

but certainly so they will have an opportunity to have that education so that they can participate to the fullest possible extent in American society, and certainly in the American economic system, and yet what we see in the illustrative list of cuts being proposed by the Republicans is what could cost California some \$266 million in student aid that otherwise would be flowing to those students.

Mr. Speaker, what we heard from the people testifying was in some instances this would mean that they could no longer continue school. Others would have to reduce the number of classes they take and try to increase the number of hours that they are already working today, which means they would have to be in school for a longer period of time and then borrow more money because they were in school for an extra semester or an extra quarter to achieve their degree. We heard from such individuals as May Wu who was at Stanford Law School. She said,

After I graduate, my monthly payments for school loans alone will be approximately \$1,000 . . . it would have been substantially higher, and therefore beyond my reach, if not for the availability of federally-subsidized low-interest loans.

Michael Rodriguez told us, as he filled out his application, he never knew that student loans existed. He was a 9-year veteran of the Marine Corps, and somebody told him while he was in Kuwait, while he was fighting in Desert Storm, that he filled out his application in the foxhole, and he says,

I give thanks every day that programs like financial aid exist for students like myself . . . Financial aid has become more important now than ever before as we face proposed [State] cuts in education.

For me, financial aid has allowed me to achieve my goals, for which I am thankful. Now, with one semester left before I graduate, I work with high school students so that they might be able to have chances that were afforded to me through the help of financial aid.

He is now telling other young people how they might secure a college education.

The parent of Michael Garibaldi, Ronelle Garibaldi, talked about what this meant to her family, how she and her husband sat around the table and tried to work out the finances so that their son could continue in school. She said,

We hold our breath until the envelope comes with Michael's award package and don't start breathing again until we've sat down with paper and pencil to once again determine if he can return in the fall.

I am often told I have a passion for financial aid. While that is true, it goes much deeper than that. Actually, I am a mother with a passion for opportunity for a higher education for my children, as well as all children.

That is what is at risk with the proposals by the Republicans to slash student loans so they can give tax breaks to people earning over \$100,000 who do not necessarily need it and certainly give no indication that they want it when they understand this is the kind

of penalty that is paid by America's young people and families.

#### WE NEED TO CUT TAXES FOR THE AMERICAN FAMILY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. CHABOT] is recognized for 5 minutes.

Mr. CHABOT. Mr. Speaker, the minority leader, a Democrat, made an interesting statement the other day. Referring to the tax cut bill that we will consider this week he said, "This issue," meaning taxes, "may be the best expression of the differences between the parties," and you know he is probably right. Republicans understand that the American people are overtaxed. We Republicans understand that the tax burden that the Government imposes on families and on senior citizens is becoming simply intolerable. We understand, and we are taking a first step to reduce that burden, to reduce taxes. That is a big difference from the last Congress when the Democrats were in charge, when President Clinton was able to ram through the biggest tax increase in American history.

Well, there is a new majority here now, and I say, "You're right, Mr. Minority Leader." This new majority leader does seek to cut taxes. We are tired of seeing our Government throwing money around and expecting working families to pick up the tab.

The most devastating change in the Federal tax system over my lifetime has been that Government has shifted the tax burden so heavily onto the backs of working families. The tax code now discriminates against families. It penalizes marriage, and it burdens parents trying to care for their own children.

In fact, during my lifetime, and I'm 41 years old—actually 42 now—the Federal income tax burden on a family of four has increased by over 300 percent as a share of family income. That is outrageous. It threatens the very foundation of the American dream. It denies opportunity to people trying to work their way up.

The Government has been imposing a hidden tax increase on families every year by holding down the exemption that parents can take for dependent children. Right now a lot of you at home are probably working on your income taxes or thinking about it, and you probably know, in looking at the taxes all this year, that you can claim \$2,450, almost \$2,500 per person in your family as an income tax exemption. Well, if that rate had gone up to match inflation, that exemption would now be \$8,000, \$8,000, and we can only claim \$2,450.

Mr. Speaker, that is just not fair, but, despite that fact, there are some in this body who would begrudge parents even a \$500 per child tax credit, and that is sad, and they call us mean spirited.

