to amend title 49, United States Code, to eliminate provisions of Federal law that provide special support for, or burdens on, the operation of Amtrak as a passenger rail carrier, and for other purposes.

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

There was no objection.

STATES ARE BEING SHORTCHANGED ON MEDICAID

(Mrs. THURMAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous material.)

Mrs. THURMAN. Mr. Speaker, all of us in this Congress should be dedicated to making sure that our scarce resources go to those Americans most in need of assistance.

However, this is not what is happening with Medicaid.

That is right, Mr. Speaker. When it comes to the Medicaid Program, many of our States, including my own home State of Florida, are being shortchanged. We are being shortchanged because the Medicaid funding formula, which is 30 years old, is neither fair nor accurate. Under the formula in use since the Medicaid Program was created, a State's need is based solely on per capita income.

In 30 years, we have developed much more accurate ways to measure true need and we should use them.

The General Accounting Office has recognized the shortcomings of the current formula. In a report the GAO recommended a new formula that takes into account the rate of poverty as well as per capita and corporate income. The GAO has said this will be a much more accurate reflection of a State's ability to finance Medicaid benefits. It would also ensure that assistance went where it is most needed.

The Fairness in Medicaid Funding Act of 1995, which I am introducing today puts in place the GAO's recommendation.

I would urge my colleagues to join me in correcting the Medicaid funding formula.

Mr. Speaker, as is often the case in Washington, the Federal Government does not always target its resources to those individuals who need them the most. Unfortunately, when it comes to how the Federal Government calculates the Medicaid matching fund formula, the existing Federal formula creates an unfair distribution of Medicaid funding to the States.

I am committed to continue the debate over the inequity until we arrive at a fair remedy. Therefore, I rise today to reintroduce the Fairness in Medicaid Funding Act of 1995.

My bill would update the Federal Medicaid funding formula and result in a fair and accurate disbursement to the States. The General Accounting Office [GAO] has evaluated the existing Medicaid formula and has concluded that it does not meet the objectives established by Congress in 1965. The GAO examined the objectives Congress was attempting to achieve and developed an alternative formula to meet these stated goals. My bill, the Fairness in Medicaid Funding Act of 1995, would use the GAO formula not to change policy but only the process by which Medicaid dollars are allocated.

The essence of the existing Medicaid formula has been unchanged for 30 years. Congress had two intentions when they created the formula. First, that Federal matching funds should reflect a State's ability to pay benefits to those in need. And, second, Congress wanted to determine how many residents of each State needed Medicaid benefits.

At the time, the best information available to measure these objectives was an estimate of each State's per capita income. Thirty years ago this information was the best available to Congress. But during the last two decades, the Federal Government has collected more and better economic data.

Mr. Speaker, today there are much better measurements available, and we should use them.

A significant weakness of the current formula is that it does not adequately reflect a State's ability to pay its share. The money a State can pay in Medicaid benefits should also reflect the income its residents and businesses produce. However, a measurement of per capita income reflects only part of the total income produced by a State's residents and businesses.

Per capita income does not include corporate retained earnings, which is a significant share of a State's business income. Therefore, two States with the same per capita income may actually have significantly different capacities to fund Medicaid benefits.

Furthermore, the per capita income formula does not adequately measure the total number of people in need of Medicaid benefits. That need is determined by the number of residents with incomes low enough to qualify for Medicaid. Again, two States with roughly equal per capita incomes can have dramatically different percentages of residents qualifying for Medicaid. Yet, both States would receive the same matching rate from the Federal Government. This just does not make sense any more and it needs to be changed.

My proposal, based on the GAO's recommendations, would base the Federal share for Medicaid on: First, per capita income plus corporate income produced within a State. This is a much more accurate measure of a State's ability to finance Medicaid benefits. Second, the State's poverty rate, which generally indicates the number of persons who are potentially in need of Medicaid benefits.

All these statistics are already complied for other purposes by the Federal Government. Moreover, this proposal does not cost the Federal Government one dollar—it is budget neutral.

Mr. Speaker, the passage of the Fairness in Medicaid Act of 1995 will ensure that States receive, not only what they need, but what they deserve from Washington. This plan is based upon a fair, objective, and contemporary evaluation of each State's needs and capacity.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, and under a previous order of the House, the following Members are recognized for 5 minutes each.

