to take a course of responsibility, we will add in the next 5 years an additional $1½ trillion to that debt.

The American people elected this Congress, Democrat, Republican, and Independent, to do better, to do more, to take action.

This is not an easy bill. We have all noted that. The easy things to do in Congress are to cut taxes and raise spending. That is what we did for the last 12 years for the most part, and that is what has placed our economy and our future in jeopardy.

There are those who say that the bill does not go far enough, that it goes too far, that it has too many taxes, that they are not the right taxes, that they are retroactive taxes.

In 1981, 1984, 1985, the tax system was the same. It does not have enough cuts. The cuts are too great. They are not in the right place. They could be put over here with greater effect and purpose.

We could all of us, each one of us, design a better bill than the distinguished Committee on the Budget and the other committees of reconciliation have brought us. We all know that, but it would be our choice, our judgment, not the judgment of this body.

Benjamin Franklin said at the time of our Constitutional Convention that when you bring legislators together, you bring their common wisdom together. You also bring their prejudices, their passions, their interests, even their selfish views. We all know that it exists more or less to some degree in every legislative body, but we must go beyond our individual interests, our individual concerns, our own pride, our sense of infallibility, if it has found its way into any of our hearts, and go for a common purpose and common result that rises above that.

The most important thing to note with this bill tonight is that it will not by itself accomplish what we need to do. That must be made clear, but it is a critical beginning, an essential beginning on that difficult road back.

We must do more. We must cut more spending, and we will. We must reallocate our priorities, and we will. We must continue the process of deficit reduction, and we will.

This is not the end of the fight. It is not even the middle. It is the beginning, but it is a crucial beginning that we must make.

I hope that in future debates and in future decisions we will have the assistance of our Republican friends, and if I may I say to my good friend, the leader, I hope we will find a few more Independents on the Republican side than I fear we will find tonight.

The Republican Party will march in lockstep, so we on this side of the aisle must bear the burden of responsibility. We are ready to do it. We are anxious to do it, and we will do it.

The Bible says that there is a time for everything. Tonight is the time to decide. Tonight is the time for courage. Tonight is the time to put away the old easy ways. Tonight is the time for responsibility. Tonight is the night to vote.

Let us not break faith with our people. Let us pass this plan. Let us move forward to a better day for our country.

The SPEAKER pro tempore (Mr. MURTHA). Pursuant to House Resolution 240, the previous question is ordered on the conference report.

The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. KASICH. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 218, noes 216, not voting 0, as follows:

[Roll No. 406]

AYES—218

Abercrombie	Deutsch	Johnson (GA)
Ackerman	Dicks	Johnson (SD)
Andrews (ME)	Dingell	Johnson, E.B.
Andrews (TX)	Dixon	Johnston
Applegate	Durbin	Kanjorski
Bacchus (FL)	Edwards (CA)	Kaptur
Barca	Engel	Kennedy
Barcia	English (AZ)	Kennelly
Barlow	Eshoo	Kildee
Barrett (WI)	Evans	Kleczka
Becerra	Farr	Klink
Beilenson	Fazio	Kopetski
Berman	Fields (LA)	Kreidler
Bevill	Filner	LaFalce
Bilbray	Fingerhut	Lambert
Bishop	Flake	Lancaster
Blackwell	Foglietta	Lantos
Bonior	Foley	LaRocco
Borski	Ford (MI)	Levin
Boucher	Ford (TN)	Lewis (GA)
Brooks	Frank (MA)	Lowey
Brown (CA)	Frost	Maloney
Brown (FL)	Furse	Manton
Brown (OH)	Gejdenson	Margolies-Mezvinsky
Bryant	Gephardt	Markey
Byrne	Gibbons	Martinez
Cantwell	Glickman	Matsui
Cardin	Gonzalez	Mazzoli
Carr	Gordon	McCloskey
Clay	Green	McDermott
Clayton	Gutierrez	McHale
Clyburn	Hall (OH)	McKinney
Coleman	Hamburg	McNulty
Collins (IL)	Hamilton	Meehan
Collins (MI)	Harman	Meek
Conyers	Hastings	Menendez
Cooper	Hefner	Mfume
Costello	Hilliard	Miller (CA)
Coyne	Hinchey	Mineta
Cramer	Hoagland	Mink
Darden	Hochbrueckner	Moakley
de la Garza	Holden	Mollohan
DeFazio	Hoyer	Moran
DeLauro	Hughes	Murphy
Dellums	Jacobs	Murtha
Derrick	Jefferson	

Nadler
Natcher
Neal (MA)
Neal (NC)
Oberstar
Obey
Olver
Ortiz
Owens
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Pickle
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reed
Reynolds
Richardson
Rose
Rostenkowski
Roybal-Allard
Rush
Sabo
Sanders
Sangmeister
Sarpalius
Sawyer
Schenk
Schroeder
Schumer
Scott
Serrano
Sharp
Shepherd
Sisisky
Skaggs
Skelton
Slattery
Slaughter
Smith (IA)
Spratt
Stark
Stokes
Strickland
Studds
Stupak
Swift
Synar
Tanner
Tejeda
Thompson
Thurman
Torres
Torricelli
Towns
Tucker
Unsoeld
Valentine
Velazquez
Vento
Visclosky
Volkmer
Washington
Waters
Watt
Waxman
Wheat
Whitten
Williams
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOES—216

Allard
Andrews (NJ)
Archer
Armey
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barrett (NE)
Bartlett
Barton
Bateman
Bentley
Bereuter
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Brewster
Browder
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chapman
Clement
Clinger
Coble
Collins (GA)
Combest
Condit
Coppersmith
Cox
Crane
Crapo
Cunningham
Danner
Deal
DeLay
Diaz-Balart
Dickey
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Edwards (TX)
Emerson
English (OK)
Everett
Ewing
Fawell
Fields (TX)
Fish
Fowler
Franks (CT)
Franks (NJ)
Gallegly
Gallo
Gekas
Geren
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Goss
Grams
Grandy
Greenwood
Gunderson
Hall (TX)
Hancock
Hansen
Hastert
Hayes
Hefley
Herger
Hobson
Hoekstra
Hoke
Horn
Houghton
Huffington
Hunter
Hutchinson
Hutto
Hyde
Inglis
Inhofe
Inslee
Istook
Johnson (CT)
Johnson, Sam
Kasich
Kim
King
Kingston
Klein
Klug
Knollenberg
Kolbe
Kyl
Laughlin
Lazio
Leach
Lehman
Levy
Lewis (CA)
Lewis (FL)
Lightfoot
Linder
Lipinski
Livingston
Lloyd
Long
Machtley
Mann
Manzullo
McCandless
McCollum
McCrery
McCurdy
McDade
McHugh
McInnis
McKeon
McMillan
Meyers
Mica
Michel
Miller (FL)
Minge
Molinari
Montgomery
Moorhead
Morella
Myers
Nussle
Orton
Oxley
Packard
Pallone
Parker
Paxon
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Pryce (OH)
Quillen
Quinn
Ramstad
Ravenel
Regula
Ridge
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Rowland
Royce
Santorum
Saxton
Schaefer
Schiff
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Stearns
Stenholm
Stump
Sundquist
Swett
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thomas (CA)
Thomas (WY)
Thornton
Torkildsen
Traficant
Upton
Vucanovich
Walker
Walsh
Weldon
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

□ 2216

So the conference report 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. SABO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include therein extraneous material, on H.R. 2264 and the conference report thereon.

The SPEAKER pro tempore (Mr. STUDDS). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2010, NATIONAL AND COMMUNITY SERVICE ACT OF 1990

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 103-220) on the resolution (H. Res. 241) waiving points of order against the conference report to accompany the bill (H.R. 2010) to amend the National and Community Service Act of 1990 to establish a Corporation for National Service, enhance opportunities for national service, and provide national service educational awards to persons participating in such service, and for other purposes, which was referred to the House Calendar and ordered to be printed.

MAKING IN ORDER ON TODAY OR ANY DAY THEREAFTER CONSIDERATION OF RESOLUTION PROVIDING FOR DISPOSITION OF SENATE AMENDMENTS TO H.R. 2667, EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR RELIEF FROM THE MAJOR, WIDESPREAD FLOODING IN THE MIDWEST ACT OF 1993

Mr. NATCHER. Mr. Speaker, I ask unanimous consent that it be in order on today or any day thereafter to consider in the House, any rule of the House to the contrary notwithstanding, a resolution providing for the disposition of the Senate amendments to the bill (H.R. 2667) making emergency supplemental appropriations for relief from the major, widespread flooding in the Midwest for the fiscal year ending September 30, 1993, and for other purposes; that the resolution be considered as read; that the resolution be debatable for 1 hour, equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations, or their designees; that the resolution not be subject to a demand for division of the question; and that the previous question be considered as ordered on the resolution to final adoption without intervening motion except one motion to commit.

Mr. Speaker, I want to commend my distinguished friend, the ranking member on the Committee on Appropriations, the gentleman from Pennsylvania (Mr. MCDADE), for his help, all down through the days, yesterday and today especially.

□ 2220

The SPEAKER pro tempore (Mr. STUDDS). Is there objection to the request of the gentleman from Kentucky?

Mr. MCDADE. Mr. Speaker, reserving the right to object, I am not objecting, I simply want the House to know that from our perspective on this side of the aisle, the distinguished gentleman from Kentucky has always kept us totally, completely and fully informed. I support his request. We are grateful to him, Mr. Speaker.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 559

Mr. INGLIS of South Carolina. Mr. Speaker, I ask unanimous consent that my name be withdrawn as a cosponsor of H.R. 559.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

LEGISLATIVE PROGRAM

Mr. MICHEL. Mr. Speaker, I have asked unanimous consent to proceed for 1 minute that I might inquire of the distinguished majority leader of the program for tomorrow.

I yield to the gentleman from Missouri [Mr. GEPHARDT], the distinguished majority leader.

Mr. GEPHARDT. Mr. Speaker, I thank the gentleman for yielding to me.

Obviously, the votes are finished for today.

Tomorrow, the House will meet at 10 a.m., and we will be considering four matters that we would like to finish before the beginning of the August District Work Period:

First, the flood supplemental, and we would like to consider it first in the day, if it will be available, and we think it will be. Second, the National

Service conference. That has a rule already. Third, the legislative appropriations conference and, fourth, the agriculture appropriations conference.

As the gentleman knows, the Senate now will take up the reconciliation bill conference. They have a 10-hour debate requirement, and I doubt that they are going to begin tonight. I do not think they will. They will probably begin tomorrow.

The gentleman also knows that we cannot adjourn until they have finished that, and some of these other conference reports that we will be taking up.

We, obviously, hope and want to finish our work tomorrow night. That is our intent. It may be late into the night in order to get finished, but that is our intention.

Mr. MICHEL. Mr. Speaker, I am wondering if any thought has been given to dispensing or limiting 1-minutes in the morning that we might get involved with the real legislative program and then maybe, later in the day, while we are spinning our wheels, doing the special orders; would that be in order?

Mr. GEPHARDT. Mr. Speaker, if the gentleman will continue to yield, yes, we would be happy to engage in an agreement with the gentleman to limit the 1-minutes substantially.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Georgia.

Mr. GINGRICH. Mr. Speaker, I just want to comment. I want to clarify, as I understand it, we will tomorrow be bringing up the flood aid to the Midwest.

As I understand it, the Senate did take out the Waters provision. We will, on our side, be enthusiastically supportive in urging all of our Members to get the flood aid to the Midwest as rapidly as possible.

Is that a correct understanding of the form in which the aid is coming to the floor?

Mr. GEPHARDT. Mr. Speaker, if the gentleman will continue to yield, I must say to the gentleman, I do not know at this point whether or not there will be a conference or whether the bill comes as it was passed in the Senate. I do not know the answer to that.

Mr. GINGRICH. Mr. Speaker, I would say that on the Republican side, we would certainly hope that as quickly as possible tomorrow we could bring up what I understand is a substantially larger bill than left the House, and we could ensure, before we leave, that we have sent all of that money to the Midwest to help all those folks.

I would hope that the need on the Democratic side to try to get additional money to Los Angeles would not block or in any way slow down the flood aid.

I would simply like to work with the majority leader on achieving that.

Mr. GEPHARDT. Mr. Speaker, I agree with the gentleman.

Mr. MICHEL. Mr. Speaker, might I ask the gentleman one more question. Would we do the three appropriation bills first in that sequence and then the National Service Training conference report last?

Mr. GEPHARDT. Mr. Speaker, if the gentleman will continue to yield, our intention is to do the flood bill first, the National Service bill second, then Legislative, then Agriculture.

Mr. MICHEL. Mr. Speaker, I thank the gentleman.

EXPRESSING THE SENSE OF CONGRESS RESPECTING 80TH ANNIVERSARY OF ANTI-DEFAMATION LEAGUE

Ms. BYRNE. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the concurrent resolution (House Concurrent Resolution 109) expressing the sense of the Congress respecting the 80th anniversary of the Anti-Defamation League, and ask for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Virginia?

Mr. GILMAN. Mr. Speaker, reserving the right to object, I do not object, and I am pleased to be a cosponsor of this measure and to rise in support of H. Con. Res. 109, a resolution commending the Anti-Defamation League [ADL] on its 80th anniversary, and congratulating the ADL for its contribution toward greater tolerance in our Nation and throughout the world.

One only has to turn to the evening news to note how much hatred and bigotry there is in our world today. However, there is hope as expressed by such devoted organizations as the ADL, which steadfastly have spoken out against prejudice, bigotry, and hate whenever those ugly traits appear.

Mr. Speaker, it is with a great deal of confidence in man's inner good that I commend the ADL on 80 years of diligent devotion to brotherhood. Let us hope that in years to come, there will be no further need for organizations such as the ADL.

Mr. PORTER. Mr. Speaker, I rise in strong support of the resolution to commemorate the 80th anniversary of the Anti-Defamation League.

The ADL is one of the Nation's oldest civil rights and human relations organizations. Since 1913, the ADL has tirelessly dedicated itself to ensuring that this country's rich heritage of democratic ideals becomes a reality for all Americans.

The ADL has been the leader in fighting anti-Semitism, prejudice and bigotry and, in the process, has developed groundbreaking educational materials and programs. The ADL has built communication and understanding and respect among and between the diverse faiths and peoples of our country, and this resolution is a most appropriate commemoration.

Mr. HOYER. Mr. Speaker, as the original sponsor of House Concurrent Resolution 109, I rise in support of this resolution which honors the Anti-Defamation League [ADL] for 80 years of service to America.

The ADL is one of the Nation's premier civil rights and human relations organizations. The league is dedicated to exposing and combating anti-Semitism, prejudice, and bigotry of all kinds—so that all people may live out the dream that is America. It has been a significant leader in the fight against discrimination and in our Nation's quest for justice and fair treatment for all individuals in the workplace, on the campus, and throughout society.

Over the past decade, ADL has become a leading resource in responding to criminal activity motivated by prejudice. ADL's efforts have focused on fact-finding and exposure of hate groups and it has encouraged effective law enforcement responses to hate crimes. ADL also fights intolerance through education. The league has developed a variety of educational materials, programs, and services that build bridges of communication, understanding, and respect among diverse faiths as well as racial and ethnic groups.

ADL's activities are a constant reminder that the Holocaust and the horrors of genocide must never be forgotten, nor its lessons neglected. Rather, we must have those lessons before us as we participate in public policy debates both here and abroad and factor this historical perspective into our decisionmaking process.

ADL's fight against anti-Semitism and intolerance is global. As cochairman of the Helsinki Commission, I am particularly concerned over growing ethnic tensions, rooted in intolerance, which threaten to escalate into armed conflict in Europe today. I applaud the ADL for its work in the promotion of democracy and the protection of human rights.

Mr. Speaker, the ADL's outstanding record of service to this country is long, distinguished, and inspiring. I commend the league's professionals and leadership for their dedication and tireless efforts over the past eight decades in helping to preserve democratic ideals by fighting the evils of prejudice and racism, and promoting tolerance and equality in their stead.

Mr. Speaker, I am pleased to sponsor House Concurrent Resolution 109 and urge the adoption of this resolution in recognizing the Anti-Defamation League's good works as it celebrates 80 years of service to the Nation.

Mr. GILMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Virginia?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 109

Whereas the Anti-Defamation League (ADL) is celebrating the 80th anniversary of its founding in 1913;

Whereas ADL has been a major leader in our Nation's quest for justice and fair treatment for all individuals alike by fighting

bias, bigotry, and racism and promoting understanding and respect;

Whereas in purpose and program, ADL espouses and fulfills the highest ideals and aspirations of people of all faiths, races, and backgrounds, by countering hatred and violence through the promotion of tolerance;

Whereas ADL's activities are a constant reminder to the world community never to forget the Holocaust and to incorporate its lessons into political systems and decision-making;

Whereas ADL has been a leading contributor to the cause of democracy, respect for human rights and human dignity of all peoples, and the security of Jewish communities around the world and of the State of Israel;

Whereas ADL's record of achievement sets an inspiring example of leadership and participation in the struggle for justice;

Whereas ADL continues to grow in strength and scope while maintaining its founding priority of educating the public about anti-Semitism and other manifestations of prejudice; and

Whereas racism and other forms of intolerance still exist and in too many instances lead to hate-inspired violence: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the Anti-Defamation League should be congratulated on its 80th anniversary and commended for effectively pursuing the goal of promoting greater tolerance throughout the world.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

□ 2230

NATIONAL SCLERODERMA AWARENESS MONTH

Ms. BYRNE. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 220) to designate the month of August as "National Scleroderma Awareness Month," and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore (Mr. VISCLOSKY). Is there objection to the request of the gentlewoman from Virginia?

Mr. GILMAN. Mr. Speaker, reserving right to object, and I do not object, I would simply like to inform the House that the minority has no objection to the legislation now before the House.

Mr. Speaker, I withdraw my reservation of objection.

Ms. ESHOO. Mr. Speaker, I would like to thank the chairman of the committee, Mr. CLAY, and the ranking minority, Mr. MYERS, for bringing this important resolution to the floor tonight.

This legislation designates August, 1993 and 1994, as National Scleroderma Awareness Month.

Most people have no idea what scleroderma is—yet it is a disease which afflicts 350,000 Americans of all ages, and affects women four times more than men.

I became familiar with the disease because of the pioneering research that is being conducted by some of the bay area's finest researchers.

Scleroderma is an auto-immune vascular disease affecting the connective tissues. It causes overproduction of collagen, causing tissues to become inelastic and immobile.

Hence the word, scleroderma, which means hard skin.

As the disease progresses, it turns internal organs into tissues so densely fibrous, they no longer function.

Doctors and scientists still do not know what causes the disease or how to cure it or halt the devastation of its symptoms.

But because of the extraordinary scientists at the Scleroderma Research Center and the efforts of the Scleroderma Research Foundation, the victims of this disease now have the hope that a treatment may be developed to ease the symptoms of this painful and disfiguring disease.

In years past when this body passed similar resolutions, the activities and events organized around a nationally recognized month helped heighten public awareness of scleroderma and facilitate support for much needed medical research.

It is my hope that this resolution continues to heighten awareness of this disease and that it will be Congress' expression to scleroderma patients that we all care about each victim of the fatal disease because they deserve nothing less.

Again, I thank the chairman for bringing this resolution to the floor and all of my colleagues who cosponsored this legislation to make scleroderma awareness month a reality.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Virginia?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 220

Whereas scleroderma is a disease caused by the excess production of collagen, the main fibrous component of connective tissue, causing hardening of the skin or internal organs, or both, such as the esophagus, lungs, kidney, and heart;

Whereas approximately 300,000 people in the United States suffer from scleroderma, with women of childbearing age outnumbering men 4 to 1;

Whereas scleroderma, a painful, crippling, and disfiguring disease, is most often progressive and can result in premature death;

Whereas the symptoms of scleroderma are variable which can complicate and confuse diagnosis;

Whereas the cause and care of scleroderma are unknown; and

Whereas scleroderma is an orphan disease that requires intensive research to improve treatment as well as find the cause and cure: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the months of August 1993 and August 1994 are designated as "National Scleroderma Awareness Month". The President is authorized and requested to issue a proclamation calling on the people of the United States to observe each such month with appropriate activities that will enhance awareness of the disease and the need for a cure.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMMODORE JOHN BARRY DAY

Ms. BYRNE. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 157) to designate September 13, 1993, as "Commodore John Barry Day," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Virginia?

