EXTENSIONS OF REMARKS

INTRODUCTION OF THE CITIZENS' TAX RELIEF ACT OF 1995

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 17, 1995

Mr. OWENS. Mr. Speaker, most Americans seem to agree that a tax cut is desirable, since they have become anxious while watching the Nation's economy plunge deeper into global interdependence. But Congress must be responsible enough to rein in the deficit simultaneously so that Americans do not end up paying higher taxes in the future. My proposal, the Citizens' Tax Relief Act of 1995, would successfully accomplish this delicate balancing act.

The 1990 Budget Enforcement Act—1990 act—requires that any cuts in taxes must be paid for with equal cuts in mandatory spending—entitlement programs such as Medicare and Social Security—or with increases in other taxes, not with cuts in discretionary spending. This pay-as-you-go rule has been invaluable in beginning to get a handle on the Nation's deficit.

Unfortunately, Democrats and Republicans alike appear ready to cast aside this proven tool of fiscal responsibility. Members on both sides of the aisle are toying with the idea of lowering the 5-year budget caps on discretionary spending, thereby forcing the appropriations committees to spend less. But according to the Congressional Budget Office [CBO], lowering the caps in a budget-reconciliation bill to pay for a tax cut is purely speculative. It is no different than what Republicans have been accusing Democrats of for years—spending first while promising to pay later.

Another option being considered is amending the 1990 act to break down the walls between mandatory and discretionary spending. Since this move would buy Members of Congress time in making difficult choices about cuts in entitlement programs, the result would likely be a deficit which continues to balloon.

For the reasons I have outlined, Congress must not take the easy way out. Instead, we must at least match proposed tax cuts with entitlement cuts or increases in other, more targeted taxes. The Citizens' Tax Relief Act of 1995 would do just that.

This bill would lower the first income tax bracket from 15 to 12.5 percent, giving every American a tax cut. To pay for it, a huge tax loophole would be eliminated—the favorable tax treatment of inherited property. To be equitable, the bill also would exempt from taxes the first $250,000 of capital gains on the sale of inherited homes—which is currently available only to individuals over the age of 55 and only for the first $125,000—and provide lower capital gains tax rates on the inherited property of heirs who pay the tax in the first 4 years after enactment of the bill.

Currently, when a person dies and leaves property to a family member, the amount by which that property increased in value during the person's lifetime is never taxed. Such a policy is fundamentally unfair considering that if the same person sells the property before dying, the individual is taxed on the gain. My bill would reverse that policy.

A study conducted by two Cornell University professors showed that more than 10 trillion dollars' worth of property will be inherited over the next 45 years. That means that there will be several trillion dollars of capital gains that should be taxed. If Congress takes advantage of this opportunity, we would have more than enough money to pay for my proposed tax cut, so that the bill actually would increase the revenues of the Federal Government. With the money left over, we could invest in job creation programs.

Mr. Speaker, I urge all of my colleagues to support this bill in order to achieve the three goals of increasing Americans' disposable income, creating jobs for everyone who is willing and able to work, and getting the Nation's fiscal house in order.

TRIBUTE TO FLOYD R. SCOTT

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 17, 1995

Mr. PALLONE. Mr. Speaker, on Friday, January 6, 1995, Mr. Floyd R. Scott, Jr., of Tinton Falls, NJ, died at the age of 67. I rise today to join with the many friends, colleagues and fellow-community activists who knew Mr. Scott to pay tribute to this fine man.

A registered architect in the States of New Jersey and New York, Mr. Scott was past president of the New Jersey State Board of Architects and a past State chairman of the Committee on Preservation of Historic Buildings in New Jersey. To date, he is the first and only African-American appointee to the New Jersey State Board of Architects.

Mr. Speaker, the list of Floyd Scott's accomplishments is a long and impressive one. Born in Asbury Park, NJ, he attended local schools while growing up in Monmouth County. Mr. Scott was an Air Force World War II veteran, serving as a member of the Tuskegee Airmen, the famous 332nd fighter group, the first all-black pilot group. He earned his bachelor's degree in architecture at Howard University. He is listed in both the Who's Who in the East and the American Encyclopedia. Mr. Scott was a former president of the Neptune Township Board of Education, a member of the Rider College Board of Trustees, and a member of the Brookdale Community College Trustee Selection Committee. He was a past president of the Monmouth Boys Club, the Monmouth Council of Boy Scouts, the Monmouth County Men's Club and the Second Baptist Church of Asbury Park. He is a recipient of the NAACP's Distinguished Service Award.