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

[Mr. MARTINI addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

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

[Mr. OWENS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

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

[Mr. EHLERS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

REMARKS ON WELFARE REFORM

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

Mr. MARTINEZ. Mr. Speaker, as a member of the Committee on Economic and Educational Opportunities, formerly the Education and Labor Committee, and one who has chaired a subcommittee with jurisdiction over the Job Opportunities and Basic Skills Program, I have spent much of my congressional career dealing with the issue of welfare and the various means this body and that committee has considered for reforming that system.

The welfare system in this country is clearly not achieving the purposes for which it was designed.

When it was originally designed, it was a program designed to protect children from the ravages of poverty that are likely outcomes of the death of the family breadwinner—which in 1935 meant the father.

Since the mid 1960's, when it was reformed under President Lyndon Baines Johnson, it has been extended to cover the children of those whose personal circumstances—whether as a result of a death of the breadwinner, a family breakup or desertion of the family by the breadwinner, the lack of jobs for any adult in the family, or because of an out-of-wedlock birth—prevented them from being economically self-sufficient.

The object was, and continues to be, the children, who are our future.

Welfare in the form of Aid to Families With Dependent Children is based on the belief that our children are our future, and caring for those children so that they can reach adulthood with the necessary education, nurturing, and social skills that will enable them to become productive members of society.

Welfare systems, whether private charities or government support programs, cannot eradicate poverty solely through making monthly payments to poor people.

The eradication of poverty has confounded leaders since before the time of Christ.

Even Christ admitted ''You will always have the poor with you.'' But, while I do not believe that we will ever totally eradicate poverty, that is no reason to give up on the fight to make the lives of poor children safe and supportive.

And that is why I believe in the Federal Government's role in the welfare system, because it is our national duty to ensure that programs are truly supportive of children and that related programs, including nutrition, employment and training, education, child care and housing act in concert with welfare programs to provide the hand up to those in poverty that will enable them to achieve a better life.

There are those who say that our welfare system is not working, and I wholeheartedly agree with that assessment.

Clearly our welfare system needs reform.

I believe that there are a number of things about welfare reform and the current issues being debated in the context of welfare reform on which we can all agree—and I would like to list some of those:

First, the fact that 15 million people in 5 million families have to rely on Aid to Families With Dependent Children is a national disgrace.

Second, most of the recipients of Aid to Families With Dependent Children—in fact 9.6 of the 15 million recipients, have no alternative to AFDC on their own—because they are children.

Third, one of the major failings of the welfare system is that it rewards behavior that it wishes to change, and provides significant barriers to change for the better.

These are things that I see printed in speeches and pronouncements by my colleagues of all political persuasions.

These are what we can agree on.

What I am afraid we do not have as much agreement about is the basic question of how we solve the problems inherent in the system.

H.R. 4, the Personal Responsibility Act, is, I am told, the Republican welfare reform that was promised in the Contract With America.

Well, I have read this bill, and I find absolutely nothing in it that addresses the causes for welfare dependency, nothing that deals with the lack of skills, inadequate education, or other barriers that prevent the welfare parent from achieving economic self sufficiency.

In fact, title 1—dealing with illegitimacy, is even worse.

After determining that the cause for this problem is the breakup of the family and the lack of moral values in society, some of which I can support, we find that the solution is not to deal with preventing these out-of-wedlock births, but rather is to deny benefits to the children produced by these unions.

That is something like arresting the victim because she was robbed.

We must look at the causes for behavior, not the outcomes of that behavior, in fashioning solutions.

This bill does not do that.

I am also interested in the various proposals to pay for this reform—and, of course, achieve deficit reduction at the same time.

Title 4—denying Federal program access to legal aliens—now there is an interesting idea.

After all, these people who pay their taxes, keep up their homes, educate their children, and live next door—in short act like nearly all Americans.

But they suffer from a really serious lack—they are not citizens and, consequently, do not vote to elect the Members of this body.

Why not go the whole way and say to these people who we invite to come to America and to continue to build our country as immigrants have done for over 300 years—fine join us, but if you do not choose to become a citizen—go back home—and then deport them.

The fact that they decide to stay and do not elect to become citizens means that they do not wish to become fully American.

That, I suppose, is reason enough to say—''pay the freight but don't take the ride.''

Then, why not deny Federal program benefits to all Americans who failed to vote in the last two elections?

Sixty five percent of the electorate failed to vote last November, we are told.

If they do not care enough to vote—if they do not care enough to become a citizen—they do not deserve to participate in these programs.

It is not like they will vote us out of office.

That makes about as much sense and is about as defensible.