Mr. GILMAN. Mr. Speaker, reserving the right to object, I do so to say that I am pleased to rise today to thank my colleagues for their support of House Joint Resolution 157, a measure I introduced earlier this year designating September 13, 1993, as Commodore John Barry Day.

Commodore John Barry, one of the great heroes of the American Revolutionary War and one of many immigrants who defended our Nation, was a native of Ireland's County Wexford. My resolution recognizes Commodore Barry's contributions to our Nation, both in fighting for our independence and for assuring our fledgling Nation's survival.

As a Catholic and nationalist in English-ruled Ireland during the days of the penal laws, young John Barry faced a bleak future. Accordingly, he and his family emigrated to America, settling in Philadelphia.

John Barry, who loved the sea, first shipped out as a cabin boy. However, by adulthood, John Barry was the captain of his own ship in the American Merchant Marine. After the commencement of hostilities between the British and the American Forces, then Cpt. John Barry offered his services to General Washington and the Congress for the cause of liberty.

John Barry gave the Revolutionary Forces their first victory in the war at sea with the capture of the Royal Navy Sloop *Edward*. On one occasion, John Barry sailed into Philadelphia with a prize ship loaded with overcoats, a desperate commodity needed in General Washington's army in order to survive the cold winter. Another mission safely delivered a shipment of gold from France which paid the French and American armies in the Yorktown campaign.

Furthermore, John Barry was principally responsible for organizing the Marblehead sailors and boats to effect Washington's famous crossing of the Delaware, which led to General Washington's victory at Trenton during the Christmas of 1776.

Upon the conclusion of the War for Independence, the Congress recognized Capt. John Barry as the premier naval hero of that conflict.

Following the war, when the Pennsylvania Assembly could not achieve a quorum for the essential adoption vote, John Barry organized the compellers, so-called because they sought out and compelled the attendance of sufficient numbers of delegates to assure the calling of the convention and ratification of the Constitution of the United States.

When, under the new Constitution, Congress authorized President Washington to create and operate a U.S. Navy, President Washington turned to John Barry and conferred "Commission No. 1", dated June 14, 1794 upon him. Commodore John Barry then built and commanded the U.S. Navy including his flagship, the U.S.S. *United States* and the U.S.S. *Constitution*, popularly known as "Old Ironsides". John Barry then served as the head of the U.S. Navy under three Presidents, Washington, Adams, and Jefferson.

A resolution proclaiming September 13, 1993, as Commodore John Barry Day would be a fitting tribute to the sacrifices and contributions of this great American hero and would honor our Navy veterans and Irish-Americans who have sacrificed so much for our country. John Barry's life exemplified the patriotic virtues that we in this Nation hold dear.

Mr. Speaker, again I would like to express my appreciation to my colleagues who have cosponsored this measure.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Virginia?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 157

Whereas the United States of America is a nation of immigrants and the contributions of Irish immigrants and their descendants to the defense of the public liberty has been a hallmark of Irish Americans.

Whereas during the War for Independence Captain John Barry, a native of County Wexford, Ireland, achieved the first victory for the Continental Navy while in command of the ship "Lexington" by capturing the British ship "Edward", organizing General George Washington's crossing of the Delaware River which led to the victory at Trenton in 1776, transported gold from France to America while in command of the ship "Alliance", and achieved the last victory of the war for the Continental Navy while in command of "Alliance" by defeating the British ship HMS "Sybille";

Whereas during the War for Independence Captain John Barry rejected British General Lord Howe's offer to desert the Continental Navy and join the British Navy, stating: "Not the value and command of the whole British fleet can lure me from the cause of my country.";

Whereas after the War for Independence the United States Congress recognized John Barry as the premier American naval hero of that war;

Whereas in 1787 Captain John Barry organized the compulsory attendance of members of the Pennsylvania Assembly in Philadelphia, thus ensuring the quorum necessary to call a Convention and recommend the ratification of the Constitution;

Whereas on June 14, 1794, pursuant to "Commission No. 1", President Washington commissioned John Barry as commodore in the new United States Navy;

Whereas Commodore John Barry helped to build and lead the new United States Navy which included his command of the U.S.S. "United States" and the U.S. "Constitution" ("Old Ironsides");

Whereas Commodore John Barry is recognized along with General Stephen Moylan in the Statue of Liberty Museum as one of six foreign-born great leaders of the War for Independence;

Whereas in 1991 and 1992 President George Bush proclaimed September 13 as "Commodore John Barry Day"; and

Whereas designating a day to commemorate Commodore John Barry would be important to United States Navy veterans, Irish Americans, and to all the people of the United States: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That September 13, 1993, is designated as "Commodore John Barry Day", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL D.A.R.E. DAY

Ms. BYRNE. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 99) designating September 9, 1993, and April 2, 1994, each as "National D.A.R.E. Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Virginia?

Mr. GILMAN. Mr. Speaker, reserving the right to object, I do so in order to commend the gentleman from California [Mr. WAXMAN] for recognizing the wonderful objectives and the work of the D.A.R.E. organization that has helped to clean up our communities throughout the Nation, clean up our communities from the ravages of narcotics abuse and narcotics trafficking. If we had more organizations like D.A.R.E., our Nation would be better off. It would be safer from the problems of drug abuse.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Virginia?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 99

Whereas Drug Abuse Resistance Education (in this joint resolution referred to as "D.A.R.E.") is the largest and most effective drug-use prevention education program in the United States, and is now taught to 25,000,000 youths in grades K–12;

Whereas D.A.R.E. is taught in more than 250,000 classrooms reaching all 50 States, Australia, New Zealand, American Samoa, Canada, Puerto Rico, the Virgin Islands, Costa Rica, Mexico, Brazil, Hungary, and Department of Defense Dependent Schools worldwide;

Whereas the D.A.R.E. core curriculum, developed by the Los Angeles Police Department and the Los Angeles Unified School District, helps prevent substance abuse among school-age children by providing students with accurate information about alcohol and drugs, teaching students decision-making skills, educating students about the consequences of certain behaviors, and building students' self-esteem while teaching them how to resist peer pressure;

Whereas D.A.R.E. provides parents with information and guidance to further the development of their children and reinforce the decisions of their children to lead drug-free lives;

Whereas D.A.R.E. is taught by street-wise veteran police officers with years of direct experience with people whose lives were ruined by substance abuse, giving them unmatched credibility;

Whereas each police officer who teaches D.A.R.E. completes 80 hours of specialized training in areas such as child development, classroom management, teaching techniques, and communication skills;

Whereas independent research has found that D.A.R.E. substantially impacts students' attitudes toward substance use, contributes to improved study habits, higher grades, decreased vandalism and gang activity, and generates greater respect for police officers; and

Whereas 1993 marks the 10th year that D.A.R.E. has provided students with the skills they will need as young adults to resist the temptations of drug abuse: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That September 9, 1993, and April 21, 1994, are each designated as "National D.A.R.E. Day", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such days with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Ms. BYRNE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the several joint resolutions just considered and passed.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Virginia?

There was no objection.

□ 2230

THE PRESIDENT'S ECONOMIC PLAN OFFERS NO NEW TAXES FOR MOST AMERICANS

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

Mr. RICHARDSON. Mr. Speaker, there is an incredible disinformation campaign of smoke and mirrors by the opponents of the President's plan going on. Here are the facts: 80 percent of the tax burden will fall on those making more than $200,000 a year. Only the top 1.2 percent of all taxpayers will experience an increase in their income taxes. Those who file joint returns and making less, less than $180,000 will not pay higher income taxes. We repeat, if you are a family and you make under $180,000 of adjusted gross income, you will not pay a penny more in taxes.

There are no income tax increases for the middle class. Working families, again, making less than $180,000 will not pay an extra penny.

The average working family will pay about $3 a month, or $36 a year, and that is in the gasoline tax. Mr. Speaker, 20 million American working families and households will get a tax cut through the earned income tax credit.

KEY POINTS AND FACTS ON THE CONFERENCE REPORT ON PRESIDENT CLINTON'S ECONOMIC GROWTH AND DEFICIT REDUCTION

The conference report meets President Clinton's goals for putting our economic house in order and bringing about real change. It has the largest deficit reduction in history, it has real spending cuts, it restores fairness, includes the investments needed for long-term growth, and is good for the economy.

1. HISTORIC DEFICIT REDUCTION

Largest deficit reduction in history—nearly $500 billion in deficit reduction. All of the savings are locked away in a Deficit Reduction Trust Fund.

More than $1 in spending cuts for each $1 in new taxes.

$8 in spending cuts for $1 in new taxes on the middle class.

$255 billion in spending cuts.

For every $10 of deficit reduction, $5 comes from spending cuts, $4 comes from people making over $200,000 and only $1 from all other taxpayers.

2. THE PLAN IS GOOD FOR THE ECONOMY

Positive results of deficit reduction are already taking effect.

We have the lowest interest rates in two decades. Millions of American families are refinancing mortgages, interest rate sensitive industries are growing, and the economy is creating jobs at seven times the monthly rate of the previous Administration. This commitment to deficit reduction helped the President exert renewed international economic leadership at the Tokyo Summit.

3. ASKING THOSE WHO HAVE THE MOST TO PAY THE MOST

Reverses over a decade of trickle-down economics

80% percent of the tax burden will fall on those making more than $200,000.

Only the top 1.2 percent of all taxpayers will experience an increase in their income taxes.

Those who file joint returns and making less than $180,000 will not pay higher income taxes; individual filers making less than $140,000 will not pay higher income taxes. We repeat: if you are a family and you make under $180,000 of adjusted gross income, you will not pay a penny more in income taxes.

The package closes loopholes and unnecessary deductions by limiting write-offs for the cost of lobbying, for CEO pay of more than $1 million, and expensive business lunches and entertainment.

4. FAIRNESS FOR THE MIDDLE CLASS

No income tax increase for the middle class. Working families making less than $180,000 a year will not pay one extra penny in income taxes.

The average working family will pay about $3 a month—or about $36 a year—for the only new tax that will affect them a 4.3 cent a gallon gasoline tax.

Twenty million working families and households—with a full-time worker—will receive a tax cut through an expansion of the Earned Income Tax Credit that rewards work and responsibility.

5. INCENTIVES FOR PRIVATE SECTOR INVESTMENT, SMALL BUSINESS AND JOB CREATION

Includes one of the most significant incentive packages ever for small business job creation and capital formation.

More than 90 percent of small businesses will benefit or be eligible for new job-creating tax incentives, while only 4% of business owners will pay any higher taxes.

More than 90 percent of small businesses are eligible for a tax cut through, among other incentives, a major expansion of the provision that allow for annual expensing of business investments, and a new targeted capital gains tax credit for investment in small business.

Over 80 top CEOs of major companies have endorsed the President's plan and eight small groups, major groups have announced their support for the President's plan including the National Small Business United, National Association for the Self Employed, and the National Venture Capital Association.

The plan includes a new and innovative empowerment zone proposal to spur economic growth and job creation in distressed rural and urban areas.

The plan also includes incentives for research and development—a key incentive for long-term productivity growth and competitiveness.

6. CUTTING SPENDING WHILE STILL REWARDING WORK AND INVESTING IN OUR PEOPLE

Every tax dollar raised goes to deficit reduction, and even after paying for all the investments in the plan, there are still $255 billion in spending cuts that go to deficit reduction.

A historic expansion of the Earned Income Tax Credit so that every parent who works full-time and has a child at home will not have to raise that child in poverty.

A new family preservation program to help parents and a major expansion of immunization for children.

A dramatic reform of the student loan program that will save $4 billion, cut borrowing costs for students, and give students new repayment options that will help open the doors of college opportunity.

Key investments in defense conversion, and worker training that will increase productivity and raise the standard of living.

7. ENSURING THAT DEFICIT REDUCTION DOES NOT COME ON THE BACKS OF SENIOR CITIZENS AND THE MIDDLE CLASS

The President refused alternatives that would replace taxes on the top 1 percent with severe benefit cuts for more than 34 million Medicare beneficiaries or with cost-of-living cuts for millions of Social Security recipients living just barely above the poverty line.

The plan cuts payments to Medicare providers, but avoids proposals that would cut benefits to Medicare recipients.

AUGUST 4, 1993.

DEAR MR. SPEAKER: The undersigned organizations, representing millions of Americans, support the budget reconciliation act, HR 2264. We believe that it represents an important step to deficit reduction and job creation. We urge the House to vote in favor of final passage.

Advanced Asphalt Technologies.
AFLAC.
Anheuser-Busch Companies.
ARCO.
The Arnold Companies.
Associated Financial.
Audiovox.
Bethlehem Steel Corporation.
H&R Block.
CITGO.
EDS.
Hewlett Packard.
Jim Walter Corporation.
The Kamber Group.
The Keefe Company.
McAuliffe, Kelly and Raffaelli.
Mentor Graphics Corporation.
Mortgage Bankers Association.
NRG Barriers.
National Association of Home Builders.
National Association of Realtors.
National Association of Targeted Jobs Tax Credit Companies.
National Apartment Association.
National Conference of Certified Public Accountant Practitioners.
National Employment Opportunities Network.
National Multi Housing Council.
National Realty Committee.
O'Bannon & Company.
Public Securities Association.
Revlon.
Ryder System, Inc.
Salomon, Inc.
Salomon Brothers, Inc.
Shell Oil Company.
TDS Healthcare Systems Corporation.
The Southland Corporation.
Tenneco, Inc.
Valero.
Whitten and Diamond.

RE-ALLOCATION OF SPECIAL ORDER TIME

Mr. MCINNIS. Mr. Speaker, I ask unanimous consent that I may be permitted to take the 60 minute special order allocated to the gentleman from Michigan [Mr. UPTON] today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

GENERALS IN THE WAR ON DRUGS NEED OUR SUPPORT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE], is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I would like to draw attention this evening to an issue that is tearing at the fabric of our society, particularly in urban communities: the war on drugs. This is an issue that has certainly been debated for hours on the floor of this House, and in cities and towns across America. I would like to share with you a view from the front in the war against drugs in one community, Long Branch, NJ, a city of approximately 30,000 residents along the oceanfront. Long Branch is located in the Sixth Congressional District, which I represent, and it also happens to be my home town.

Recently, the Asbury Park Press, one of the major newspapers in New Jersey, did a major story entitled "Generals in the Drug War." The article cited the work done by Jean Hastings and Brenda Bouldin, who both live in the Garfield Court area of the city, and Craig Reeves of Grant Court. These "generals" are well known to Long Branch residents as community leaders, advocates for better conditions in public housing and all-round good neighbors. As tenants and as parents, all three have witnessed first-hand the ravages of drugs on our young people's lives and on the safety of our communities. All three have resolved this summer to fight against the drug dealers, and associated crime and violence, in our city. They are the "points of lights" that President Bush used to speak of, the "portraits of hope" that President Clinton now invokes.

Jean, Brenda and Craig, and many other parents and concerned citizens, know that there is no magic formula for keeping kids away from drugs. Even with a range of activities for young people, the danger of drugs always lurks not far from our homes. What is clear, however, is that kids with nothing to do are far more likely to fall prey to drugs than those who are stimulated, productive and instilled with a sense of personal and community responsibility. By reducing the demand for drugs, we hope to be able to eliminate the supply—that is, the drug dealers who have set up shop in public housing.

But dedicated community volunteers can't do it all. True, drug abuse is in large part a social and an economic problem that dedicated community leaders can work to overcome.

I have sent the Asbury Park Press article about Long Branch's "Generals In The Drug War" to HUD in order to bolster our case for funding.

In the longer term, I believe that places like Long Branch and Asbury Park, relatively small communities with big city problems, will benefit from HUD's stated intention of restoring, next year, the preference for communities that have previously been funded. The elimination of this preference has cost us in Long Branch and Asbury Park. Furthermore, HUD's funding request, which has been approved by the House, was increased to $265 million, over the $175 million currently available.

Mr. Speaker, it is truly a pleasure to pay tribute to Jean Hastings, Brenda Boudlin and Craig Reeves, those three Long Branch residents who, through their dedicated work day-in and day-out, stand out as great examples of Americans taking the leadership role to make their communities better places. We should applaud such role models at the grass roots level.

BUDGET RECONCILIATION BILL

The SPEAKER pro tempore [Mr. VISCLOSKY]. Under a previous order of the House, the gentleman from Illinois [Mr. HASTERT] is recognized for 60 minutes.

Mr. HASTERT. Mr. Speaker, tonight we witnessed a very, very close vote in this House, and some who witnessed that on national TV, and certainly in the press tomorrow and the media will say boy, that was a close one. But when we really start to analyze it, it was more than that. It was a one-vote switch which could have changed the whole course of tax history in the country. A one-vote switch would have relieved American taxpayer from a retroactive tax that reaches not just back into the Clinton Administration, but reaches back all the way into the Bush administration.

It was also a retroactive tax that when the IRS starts to figure this on October 15 or the 1st of November and starts to give notice to American taxpayers and makes people realize that they have to dig into their pocket, or go out and get a small business loan, or a loan to pay their taxes, all of a sudden it will start to shut down purchases by Americans, start to shut down Christmas purchases, and it will probably be known as the Grinch that stole Christmas, this tax increase of 1993.

Just a one-vote switch would have saved seniors in my district, just in my district in Illinois $7.4 million in what they have to pay extra. Those seniors earning $25,000 as an individual and $32,000 as a couple will have to pay $7.4 million more because of that one vote that we did not get switched in this race.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. HASTERT. I am happy to yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I thank the gentleman for making this point. It might be helpful to people to understand why the gentleman is saying this is a one-vote switch.

Many people looking at the board will see that the vote was 218 to 216, and they will say well, that was a two-vote margin. But as the gentleman points out, if one person switched from yes to no, that would make the vote 217 to 217. What people need to understand about the rules of the House is on a tie vote the proposition loses.

So the gentleman is absolutely right. Every person who voted for the tax bill cast a deciding vote for more taxes and for retroactive taxes, for more spending, for more debt. And every one of those people is personally responsible for casting the deciding vote on the package, because had they voted no instead of yes, every yes vote

So the gentleman makes an excellent point, and I think it is one which is going to be brought home to the American people over and over again, that if their Congressman voted yes on the proposition, their Congressman or Congresswoman cast the decision vote that imposed additional taxes on them.

Mr. HASTERT. That is exactly right, and I am glad the gentleman from Pennsylvania helped point that out.

Can you imagine the small business man who just made an investment in a computer to upgrade his business that has to go out and cancel that order tomorrow? Not only does it affect his business, but it affects the businesses of thousands and thousands of other small businesses, and I might add probably large businesses. Those are the same businesses that have created 75 percent of the jobs in the economic sector in the last year. And a one-vote switch makes that difference.

Mr. WALKER. If the gentleman will yield further, people may want to understand that when they go to their gas pump and see the gas go up 4.3 cents, that each individual "yes" vote is what shoved their gasoline prices, that each individual "yes" vote is responsible for the increased debt that will flow out of this program. And that is not even debatable. They themselves on their charts admit that this program is going to cause more debt.

So every individual "yes" vote is an individual "yes" vote who will cause the economic damage yet to come.

Mr. HASTERT. Can you imagine, we are into August, and about the middle or end of August school starts, and school districts have to get the buses out on the streets, and here is a provision where even the school buses, the municipalities have to start paying this tax, and they are not exempted from it.