Mr. Scott is survived by his wife, Ruby Scott, a son, Rudolph, his brother, Ed Royal Scott, and three grandchildren.

Mr. Speaker, Mr. Scott has served his community, his State and his country in an exemplary manner. In extending my deepest sympathy to his beloved wife, the rest of his family and his many friends, I hope we can all gain strength and inspiration from the fine example he set for hard work and distinguished achievement in his profession, love and devotion to his family, and dedication to making his community a better place.

INTRODUCTION OF THE STUDENT LOAN EVALUATION AND STABILIZATION ACT

HON. HOWARD P. "BUCK" McKEON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 17, 1995

Mr. McKEON. Mr. Speaker, I join today with Representative BILL GOODLING, chairman of the Economic and Educational Opportunities Committee, and other members of the committee and with our Democratic colleagues in the introduction of the Student Loan Evaluation and Stabilization Act. This legislation is urgently needed in order to ensure the stability of the Federal student loan program that provide access to higher education opportunities for our Nation's students.

In 1992, when Congress reauthorized the Higher Education Act, extensive consideration was given to the concept of a Government direct lending program. After long and thoughtful deliberation, the House-Senate Conference Committee which was dominated by Democratic Members from both bodies of Congress, agreed to try a direct lending program over a period of several years on a pilot basis consisting of approximately 4 percent of new student loan volume.

One year later, during the budget reconciliation process, the complete phase-out of the Federal Family Education Loan Program was initiated by the administration in favor of a direct Government lending program. The pilot agreed upon during the 1992 reauthorization which allowed for a thorough evaluation of the program was no longer important. A swift move to a direct Government lending program was adopted in order to achieve budget savings. The administration continues to promote its direct lending program on the basis of the $4.3 billion in savings even though the Congressional Budget Office has estimated that approximately one-half of those savings disappear when long term administrative costs are included in the cost determination.

The administration also continues to promote the concept of public/private partnerships while moving forward with plans to eliminate a public/private partnership that has been successful ever since passage of the Higher Education Act in 1965. Over the years, Congress has taken steps to strengthen this partnership by requiring improved service to students while reducing both student and program costs. Before Members of Congress are able to determine which loan program meets the needs of students, institutions, and taxpayers, we need a thorough evaluation of both programs and the bill we are introducing today allows for such an evaluation.

The bill allows for a much larger pilot than was contemplated under the 1992 amendments to the Higher Education Act, but we believe that a pilot consisting of 40 percent of new loan volume will permit Congress to carefully oversee and evaluate its implementation. At the same time, we will be maintaining a stable Federal Family Education Loan Program for those institutions not wishing to participate in a Government direct lending program. When both programs are fully operational, Congress will be able to fairly evaluate the programs for efficiency and cost effectiveness prior to making decisions to totally replace one program with the other.

Specifically, this bill provides for the continued implementation of the direct loan program at those institutions selected for participation in order to achieve 40 percent of new loan volume. It calls for increased congressional oversight with respect to the expenditure of funds on the part of the Department of Education and a revision to budget scoring rules that will correct the existing bias in favor of direct lending programs described by Rudolph Penner, former Director of the Congressional Budget Office, in his testimony before the Budget Committees of the U.S. House of Representatives and U.S. Senate on January 10, 1995. We have attempted to ease the application process for all students participating in the student aid programs to ensure that all students are treated in the same manner. Most importantly, we have provided stability to the student loan programs which are vital to the continued access to higher education for the students of this country.

In my new role as chairman of the Subcommittee on Postsecondary Education, Training and Life-Long Learning, I look forward to working with Chairman GOODLING and all the members of the subcommittee and full committee as we work to reform and improve the education and workplace policy programs under our jurisdiction.

CLINTON WRONG ON EIGHTIES

HON. BILL BAKER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 17, 1995

Mr. BAKER of California. Mr. Speaker, it has become fashionable in some quarters, including the White House, to dismiss the 1980's as a time of greed and venality, in which the rich exploited the poor and the Federal Government's deficits went wild due to the economic policies of the Reagan administration.

In today's edition of my hometown paper, the Contra Costa Times we read a lucid, compelling refutation of the President's misguided perspective. As the editorial in the Times notes, the eighties were a time of unprecedented economic growth. New jobs, rising wages and lower inflation followed the Reagan program. Yes, deficits grew—because a Congress without fiscal discipline spent without restraint.

I am including this outstanding editorial in the CONGRESSIONAL RECORD because it is a needed corrective to the relentless stream of misinformation we hear all too often about the Reagan era. I hope that many of my colleagues will take the time to read it.