Then we come to title five—which certainly represents a variation on enlightened thinking—nutrition programs should be combined into a one size fits all block grant.

Just last week in the Economic and Educational Opportunities Committee, we heard witnesses talking about our labor laws and assailing the Congress and the Labor Department for failing to recognize that different size businesses have different problems and needs and our one-size-fits-all labor policies need to be changed.

But this week we learn that it would be better to develop a one-size-fits-all nutrition program.

Let us review some of the programs that would be lumped into this block grant:

The Women, Infants and Children Nutrition Program came about because of a national policy to ensure that our children, who are our future, receive the kind of nutrition that starts them on the healthy road of life, ensures that they are not hungry in school, and enables them to learn.

The National School Lunch Program provides nutritious meals at low or no cost to needy children—not just AFDC recipients but also the children of the working poor.

The Older American Act, in its title III nutrition programs, ensures that older Americans, especially those who are economically dependent or otherwise unable to cope with the difficulty of making their own meals can receive nutrition in either a congregate setting, at senior centers, or through a home delivered program, regardless of their status as welfare recipients.

These and the other programs that would be lumped into this gigantic block grant have their separate identities because the nutritional needs of these populations are different and the methods of meeting those needs are different.

Yet, the drafters of H.R. 4 would lump them all into one program.

And then they would allow the States to use the funds for purposes which have nothing to do with nutrition—to fund jobs under the so-called work program for the welfare parent, and provide a bounty of $20-per-head for every one the State does put into these programs.

I see no merit in that proposal.

Beyond what is contained in the bill that would allegedly solve the welfare problem, let me speak briefly about what is not in the program.

First—there are no jobs.

Parents on welfare are required to go to work—but there are no provisions that would stimulate jobs either in the public or private sector.

Thirty-seven percent of the people on welfare are there because of unemployment.

Does that not indicate that jobs must be there if those people are to get back into productive employment?

Even if welfare mom finds a job, there are no provisions for child care.

In hearings I conducted in the 103d Congress, witnesses stated categorically that the single most important barrier to seeking, finding and keeping a job was the lack of safe, affordable, and relatively stable child care.

One member of the Economic and Educational Opportunities Committee, the Honorable LYNN WOOLSEY of California, a former welfare mother herself, has told us that, in the first year that she returned to the work force, she had 13 separate child care situations.

And the situation is worse now than it was then.

Nearly one-half of the women on welfare in 1991 were there not because of the presence of an illegitimate child—they were there because of the breakdown of a marriage and the failure or inability of the father to pay child support.

Yet this bill contains nothing in the way of child support enforcement.

And child support enforcement could raise, we are told by HHS, $32 billion in 1 year.

Oh, I know that the Republicans have another bill that addresses this issue—but why not include it in the right context—welfare reform?

Yes, I have read the Personal Responsibility Act, and I find it wanting.

I hope that the entire House, on both sides of the aisle, will consider the plight of the welfare mother, and the welfare father as well, not as a pest that is to be eradicated, but as a symptom of our failure to provide the hand up that will enable them to get that job and raise their children in dignity and safety.

□ 1530

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

[Mr. CLINGER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

INVESTMENT IN PUBLIC INFRASTRUCTURE

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

Mr. WISE. Mr. Speaker, next week the House will most likely take up the balanced budget amendment to the Constitution. This is not an argument for or against the balanced budget amendment. I have supported versions of it in the past. It is an argument, though, an appeal that this House consider the role of investment in many of the economic decisions that it must make in the upcoming months, investment particularly in our public infrastructure. Because many have said that they feel that there needs to be a balanced budget amendment to the Constitution because the Federal Government ought to have to balance its budget like families do. That is a fair analogy. Families do balance their budgets. But we also know that families borrow because there are certain things that they know they need and they consider capital investment.

We all, most of us at least, borrow to buy or build a home. Very few of us can afford to lay out in one year what it costs for this kind of investment. So we figure into our monthly budgets at home how much we have to take out in debt service, in that mortgage payment. That is reflected in our family budget.

We usually borrow for a car. Very few of us, particularly with today's prices, can afford a car, to pay for it cash on the barrel head.

We borrow for probably the most important investment that a family will make, and that is the family's children's education. We know that that is the ticket to success for families in this country. And so American families borrow for that. So there is borrowing that occurs for the mortgage, for the car, for the college education. We know that we get into trouble if we borrow for consumption, to borrow to go to the grocery store, borrow to buy the toys, borrow to go to a game, for instance, borrow for leisure or recreation. So what families do is they put together their family budget with their basic expenses and then they put together as well in that budget the debt service to, against the debt service to cover the cost that they have to borrow for long-term capital expenditures.