Mr. WALKER. And the airlines are nearly broke in this country. This imposes additional fuel fees on them, maybe as much as $500 million a year on the airlines. Where are they going to come up with that cash? We are likely to see the collapse of a major industry in the country just as a result of the increased fuel prices.

Mr. HASTERT. I appreciate the gentleman from Pennsylvania joining me. It is amazing what one vote can do, and I thank the gentleman and yield back the remainder of my time.

SOLUTIONS TO THE NATION'S DEBT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado [Mr. McINNIS] is recognized for 60 minutes.

Mr. McINNIS. Mr. Speaker, I yield to the gentleman from Missouri [Mr. HANCOCK].

OUR NATION IS THE FINEST

Mr. HANCOCK. Mr. Speaker, I thank the gentleman for yielding. This may be somewhat unusual in the normal procedures of the House, but I have been looking for an opportunity to introduce into the RECORD of the House a poem that I happened to find about 4 or 5 months ago that my father wrote, a gentleman by the name of John Hancock, a great American. He wrote this sometime in 1952.

□ 2250

I think this poem, especially following what happened today, a lot of people will relate to the great Americans, a lot of the people that went on before us and the Founding Fathers. It is entitled "Our Nation Is the Finest."

OUR NATION IS THE FINEST

(By John Hancock)

'Tis a grand and glorious country
We inherited from our Dads
And our nation is the finest
As we've known since we were lads.

If you want to know the reason—
Look around and you can see
It's because our wise forefathers
Made good laws to keep us free.

First there was the Declaration
That made us independent,
Said, "That men were free and equal"
In our kind of government.

Then these wise old men kept planning
Ways and means to keep us free.
First we had to have a charter—
One that everyone could see.

So they wrote the Constitution
As the bed rock of our laws
It's a safe and sure foundation
And it's really free from flaws.

It's the basis of our union
Grants the right of justice free
Makes arrangements to defend us
It's our hope of liberty.

It assures the general welfare
Of us, and posterity
We must keep it and defend it
If we want to remain free.

Tho' it's stood the test of ages
And been ample all the time
Still there are some men who'd scrap it
Take away our plan sublime.

So we've always got to watch them
With an ever cautious eye
Or they'll take away our freedoms
As they tell us all a lie.

Oh, it may be hard to think it
For their stories seem so fine
It is clever propaganda
Though it is the Socialist line.

You should listen with precaution
Keep your head and mind so clear,
That you'll know it when you hear it,
Then we never need to fear.

They can paint a pretty picture
But it's evident they've lied
For it's never been a success
In the lands where its been tried.

Sure, they promise that they'll keep you
From the cradle to the grave
But, they do forget to tell you
That they'll tax 'till you can't save.

When they talk about the taxes,
It is just to "soak the rich"
But be careful, Oh! my brother
Or they'll land you in the ditch.

You can always spot the buzzard
If you'll just keep this in mind
Something does not come from nothing
As it's certain you will find.

When the guys a 'cussin "profits"
And a'waving of his fist,
You can bet your bottom dollar
That he is a communist.

Did you ever stop to wonder
Just how long your job would last
If the company made no profit—
It would vanish very fast.

But the Socialist will tell you
How much better off you'd be,
If the people owned the factories
So that "me" could work for "me".

Now, let's take a look at this one
Just to see how it would work.
Would our Boss be any better,
If he was a Socialist jerk?

If the "planners" ran the factories,
And they told us what to like,
What would happen to our unions
If we tried to pull a strike?

Would you want the politicians
Running everything for you
Do you think that they could figure
What was best for all to do.

If you don't—you'd better listen
To a truth that keeps us free
For the constitutional system
Is the best for you and me.

Mr. Speaker, I thank the gentleman for yielding to me.

Mr. McINNIS. Mr. Speaker, I say to the gentleman from Missouri, I thought that the poem was well put, and it was a privilege to go ahead and yield to him.

Mr. Speaker and Members, let me say that regardless of whether you are a Republican, a Democrat, or an Independent, you are still a citizen of a country that is running into debt at a rate of $44 million an hour.

Now, tonight we have been able to witness different ideas and different solutions, or at least one different proposed solution. As you can see, the vote that passed that in was extremely close. In the next few days, you are going to see a lot of whooping and hollering and a lot of cheering about what a great victory that was.

But I think all of us across this country, that it is incumbent upon all of us to take a look beyond the surface of the water and look and see what rests underneath it. I think, folks, that we have an iceberg that sits ahead of us. I think that this body tonight just addressed the top part of the iceberg and did not look under the water. The biggest part of that iceberg, as we all know, lies under the water.

This plan that we talked about this evening, it did some. I obviously do not agree with the tax increases, and I am going to talk about the tax increases here in a few moments. But this plan is not what anguished me so much, about the taxes, although I am very opposed to that. What they put into the plan, what bothers me about the plan, is what the plan did not include.

And what did it not include? It did not include real significant budget cuts, real significant cuts in spending.

We cannot get ahead of this problem, we cannot sail around that iceberg unless we begin to cut spending first. We have got to cut spending first. In my opinion, I think that this plan will simply hold the status quo and send in more dough, simply hold the status quo to send in more dough.

Let me take just a couple of minutes to talk about tax. What is a tax? First of all, we all know that a tax is not creation of capital. You do not create capital with a tax. A tax is simply a transfer of wealth. Individuals and the citizens of this country go out and, in fact, spend the first 2 hours and 50-some minutes, the first 2 hours and 50-some minutes of every work day of a year to pay their taxes, and those taxes are a transfer. They are transfers from the pockets of the working people of this country to the pockets of the Government.

In large part, what you are doing is taking money from those people who work and are giving money to those who do not. When you transfer the money, for example, in Colorado, let us talk about the gasoline tax that has just been passed out of this House this evening. That 4-cent gasoline tax will take approximately $60 million to $80 million every year out of the pockets of the citizens of the State of Colorado. And where will that money go? Well, we know one thing for certain, actually two things. The first thing is that the citizens of Colorado will not be able to spend that money out of their pockets.

The second thing is that money, instead of being spent in Colorado, will be transferred to Washington, DC, to be filtered down through a bureaucracy.

Now, you tell me, based on the record of this Government, based on the record of the people that have been elected to run this Government in an efficient fashion, who performs better? The people who hold that money in their pockets and spend that money in the State of Colorado or any other State in this Union, or the bureaucracy that we have got in Washington, DC? Who do you think can be more wise in the expenditure of that money?

Let us talk a little more about taxation. In 1948, in

The typical American family pays more in Federal taxes than it spends on food, clothing, transportation, insurance, pensions, and recreation, all combined.

The average American will have to work 123 days of this year, of every

year, to pay their Federal, State, and local taxes. Well, what do they do? Do we raise more revenue?

To my colleagues and to the citizens of this country, let me tell you that the problem in this country is not a revenue problem. Raising the taxes is not the answer. Our problem in this country is a spending problem.

Now, some of the viewers tonight, and, excuse me, some of the people in this audience, you all know others that have had trouble with credit cards. They overspend their credit cards. They run up a debt on their credit cards that they cannot pay, so they go to a financial consultant.

What is the first thing that that financial consultant does? That financial consultant says to the person who has put too much on, or run up too much credit or too much debit on that card, the first thing they say is, "Give me the credit cards. We will have to cut the credit cards in half. We have got to control your usage of the credit cards, and we have got to put you on a pay-as-you-go status."

The plan this evening does not do that. The U.S. Congress is not doing that. And the administration is not doing that.

But do not for 1 minute think that you as a family are not expected to do that. The Government of this country expects every family and every citizen of this country to balance their budget. Just try, for example, to run the kind of debt ratios that we run in this country and see where you end up. It does not work.

Some would say, "Look, you need to raise taxes. You need to bring in more revenue, because if you raise taxes, you are going to reduce the deficit."

Well, let us take a look at history. Let us take a look at the record of this U.S. Congress, and let us take a look at the record of the administration, both of them combined.

Since 1947, since 1947, for every dollar that they have raised in taxes, they have spent an additional $1.59, they being the Government.

□ 2300

For every dollar they spent an additional $1.59. There has never been a time in history where there has been a bill passed by this House and signed by the administration under the promise that it is going to reduce the deficit, there has never been a bill in this country that has actually reduced the deficit based on that promise.

Do you think tonight is going to be any different? It is not. I think we have asked the taxpayers for too much. I think we have to introduce discipline into the congressional offices and into the administration. Let me say the Congress of the United States, we in this body, we could not tax enough to keep up with the spending habits that come out of these Chambers. You could not tax enough to keep up with it.

What do we do? We need to look at that spending, as I mentioned and mentioned and mentioned. Are there ways to cut

I think the U.S. Congress should immediately invoke a 25-percent cut in congressional staffs. Some people are going to tell you that is not going to work, it puts too much of a burden on the Members, that we cannot handle our constituent contacts. Let me say—and I am not boasting, but just to give you an example and just to set an example in front of all of you—I have one of the largest congressional districts in the United States. It is one of the toughest congressional districts in the United States to travel. We operate our office with more than a 25-percent cut in staff. It can be done, and Congress needs to step forward and do it immediately.

Our congressional staff is 10 times the size of the next closest country.

Now, the reduction in congressional staff, is it a big drop in the bucket as compared to the overall deficit? The answer to that, of course, is "no." But symbolically it shows we are willing to step forward and cut spending first.

We have other solutions that we can take a look at. I think we need to look at a model put forward by some of the States. For example, in the State of Colorado—why do I bring up Colorado? Of course, I am from Colorado, and I have worked in the State government in Colorado. I have worked in the State government in Colorado, and I am aware of how they control their budget. In Colorado there is a constitutional amendment that you cannot spend more money than you bring in. That is called a balanced budget. Colorado also has a line-item veto. Colorado has term limitations.

Let us talk, can we at the Federal level, can we have a concept of a budget? Is there a way, without increasing taxes, to cut spending? The answer to that is "yes." Do you know that if we took the amount of money this year, the amount of money that the U.S. Congress is spending this year and we did not spend any additional funds next year, in other words, we took that bottom-line figure, let us say it was $10. Then we said to the American people we are not going to cut one penny in spending; in fact, all we are going to do is to ask that the Federal Government not spend any more money next year than they spend this year. In other words, if they spent $10 this year, we are not going to ask them to spend $9 next year. We are going to ask them to just keep the expenditures next year at the same level. What would be the result? The result is that we would balance the budget, the annual deficit by the year 1998. Why is that? Because do you remember when I said earlier revenue was not our problem in this country? In the last 10 years the revenues to our country have doubled. It is the expenses which have skyrocketed. If we could control the expenses and if the revenue continues to grow even at the rate of 1 percent, we could balance the annual budget by the year 1997. That is going to require a lot of tough decisions. But I think the people of America are demanding of the U.S. Congress and of the administration that we make some tough decisions. I think for the first time in a long time the American people as a whole are willing to make the kind of sacrifices that are necessary to continue the greatness of this country and the economic model that this country has set forth in the free world.

Let me say that we have got to have discipline. One of the ways that we can do discipline is that we can take away the very incentives which give congressional people the motivation to look out for their self-interest instead of the interests of the country. And that is term limitations.

I have never been more convinced of the need for term limitations than in my few short months here in the U.S. Congress. We have term limitations in the State of Colorado. The State of Colorado has term limitations; the State of Washington has term limitations. Let me say to all of you that it will work.

We need term limitations in the U.S. Congress. We need to reform Congress. We need to say that if Congress has a bill, if Congress introduces a bill, that amendments to that bill have to fit under the title. What does that mean?

Let me give you an example. Not long ago we had the flood relief bill. The good Lord knows many people in the Midwest suffered horrible tragedy. It is the responsibility of every citizen and a responsibility that every citizen in this country has accepted, to step forward and help the victims in the Midwest of those floods. So a bill in excess of $3 billion now $5 billion bill, has been put together to assist these people. But do you know what happened when that bill got to the House floor, to these Chambers? There was an amendment put on that that had absolutely, absolutely nothing to do with the flood disaster in the Midwest. It rode on the coattails of tragedy and allotted funds for a program in Los Angeles, CA. Thank goodness that program, that bad amendment, was stripped on the Senate side. But it is not right for the people to be able to put an amendment under a bill that has nothing to do with the bill. In Colorado you cannot do that. In Colorado we have the Sunshine Act. All meetings have to be held in the open.

If we could get some basic reform, not reform that penalizes Congress, not reform that penalizes the Administration or penalizes the Republicans or penalizes the Democrats, but basic wholesome reform, we can bring this Congress back to the respect level that it

needs to be. And we can, I know we can cut the spending and take care of the deficit which is crippling this country at this point.

Let me continue and just say that in regard to a couple of other issues that I think we have got to address: One of them is entitlement programs. Let me show you this book right here, it is just entitlement programs. Take a look at that, just entitlement programs.

I can say that the plan that we just voted on a few hours ago does not eliminate one Federal program, not one.

To my colleagues, our program is we got too many people riding the wagon, we do not have enough people pulling the wagon.

We need to streamline our Federal agencies. We need to take a look at illegal immigration. I read an editorial not long ago in the Rifle newspaper in Rifle, CO. We have HUD housing. We have a real housing shortage in Colorado, in western Colorado.

And in that particular editorial they pointed out how the local HUD officials are prohibited, prohibited from asking or determining what an applicant's citizenship status is. They cannot ask somebody if they are a citizen of the United States before they lease them Government-subsidized housing.

What about the Americans? What about the Americans first? We need to take care of this country. Our country became great by offering a home for many immigrants. But we have to have some kind of guideline on the illegal immigration facing this country.

It is a drain on our deficit.

We have other programs we need to look at, the pork-barrel programs, I mean the tree-planting program in the Small Business Administration.

The point I am coming back to is that regardless of whether you are a Republican, unaffiliated, a Democrat, take a look at the history of this country, take a look at the last 10 years. I do not mean to be repetitive, but these points are so important. Look at the last 10 years, it is a revenue problem; we have got more money than we have had in our history coming into the coffers of the U.S. Government. It is a spending problem.

Take a look at what this Government is doing. Our forefathers never imagined, never imagined the kind of programs that our Government would be sponsoring and paying for. And we know that a lot of programs are good programs. And in my opinion, we have plenty of resources in this country to take care of the truly needy. But we have to have enough guts to stand up to the people who do not need those proceeds, who do not need that kind of assistance, and take them off the program. We have to have enough guts to stand up and say that we need welfare reform in this country. We have got to have enough guts to stand up and say to people on welfare that are able to work, "You are going to go to work." We have to have enough guts to say to the people on welfare that, "You are going to go to school, you are going to learn, you are going to be a contributor, not a drain to society, but a contributor to society." We have to be able to stand up and have enough guts to take a look at those parents who are not paying child support and say, "You are going to pay the child support, or the penalty is going to be very severe."

□ 2310

The Government is not going to continue to subsidize the children that you have a legal responsibility to do.

Let me conclude by reading a quotation that I think says it very well:

> You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage maker. You cannot further the brotherhood of man by encouraging class hatred. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away a man's initiative and independence. You cannot help men permanently by doing for them what they could do and should do for themselves.

About 3 weeks ago I had a rancher come up. We were talking about the spending problems in this country and the tax, and whether tax was the right answer. He and I both agreed that you do not tax. Tax is not the answer. You need to introduce discipline in this process.

His concluding remarks to me will be my concluding remarks to you:

> Before you put any more water in the bucket, plug the holes.

ECONOMIC FACTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin [Mr. OBEY] is recognized for 60 minutes.

Mr. OBEY. Mr. Speaker, I ordinarily do not take special orders, because I think that 9 times out of 10 they are stupid, and I do not take them normally because I think that in most cases nobody is here, as is the case tonight; but I have heard so much nonsense over the past few months about the economic situation this country is in that I think it is useful to trace for the record, even if no one else is in the Chamber, and they are not, and in contrast to some people who pretend that they are talking to an audience, I am not, but I am talking to set the record straight in terms of history.

I think it is important to trace why the budget that we passed tonight had to be passed.

I was here in 1981 when we passed the Reagan package that began the supply side revolution that put this country into incredible debt for years to come.

This chart, as I said in debate today, demonstrates that before 1980, represented by this green line on this chart, this country had never had a deficit larger than $74 billion. Then Ronald Reagan was elected. He proposed a package which doubled military spending, which provided huge tax cuts for the rich. It was talked about at the time as being a supply side

> For six months I have been explaining to the left-wing guys that their numbers just didn't add.

He explained that he got his deficit budget projections for the administration program down to $31 billion by hook or by crook, mostly the latter. Those are his words, not mine.

> We didn't think it all the way through,

he said.

> We didn't add up the numbers. We should have designed those pieces to be more compatible, but the pieces were moving on independent tracks. They didn't quite mesh. That is what happened, but for a month-and-a-half we got away with it because of the novelty of it all.

He then described that when the tax bill was passed, the Kemp-Roth tax bill was described as a supply side approach to get the economy moving, he admitted when he wrote his book that

> Kemp-Roth was always a Trojan horse to bring down the top rate. It is kind of hard to sell trickle-down so the supply side formula was the only way to get a tax policy that was really supply side trickle-down theory.

Again, Stockman's words, not mine.

When he described the special interest tax gimmicks that were in the budget at that time, he said:

> The hogs were really feeding. The greed level, the level of opportunism just got out of control.

Now, that is what David Stockman wrote the same year that the Reagan package was passed.

Now, as we talked about in debate today, that package promised that if we just adopted Ronald Reagan's supply side elixir, that the deficit as represented by these green bars which were then $55 billion, that the deficits would go down to zero by 1984—4 years.

As a practical fact, Mr. Speaker, the red bar shows that they missed by $185 billion. We heard a lot of lectures from the Republican side of the aisle tonight about whose predictions about budget deficit reduction were accurate. I would suggest the record demonstrates that they have not been able to add for 12 years.

Now, after 4 years of producing huge deficits, when they promised zero deficits, they produced the first of their magic process fixes, called Gramm-Rudman I. Under that, pushed by the Reagan White House, the deficits, as shown by the green bars here, were promised to go down in nice neat $36 billion increments down to zero by 1990. As the red bars indicate, they only missed by $220 billion.

So then halfway through, they said, well, we better cover our tracks again, so we will produce another magic fix-

up. So this time they passed their Gramm-Rudman II. And what did it do?

Again, the green lines show what they promised. They promised to get the deficit down to zero by 1992. That time they only missed by $290 billion.

Yet they are talking and have talked tonight about the fact that they know how to measure deficits. They know how to cut deficits.

I think the facts recognize that the last thing in the world any Republican in this House who was here in 1981 can lecture anybody in this country about is deficit reduction. They have long since forfeited their claim.

Now, President Clinton was elected, in my view, for the same two reasons Ronald Reagan was elected in 1981. The public wanted President Clinton to get the economy moving again and they wanted him to get the deficit down. So the President produced

The reason he did that can be shown by this chart. This chart demonstrates and the red piece here is the key, the chart demonstrates that the investment portion of the budget, what we invest in kids by way of education, what we invest in health research, what we invest in community infrastructure, sewage treatment plants, highways, and things that make communities an effective place to conduct a business and raise a family, the investment portion of the budget was 16 cents out of every dollar when Ronald Reagan walked into the White House. Today it is 9 cents out of every dollar. It has dropped 40 percent as a percentage of Federal outlays.

□ 2320

Mr. Speaker, President Clinton proposed his investment package, his stimulus package, because he recognized that this economy needed a short-term jobs boost. This House passed it, but it went to the Senate, and it was killed, not because it did not have the votes. It did. It had a majority. But it did not have the votes to get 60 percent, and under Senate rules, because of the filibuster, if you do not get 60 percent, you lose. Majority does not win.

Now, I believe that our Republican friends in the other body had a perfect right to oppose that package if they disagreed with it. I believe they had absolutely no right to prevent that bill from coming to a vote. But that is what they did, and I would predict that continued weakness in the economy will require the Senate and this House, sooner or later, to review that jobs package. That is what the President tried to do in the short term for job creation.