Well, we ought to remember that it is not our money. We are proposing allowing families to keep a little bit more of the money that they themselves earn. We should not act like it is a gift or a handout; it is not. It is simple fairness.

So, too, is the rollback we propose of the 1993 recordbreaking tax increase on senior citizens. Seniors were unfairly singled out for punitive treatment. We are going to undo that, and we are going to provide relief from the unwise earnings limit that insidiously taxes seniors who choose to continue working.

We are also going to reduce the marriage tax penalty. We have just been through a long debate over outdated welfare policies that tear families apart, and we voted for reform there. Let us reform the tax system's ridiculous marriage penalty as well.

Now opponents of tax reform who do not think that the American people are overtaxed argue that you cannot have take both tax relief and a balanced budget. Quite frankly, some of them do not seem to want either goal, judging from their votes, but I believe that we have got to send a message that Government just cannot continue to increase spending at the rate that it has. Government spending is out of control. That does not mean that taxes are too low. Quite the reverse. We just spend too much up here in Washington.

We also need to reduce capital gains taxes so that we can create more jobs. There are still a lot of people in this country who need jobs. If we cut capital gains taxes, that will mean more jobs for Americans. The old class-warfare arguments for keeping capital gains rates high will not wash anymore. Productive investment, whether in a home or in job-creating business is something that everyone should want to encourage, and nearly 60 percent of capital gains tax filers have adjusted gross incomes under \$50,000, so it is not just tax breaks for the wealthy.

So, please, let us not try to divide Americans up and pit one group against another anymore. We are all in this together, and, as a people, we are overtaxed. We need to cut taxes, we need to cut taxes on the American family, and we are going to do that this week.

#### AMERICANS WANT TAX CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. FOX] is recognized for 5 minutes.

Mr. FOX of Pennsylvania. I want to continue the remarks that were made by my colleague, the gentleman from Ohio [Mr. CHABOT]. I think he well elucidates the reasons we need to have the tax credits and the tax cuts adopted here in the House this week. You know, looking at what the American people want, Mr. Speaker, they want three things. They want to see tax cuts, spending cuts, and deficits reduction,

and under the Contract With America we can achieve all three. We have already earmarked \$180 billion for deficit reduction, we already earmarked \$190 billion for spending cuts, and this is according to the Congressional Budget Office, and the third is now we are dealing with the tax cuts. Let me just review, if I can, a few of those tax cuts we are speaking about in legislation this week which we think is going to be a positive step for all American families.

First, the family tax credit. Five hundred dollars tax credit for each child in a family; this will help families with their basic expenses. We also have the American dream savings accounts. By this we will have established a new savings vehicle where we will have on a joint return \$2,000 for each spouse and a tax deduction dealing with the IRA's, \$2,000 for each spouse.

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This will increase savings and encourage each family to have the nest egg they need in retirement. We are going to take care of our help for Senior citizens by repealing the tax increase on Social Security benefits. The 1993 increase in the amount of Social Security benefits which was subject to income taxation will be repealed. Also we will raise the Social Security earning limit from \$11,280 to \$30,000 phased in over 5 years. That will help many of our senior citizens who are independent and maintain a degree of income without impinging on their Social Security with their own fixed incomes.

Mr. Speaker, under this legislation we will have tax incentives for private long-term care insurance, allow tax-free withdrawals from IRA's for long-term care insurance. We will also provide capital gains relief for individuals by cutting in half the rate to 19 percent. This will encourage savings, business expansion, job creation. For businesses, a 25 percent alternative tax for capital gains.

We will also have in this legislation, Mr. Speaker, a taxpayer public debt check-off and trust fund. This bill will allow individual taxpayers to pay up to 10 percent of their tax liability to a public debt reduction trust fund. A tax credit for adoption expenses up to \$5,000. Tax credit for adoption expenses up to \$5,000. Tax credits for the home care of the elderly. All of these items will help all of our individuals. In addition, we even have special expensing for small businesses. The bill will increase the amount of property a small business can expense. This will encourage, again, more jobs in our society.

Mr. Speaker, we can have all three: Spending cuts, deficit reductions, and tax cuts which will help our families, help our businesses expand and produce higher, and will also help every single sector of our society do better and achieve the American dream.