I wish the Federal budget did that. It does not. What the Federal budget does instead is to not recognize that one dollar is not the same as another dollar. The Federal budget does not make a difference between the dollars spent for infrastructure for a road or bridge and the dollars spent in immediate consumption. And so what I have urged, and many others, last year, the gentleman from Pennsylvania [Mr. CLINGER] and I cosponsored a bill that would permit capital budgeting for physical infrastructure for the Federal Government.

My hope is that in the discussion of the balanced budget amendment and in the discussion of the various economic moves, economic policies that this country will adopt, in the discussion of budget policy, that we recognize this key role in investment. The fact of the matter is that this country has seen a decline in public infrastructure investment and correspondingly has seen a decline or a flat line at least in productivity increases.

A chart I saw yesterday was quite illustrative. Of the seven major industrial nations in this world, the United States trailed in productivity gains over the past decade and yet also trailed in investment in our public infrastructure as a percentage of gross domestic product.

In other words, the more a country has put into their public infrastructure, their roads, their bridges and so on, the more they gained in productivity increase, almost direct correlation.

It makes sense, but it also is being borne out now by statistics. And so that this is a necessary factor.

Some argue you do not need a capital budget for the Federal Government because physical construction, roads and bridges and so on, is such a small part of the budget. That is a self-fulfilling prophecy. It is that because we have made it that way. And one reason is because our accounting system does not reward investment.

Mr. Speaker, I yield to the gentleman from Hawaii [Mr. ABERCROMBIE].

Mr. ABERCROMBIE. Mr. Speaker, would the gentleman agree, for those of us who have served in State legislatures, who have served on county councils, who have dealt with budgets at the local level and the State level, that members of county councils, boards of supervisors, State legislators are used to dealing with a capital budget and an operating budget.

Mr. WISE. I thank the gentleman for making the point. He is absolutely correct. In my understanding, every State has a form of capital budget, every county, every State and local government, of course, as well as every business.

Mr. ABERCROMBIE. Would the gentleman further agree, for the enlightenment of those who may be listening in or observing our proceedings and trying to very sincerely take into account the implications of the balanced budget, that in their own local districts, in their own local areas, that over the years, whether through revenue-sharing programs or grant programs, demonstration programs.

Mr. WISE. I think I agree, but our time is up.

Mr. ABERCROMBIE. Thank you very much.

ON MEXICO

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

Mr. HORN. Mr. Speaker, good relations with Mexico are essential for this Nation. Mexico now faces a crisis, a financial crisis. We are being asked by the administration to authorize a $40 billion loan guarantee in order to cover the run which has occurred on the peso.

Mr. Speaker, I would like to include the column by Paul Gigot that appeared in last Friday's Wall Street Journal: ''On Mexico, U.S. Firemen Play With Matches.'' I think it outlines what has happened in the administration's thinking over the last several weeks, and I think it is essential to the facts of this case.

[From the Wall Street Journal, Jan. 13, 1995]

ON MEXICO, U.S. FIREMEN PLAY WITH MATCHES

Maybe President Clinton is lucky that Washington is transfixed by Newt Gingrich. It means no one's noticed how his administration has botched the biggest foreign crisis of his presidency.

That crisis is in Mexico, which only last year he could tout as a foreign-policy success. Nafta has been his singular triumph, at home or abroad. Now the collapse of the peso has tarnished even that good news, with wider fallout than anything that's happened in Somalia, Bosnia or even Boris Yeltsin's tumultuous Russia.

This week Mr. Clinton roused himself from his Tony Robbins tapes to assert that he is ''committed to doing what we can to help Mexico.'' This, plus a promise of more U.S. cash, helped to calm financial markets through yesterday, though only after two more days of market carnage in Latin America.

We can hope the worst is over, but the peso remains some 35% below where it was before its December devaluation. In human terms, this means that what used to be a dollar of Mexican purchasing power now buys only 65 cents; expect more Mexican sons and daughters to arrive in San Diego soon.

In political terms, Mexico's crash has begun an ebb tide in global confidence, threatening other currencies, raising doubts about stability in Mexico and inviting Nafta-bashers to stage a comeback. It has also cost American mutual-fund holders billions of dollars. All in just three weeks.