He also produced a long-term budget deficit package, the second piece of which we voted on tonight. It requested that we cut the budget deficit projected over the next 5 years by $500 billion. Now why $500 billion? Why not more than $500 billion? For two reasons: No. 1, you do not want to promise what the economy will not be able to deliver, and, second, deficit reduction is a delicate balancing act. If you do not cut enough, you send a huge bill to our kids and grandkids. If you slam on the brakes too hard, you throw the economy into a recession. If that happens, people lose jobs, Government income goes down, not up. Government costs go up, not down because unemployment compensation, welfare, food stamps and the rest raise Government expenses. The result can be an unintended decrease in that deficit.

Mr. Speaker, that is exactly what happened in 1980, in President Carter's last year. In that year Paul Volcker, Chairman of the Federal Reserve, came to us and told us if we did not cut $16 billion out of the budget immediately in spending, that the deficit would raise to $35 billion. So, we cut it by $16 billion. The deficit, however, did not decline. It rose to almost $50 billion because the economy went to pot.

Mr. Speaker, that is what we are trying to avoid this time. Deficit reduction in the neighborhood of $500 billion is what most key economists tell us is about the amount that can be achieved without tipping the economy into a recession. The test is to achieve the maximum deficit reduction you can without shrinking the economy. Whether we exceed our target or fall short of it will be determined by the performance of the economy, and many events will impact on that over the next 5 years. But the budget proposal which we passed tonight is based on far more sober economic estimates than was the case in the 1980's.

Now how was the deficit cut? Well, as people asked, first we cut spending.

We heard many Members on the Republican side of the aisle parrot the observation that there needed to be spending cuts first. Well, the fact is that the President's plan had $115 billion in military spending cuts over 5 years beyond the reductions proposed in detail by President Bush. It had $11 billion in Federal administrative cost reductions, $60 billion in spending cuts from the Federal payroll, $1 billion more by eliminating waste in public housing programs, over $1 billion more in spending cuts from hidden subsidies for nuclear utilities, $56 billion reduction in allowable payments to doctors and hospitals under Medicare, and $17 billion additional savings in Medicaid.

In addition, as I pointed out three times on the floor today, this House has already passed almost 300 specific spending cuts for next year alone in the appropriation bills which have passed the House, and I will insert a

Now how did we achieve the deficit reduction in the package that was passed tonight? The fact is that for every $10 of deficit reduction slightly more than $5 comes from spending cuts, $4 comes from taxes on the most well-off people in this country, families making $140,000 a year or more after deductions and exemptions and individuals making more than $140,000 gross, gross income, and they took less than $1 out of every $10 in taxes from anybody who makes less than $115,000. In contrast to the 1980's, Mr. Speaker, I think that is a pretty fair distribution.

So, who will pay, and how will working Americans be affected? More than 80 percent of the total revenues will come from the richest 6 percent in order to minimize taxes on middle Americans. First there is a 10-percent surtax which is applied to the new tax rates for those with taxable income above $250,000. That raises their rates from 31 to 39½ percent. We need to make no apology for that. The wealthiest 1 percent of Americans saw their income rise in the 1980's by more than 100 percent while everyone else in the population lost ground. We need make no apology about asking the wealthiest people in this country to finally again begin paying their fair share.

Second, families with before-tax incomes of more than $180,000 and individuals with before-tax incomes of more than $140,000 will see their tax rates increase from 31 to 36 percent. Corporations with taxable income above

I say to my colleagues, "That means, if you drive 100 miles a day, 5 days a week, that means you will pay approximately a buck and a quarter more in gas taxes as a contribution to deficit reduction. It would be nice if that could be avoided by all, but you have to make reasonable choices, and it's reasonable when you're getting 80 percent of the total revenues from those who are the very wealthiest to ask for that small a contribution from everyone else."

The bill also eliminates many tax deductions for lobbying expenses. That will disappoint a lot of people who can afford to hire expensive lobbyists. I do not think it will disappoint the American people.

It also eliminates tax deductions for club dues, including country club membership. I am not going to cry about that one. I do not think the taxpayers will either.

Now it has also been alleged by our Republican friends tonight that they are oh so concerned about the fact that middle-income taxpayers are experiencing any increase in

I would also suggest that the two charts I am about to demonstrate show the difference between the Republican approach to taxation in the 1980's and President Clinton's approach to tax fairness in the 1990's. This chart demonstrates what the tax increase would have been by income group in the original budget summit recommendations of President Bush in 1980. If you made less than $10,000 a year, you can see

you are asked to see your taxes raised by far the most.

□ 2330

If you made between $20,000 and $50,000, you were asked to see your taxes raised by about 3 percent. But if you made over $200,000, your taxes went up by about half that amount.

Now, that is backward, and that is why, in contrast to this tax distribution, the bottom chart represents the distribution of tax contributions under the President's plan passed tonight.

The fact is, if you make below $27,000, there is a tax cut. If you make between $20,000 and $50,000, you pay perhaps $1 a week. It is only after you get to the over $200,000 families that you see any real major tax increase. And, as I said, I make no apology for that, after the record of the eighties. I think it is about time that those above $200,000 start paying their fair share of taxes so that people below that amount do not have to pay more than their fair share.

In contrast to the economics of the eighties that squeezed the middle class and pampered the rich, this plan puts Government back on the side of the middle class, despite the crocodile protestations of Republican voices in this House tonight. This chart demonstrates that the tax touch on the middle class is tiny in comparison to the tax touch on the wealthy.

The fact is that we are trying to provide a new direction for this country. We got a lot of lectures tonight about what this package would do to economic growth. I do not believe that any Republican who served here the last 4 years has any lesson to give anyone in terms of ability to promote economic growth.

This chart demonstrates what the history of economic growth has been in this country under every President's 4-year term since the end of World War II. It shows under Harry Truman's 4-year term, a 25-percent increase in real economic growth; under Kennedy's term, completed by LBJ after the Kennedy assassination, a 20-percent increase in 4 years in real economic growth; Johnson's full term, 19.4 percent real economic growth.

You go all the way down the line until you get to the slowest economic growth in any 4-year period since World War II. And under whom did it occur? President Bush. About 1 percent economic growth for over 4 years. And, as we know, a major recession in the last year and a half of his administration.

So that is basically the record of those who are giving us lectures about deficit control and about job growth and about economic growth from the Republican perspective during today's debate.

Now, what about small business? Well, before I get to that, what were the alternatives. I think we ought to take a look at the alternatives.

There were basically three alternatives. We could have stuck with the status quo, left things as they were. But if that happens, deficits would just as surely as we serve here rise from $300 billion today to over $500 billion early in the next century. Clearly anything is better than nothing.

Second, we could have passed the Republican plan. That fell $80 billion short of the Democratic plan in terms of deficit reduction. I was amused today to hear the first 10 Republican speakers lecture the Democrats because we did not cut enough spending. Then when the defense budget was presented and the agriculture budget was presented, we heard a succession of Republicans lecture us that in fact the cuts were too deep.

Well, you cannot have it both ways, especially on national television. But an awful lot of Members here on that side of the aisle tried to do it today, and I doubt that they were very persuasive. But I think they demonstrated what we are up against in trying to clean up the mess left by the policies of the eighties.

Well, we could have passed a third alternative, which is the Perot plan. I would simply make the point that despite all of the protestations about the gas tax today, for instance, the 4.3-cent gas tax, the Perot plan called for a 50-cent gas tax, more than 10 times as large as the plan that the House passed tonight. Persons earning $40,000 a year would have paid $37 a month in new taxes, as opposed to the tiny amount, a buck and a half a week, in the plan that just passed. Overall taxes in the Perot plan were $50 billion larger than in the House-passed plan tonight.

I should also point out that the Republican plan did not ask the wealthy to pay one thin dine for deficit reduction, while it clobbered agriculture, clobbered Medicare, and clobbered other programs twice as hard as the President's package.

What about small business? This plan recognized that most jobs are created not by big business, but by small business. So it provided many small business tax cuts. Even the Wall Street Journal, which on its editorial page is the premier defender of big business in the country, even the Wall Street Journal ran a newspaper article saying that the Republican attacks on this plan for being antismall business were fallacious. The reason that that article said that is because they looked at the facts, and the facts are these:

That plan expands the tax deduction for small businesses which invest in equipment from $10,000 to $17,000. That can be of major help to farmers. It cuts in half the long-term capital gains tax rates for investments in small startup companies. The corporate tax increase does not touch most small companies. It only applies to corporations with taxable income of more than $10 million. And, as one of the charts showed today that we used, only 4 percent of the subchapter S small businesses that were cried about so much on this floor today, only 4 percent of those businesses are covered by the increase in income taxes, and their average income is $500,000.

So I would say in terms of recognizing the specific needs of small business, this package leaned over backward to do that.

Now, what is the benefit of what we did today? Well, in the short term the benefit is lower interest costs. Since

In terms of long-term benefits, the principal long-term benefit which we want to see out of this plan is job growth. The President's plan aims to help the private sector to create 8 million jobs over the next 4 years.

Again, we heard Republican cries today that this bill would not create enough jobs. That comes after the last 4 years in which the Bush administration had lower job growth in its 4-year term in office than any other 4-year period under any President from the end of World War II.

We need not take any lectures from the princes and princesses of failure on the job front, as we heard here today. We need not take any lectures on that score. They have demonstrated that they do not know how to create jobs. They have demonstrated that they do not know how to create income growth, except for the very wealthiest people in this country.

□ 2240

But the President's plan is aimed at trying to create 8 million jobs. The misguided economic policies of the 1980's have created a huge overhang of debt. That debt makes it much more difficult economically and politically for government to boost the economy and to speed up job growth.

It took 12 years to get into this mess; it will take at least 3 or 4 to begin to move out of it in a major way. But this package was the beginning. And without it, that first step could not occur.

The job growth is also being held back by a deep worldwide recession, especially in Japan, Germany, and other countries, which is hurting our ability to

The historic flood in the Midwest will also depress the economy for a while. Those problems can make it more difficult to hit our deficit reduction targets as well. But there was no real alternative to acting tonight.

Economically, if the President's plan had been defeated, interest rates would have shot up, choking off the economy and shattering public confidence. We also had no moral choice but to act.

For 12 years, since the passage of the 1981 Reagan plan, which defined the 1980's, Government leaders have swept our economic problems under the rug. As I said earlier, David Stockman, the

architect of this plan, wrote in his famous book the most scathing indictment of what was done in the 1980's. This is what he said:

By 1984, the White House had become a dreamland. It was holding the American economy hostage to a reckless, unstable fiscal policy based on the politics of high spending and the doctrine of low taxes. Yet, rather than acknowledge that the resulting massive build up of public debt would eventually generate serious economic troubles, the White House proclaimed a roaring economic success. It bragged that its policies had worked as never before, when, in fact, they had produced fiscal excesses that had never before been imagined.

Again, those are not my words. They are the words of the architect of the Reagan economic revolution in 1981, the Budget Director, David Stockman.

I congratulate him for his candor. Those misguided policies destroyed fairness for working families. They devastated farmers. They benefited only the wealthy. They sent the bill to our grandkids. Hardworking people became angry in this country, because they could see that Government was not on their side. It was on the side of the high rollers.

At long last, that is about to change. This plan is far from perfect. It is still being impeded and opposed by many of the same people in this Congress and out whose votes in 1981 passed the program which defined the 1980's in the first place, that 1981 Reagan budget package which sapped this country's economic strength and even today limits our ability to respond to the legacy of that policy.

But even with this plan's imperfections, it takes an historic first step in cleaning up the economic mess left over from the 1980's and restoring our long-term economic strength. It begins to put government on the side of average working families again.

This is not enough. Much more still needs to be done. We need a new national strategy on the trade front that stands up for America and keeps good-paying jobs at home. We have an urgent need to strengthen investments in education, worker training, transportation, science and technology to expand economic opportunity, especially for people who have not gone to college.

We need to reform our health care system, to give Americans the security that their health insurance will always be there and that we will get a handle on costs. That is what we must tackle next.

Mr. Speaker, I had not intended to speak tonight, but in light of so much that was said today, I felt it was necessary to come here simply to lay out in a short period of time what the reasons were that made action tonight necessary. You cannot understand why what was done tonight was necessary until you understand what happened in the 1980's.

Mr. Speaker, I am going to submit for the RECORD a copy of a newsletter which I circulated to every household in my district in 1981, after the passage of the Reagan plan. It spells out at that time what that package did, what concerns I had about it at the time, why I not only voted against it but offered a comprehensive alternative to it, because of my belief that if it was adopted, it would lead to catastrophic deficits, because of my belief that it would lead to an erosion of economic strength in this country, a reduction in economic fairness, a split between the haves and the have-nots in this society and lead to added cynicism.

I would also say that I congratulate those Members who voted yes tonight on this package, especially those new Members who had courage enough to vote their convictions, to vote their conscience, who had courage enough to vote to support the only package on the table that had a prayer to bring us back to fiscal sanity.

It is not an easy vote. It is never an easy job to serve as a cleanup crew. It is far easier to strike off on some other fantasy mission. But the fact is that before we can get about dealing with health care, before we can get about dealing with welfare reform, before we can get about dealing with strengthening ourselves on the trade front, we needed to take a first step on deficit reduction.

I think history will judge what has happened in the 1980's as being one of the most tragic times economically and socially in our country's history, because those actions buried this country and this Government in debt that will take literally a decade to recover from.

That is why it was so difficult today to find the votes to begin that cleanup job, because many Members recognized that the job is so immense that whatever we did tonight would take a long time before it could have the needed, constructive effect on the economy.

But we took the step. The project has begun. It is now up to the Senate. And if they do their duty, we can get on to the business of tackling other problems that face America.

Mr. Speaker, I include for the RECORD the newsletter to which I referred:

ECONOMIC POLICY: WHAT HAVE WE LEARNED?

Democracy does not work if politicians do not make decisions on the basis of their honest judgment about the needs of the country and then honestly state their views to the people they are both supposed to represent and lead.

If politicians do anything else, if they allow political decisions to warp policy decisions in major ways, policy gets screwed up.

If they don't state their views honestly, the American people have no basis on which to judge those views and the country's politics gets screwed up because the public decides after a while that it doesn't trust anybody.

On the Level

I remember a senior Democrat speaking to a class of incoming freshmen Congressmen in 1974.

After answering several questions he said to one of the questioners, "Oh, now I understand you—you think this place is on the level."

That makes a funny story. The man who said it was a good man with a wicked sense of humor.

But there is nothing funny about what happens to this country's capacity to preserve a democratic system which makes our political liberties mean something to its families if the system and the people who run it are not on the level.

The President Began a Healthy Debate

Over the last year, the Reagan Administration generated a historic debate in Washington and around the country about the economic direction America should take.

That debate has been healthy. Out of it has come broad bipartisan agreement in and out of Congress on the need to do 4 things: cut wasteful spending; shrink government deficits; provide greater incentives for savings, investment and modernization of an industrial base; and stimulate more competition and self-reliance on the part of both business and individuals.

Mistakes of Liberalism

The now famous Atlantic Monthly article which revealed Office of Management and Budget Director David Stockman's behind the scene thoughts throughout the debate shows he began with 2 premises which were right on target:

(1) He thought that "liberal politics in its later stages had lost the ability to judge claims on the Government and so yielded to all them, creating a constituency based choice making which could no longer address larger national interests including fiscal control."

(2) He said the way to change that was to curtail "weak claims rather than weak clients."

He correctly observed that the key to political and economic success was to demonstrate that the Administration would not just attack weak clients. "We have to show that we are willing to attack powerful clients with weak claims" as well.

He was right.

So we debated the President's plan, designed and promoted principally by Mr. Stockman and Treasury Secretary Regan. The debate was not over whether we needed economic change, but how we would get it.

On Government spending, Congress had 3 alternatives. It chose the one backed by the President.

On taxes, it has 3 alternatives. It chose the President's.

So the President's economic policy is now in place.

THREE PROBLEMS

As you know, I tried to achieve significant changes in the plan. I took the position that there were 3 things wrong with it. First, it was inflationary and would create huge deficits; second, it was unfair; and third, it would damage productivity.

I. How Could It Be Inflationary?

How could a program that had big cuts in social spending cause deficits and more inflation?

Because while it was advertised and sold to the American people as being something radically new, it was, at least in one sense, carbon copy Lyndon Johnson.

Why do I say that?

In the 1960's, Johnson tried to fight a war without paying for it. He concealed (first from himself through wishful thinking, and then from the public) the economic cost of that war.

Because he wouldn't raise the taxes to pay for the big military buildup that war required, inflation went from 2 percent before the war to 6 percent at its end.

That inflation was built into the economy. It is still with us. And it has grown even worse in the wake of 2 oil price shocks and other forces at work in the economy.

Today, this Administration is doing the same thing.

Look at the 3 numbers that sum up its program:

(1) $180 billion in increased military spending over the next 5 years. The military budget will double over that time.

(2) $140 billion in domestic spending cuts over that same period. Well, you might say, that doesn't seem too bad. It only adds $40 billion to the deficit.

But then add the third number—

(3) $750 billion in tax cuts.

With those 3 numbers, how do you get anything other than record high deficits? How do you do it without changing the computer results, as Mr. Stockman said in the Atlantic Monthly article, he did?

For the last 8 months, in unpopular speech after unpopular speech, a number of us have tried to raise that question. But when we did, we were told by the Administration in Washington and its political soul mates at home that we were just being obstructive and partisan.

The Stockman Admissions

Now we have the admission of the principal architect and spokesman for the Administration's program that for 6 months he had been explaining to "the West Wing guys that these numbers just didn't add."

He explained that he got his budget deficit projections for the Administration-backed Gramm-Latta budget "down to $31 billion by hook or by crook, mostly the latter."

"We didn't think it all the way through," Mr. Stockman said in his Atlantic Monthly interview: "We didn't add up all the numbers. We should have designed those pieces to be more compatible. But the pieces were moving on independent tracks. It didn't quite mesh. That's what happened. But, you see, for about a month and a half we got away with that because of the novelty of it all."

So now the Administration admits that even using their own numbers, their program will produce 4 years of back-to-back deficits larger than Jimmy Carter's.

To put it in perspective, consider the following. It took this country from 1776 to 1968 to run up a national debt of $370 billion—192 years. The Reagan Administration plan will do it in 4.

Projected deficits that large have created an inflationary mind set in the nation's money markets and they are significantly responsible for the excruciating interest rates that are choking the economy.

The Federal Reserve has seen those deficits coming. It has been trying to compensate for them in fighting inflation by imposing tight money. The resulting high interest rates themselves add unnecessary inflation to economic sectors like the housing market.

II. Why is the Program Unfair?

Putting aside for the moment the question of how evenly the budget cuts fall on the poor and the well-off, let us look at what happened on the tax bill.

The Tax Cut Auction

The great tax debate began as a legitimate effort to reform the economy by encouraging savings, and stimulating investments to modernize our industrial base. But economic policy quickly took a back seat to politics.

Both Parties Failed

As the Atlantic Monthly article describes it: The Tax lobbyists of Washington, when they saw the outlines of the Reagan tax bill, mobilized the business community, the influential economic sectors from oil to real estate. in a matter of days, they created the political environment in which they flourish best—a bidding war between the two parties."

At the point, to restore the original goal of economic reform, Congressmen Morris Udall, Henry Reuss and I offered our own alternative. It provided major assistance to business and individuals. But it stripped away the expensive gimmicks which had been added to both the other plans to gain votes.

We provided over $300 billion in tax relief for business and individuals but we had no artificial sweetners.

Our alternative was limited to the amount that could be provided without borrowing money.

We got 144 votes—a majority of Democrats and 5 courageous Republicans. The President won.

The bill that passed provided $120 billion in basic business tax relief over 5 years to modernize plants and equipment. There was not much argument about that.

But the goodies added along the way were expensive. For instance: a new $17 billion tax gift to the oil industry; a new $27 billion welfare program for corporations. Above and beyond basic depreciation reform, the bill allows corporations like Ford Motor Company to sell excess tax credits to corporations like IBM which convert them into cash.