#### FAIRNESS OF THE AMERICAN TAX RELIEF ACT OF 1995

The SPEAKER pro tempore (Mr. KINGSTON). Under a previous order of the House, the gentleman from Illinois [Mr. EWING] is recognized for 5 minutes.

Mr. EWING. Mr. Speaker, I come here tonight to visit about what my colleagues have been talking about, the very important business that we had before us this week, the American Tax Relief Act of 1995.

This is part of the Contract With America. It is a very important part in the last leg of our journey through the 100 days. The Contract With America was an effort to make improvements in our country and the way we operate its Government which will help protect the American dream. These elements of the contract should not have been partisan between the Republicans and the Democrats and I am thankful to say in many cases they have not been and we have received a number of supporters from the other side of the aisle.

But unfortunately now that we come to the end of the contract period, I believe the success of the contract has caused the other side of the aisle to say, "Can we block this final part of the contract, the American Tax Relief Act of 1995?" It should not be partisan either and we should put aside the rhetoric about tax relief for the rich. That is class warfare. What we want is a fair tax schedule for every American, not rich, not poor, for every American. I believe that the American Tax Relief Act of 1995 is that fairness.

We promised to bring it to a vote. Every Member will have an opportunity then to vote his conscience, so I would encourage bipartisan support for the rule to bring this bill to the floor.

Now, why do I say it is fair? Because it covers all spectrums of the American scene. Certainly it is the middle-class tax relief that the Clinton administration never brought to the Hill but promised in the campaign.

Why do I say that? The child credit certainly is very important to the middle class. The marriage penalty is very important to both spouses when they are working and trying to get ahead and improve their own American dream. Improving the IRA's for spouses and for working individuals. The adoption credit. The credit for families who take care of their own elderly members without expecting the State to pay for their care in nursing homes, and of course, repeal of the very unfair Social Security tax on middle-class senior citizens.

Mr. Speaker, we hear so much about capital gains. Ladies and gentlemen, capital gains is not a tax break for the rich, though they may use it. It is a tax option for all Americans. We have ample proof that capital gains is used by the "little people" in America, certainly as much or more than it is by people with more means. In fact, the returns show that nearly 60 percent of those who used the capital gains bene-

fit when it was available had incomes under \$50,000. The argument that it will cut into revenues is just not accurate if you base that on past history.

In fact, some years ago, CBO projected what would be the income level from the capital gains tax while we had a lower rate. Of course, we changed that and we are well below the projections of the CBO for revenues generated by the capital gains tax. In fact, if you look at the chart over a long period of time, you will see that capital gains revenues from assets sold, put back into the economy, have gone up when the rate is low and gone down when it is raised.

We need to address the capital gains tax along with the rest of it. We need to get away from the partisan rhetoric about capital gains tax being for the rich.

I take exception to that. I would insist that every Member go back to his district and check with his people, and I think he will get the right answer. Encourage support for the American Tax Relief Act of 1995.

#### TAX RELIEF BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland [Mr. BARTLETT] is recognized for 5 minutes.

Mr. BARTLETT of Maryland. Mr. Speaker, this week we vote on the most important part of our Contract With America.

In the last Congress, the largest tax bill in the history of this country was passed; and, in typical form, it was mislabeled and called a deficit reduction package. Six times, at least six times in our history, we have tried to reduce the deficit by increasing taxes. It did not work any of those six times, and it may not work now. Only a few of those tax increases have kicked in, and we are already beginning to see the deleterious effects of these high taxes.

We will be voting this week on our tax relief bill. This tax relief bill will do two things: It will provide some relief from Clinton's tax increases. It will permit our hard-working people to keep more of their own money. And it will reduce the deficit.

When you leave money in the private sector, it creates more and better jobs than when it is taken into the public sector. And in spite of a tax decrease rate the increased tax base inevitably will yield greater tax revenues. So this is truly an important part of our deficit reduction plan.

Tonight, I would like to spend just a moment looking at what we are going to do for senior citizens.

In the Clinton largest-tax-increase-in-history bill, our senior citizens have been limited to earning just \$11,200, after which time their Social Security benefits are cut. If a senior citizen has a job earning \$5 an hour, for that \$5, he gets to keep only \$2.20.

This is a higher tax rate than is levied on our multibillionaires. Ross