CLINTON WRONG ON 1980'S—PRESIDENT SHOULD FOCUS ON PROBLEMS OF 1990'S

President Bill Clinton made a major mistake when he claimed that Republicans had disavowed Reaganomics and that Congress made a mistake in 1981 ''to adopt a bidding war in the tax cuts that gave us what became known as ''trickle-down economics' and quadrupled the national debt.''

Republican leaders were quick to point out that they never attacked Reagan's policies and that Clinton was dead wrong about the cause of the deficit.

The president's remarks are hardly a way to begin a bipartisan effort to control federal spending and bring about needed reforms in government programs.

Equally disturbing is the view Clinton and many others in positions of power have of the 1980s.

Reagan's tax policies, which received wide bipartisan support at the time, can hardly be blamed for mounting deficits. Even though tax rates were reduced, government revenues grew dramatically, nearly doubling in the 1980s.

As a percentage of gross domestic product, tax revenues remained nearly constant. What grew during the 1980s was government spending.

Clinton also was wrong in saying that under Reagan the poor got poorer while the rich got richer. That's only half true. Wealthy people indeed gained economically in the 1980s, but so did the poor and middle classes.

According to the Department of Commerce, even the poorest one-fifth of Americans gained income in inflation-adjusted dollars in the 1980s, as did every other major income grouping.

More than 19 million jobs were created in the 1980s, unemployment dropped by one-fourth, inflation dropped by two-thirds, and the country enjoyed a prolonged economic expansion. That's a record Republicans are not about to back away from.

It's time for Clinton to stop campaigning against the 1980s and work together with the GOP to correct the problems of the 1990s.

END CHILDHOOD HUNGER—NOT NUTRITION PROGRAMS

HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 17, 1995

Mr. HALL of Ohio. Mr. Speaker, we all agree that welfare needs to be reformed—but we should not throw the baby out with the bath water. The Personal Responsibility Act contains a proposal to block grant current Federal nutrition programs such as WIC, Food Stamps, and the School Breakfast and Lunch Programs. It would remove their entitlement status. It would reduce their funding levels. This would be a terrible mistake.

Block granting these programs would in all likelihood increase hunger amongst our Nation's children. States will now have to bear the burden of administering the programs with less funding. States will be forced to make extremely difficult choices like reducing funding for WIC or eliminating the School Breakfast Programs because they are short of funds.

I believe it is part of the Federal Government's job to set priorities for our Nation and for me, our children are the priority. We can't, in good conscience, be unmoved when children go to bed hungry at night. We can't just send the issue of childhood hunger to the States and hope the problem goes away.

These food assistance programs serve as an important safety net for children. The Food Stamp Program alone serves 10 percent of the population in America—half of which are children. We know that for every dollar spent on WIC, we save $5 in health care costs later on down the road. We know that every child who participates in the School Breakfast Program is better able to learn in school and thus is more prepared to meet the challenges of the 21st century.

It is time to end childhood hunger, not successful nutrition programs that feed hungry children.

INTRODUCTION OF THE STUDENT LOAN EVALUATION AND STABILIZATION ACT

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 17, 1995

Mr. GOODLING. Mr. Speaker, today I am joining with several of my distinguished colleagues in the introduction of the Student Loan Evaluation and Stabilization Act—legislation that will allow a systematic review and evaluation of the current student loan programs. Specifically, this legislation will allow for the careful evaluation and comparison of the Federal Family Education Loan Program and the Federal Direct Student Loan Program to a true pilot status and allowing both programs to operate with continued stability for several years. Once this is accomplished, an independent evaluation can be made about whether the direct loan program serves students and institutions effectively, and whether the Federal Government can manage—and pay for—the multibillion-dollar student loan program which is so important to assuring access to higher education for millions of Americans.

Through the reconciliation process, the 103d Congress made policy considerations and decisions affecting the student loan programs without the benefit of a true evaluation of the long-term cost and effect. The impetus for the move to establish a direct Government lending program was projected budgetary savings of $4.3 billion over 5 years. When pressed, however, the Congressional Budget Office revealed that when the administrative costs associated with a direct determination, almost one-half of the savings disappear. Rudolph Penner, former Director of the Congressional Budget Office in testimony before the Budget Committees of the U.S. House of Representatives and U.S. Senate on January 10, 1995, identified this particular aspect of scoring a direct Government lending program as one of the arbitrary measures currently found in the Credit Reform Act which creates a strong bias in favor of using direct loans instead of guarantees.

While the Clinton administration was talking about promoting new public/private sector partnerships, they moved forward with their