In addition, the individual tax cuts were so big they added astronomically to the deficit and they were grossly skewed to favor the rich.

Examples:

(1) A family of 4 making $15,000 a year will get a tax cut in 1982 of $2 to $3 a week. The same family making $100,000 a year will get back about $2,200. They make 7 times as much but they will get back 14 times more and by 1984, they will get back 21 times more.

It was a new demonstration of something an old colleague of mine from my State legislative days, Harvey Dueholm, had often observed. "The trouble with government," Harvey said, "is that all too often the poor and the rich get the same amount of ice but the poor get theirs in the wintertime."

(2) Persons making $50,000 a year make up 5.6 percent of the population. They account for 1 in every 20 Americans but they will get back $1 in every $3 of tax relief.

(3) The cost of giving a tax cut to those making $50,000 or more a year which is larger than the cut given the average taxpayer will add $160 billion in red ink to the national debt over the next 5 years.

When some of us said that was unfair and too expensive, the Administration said the Kemp-Roth tax cut was necessary to stimulate the economy.

But what does Mr. Stockman now say about supplyside economics? He said: "Kemp-Roth was always a Trojan horse to bring down the top rate. It's kind of hard to sell trickle down so the supply-side formula was the only way to get a tax policy that was really trickle down. Supply-side is trickle down theory."

It seems that Harvey Deuholm was right again.

The Hogs Were Really Feeding

What did Mr. Stockman say about the tax bill produced by the bidding war we warned was happening? He said, "The hogs were really feeding. The greed level, the level of opportunism just got out of control."

And what of Mr. Stockman's original goal of curtailing "weak claims" rather than "weak clients? Did the tax and budget changes really result in attacking powerful clients with weak claims or did they wind up shooting the sick?

As the Atlantic Monthly article states: "What had changed fundamentally were the list of winning clients, not the nature of the game."

I ask you if it is decent public policy * * * * * * to wipe out job training for unemployed black teenagers while protecting export subsidies for "truly needy" corporations like Boeing, Westinghouse and GE.

* * * to slash nutrition programs for pregnant mothers and double-dipping third-graders who receive both food stamps and school lunch benefits while not laying a glove on the tax deductible business lunch.

* * * to continue millions of dollars of subsidized water for irrigation to landholders like Tenneco Corp., while the average Wisconsin dairy farmer with 40 cows faces huge interest payments and frozen milk checks.

A divinity school graduate other than Mr. Stockman, John the XXIII, gives us quite a different version of how economic policy should be designed. He said: "Economic prosperity is to be assessed not so much from the sum total of goods and wealth possessed, as from the distribution of goods according to the norms of justice."

Some might say, with some legitimacy, that if we can expand productivity to achieve economic growth there will be more for everyone to share. While that may be true, Pope John Paul II had a fitting observation: "The present economic difficulties must not become a pretext for giving in to the temptation to make the poor pay for the solutions to the problems of the rich."

And I would further suggest that the present economic program will hurt, not help, economic productivity.

III. How Will It Damage Productivity?

Let me demonstrate by describing the budget choices the Administration has made. The budget for fiscal 1982 is about $700 billion.

¼th is for military spending. Under the Administration's plans, that will double in 5 years.

Another ¼th is for retirement programs. Even with the Administration's planned Social Security cutbacks, this portion of the budget will rise over the next 5 years because our population is aging rapidly.

15 percent is for interest on the debt. This year interest on the national debt will go up from $80 billion to $110 billion.

A number of areas have been declared "off limits" to budget cuts by the President. These include the Immigration Service, the FBI and the IRS.

So far we have covered about 75 percent of the budget and under the Administration's plan, that portion will go up, not down over the next 5 years. That means the lion's share of the budget cuts will be concentrated on 2 areas.

The Non-Elderly Poor

First, support for the non-elderly poor makes up 6 percent of the budget. One-third of that assists blind and disabled persons.

Even if you eliminate all direct support for able-bodied non-elderly poor, you would not offset the increases planned for 1 year in the military budget because those increases are so huge. But that will not happen because the cuts in this area have already been severe. That means then that most of the cuts will be focused on the remaining 20 percent of the budget.

Threat to Investment

That remaining 20 percent is the portion of the budget directed at investment. It contains human investment areas like education, worker training, science research and development, and physical investment such as soil conservation, bridge construction and sewage treatment.

Research and Productivity

We all remember Sputnik. I remember the day it went up. Across the country the cry went up: "We have to beef up education. We have to beef up math and science education. We have to beef up our investment in science research."

So what happened to U.S. basic science research since Sputnik? It has declined as a percentage of our national income by 20 percent. In Germany it has gone up by 20 percent; in France it has gone up 30 percent; and in Japan it has gone up 40 percent. I suspect that difference has as much to do with our inability to compete in international markets as any other set of numbers you can find.

But what does the Administration's budget do to basic science research? It cuts basic science R&D for health, education, energy and food growth technology by 13 percent.

And what is happening to physical investment in our local communities—investment in sewage treatment systems, bridges and highways—without which we cannot have new housing or successful commerce?

According to Business Week, there is a backlog of:

$41 billion to replace or repair 2 out of every 5 bridges in the country that are defective;

$31 billion in sewer and water systems, without which new housing construction will not occur in many areas of the country; and

$100 billion just to maintain water systems for the 756 urban areas with populations over 50,000.

Without adequate investment in water, sewage and transportation systems, industry cannot expand or compete. But the new tax policies, with all their gimmicks, are crippling the ability of local governments to borrow at reasonable interest rates.

As Business Week points out, while grants to cities and states represent only 14 percent of the federal budget, they are the target of one-third of the Administration's sweeping budget cuts.

Education and Productivity

Next to cuts in research, the most crippling of the cuts in terms of future economic productivity is education. I do not understand people who recognize the need to increase capital investment in machines, but do not understand the need to accompany that investment with capital investment in people.

The key to social stability and economic progress in this country has always been the belief that individuals have an opportunity to better their lot in life if they are willing to work hard enough. We have never guaranteed equality of outcome, but we have always tried to guarantee equality of opportunity—that is what has held our society together. It is what has prevented class division and class welfare—upward mobility based on effort and merit.

The key to that opportunity—that is what has held our society together. It is what has prevented class divisions and class welfare—upward mobility based on effort and merit.

The key to that opportunity has always been education. We have always believed that educational opportunity should be based on how much talent and brains you have in your head and how much determination you have in your heart and not how much money your old man has in his bank account.

This Administration has retreated from that commitment and has embraced a crude economic Darwinism.

That is wrong in economic terms because it wastes talent. It is wrong in human terms because it short-changes human potential for growth. It is not sustainable politically because it runs counter to the decent instincts of our people. It puts at risk the emerging national consensus for true economic reform.

Equity Ornaments

In the Atlantic Monthly article, Mr. Stockman describes a $20 billion package of tax and subsidy changes he was promoting inside the White House to provide a greater degree of equity in the Administration's program as "equity ornaments."

But in my 19 years of public service, I have seen demonstrated time and time again that equity is not an ornament in the American system. It is a core ingredient, and if the American people do not perceive the policies you are promoting as equitable and fair, they will not support or sustain those policies very long.

The American people believe and so do I that Felix Rohatyn was right when he said, "Care and compassion can live alongside a balanced budget, a strong defense and a vigorous fight against crime."

WHAT NOW?

We need to have further cuts in the budget and tax subsidy items that escaped the axe the last time around like the cost ineffective water projects, and the Clinch River Breeder Reactor boondoggle among others.

We need to attack the $10 to $30 billion swamp of waste Mr. Stockman admits is at the Pentagon.

We need to strip the recently passed tax cuts of special interest rip-offs that erode public support for economic reform every bit as surely as they erode the nation's tax base.

We need to limit the size of the tax cut for high-income persons to the amount we can afford without borrowing money.

We must have a comprehensive across-the-board investment policy that truly meets the nation's needs.

We need to get beyond slogans to deal with some of the basic cultural attitudes in this country which stand in the way of real economic progress.

Most of all, we need an honest presentation of our problems by the elected leaders and representatives of the American people. We cannot be prisoners of political theory or dogma, and above all, we must have a debate on economic policy this time that is truly on the level. We have to discard a lot of slogans and ask 2 questions:

What works?

What is fair?

And then do our best to find and support the honest answers.

Until next time,

DAVE OBEY,
Your Congressman.

December, 1981.

MORE THOUGHTS ON THE BUDGET RECONCILIATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. WELDON] is recognized for 60 minutes.

Mr. WELDON. Mr. Speaker, I took out this special order to discuss a personal and national tragedy, and I will do that. But before I get into that issue, I do want to make some comments about the vote that just occurred on this House floor.

Mr. Speaker, we had an intense debate in the House today on this issue, and a very close vote. In my feelings, and I said this in a national press conference a few moments ago, we won the issue. The majority stole the vote.

Let me explain what I mean by that, because they are pretty strong words.

When President Clinton went on national TV

□ 2350

It was pretty evident that the American people did not want to see this plan passed. All the major polls showed that after the President's speech the American people were opposed to the plan in overwhelming numbers. It was not even close. Here was a President who told us we should listen to the American people. Ross Perot, who garnered almost 20 percent of the vote last November, opposed the plan. Even former Clinton supporters came out and openly supported the plan.

What happened on the House floor today? An intense debate. The final vote came, Mr. Speaker, 15 minutes on the clock. As the clock ticked down, Democrats who were opposing the plan held back, and I might say, this was not a plan that was opposed only by Republicans. In the end 41 Democrats opposed this tax-and-spend plan.

As the minutes ticked down on the final 15 minutes of the vote and the time expired, there were still a few who had not voted. In fact, Mr. Speaker, there was one individual who came down and voted about 5 minutes after all time had expired. I have to talk about this incident, because several of these people were neighbors of mine back in Pennsylvania.

In fact, one of the ones who cast the deciding vote this evening after the time on the clock had run out and there was no time left, in the Philadelphia Inquirer today had a feature story with a headline saying that the Members of Congress would, in fact, oppose the President's plan. Yet when the vote came here and we were, in fact, down and needed just one vote to defeat this tax plan, the vote was, in fact, not delivered as this individual had said it would be in today's edition of the Philadelphia Inquirer.

Mr. Speaker, there is no doubt in my mind if this would have been a secret ballot vote I would know how the outcome would have been. It would not

have been the outcome that we now have before us, a one-vote win. It would have been defeated overwhelmingly, but the kinds of activities and techniques that were used to convince Members to vote for this plan were outrageous. I will have more to say about this tomorrow to my local press in the Philadelphia region.

It is a great disappointment to me, coming from the Philadelphia area, especially in the suburban counties where the people I know are not in favor of the kinds of taxes in this plan, to have someone come out and say, "I am going to vote the interests of my constituents, I am going to vote on principle," as this Member of Congress said in the paper today, and then to come down here in the well after time had expired and cast the deciding vote to pass this huge tax burden on the American people. It was no resounding win for the leadership of the Democratic Party. It was anything but that.

In effect, Mr. Speaker, what I am saying is what I started out with, we won the issue in a bipartisan sense. The American people won the issue, but the majority stole the vote from us.

To the American people who are listening tonight, rest assured that your calls had an impact. You did make an impact on all of us, and I would hope, Mr. Speaker, that in fact those same people would make contact with their Senators, because the fight is yet to be fought in that body.

Now, Mr. Speaker, let me get to the issue that I wanted to speak about tonight, which is a very serious one both for me personally and for our country. It has to do with an aircraft, Mr. Speaker, a C-130 cargo plane that was on a mission that was supposedly providing relief supplies in Angola and in fact had a crew of people, three of whom were Americans. They crashed in Rwanda back in a situation where everyone involved thought this plane was on a relief mission providing aid for individuals in that troubled part of the world, in Angola, and the crew was led to believe that they in fact were flying a relief mission that in fact was going to provide food and other assistance to the people of Angola.

When the plane crashed and burned and all of the crew members and the passengers were killed, a lot of unanswered questions were left. I want to talk about them this evening.

The incident occurred on June 10, 1991. The incident involved three Americans, one of whom was my nephew, Robbie Weldon. Rob had been in the Air Force as a career member or a career flight crew chief and was on this mission.

Mr. Speaker, before I get into this issue, I would ask my colleague, does he want to say a few words? Before I get into my personal special order, I see my friend and colleague, the gentleman from Pennsylvania [Mr. WALKER], has arrived, and I know what he wants to talk about, so before I get into this, I yield to the gentleman.

Mr. WALKER. Mr. Speaker, I appreciate the gentleman yielding, because he has taken the time, I know, for a personal item.

I was listening with interest to the gentleman from Wisconsin [Mr. OBEY], who preceded my colleague, the gentleman from Pennsylvania [Mr. WELDON], discuss the vote here this evening and his interpretation of history from the 1980's. I thought to myself as I heard that, that that view of history and particularly of economic history leaves a lot to be desired, and that perhaps some other reflections might also be worthwhile.

The gentleman from Wisconsin in his remarks, and he brings along his charts and does a lot of different things to try to claim that somehow the decade of the 1980's under Ronald Reagan was a decade that America should not OBEY] said, the debt went up during that period of time. Debt went up because Government got bigger, Government spent more money. Government spent more money because we had a President who was trying to win the cold war and who ultimately did, but every time he tried to get the resources by which to win the cold war, the Democrats on Capitol Hill insisted on more and more and more social welfare spending.

In order to get the money that he needed to win the cold war and defeat the slave masters in the Soviet Union, Ronald Reagan was forced to accept compromises that he did not like but which did in fact expand the debt. I think it is also important to understand that during the 1980's we created more jobs in that decade than any other period in the history of this Nation. We also during that period had more people working than any other decade.

The gentleman from Wisconsin [Mr. OBEY] in his presentation says that this is all terrible. I would submit to the Members that creating jobs, not in Government, see, that is the problem, they are not Government jobs we created, we created real jobs in the private sector. The gentleman suggests that there is something wrong with that.

The fact is that every income class in the country was a little bit better off along the way. He thinks that is a terrible thing, because some of the people at the top did very, very well, but the fact is everyone did better. He would claim that that is not the case, and he has charts all the time that say that that is not the case.

If we always look at the gentleman's charts, he goes

Why 1982? Because that is when the Reagan economic program kicked in. If we look at that 8-year period, what we find is every income class in America benefited, because we had in place a growth economic agenda that really worked. What we are headed back to right now, and I was pleased to hear my colleague begin to talk about the vote we had here tonight, we are headed back to Carter economics.

There was absolutely nothing in the plan that passed tonight that Jimmy Carter would not have put his personal stamp on, because the thing that drove us into the pattern that became the Carter economic debacle was higher taxes, bigger debt, more spending, and more Government. That is precisely what the plan represented. It was more debt, more spending, more Government, and more taxes. That is the whole plan. That is the Carter economic program.

That is why some of us can confidently predict that if this plan goes into effect, if we are unfortunate enough for the U.S. Senate to pass it, we will go right back to the period of time when Jimmy Carter and the Democrats in Congress almost wrecked the economy.

The one thing the American people have not tried is, they have not tried putting a Republican in the White House and Republicans in the House of Representatives. They have not tried that for 40 years. What they have done is, they have put the Government in the hands of one party a couple of times, and it has always been Democrats in the White House and Democrats in the Congress, and they have destroyed the economy every time that has happened.

□ 2400

I think the American people better look for a new solution, because the one that was picked tonight, the one every Democrat that voted yes is responsible for, is going to be a repeat of the Carter years, which were a terrible economic tragedy where jobs dropped and where debt took off, and where the end was a pattern of unbelievably bad inflation and recession at the same time.

So it is always interesting to listen to the liberal Democrats when they come and try to explain historical and economic revisionism, and try to explain away their failures.

But I am going to take a close look at Mr. OBEY's newsletter that he wrote back in 1981 that he claims was a prediction of what was coming, because my guess is I will find a number of things in that newsletter that will indicate that the Reagan program, for instance, was going to be inflationary, because that is what they were all claiming at that time. And it turns out that the Reagan program stopped inflation, and we still do not have inflation. The Reagan program brought down interest rates. Interest rates are still down. The Reagan program was in fact

a program that expanded the amount of wealth available in the country not to a few, but to everyone.

And the liberal Democrats wanted to wipe away that record and suggest there was something wrong with all of that. I suggest their program will be a reverse of those policies, and America will pay a terrible price for it, and I thank the gentleman very much for yielding.

Mr. WELDON. I thank my colleague for coming over. And I agree with him wholeheartedly. I would just say to him

Let me say one more thing to my colleague. You know, I think the American people, as indicated by the polls, and by the calls that we had this week, over 10 million to the Capitol, see through what the leadership of the majority and the liberal wing of the Democratic Party has been saying. For 7 of the 8 years that Ronald Reagan was in office, one of the reasons why spending increased was the Democrats did not want to give him a chance to veto the 13 appropriation bills that appropriate the money. So what do they do? They stopped passing the appropriation bills and lumped all of the spending into one massive continuing resolution.

Mr. WALKER. That included both their social welfare spending and the defense spending that he knew was necessary if we were going to take this historic opportunity to defeat the most evil empire that the world has ever known.

Mr. WELDON. So one of the ways the Democrats during the Reagan and Bush years were able to avoid having Ronald Reagan veto their spending plans was to simply not pass the appropriation bills. And when the fiscal year

Mr. WALKER. Some of the people who stand on the floor and lecture us about spending and debt are people who the National Taxpayers Union consistently pick as the single biggest spenders in the Congress. These are the people who have no qualms about spending money as though it comes to us in buckets. And yet, they come here, and they lecture us about debt and the deficit.

There is only one way you get government debt. You get government debt when you spend too much. Government debt is not created because you tax too little. Government debt is created because you spend too much.

Any Democrat, and believe me there are an awful lot of them who believe that the American people are truly undertaxed. I have colleagues on that side tell me they believe the American people are paying too few taxes. We do not pay nearly as much taxes as the rest of the world so, therefore, we should be paying more. I tell you, I do not think there is a place in America that believes that they are undertaxed. And the middle-class families in my district know that they are overtaxed. They know that they cannot afford the things that they want for their children, they cannot afford to do the things that they want around their homes, they cannot do the kinds of things they would like to in their

Tonight what we had was a plan to raise taxes. They claim that it will not hit the middle class. They are just plain wrong. It will hit the middle class. It by definition will be something that will hit the middle class.

Mr. WELDON. My colleague, I think the American people understand that, and I think the overwhelming and outrageous response of the American people that we saw this week is evidence that they are not behind what the majority wing, the liberal wing of the Democratic Party did.

And I want to say the liberal wing, because I want to pay compliments to those 41 Democrats who stood up and voted with the Republicans and said this is unacceptable. This was not a partisan vote tonight. These 41 Democrats and 175 Republicans were representing America and what America was saying. It truly was a bipartisan effort, and as I said before, we won the issue. There is no doubt in my mind. I do not care what the Speaker says, what the majority leaders say or what the President says, we won the issue and the majority stole the votes.

Mr. WALKER. The gentleman is absolutely right. And I hope that the same kind of wide-angle camera that is now panning the Chamber was looking at the well during those last few minutes, and they saw the spectacle of the Democratic leadership leading people up to the desk, and taking the card for them, and showing them the way that they were to vote. Because what the American people expected is that the vote would be cast for them, not for the powerful leaders of the Congress.

Mr. WELDON. Or if they would have seen the many lobbyists lining the hallway, all of them in favor of passing this plan, lobbyist after lobbyist, and here is the President on national TV saying that the special interests want to defeat my plan. And it was the lobbyists all along the hallway who were saying to us, vote for this plan, and they were the lobbyists from all of the special interests down there in Washington, and you saw them as well as I did.

Mr. WALKER. These are lobbyists contributing heavily to the Democratic Congressional Committee these days that we all hear are so bad, but we keep watching them take the money while they are claiming they are so bad. And of course, they are lining up out here in the hallway.

But I would say to the gentleman I think the worst spectacle though in all of this is the fact that people who really wanted to vote their conscience, really wanted to vote their district, really did feel that the President was right when he told the American people to call in, and that we ought to listen to those phone calls. And when the calls went against the Democratic leadership, these people continued to want to vote their constituents, and they were forced to do something they did not want to do right in the well of the House. If the television cameras were focused on that, they would have seen one of the spectacles of legislative bodies, which is the legislative body at its worst.

A number of people commented during debate that the debate was the legislative body at its best, we were debating the issues. We may disagree, and in fact, there were major philosophical disagreements between us as we debated the issues. But that is what legislative bodies do.

Mr. WELDON. But the vote was this legislative body at its worst.

Mr. WALKER. That is right. But the votes went up, and when it got close, and when it looked like the Democrats might lose because the American people had sent a message in here that was clear, then the arm-twisting began, then the people were forced to do things that they did not want to do.

Mr. WELDON. But the media saw that. There were at least 80 or 100 representatives of the media, and the room was packed with people who saw what was going on here. And so the legacy of this evening is, as I said earlier, and I think my colleagues agree with me, we won the issue in a bipartisan manner. The majority stole the vote.

Mr. WALKER. I think that is a very apt description.

Mr. WELDON. That was not a win for President Clinton.

Mr. WALKER. That is an apt description of what happened. Let us hope that things happen a little bit better over on the Senate side, and that this plan does not become a plan that destroys the American economy.

Mr. WELDON. I thank the gentleman. And I ask the Speaker if he could pass on the word to all of our constituents that they should call the Senate at 1-202-226-3121 and use their influence to affect that vote as it comes up tomorrow.

The SPEAKER pro tempore (Mr. KLEIN). The gentleman should not make references of that nature to the Senate. That is inappropriate.

Mr. WELDON. I apologize, Mr. Speaker.

Mr. WALKER. What they can do is they can call the Capitol, and they can call——

The SPEAKER pro tempore. First of all, the gentleman should not address the television. Second, I think that the references——

Mr. WALKER. Well Mr. Speaker, you are invited to call the Capitol at 202-224-3121. Or Mr. Speaker, I mean the American——

The SPEAKER pro tempore. That reference is inappropriate, and it is simply circumventing the rules. The gentleman from Pennsylvania [Mr. WALKER] is very familiar with the House rules and, therefore, he is the person the Chair would least expect to be circumventing.

Mr. WALKER. Parliamentary inquiry, Mr. Speaker. If you are going to admonish me, Mr. Speaker I am entirely within my rights under the rules to address the Chair, and I say what I want to the Chair as long as I have been yielded time from the gentleman from Pennsylvania. I was addressing the Chair. The Chair has no right to lecture me based upon it. The Chair does not understand the rules. The gentleman from Pennsylvania addressed the Chair and told the Chair that he was entitled to make the call to 202-224-3121. It is entirely appropriate for the gentleman from Pennsylvania on this floor to address the Chair. In fact, that is what the rules say I should do. So, I would say to the Chair, the Chair has improperly admonished the gentleman, and the Chair ought to apologize.

The SPEAKER pro tempore. The gentleman may proceed.

Mr. WELDON. Mr. Speaker, I thank my colleague for his comments.

I would like to get back to my original intention of the special order this evening, which is to discuss a situation that is a national tragedy. It is also a personal tragedy for me dating back to 1991 when a C-130, supposedly delivering relief supplies in Luwanda, Angola, went down on June 10 and killed all of the crew, including three Americans, Robert Thomas Snellgrove, born in Alabama; Stefano Paolletti, who was the co-pilot; the flight engineer, Robert William Weldon II, who was my nephew; and the load master, Hendricks Charles who was also from America.

These individuals were killed in a plane crash, and following that plane crash in Angola, what we went through in trying to get information about what happened there has led to intrigue and mystery.

□ 0010

Mr. Speaker, what I think is that this is something that should be investigated by the appropriate committees of this Congress and by our investigative agencies.

What happened following that accident as we tried to recover the bodies of those who were killed instantly in that crash was nothing but stonewalling. Our CIA was reluctant to give us information because we found out that the plane had been owned by someone who had done CIA work, especially in flying arms in the Iran/Contra situation. The fellow's name is Dietrich Reinhardt. We found out that Mr. Reinhardt, who was a principal in this operation, had flown missions involving carrying goods for governments which America has not dealt with, in this case the Angolan Government and the Cuban Government.

We found out that Mr. Reinhardt had been running operations of this kind around the world, and what offended me most was the stonewalling that has continued to take place in the 2½ years since this accident which is about to come to a head in a lawsuit this October.

What is so outrageous to me is that we have just asked for these families to be allowed to have access to all the information about that June 10 incident. What was the mission that plane was on? Why was Dietrich Reinhardt and Peter Turkelson, both of whom have Washington connections and former CIA connections, why were they chartering a flight to the Angolan Government when we did not recognize the Angolan Government, working with the TAAG airline, a representative of Cuba and Angola? Why were these young American men recruited off of Air Force bases down in North Carolina and told they would make big money flying cargo in the form of help for the Angolan people in terms of food and U.N. necessities when, in fact, they were flying missions for the Angolan Communist Government?

All of this happened, and none of it has been explained. I have met with the CIA. I have asked the Angolan Government to respond. I have met with our Intelligence Committee members. I have asked the President of the United States, I have asked everyone I know to investigate this accident, and get to the bottom of what occurred.

Jack Anderson did a special column on this accident back on December 30, 1991. The headline is "Angola Plane Crash Tangled In Mystery."

Mr. Speaker, I would like to enter this into the CONGRESSIONAL RECORD along with several other articles about this incident describing the intrigue, the mystery, and the international dealer, Dietrich Reinhardt, who has a habit of contracting with anyone that he can contract his planes to, and at the same time risk the lives of young Americans.

Mr. Speaker, what really even infuriated me more than that is that after the crash occurred, Mr. Reinhardt and Mr. Turkelson, who employed these Americans including my nephew, would not even take care of the back pay for the loved ones. In the case of my nephew, Robbie, his young widow and two children received no back pay due to them from the missions that they were flying, that he was flying on behalf of this individual. In fact, in court in Florida in October, Mr. Reinhardt and his colleagues are suing Lloyds of London, the insurance carrier that insured the seats on that plane, for the proceeds, the proceeds of the insurance on those five seats that should go to the families of those who were killed in that plane. He is suing to obtain that money for himself and the other principals who own the plane. It is absolutely outrageous.

Mr. Speaker, if you go through the detailed analysis of Mr. Reinhardt's involvement and former CIA activities, Mr. Reinhardt's involvement in the Iran/Contra incident where he was the one who transported arms, Mr. Reinhardt's contracting with any country in the world that would pay him a high figure, and then going to our military bases and recruiting young Air Force personnel and young people who had worked in the military, promising them high pay, promising them an opportunity to travel around the world but doing things on behalf of the U.N. and flying missions of relief, and then not realizing they, in fact, were flying for a fly-by-night subservient operation is, to me, absolutely outrageous.

So, Mr. Speaker, I take this special order tonight to ask this Government and its agencies to find out what really happened with the June 10 accident of the C-130 in Luanda. I ask the Intelligence Committee, I ask the CIA to come clean if there is other information that we have not been provided.

I am very upset also to find out that in the files for the court proceeding coming up in October, one of our former colleagues and a friend of mine, Congressman "Buz" Lukens, had in fact sent a letter of support to Dietrich Reinhardt, and in fact had said to him that he encouraged them to carry on these activities and on the bottom of the letter in his personal handwriting, the note says, "Good luck to you and Turk," and I assume that is a reference to Mr. Turkelson.

Mr. Speaker, there is something that stinks in this incident. I do not have the investigative staff to find out what happened to these three young Americans. I do not have the resources to go over to Angola to see what occurred over there on the ground to see why they were flying these missions day after day on behalf of the Communist Government that we did not recognize at that time. I do not have the resources to go down to Florida and over to Germany to see all the buildings and facilities Mr. Reinhardt owns around the world. I do not have the ability to subpoena Mr. Turkelson to see what other young people he is recruiting in our military sites.

Mr. Speaker, I am outraged at what happened here. This is not America; this should not be allowed to go on.

People like Reinhardt and Turkelson should be stopped, and I want to take the floor of this House to say that as long as I am in this institution I will use every ounce of energy in my body to expose what they are all about. And if they are still involved with the CIA, I will expose that, too. And I have put the CIA on warning in that regard.

Mr. Speaker, this incident is a terrible American tragedy. It is a terrible personal loss to my family, to me personally and my brother and his wife and their other son who has lost their young son and his brother, and to the widow and children involved as well as the families of the other American who were lost. They all want answers.

Mr. Speaker, I am inserting in the RECORD a series of questions that the family has submitted that this Government needs to answer. We need to do more to protect the lives of our young people than to let fly-by-night fleabag operations like the one run by Mr. Reinhardt and Mr. Turkelson continue to go on risking the lives of Americans, and who knows what in terms of undermining our American foreign policy.

Mr. Speaker, I am inserting these records and these items at this point in the RECORD, as follows:

[From the Washington Post, Dec. 30, 1991]

ANGOLA PLANE CRASH TANGLED IN MYSTERY

(By Jack Anderson and Dale Van Atta)

The crash of a C–130 cargo plane in Angola last summer has launched Charles and Clara Hendricks of Mena, Ark., on a mysterious search for the truth.

The couple's 34-year-old son, Chuck, an airplane mechanic, was on the plane when it went down June 10, shortly after takeoff from Luanda International Airport. The crash killed 10 people. Three were Americans, including Chuck Hendricks and the nephew of Rep. Curt Weldon (R–Pa.).

Hendricks had told his parents he was flying famine relief missions for the Angolan government and the United Nations. But when the Hendrickses got official notification of his death, they were told that the plane was bound for a diamond mine in Angola and that it was loaded with whiskey, cigarettes and other provisions.

That wasn't the only puzzle for the Hendrickses to solve.

An eyewitness said the plane's left wing exploded shortly after the takeoff. And when the Hendrickses began asking around, they found that the plane was owned by someone alleged to have ties to the Central Intelligence Agency, a man alleged at one time to have ferried arms to Iran as part of the Iran-contra arms-for-hostages fiasco.

Six months after the crash, there has been no formal accident investigation. Why the plane went down and what was really on board remain a mystery.

The Hendrickses have sent queries to President Bush, Vice President Quayle, the National Transportation Safety Board and three members of Congress. The only response they have received from their government is that the United States cannot investigate a plane crash in a country with which it has no diplomatic relations.

The NTSB told the Hendrickses to contact Lockheed Corp., which manufactured the plane, and encourage the company to investigate the crash. They did, but a Lockheed crash investigator reported that he had been told by superiors that he could not look into the incident.

The Hendrickses and the families of the other American victims hired attorneys and welcomed the help of a private investigator who has tried to trace the plane's roots. It was owned by CZX Productions Inc., a Delaware firm. It was leased to Carib Air Transport Corp. of the West Indies and Europe. Unitrann International of Frankfurt, Germany, hired the crew. Majus Aviation of Colorado was another company that communicated with the families of the victims.

The familiar name that emerges from this list is Dietrich Reinhardt, a partner in CZX and the reputed head of Unitrann. He received notoriety during the Iran-contra hearings when it was alleged that an airline he owned, St. Lucia Airways, carried shipments of Hawk antiaircraft missiles to Iran in 1985. During those hearings, St. Lucia Airways was referred to as a "CIA proprietary" airline. The airline also was alleged to have run arms to Angolan "freedom fighters" on a mission for the CIA.

The C–130 that crashed in Angola had an expired tail number that was once assigned to St. Lucia Airways, according to British press reports.

Reinhardt, who reportedly lives in Florida, has consistently denied any involvement with CIA covert activities but will not elaborate beyond that, except to say that the purpose of the flights in question in the 1980s was classified. Rep. Weldon told us that the CIA confirmed Reinhardt had done some work for it in the past but emphatically denied that he was engaged in any CIA missions when the plane went down in Angola.

The parents of the crash victims have tried without success to reach Reinhardt. They have had limited contact with one of his business associates, attorney Morris Turkelson of Lakewood, Calif. Turkelson did not return our phone calls.

"Nobody can find Reinhardt. Turkelson won't talk to us," Charles Hendricks told our associate Jim Lynch. Hendricks said he would like to put the companies "out of business." But more than that, he said, he just wants to know the truth about what happened to his son.

Weldon, whose nephew was an Air Force pilot when he left to work for Reinhardt, will ask for a congressional hearing on the crash. Among the things Weldon wants to know is why a former CIA operative was allowed to recruit a pilot from the Air Force for questionable overseas work.

The State Department recently established an informal office in Angola, and the Hendrickses hope the new outpost will help them find some answers.

WE NEED ANSWERS

Was there any official investigation of crash?

1. None of the families were notified of details of crash and cause.

2. Kubicek says the investigation continued thru Saturday after the crash on Monday. (Fax on 6–20–91 to Weldons)

3. Peter Meyer said a full investigation was being made by our Government Officials as well as Angolan Officials.

4. Turkelson said after investigation complete, all details would be given to all families.

Was there an explosion on board prior to the crash? Kurt Hinson, the ground mechanic, says there was.

Why wasn't our NTSB able to make an investigation?

Why wasn't Lockheed allowed to investigate?

Why didn't Lloyd's of London investigate?

Who put a lid on the whole case and a veil of secrecy on details?

Was our U.S. Government involved in a covert action of some kind involving this plane and/or its owners and operators?

Why wasn't our boys denied working in Angola for its government at the time the U.S. was backing the opposition (Unita Rebels?) These men went into Portugal and Angola without Visas.

Why was this plane (C130) allowed to leave the U.S.? From Florida to Iceland, to Austria, to Angola.

1. Kimberly Paoletti says her husband, Co-Pilot Stephano Paoletti, was with the plane in Punta Gorda, Florida when it was checked by FAA and Customs Dept. and allowed to depart. It was checked again in Austria by Customs and allowed to proceed.

This plane left the U.S. 8/90 to Iceland then to Austria. On 1–7–91 the plane left Austria, VIA Agidar, Morocco to TAAG Airlines in Luanda, Angola, Africa. Plane damaged on landing. On 3/91 plane registered to Unitrann International N9724V and fake tail # J6SLQ.

Did the plane have a good Air Worthiness Certificate other than the R&D experimental certificate given to us by our FAA Dept.?

Was our boys involved in hauling illegal loads, illegal passengers, arms, fuel or cargo of any kind that would endanger their lives?

Who profited by the crash?

1. Who now owns or controls the diamond mine?

2. Was there insurance on crew and passengers that enriched some-one?

3. Was there an on board explosion or missile hit?

4. Did Reinhardt hold insurance policies on the individual crew members?

5. What about Hull, Liability and Crew Seat insurance, who gets it?

How many perished in the crash—Our reports were four crew and six passengers. Alan George says; total of seven. Were there any survivors?

Where is Deitrich Reinhardt? Does he return to his home in Florida?

Does Angola receive aid from U.S.? If so, why can't we get answers from Angolan government?

Who was the relief missions going to? Unita Rebels or Angolan government?

Who was the Broker in Portugal that negotiated the deal between Reinhardt and Angolan government? Caribe Air Transport, Unitrann International and TAAG Airlines?

Why was our boys used as couriers to deliver cash money to Juan Costa Corvu in Lisbon, Portugal? Our boys also carried parts for the C–130 from the U.S. and Germany.

Was the diamond mine being used as a staging point for the rebel operation? The load that crashed supposedly was 15 tons of beer, cigarettes and Scotch whiskey for the diamond mine owner. TAAG Airlines insisted that our crew take this load which wasn't theirs.

1. Was the diamond mine owner a target of someone?

Was Reinhardt associated with the CIA and/or BCCI?

Who and what is Questline—a Florida corporation?

Why aren't our Congressmen investigating and helping the families?

Congressman Hammerschmidt

Congressman Curt Weldon

Congressman Andy Ireland

Corporations involved: CZX Productions, Caribe Air Transport, Unitrann International, Majus Aviation, Questline.

Major players: Reindardt, Turkelson, Kubicek, Peter Meyer, Henry Gallagher, Jr., Juan Costa Corvu, Jerry Dobby, All lein holders (see organization chart).

Insurance companies involved:

S&L Insurance Assoc., Inc., Ft. Meyers, Florida.

London International Group, St. Petersburg, Florida.

Kiln Syndicate (Underwriter), London, England.

Nelson, Hurst Aviation, Ltd. (Broker), London, England.

Robins, Davies Aviation Ltd. (Adjuster), London, England.

(Lloyd's Attorneys) Thornton, Davis & Murray, Miami, Florida.

Florida Insurance Commissioner: Tom Gallagher and Mrs. McCall, Tallahassee, Florida.

Continuation of questions listed below:

Why is Kerstin Weldon withholding diary information of her husband (Bob Weldon)?

How was Kimberly Paoletti able to obtain back pay and/or compensation after crash on Stephano? All other crew members that perished had back pay owed and no compensation yet. Other employees also unable to obtain back pay.

Why no autopsy? This could have determined if explosion occurred on board before crash.

Flt. Jnt. Mag. 11-21-91 by Alan George

Please run check on Juan Costa Corvu—Lisbon, Portugal.

SPE Company—Portuguese investment company.

Frame Air—Curacao company.

Transporte Aeronoves de Curacao.

Endiama—Angola State Mining Company.

Angolan Defense Ministry for connection of above.

(Aviation Daily News—6-19-91)

When did Southern Air Transport (a CIA propriatory airline) arrive back in Angola? Did its personnel arrive prior to crash on 6-10-91?

Did Southern Air Transport pick up work that Caribe Air Transport was doing prior to crash?

Did Southern Air Transport profit by crash of Caribe Air Transport?

Is Southern Air Transport still a CIA operation?

Sincerely,

CHARLES H. & CLARA V. HENDRICKS.

QUESTIONS AND STATEMENTS

Still no official investigation report to the families.

Paoletti family in Italy was able to obtain the Angolan report (in Portuguese) from the Italian Embassy in Luanda. They forwarded the Portuguese Angolan report to us and to Kimberly Paoletti.

We sent out the report to the State Department, U.S. Customs, U.S. Congressmen, investigators and the news media. (15 locations) Then we received a translated version and sent out to above locations (19 locations), then we received the Snellgrove translation. Only one (1) out of the fifteen (15) and no response from the others.

U.S. Customs Department, Ft. Myers, Florida—Mr. Tony Muellins, is now doing an investigation and questioning previous employees. Why wasn't this investigation done prior to the crash? Our son wasn't contacted when he was home on leave even though he was expecting a call from Customs, as word had come down that he would be contacted. (If they only had, the incident might never have occurred)

CAA Eastern Caribbean States, W.I., very un-cooperative and refused to divulge information pertaining to paper work issued on the crashed plane to Caribe Air Transport. (Refer to faxes and phone records).

Where is Peter Myer? Rumored that he was in Somalia, joined by his wife and both left for Jordan. Where are the other crew members that was in Angola? Andreg, Floyd, Gaski, Nicholas and Ferman?

First C-130 lost in Angola November 1989—CIA Operation. Tepper Airlines, Crestview, Florida, employees involved. Pharies Bernard (Bud) Petty killed in mysterious crash—one of several. Is/was Tepper a part of Reinhardt's operations?

Bob Malloy, Private Investigator in Florida doing some research in conjunction with a law firm in Sarasota and Venice, Florida. Supposedly working for a family member of our mysterious crash. They will not divulge who they are working for but he is giving me lots of information about Reinhardt, Turkelson and Peter Myer.

Our FAA Department, Oklahoma City, still states they have no information in their Accident/Incident file pertaining to this crash of June 10, 1991. Lockheed Aircraft Investigation Department says the same.

Our NTSB still refuses to tell us anything about the crash or an investigation even after requesting with F.O.I.A. All departments act as if the crash never happened.

With the Liaison Office in Angola and a Peace Keeping Team on site in Luanda since the day of the crash, certainly some information could be obtained from there.

Suggest the following be questioned and/or subpoenaed.

Deitrich Reinhardt.

Morris Turkelson.

Peter Myer.

Harold Kubicek.

Nereida (Secretary in Florida).

Ers Andreg.

Jay Floyd.

Chris Ferman.

Curt Hinson.

Van Nicholas.

Jerry Dobby.

Florida Insurance Agents.

Lloyds of London Underwriters (London).

Henry (Hank) Gallagher.

All Lien Holders of plane.

John & Sharon Gasho.

Bob Malloy—Investigator in Sarasota, Florida.

Tony Muellins—U.S. Customs in Ft. Myers, Florida.

CIA.

U.S. State Department.

NTSB.

FAA.

Lockheed.

Juan Costa Corvu—Lisbon, Portugal.

SUMMATION

1. Answers to all of our questions.

2. Prosecution of guilty parties if sabotage proven.

3. Wrongful death suits possible if sabotage is proven.

4. Prevention of this type of incident happening to other families.

5. Make the companies pay with P.A. (Seat Insurance) and Key Man Insurance. Compensation for death.

6. Check Lienholders and amounts of Liens. Were Lienholders paid off? If so, by whom?

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MCINNIS) to revise and extend their remarks and include extraneous material:)

Mr. GOSS, for 5 minutes, today.

Mr. HASTERT, for 5 minutes, today.

(The following Member (at the request of Ms. BYRNE) to revise and extend her remarks and include extraneous material:)

Mr. GONZALEZ, for 60 minutes, on August 6.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. MCINNIS) and to include extraneous matter:)

Mr. SOLOMON.

Mr. MCINNIS.

Mr. BUYER.

Mr. MACHTLEY.

Mr. CRANE.

Mr. YOUNG of Alaska.

Mr. HASTERT.

Mr. COMBEST.

Mr. ROTH in two instances.

Mr. PORTER.

Mr. BAKER of Louisiana.

Mr. LAZIO.

Mr. DORNAN.

Mr. GOODLING in two instances.

Mr. CLINGER.

Mr. GALLEGLY.

Mr. RAMSTAD.

Mr. PORTMAN.

Mr. GUNDERSON.

Mr. TAYLOR of North Carolina.

Mr. DUNCAN in two instances.

Mrs. ROUKEMA.

Mr. BLILEY.

Mr. ROYCE.

Mr. LIVINGSTON.

Mr. KING.

Mr. GILLMOR.

(The following Members (at the request of Ms. BYRNE) and to include extraneous matter:)

Mr. WAXMAN.

Mr. DINGELL.

Mr. STUPAK in two instances.

Mr. BLACKWELL.

Mr. ENGEL.

Mr. STARK in three instances.

Mr. EDWARDS of California.

Mr. MARKEY.

Mr. HOAGLAND.

Mr. ORTON.

Mr. RICHARDSON.

Mr. HOCHBRUECKNER.

Mrs. MALONEY.

Mr. NEAL of Massachusetts.

Mr. LAFALCE.

Mr. PAYNE of New Jersey in three instances.

Mr. MAZZOLI.

Mr. KOPETSKI in two instances.

Mr. TOWNS.

Ms. BYRNE.

Mr. MOAKLEY.

Mr. WHITTEN.

Mr. HOYER.

Mr. RANGEL.

Mr. CONYERS.

Mr. DELLUMS.

Mr. MENENDEZ in two instances.

Mrs. SCHROEDER.

Mr. RAHALL.

Mr. BARCIA.
Mr. OBERSTAR.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 121. Joint resolution to designate October 6, 1993 and 1994, as "German-American Day"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. WELDON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 17 minutes, a.m.), the House adjourned until today, August 6, 1993, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1714. A letter from the Secretary of Education, transmitting a copy of final regulations—Early Intervention Program for Infants and Toddlers With Disabilities, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

1715. A letter from the Secretary of Health and Human Services, transmitting the Department's annual report on the status and accomplishments of the runaway and homeless youth centers for fiscal year 1991, pursuant to 42 U.S.C. 5715(a); to the Committee on Education and Labor.

1716. A letter from the Secretaries of Labor and Education, transmitting a draft of proposed legislation to establish a national framework for the development of School-to-Work Opportunities systems in all States, and for other purposes; to the Committee on Education and Labor.

1717. A letter from the Acting Assistant Secretary for Environment, Safety and Health, Department of Energy, transmitting a report on the chemical plant area of the Weldon Spring site; to the Committee on Energy and Commerce.

1718. A letter from the Comptroller General, General Accounting Office, transmitting the list of all reports issued or released in June 1993, pursuant to 31 U.S.C. 719(h); to the Committee on Government Operations.

1719. A letter from the Executive Secretary, Federal Reserve Employee Benefits System, transmitting a copy of the annual report for the retirement plan for employees of the Federal Reserve System, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Operations.

1720. A letter from the Secretary of Labor, transmitting a report of activities under the Freedom of Information Act for calendar year 1992, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

1721. A letter from the Secretary of Transportation, transmitting the annual report of activities of the Department's administration of the Deepwater Port Act, pursuant to 33 U.S.C. 1519; to the Committee on Public Works and Transportation.

1722. A letter from the Comptroller General of the United States, transmitting the seventh report on the assignment or detail of General Accounting Office employees to congressional committees as of July 9, 1993; jointly, to the Committees on Government Operations and Appropriations.

1723. A letter from the Secretary of Health and Human Services, transmitting the annual report, covering fiscal year 1991, of actions taken to recruit and train Indians to qualify for positions which are subject to preference under Indian preference laws, pursuant to 25 U.S.C. 472a(d); jointly, to the Committees on Natural Resources and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CONYERS: Committee on Government Operations. Look Who's Minding the Forest: Forest Service Reforestation Program Due For A Major Overhaul (Rept. 103–218). Referred to the Committee of the Whole House on the State of the Union.

Mr. FORD of Michigan: Committee of Conference. Conference Report on H.R. 2010. A bill to amend the National and Community Service Act of 1990 to establish a Corporation for National Service, enhance opportunities for national service, and provide national service educational awards to persons participating in such service, and for other purposes (Rept. 103–219). Order to be printed.

Mr. BEILENSON: Committee on Rules. H. Res. 241. Resolution waving points of order against the conference report to accompany the bill (H.R. 2010) to amend the National and Community Service Act of 1990 to establish a Corporation for National Service, enhance opportunities for national service, and provide national service educational awards to persons participating in such service, and for other purposes (Rept. 103–220). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of California:

H.R. 2876. A bill to promote and support management reorganization of the National Aeronautics and Space Administration; jointly, to the Committee on Science, Space, and Technology and Post Office and Civil Service.

By Mr. BARLOW:

H.R. 2877. A bill to require the Secretary of the Interior to determine the impact of leasing Federal lands for coal mining, on the existing mining industry prior to issuing Federal coal mining leases, and for other purposes; to the Committee on Natural Resources.

By Mr. BRYANT:

H.R. 2878. A bill to require that stock option compensation paid to corporate executives be recorded as a compensation expense in corporate financial statements; to the Committee on Energy and Commerce.

By Mr. BUYER (for himself, Mr. FAWELL, Mr. LIVINGSTON, Mr. QUINN, Mr. ISTOOK, Mr. HUFFINGTON, Mr. HORN, Mr. EVERETT, Mr. HUTCHINSON, Mr. GREENWOOD, Mr. BARTLETT of Maryland, Mr. PORTMAN, Mr. CRAPO, Mr. CALVERT, Mr. GRAMS, Mr. TORKILDSEN, Mr. MANZULLO, Mr. MCINNIS, Mr. MILLER of Florida, Mr. INGLIS of South Carolina, Ms. PRYCE of Ohio, Mr. MCKEON, Mr. SAM JOHNSON, Mr. CUNNINGHAM, Mr. GOODLATTE, Mr. BOEHLERT, Mr. SOLOMON, Mr. DOOLITTLE, Mrs. MEYERS of Kansas, Mr. GOSS, Mr. ZIMMER, Ms. FOWLER, Mr. SCHIFF, Mr. LINDER, Mr. PETRI, Mr. MCHUGH, Mr. HERGER, Ms. SNOWE, Mr. SANTORUM, Mr. GALLEGLY, Mr. RAVENEL, Mr. RAMSTAD, Mr. BONILLA, Mr. QUILLEN, Mr. BACHUS of Alabama, Mr. CANADY, Mr. BALLENGER, Mr. MCCOLLUM, Mr. HOKE, and Mr. TALENT):

H.R. 2879. A bill to amend the Congressional Budget Act of 1974 to require a three-fifths vote in the House of Representatives to waive the applicability of any provision of that act to the House of Representatives, and for other purposes; to the Committee on Rules.

By Mr. COX:

H.R. 2880. A bill to permit the prevailing party in a civil action in Federal court to recover attorneys' fees from the losing party; to the Committee on the Judiciary.

By Mr. CRANE:

H.R. 2881. A bill to transfer a portion of Fort Sheridan, IL, to the Department of Veterans Affairs for use as a National Cemetery; jointly, to the Committees on Veterans' Affairs and Armed Services.

By Mr. DUNCAN:

H.R. 2882. A bill to amend section 615(e) of the Individuals with Disabilities Education Act to limit the award of attorneys' fees under the section to fees incurred for or in connection with the commencement and prosecution of a civil action; to the Committee on Education and Labor.

By Mr. ENGEL (for himself and Mr. SERRANO):

H.R. 2883. A bill to amend the Elementary and Secondary Education Act of 1965 to provide for the establishment of a National Environmental Education Center; to the Committee on Education and Labor.

By Mr. FORD of Michigan (for himself, Mr. GEPHARDT, Mr. MILLER of California, Mr. MURPHY, Mr. KILDEE, Mr. WILLIAMS, Mr. MARTINEZ, Mr. OWENS, Mr. SAWYER, Mr. PAYNE of New Jersey, Mrs. UNSOELD, Mrs. MINK, Mr. ANDREWS of New Jersey, Mr. REED, Mr. ROEMER, Mr. ENGEL, Mr. BECERRA, Mr. GENE GREEN of Texas, Ms. WOOLSEY, Mr. ROMERO-BARCELO, Mr. KLINK, Mr. STRICKLAND, Mr. DE LUGO, Mr. GOODLING, Mr. GUNDERSON, Ms. MOLINARI, Mr. RANGEL, Mr. MCCURDY, Ms. PELOSI, Ms. LOWEY, Mr. SERRANO, Ms. DELAURO, Mr. CLAY, Mr. BAESLER, and Mrs. ROUKEMA):

H.R. 2884. A bill to establish a national framework for the development of School-to-Work Opportunities systems in all States, and for other purposes; to the Committee on Education and Labor.

By Mr. GIBBONS:

H.R. 2885. A bill to amend the Caribbean Basin Economic Recovery Act to clarify certain rules of origin; to the Committee on Ways and Means.

By Mr. GOODLING (for himself, Mr. FAWELL, Mr. SANTORUM, and Mr. DEUTSCH):

H.R. 2886. A bill to amend the Higher Education Act of 1965 to exempt Federal family

education loans from the Federal Trade Commission's holder rule; jointly, to the Committees on Education and Labor and Energy and Commerce.

By Mr. GENE GREEN of Texas:

H.R. 2887. A bill to amend the Controlled Substances Act to provide authority for the transfer of forfeited property to State and local fire departments; jointly, to the Committees on Energy and Commerce and the Judiciary.

By Mr. MARKEY (for himself, Mr. DINGELL, Mr. FIELDS of Texas, Ms. MARGOLIES-MEZVINSKY, Mr. OXLEY, Mr. SLATTERY, Mr. HASTERT, Mr. COOPER, Mr. GILLMOR, Mr. SYNAR, Ms. SHEPHERD, Mr. GLICKMAN, Ms. SCHENK, and Mr. TOWNS):

H.R. 2888. A bill to require new television sets to have built-in circuitry to allow viewers to block the display of programs rated violent; to the Committee on Energy and Commerce.

By Mr. HALL of Texas:

H.R. 2889. A bill to amend title XVIII of the Social Security Act to provide for coverage of certain chiropractic services under part B of the Medicare Program; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. HOYER (for himself, Mr. GILMAN, and Mr. FISH):

H.R. 2890. A bill to amend the Foreign Assistance Act of 1961 to promote recognition of the human rights of people with disabilities and elimination of discrimination against such people; to the Committee on Foreign Affairs.

By Mr. MARTINEZ:

H.R. 2891. A bill to amend the Job Training Partnership Act to establish a demonstration grant program for the purpose of establishing an employment information network to provide job search services to unemployed individuals, underemployed individuals, and economically disadvantaged individuals; to the Committee on Education and Labor.

By Mr. McCOLLUM:

H.R. 2892. A bill to provide for Federal-State partnerships in order to provide sufficient prison space for particularly dangerous State offenders; to the Committee on the Judiciary.

By Mr. MOAKLEY (for himself, Mr. WAXMAN, and Mr. STUDDS):

H.R. 2893. A bill to amend the Federal Trade Commission Act to require nutritional claims in food advertising to meet the requirements applicable to nutritional claims for food and for other purposes; to the Committee on Energy and Commerce.

By Mr. MURPHY:

H.R. 2894. A bill to expand the Southwestern Pennsylvania Heritage Preservation Commission, and for other purposes; to the Committee on Natural Resources.

By Mr. NEAL of North Carolina:

H.R. 2895. A bill to amend the Social Security Act to provide for timely review of disability claims and to provide for presumed disability in cases of delayed disposition of such claims; to the Committee on Ways and Means.

By Mr. RAMSTAD:

H.R. 2896. A bill to amend the International Revenue Code of 1986 to permit penalty-free distributions from qualified retirement plans for umeployed individuals; to the Committee on Ways and Means.

By Mr. REYNOLDS:

H.R. 2897. A bill to suspend temporarily the duty on the personal effects of participants in, and certain other individuals associated with, the 1994 World Cup soccer games; to the Committee on Ways and Means.

By Mr. RICHARDSON (for himself, Mr. WAXMAN, Mr. STOKES, Ms. McKINNEY, Ms. BYRNE, Mr. ROMERO-BARCELO, Mr. BROWN of California, Mr. EVANS, Ms. FURSE, Mr. HAMBURG, Mrs. SCHROEDER, Ms. NORTON, and Mr. BERMAN):

H.R. 2898. A bill to amend the Clean Water Act to eliminate certain discharges of chlorine compounds into navigable waters, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. ROYCE:

H.R. 2899. A bill to require each State to undertake a comprehensive examination of the State's criminal sentencing practices and to adopt a sentencing system consistent with that review and to help fund additional space in State prison programs as needed; to the Committee on the Judiciary.

By Mr. DINGELL (for himself, Mr. WAXMAN, Mr. MOOREHEAD, and Mr. BLILEY):

H.R. 2900. A bill to clarify and revise the small business exemption from the nutrition labeling requirements of the Federal Food, Drug, and Cosmetic Act and for other purposes; to the Committee on Energy and Commerce.

By Mr. SCHUMER:

H.R. 2901. A bill to amend title 18, United States Code, with respect to terms of imprisonment and supervised release following revocation of a term of probation or supervised release; to the Committee on the Judiciary.

By Mr. STARK (for himself, Ms. NORTON, Mr. McDERMOTT, and Mr. WHEAT):

H.R. 2902. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to revise and make permanent the use of a formula based on adjusted District General Fund revenues as the basis for determining the amount of the annual Federal payment to the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. TALENT:

H.R. 2903. A bill to amend the Internal Revenue Code of 1986 to provide that the percentage limitations on the charitable deduction shall not apply to contributions for purposes of disaster relief, and for other purposes; to the Committee on Ways and Means.

By Mr. TOWNS:

H.R. 2904. A bill to protect home ownership and equity through enhanced disclosure of the risks associated with certain mortgages, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. TUCKER (for himself, Mr. FILNER, Mr. NADLER, Mr. McDERMOTT, Ms. CANTWELL, Mr. KREIDLER, Mr. HORN, and Mr. BERMAN):

H.R. 2905. A bill to amend the Federal Water Pollution Control Act to require the Administrator of the Environmental Protection Agency to make grants to the cities of New York, Los Angeles, and San Diego, the county sanitation districts of Los Angeles County, the municipality of metropolitan Seattle, and the Massachusetts Water Resources Authority for the construction of wastewater treatment works; to the Committee on Public Works and Transportation.

By Mr. TUCKER (for himself, Mr. DIXON, Mr. MARTINEZ, Mr. MFUME, Mr. REYNOLDS, Mr. MINETA, Mr. HORN, Mr. EDWARDS of California, Mr. SERRANO, Mr. TORRES, Mr. DELLUMS, Mr. STOKES, Mr. LEWIS of California, Miss COLLINS of Michigan, and Mr. FAZIO):

H.R. 2906. A bill to amend the Internal Revenue Code of 1986 to allow a credit for charitable contributions made by businesses to public elementary and secondary schools located in poverty areas; to the Committee on Ways and Means.

By Mr. WHITTEN:

H.R. 2907. A bill to revive and extend through December 31, 1996, a temporary reduction of duty on certain disposable surgical gowns and drapes; to the Committee on Ways and Means.

By Mr. GILCHREST (for himself, Mr. KNOLLENBERG, Mr. SUNDQUIST, Mr. HYDE, Mr. RAMSTAD, Mr. HASTERT, Mr. HEFLEY, Mr. PORTER, Mr. HANCOCK, Mr. ROGERS, Mr. HOBSON, Mr. EWING, Mr. THOMAS of Wyoming, Mr. CALLAHAN, Mr. KINGSTON, Mr. SANTORUM, Mrs. MORELLA, Mrs. JOHNSON of Connecticut, Ms. DUNN, Mr. ALLARD, Mr. QUINN, Mr. SMITH of New Jersey, Mr. BILIRAKIS, Mr. LEWIS of Florida, Mr. BALLENGER, Mr. WELDON, Mr. HAYES, Mr. SPENCE, Mr. EMERSON, Mr. GALLO, Mr. DELAY, Mrs. BENTLEY, Mr. BUNNING, Mr. HANSEN, Mr. BARTON of Texas, Mr. BLUTE, Mr. GILLMOR, Mr. OXLEY, Mr. GEKAS, Mr. SCHAEFER, Mr. REGULA, Mr. FRANKS of Connecticut, Mr. FIELDS of Texas, Mr. LEWIS of California, Mr. KING, Mr. INHOFE, Mr. SAM JOHNSON, Mr. BLILEY, Mr. LIVINGSTON, Mr. STUMP, Mr. MOORHEAD, Mr. BOEHNER, Mr. GOSS, Mr. QUILLEN, Mr. COMBEST, Mr. HUTCHINSON, Mr. ARMEY, Mr. SKEEN, Mr. LIGHTFOOT, Mr. SENSENBRENNER, Mr. CLINGER, Mr. McHUGH, Mr. CAMP, Mr. UPTON, Mr. COBLE, Mr. KASICH, Mr. McCRERY, Mr. SOLOMON, Mr. EVERETT, Mr. McMILLAN, Ms. PRYCE of Ohio, Mrs. MEYERS of Kansas, Mr. ROBERTS, Mr. ZELIFF, Mr. TRAFICANT, Mr. CUNNINGHAM, Mr. YOUNG of Alaska, Mr. SAXTON, Mr. DORNAN, Mr. TAYLOR of North Carolina, Mr. PACKARD, Mr. BARTLETT of Maryland, Mr. INGLIS of South Carolina, Mr. McINNIS, Mr. DUNCAN, Mr. GINGRICH, Mr. GRAMS and Mr. GREENWOOD:)

H.J. Res. 249. Joint resolution proposing an amendment to the Constitution of the United States to prohibit retroactive income taxation; to the Committee on the Judiciary.

By Mr. ROTH:

H.J. Res. 250. Joint resolution requiring the President to obtain authorization under the War Powers Resolution prior to introducing United States Armed Forces into hostilities in the former Yugoslavia; to the Committee on Foreign Affairs.

By Mr. ROSE (for himself and Mr. THOMAS of California):

H. Con. Res. 133. Concurrent resolution providing for the printing of a collection of statements made in tribute to the late Justice Thurgood Marshall; to the Committee on House Administration.

By Mr. PETE GEREN of Texas (for himself, Mr. BURTON, Mr. CONDIT, Mr. FLAKE, Mr. HUNTER, Mr. ROHRABACHER, Mr. COX, Mr. TUCKER, Mr. CRANE, Mr. UNDERWOOD, Mr. JEFFERSON, Mr. LIPINSKI, and Mr. WILSON):

H. Con. Res. 134. Concurrent resolution expressing the sense of the Congress that the Sikh nation should be allowed to exercise the right of self-determination for the independence of their homeland, Punjab, Khalistan; to the Committee on Foreign Affairs.

By Mr. YOUNG of Alaska (for himself, Mr. STUDDS, Mr. MANTON, Mr. FIELDS of Texas, and Mr. SAXTON):

H. Con. Res. 135. Concurrent resolution calling for the United States to take further steps to establish an international fishery agreement for conservation and management of living marine resources in international waters of the Bering Sea known as the Donut Hole; to the Committee on Merchant Marine and Fisheries.

By Mr. BUYER (for himself, Mr. FAWELL, Mr. LIVINGSTON, Mr. QUINN, Mr. ISTOOK, Mr. HUFFINGTON, Mr. HORN, Mr. EVERETT, Mr. HUTCHINSON, Mr. GREENWOOD, Mr. BARTLETT of Maryland, Mr. PORTMAN, Mr. CRAPO, Mr. CALVERT, Mr. GRAMS, Mr. TORKILDSEN, Mr. MANZULLO, Mr. MCINNIS, Mr. MILLER of Florida, Mr. INGLIS of South Carolina, Ms. PRYCE of Ohio, Mr. MCKEON, Mr. SAM JOHNSON, Mr. CUNNINGHAM, Mr. GOODLATTE, Mr. BOEHLERT, Mr. SOLOMON, Mr. DOOLITTLE, Mrs. MEYERS of Kansas, Mr. GOSS, Mr. ZIMMER, Ms. FOWLER, Mr. SCHIFF, Mr. LINDER, Mr. PETRI, Mr. MCHUGH, Mr. HERGER, Ms. SNOWE, Mr. SANTORUM, Mr. GALLEGLY, Mr. RAVENEL, Mr. RAMSTAD, Mr. BONILLA, Mr. QUILLEN, Mr. BACHUS of Alabama, Mr. CANADY, Mr. BALLENGER, Mr. SMITH of New Jersey, and Mr. TALENT):

H. Res. 242. Resolution amending the Rules of the House of Representatives respecting waivers of rules; to the Committee on Rules.

H. Res. 243. Resolution amending the Rules of the House of Representatives to require a three-fifths vote to adopt a rule disallowing germane amendments to a bill or resolution; to the Committee on Rules.

By Mr. BUYER (for himself, Mr. FAWELL, Mr. LIVINGSTON, Mr. QUINN, Mr. ISTOOK, Mr. HUFFINGTON, Mr. HORN, Mr. EVERETT, Mr. HUTCHINSON, Mr. GREENWOOD, Mr. BARTLETT of Maryland, Mr. PORTMAN, Mr. CRAPO, Mr. CALVERT, Mr. GRAMS, Mr. TORKILDSEN, Mr. MANZULLO, Mr. MCINNIS, Mr. MILLER of Florida, Mr. INGLIS of South Carolina, Ms. PRYCE of Ohio, Mr. MCKEON, Mr. SAM JOHNSON, Mr. CUNNINGHAM, Mr. GOODLATTE, Mr. BOEHLERT, Mr. SOLOMON, Mr. DOOLITTLE, Mrs. MEYERS of Kansas, Mr. GOSS, Mr. ZIMMER, Ms. FOWLER, Mr. SCHIFF, Mr. LINDER, Mr. PETRI, Mr. MCHUGH, Mr. HERGER, Ms. SNOWE, Mr. SANTORUM, Mr. GALLEGLY, Mr. RAVENEL, Mr. RAMSTAD, Mr. BONILLA, Mr. QUILLEN, Mr. BACHUS of Alabama, Mr. CANADY, Mr. BALLENGER, Mr. BLUTE, Mr. CASTLE, Mr. KLUG, Mr. MCCOLLUM, Mr. SCHAEFER, Mr. SMITH of New Jersey, and Mr. TALENT)

H. Res. 244. Resolution amending the Rules of the House of Representatives to require that the membership of the Committee on the Rules reflect the ratio of majority to minority party Members of the House at the beginning of the Congress; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

232. By the SPEAKER: Memorial of the Legislature of the State of California, relative to vehicle inspection and maintenance; to the Committee on Energy and Commerce.

233. Also, memorial of the General Assembly of the State of Maryland, relative to designating a building the "Thurgood Marshall United States Courthouse"; to the Committee on the Judiciary.

234. Also, memorial of the Legislature of the State of California, relative to Cesar Chavez Day; to the Committee on Post Office and Civil Service.

235. Also, memorial of the Legislature of the State of California, relative to housing; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BALLENGER:

H.R. 2908. A bill for the relief of Peggi M. Houston; to the Committee on the Judiciary.

By Mr. GENE GREEN of Texas:

H.R. 2909. A bill to provide that section 6248 of title 10, United States Code, shall not apply to an award of the Medal of Honor to Richard G. Perez; to the Committee on Armed Services.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 44: Mr. BEVILL, Mr. BISHOP, Ms. BROWN of Florida, Mr. CLYBURN, Mr. COOPER, Mr. ENGLISH of Oklahoma, Ms. ESHOO, Mr. FLAKE, Mr. FOGLIETTA, Mr. JACOBS, Mr. MOLLOHAN, Mr. REGULA, Mr. SHARP, and Ms. SLAUGHTER.

H.R. 70: Mr. JOHNSTON of Florida, Mr. LEWIS of Florida, Mr. MACHTLEY, Mr. HUGHES, Mr. OWENS, Mr. POSHARD, Mr. SANDERS, Mr. SYNAR, Mr. MEEHAN, and Mr. ISTOOK.

H.R. 93: Mr. UPTON, Mr. TORKILDSEN, and Mr. WELDON.

H.R. 103: Mr. GEKAS.

H.R. 144: Mr. ROYCE.

H.R. 291: Mrs. UNSOELD, Mr. MINGE, Mr. WALSH, Mr. HYDE, Mr. RAHALL, Mr. HINCHEY, and Mr. WYDEN.

H.R. 299: Mrs. UNSOELD.

H.R. 302: Mr. TEJEDA and Mr. UNDERWOOD.

H.R. 326: Mr. REYNOLDS, Mr. SARPALIUS, Mr. BARCA of Wisconsin, Mr. DARDEN, and Ms. BROWN of Florida.

H.R. 441: Mr. ISTOOK.

H.R. 509: Mr. ROYCE.

H.R. 521: Mr. ROSE, Mr. BILIRAKIS, Mr. POMEROY, Mr. WISE, Mr. BLACKWELL, Mr. BAKER of California, Ms. MARGOLIES-MEZVINSKY, Mr. STUDDS, Mr. BACCHUS of Florida, Mr. MCCRERY, Mr. RICHARDSON, Mr. TORRES, and Mr. FARR.

H.R. 535: Mr. WOLF.

H.R. 581: Mr. OLVER and Mr. FIELDS of Louisiana.

H.R. 688: Mr. BUNNING, Mr. KIM, Mr. SHUSTER, Mr. GUNDERSON, Mr. BALLENGER, Mr. SKEEN, Mr. PORTER, Mr. GRANDY, Mr. HANSEN, Mr. STEARNS, Mr. SUNDQUIST, Mr. SAXTON, Mr. HOBSON, Mr. KLUG, Mr. WALKER, Mr. GILMAN, Mr. GALLEGLY, Mr. RAMSTAD, Mr. HEFLEY, Mr. SOLOMON, Mr. HANCOCK, Mr. DORNAN, Mr. HASTERT, Mr. BURTON of Indiana, Mr. HERGER, Mr. BLILEY, Mr. ARMEY, Mr. RAVENEL, Mr. DOOLITTLE, Mr. DREIER, Mr. ROBERTS, Mr. MYERS of Indiana, Mr. SPENCE, Mr. FIELDS of Texas, Mr. CONYERS, and Mr. LEWIS of California.

H.R. 703: Ms. PRYCE of Ohio and Mr. SHAYS.

H.R. 786: Mr. POMEROY.

H.R. 864: Mrs. MEYERS of Kansas.

H.R. 883: Mr. SPENCE and Mr. CRANE.

H.R. 911: Mr. SANDERS.

H.R. 1017: Mr. RANGEL, Ms. THURMAN, and Mr. PARKER.

H.R. 1048: Mr. SPRATT, Mr. DELLUMS, and Mr. CLYBURN.

H.R. 1086: Mr. COMBEST.

H.R. 1120: Mr. GEKAS.

H.R. 1123: Mr. HASTERT.

H.R. 1124: Mr. HASTERT.

H.R. 1126: Mr. HASTERT.

H.R. 1129: Mr. HASTERT.

H.R. 1130: Mr. HASTERT.

H.R. 1141: Mr. GORDON.

H.R. 1164: Mr. GENE GREEN of Texas, Mr. SHAYS, Mr. BECERRA, Mr. BARRETT of Wisconsin, and Mr. GILCHREST.

H.R. 1173: Mr. VENTO, Mr. FRANK of Massachusetts, Ms. ESHOO.

H.R. 1190: Mr. BURTON of Indiana.

H.R. 1394: Mr. GILLMOR.

H.R. 1399: Mr. KIM.

H.R. 1402: Mr. GEJDENSON.

H.R. 1432: Ms. ESHOO.

H.R. 1500: Mr. LANCASTER and Mr. SHAYS.

H.R. 1505: Mr. BAKER of Louisiana.

H.R. 1530: Mr. OWENS and Mr. BARRETT of Nebraska.

H.R. 1552: Mr. GORDON.

H.R. 1560: Mr. MACHTLEY.

H.R. 1624: Ms. THURMAN, Mr. ANDREWS of Texas, Mr. BROWN of Ohio, and Mr. FIELDS of Texas.

H.R. 1682: Mr. ISTOOK.

H.R. 1697: Mr. OBERSTAR and Mr. REED.

H.R. 1749: Mr. ROMERO-BARCELO.

H.R. 1928: Mrs. VUCANOVICH, Mr. ZELIFF, Mr. TALENT, and Mr. ZIMMER.

H.R. 1986: Mr. HOEKSTRA.

H.R. 2043: Mr. TORRICELLI and Mr. KILDEE.

H.R. 2144: Mr. FALEOMAVAEGA and Mr. DE LUGO.

H.R. 2153: Mr. KOPETSKI, Mr. ZIMMER, Miss COLLINS of Michigan, Ms. SLAUGHTER, Mr. VALENTINE, Mr. FALEOMAVAEGA, Mr. NEAL of North Carolina, Mr. KLECZKA, and Mrs. LLOYD.

H.R. 2157: Mr. FISH.

H.R. 2307: Mr. ISTOOK.

H.R. 2317: Mr. KINGSTON, Mr. ZIMMER, and Mr. KYL.

H.R. 2353: Mr. FIELDS of Louisiana.

H.R. 2355: Mr. LANCASTER, Mr. BACHUS of Alabama, and Mr. SENSENBRENNER.

H.R. 2357: Mr. COOPER.

H.R. 2394: Ms. ESHOO and Ms. ROYBAL-ALLARD.

H.R. 2395: Ms. ESHOO and Ms. ROYBAL-ALLARD.

H.R. 2406: Mr. COLLINS of Georgia, Mr. BLUTE, Mr. KIM, and Mr. HERGER.

H.R. 2420: Mr. GUTIERREZ and Mrs. THURMAN.

H.R. 2434: Mr. RAVENEL.

H.R. 2443: Mr. LANCASTER, Mr. CRAMER, Mr. GALLEGLY, Mr. APPLEGATE, Mr. GLICKMAN, Mr. LANTOS, Mr. MORAN, Mr. PICKETT, Mr. BOEHNER, Mr. MCCANDLESS, Mr. FIELDS of Texas, Mr. JACOBS, Mr. HAMILTON, Mr. MACHTLEY, and Mr. SWETT.

H.R. 2501: Mr. KOPETSKI, Mr. REED, Mrs. ROUKEMA, Mr. STARK, and Mr. TORRICELLI.

H.R. 2521: Mr. BUYER, Mr. BAKER of Louisiana, and Mr. BALLENGER.

H.R. 2529: Mrs. CLAYTON.

H.R. 2553: Mr. CLYBURN.

H.R. 2640: Mr. GEKAS.

H.R. 2641: Mr. SMITH of New Jersey.

H.R. 2676: Mr. RANGEL, Mr. GIBBONS, and Mr. PASTOR.

H.R. 2707: Mr. CLAY, Mr. TOWNS, Mr. FIELDS of Louisiana, Mr. PAYNE of New Jersey, and Mr. BEREUTER.

H.R. 2735: Mr. BARRETT of Wisconsin.
H.R. 2807: Mr. APPLEGATE.
H.R. 2816: Mr. HOBSON.
H.R. 2862: Mr. EMERSON and Mr. ROGERS.
H.J. Res. 50: Mr. SOLOMON.
H.J. Res. 75: Mr. FAZIO.
H.J. Res. 111: Mr. KOPETSKI, Mr. LEWIS of California, Mr. ANDREWS of New Jersey, Mr. TAYLOR of North Carolina, Ms. ESHOO, Mr. FIELDS of Texas, Mr. PORTER, Mr. SAM JOHNSON, Mr. PASTOR, Mr. BATEMAN, and Mr. DICKS.
H.J. Res. 131: Mr. BACCHUS of Florida, Mr. ANDREWS of New Jersey, Mr. SMITH of Oregon, Mr. CAMP, and Mr. SAM JOHNSON.
H.J. Res. 157: Mr. NEAL of North Carolina, Mr. FAWELL, Mr. YOUNG of Alaska, Mr. ANDREWS of Maine, Mr. RAVENEL, Mrs. MORELLA, Mr. CRAPO, Mr. TRAFICANT, Mr. MOAKLEY, Mr. KANJORSKI, Mr. WELDON, Mr. KNOLLENBERG, Mr. SMITH of Texas, Mr. QUINN, Mr. FISH, Mr. SMITH of Michigan, Mr. MILLER of Florida, Mr. HUTCHINSON, Mr. BOUCHER, Mr. WALSH, Mr. CHAPMAN, Mr. HASTERT, Mr. DUNCAN, Mr. GENE GREEN of Texas, and Mr. DINGELL.
H.J. Res. 185: Ms. BYRNE, Mr. JOHNSON of South Dakota, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. MOORHEAD, Mr. NEAL of North Carolina, and Mr. SHUSTER.
H.J. Res 206: Mr. KING, Mr. CHAPMAN, Mr. ANDREWS of Maine, Mr. DURBIN, Mr. MURTHA, Ms. PELOSI, Mr. BARRETT of Wisconsin, Mr. MATSUI, Mr. BATEMAN, Mr. CONYERS, Mr. NEAL of North Carolina, Mr. DE LUGO, Ms. LOWEY, Mr. BACCHUS of Florida, Mr. MARKEY, Mr. DICKS, Mr. HAMILTON, Mrs. MINK, Ms. MARGOLIES-MEZVINSKY, Mr. ABERCROMBIE, Mr. GLICKMAN, Mr. FRANK of Massachusetts, Mr. TALENT, Mr. FOGLIETTA, Mr. SLATTERY, Mr. GEJDENSON, Mr. COBLE, Mrs. COLLINS of Illinois, Mr. POSHARD, Mr. MACHTLEY, Mr. STUDDS, Mr. WOLF, Mr. BECERRA, Mr. MOAKLEY, Mr. COYNE, and Ms. PRYCE of Ohio.
H.J. Res 214:, Mr. NEAL of North Carolina, Mrs. MEEK, Mr. HOUGHTON, Mr. HAMBURG, Mr. STARK, Mr. JOHNSON of Georgia, Mr. GOODLATTE, Ms. FOWLER, Mr. SCHIFF, Mr. BUYER, Ms. PELOSI, Mr. KILDEE, Mr. MOLLOHAN, Mr. BONIOR, Ms. BYRNE, Mr. GONZALEZ, Mrs. MORELLA, Mr. CAMP, Mr. PETRI, Mr. BISHOP, Mr. HOEKSTRA, Mr. LEHMAN, Mr. ROTH, Mr. HUTTO, Mr. KASICH, Ms. ESHOO, Mr. MATSUI, Mr. DIXON, Ms. SCHENK, Mr. KENNEDY, Mr. BERMAN, Mr. LEWIS of California, Mr. OBERSTAR, Mr. WYDEN, Ms. LOWEY, Mr. LIPINSKI, Mr. ACKERMAN, Mr. SPRATT, Mr. BROWN of Ohio, Mr. ABERCROMBIE, Mr.ROMERO-BARCELO, Mr. BRYANT, Mr. STUDDS, Mr. PRICE of North Carolina, Mr. MARKEY, Mr. MINGE, and Mr. CONDIT.
H.J. Res. 219: Mr. MCCANDLESS, Mr. OWENS, Mr. HAMILTON, Mr. FROST, Mr. REED, Mr. PARKER, Mr. SPENCE, Mr. SKEEN, Mr. SLATTERY, Mr. MARTINEZ, Mr. PORTMAN, Mrs. MEYERS of Kansas, Ms. SNOWE, Mr. SISISKY, Mr. LIPINSKI, Mr. OBERSTAR, Mr. HAMBURG, Mr. KLEIN, Mr. THOMAS of Wyoming, Ms. ESHOO, Mr. WOLF, Mr. EVANS, Mr. SUNDQUIST, Mr. MCNULTY, Mr. EWING, Mr. APPLEGATE, Mr. BALLENGER, Mr. HILLIARD, Mr. SOLOMON, and Ms. DANNER.
H.J. Res. 244: Mr. INHOFE, Mr. QUINN, and Mr. HUNTER.
H. Con. Res. 3: Mr. DICKEY, Mr. EMERSON, Mr. MCCRERY, Mr. GRAMS, and Mr. TORKILDSEN.
H. Con. Res. 61: Mrs. COLLINS of Illinois, Mr. FAZIO, Mr. VENTO, Mr. DE LUGO, Mr. MCNULTY, and Mr. PALLONE.
H. Con. Res. 69: Mr. BISHOP and Mr. MCDERMOTT.
H. Con. Res. 103: Mr. HAMBURG and Ms. SCHENK.
H. Con. Res. 109: Mr. DICKS, Mr. UNDERWOOD, Mr. RIDGE, Mr. LAROCCO, Mr. LAFALCE, Mr. LIGHTFOOT, Mr. TOWNS, Mr. BLILEY, Mr. BATEMAN, Mr. SLATTERY, Ms. DELAURO, Mr. COLLINS of Georgia, Mr. DIAZ-BALART, Mr. VOLKMER, Mr. HAYES, Ms. KAPTUR, Mr. HOAGLAND, Mr. OLVER, Mr. STOKES, Mr. MONTGOMERY, and Mr. EVANS.
H. Con. Res. 129: Mr. LANTOS and Mr. BATEMAN.
H. Res. 53: Mr. BEREUTER.
H. Res. 134: Mr. MCMILLAN, Mr. MCCRERY, Mr. HAYES, and Mr. SMITH of New Jersey.
H. Res. 156: Ms. MOLINARI, Mr. KIM, and Mr. PAXON.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 559: Mr. INGLIS of South Carolina.