

On the other hand, then, the whole promise of this reform of enabling welfare mothers, sometimes welfare fathers, to be able to work becomes a promise that is never fulfilled. This amendment goes a long way toward enabling us to fulfill that promise.

The PRESIDING OFFICER. All time has expired.

Mr. KENNEDY. I yield 1 minute.

Mr. WELLSTONE. Mr. President, in a minute, I cannot even do justice to the point I will try to make.

What has cropped up in this debate I think is a very interesting argument, which is all too often some of my colleagues will say, well, look, if you have a family with an income of \$35,000, maybe two parents, they are paying for child care, why should we talk about investment of resources for affordable child care for welfare mothers?

I do not know why we are paying off middle-income and moderate-income citizens versus low-income women. We should focus on what is good for the children.

The fact of the matter is our country has not made a commitment to affordable child care. It is a shame. This is a perfect example of where we could allocate some of the resources at the Federal level and decentralize it and let all the good things happen at the community level, at the neighborhood level—be it for low income, moderate income, middle income—with some sort of sliding fee scale.

That is really the direction we ought to go, not in the direction of not investing resources in child care and therefore putting mothers in a difficult position, and most important of all, punishing children.

This is a very important amendment which really kind of is a litmus test as to whether we are serious about reform as opposed to reformatory.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Connecticut.

Mr. DODD. Mr. President, if I might, let me inquire how much time remains?

The PRESIDING OFFICER. The Senator from Connecticut has 14 minutes and 18 seconds.

Mr. DODD. On the side of the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Utah has 67 minutes and 22 seconds.

Mr. DODD. I would just inquire of my colleague from Utah if I might take 5 of his minutes? I am fearful he may not be on the floor, someone else may come over, and we will have run out of all of our time.

Mr. HATCH. I will be glad to yield 5 minutes to the Senator from Connecticut.

Should I say a few words first? Or I will be happy to wait.

Mr. DODD. No, go ahead.

The PRESIDING OFFICER. The Senator from Utah.

THE CAPITAL GAINS DEBATE

Mr. HATCH. Mr. President, it is not quite on this subject, but since my friend from Massachusetts raised the issue I thought I would just spend a few minutes on it because it is something that is near and dear to my heart and I think near and dear to, really, those of a pretty good majority of this body.

One of the worst perceptions about the capital gains debate is that only the rich are going to benefit from a capital gains rate reduction. My friend from Massachusetts implied that and implied that those of us who are for a capital gains rate reduction are basically taking care of our good old rich friends. I do not have many rich friends. I have to say that I was born in poverty, came up the hard way. I am one of the few in this body who learned a trade, went through a formal apprenticeship program, became a journeyman and worked in the building construction trade unions for 10 years, putting myself through high school. I had to work to get through high school, college and law school. So I do not think it is a matter of rich friends at all.

The fact of the matter is, nothing could be further from the truth with regard to capital gains. In fact, Americans at all economic levels will benefit from increased growth. President John F. Kennedy once said, basically while he was enacting a capital gains rate reduction which proved to be very efficacious for our country, "a rising tide of investment lifts all boats." President Kennedy supported a capital gains cut because thousands of middle-class Americans would benefit from it.

In 1992, 56 percent of Federal income tax returns claiming capital gains—56 percent of those returns claiming capital gains—were from taxpayers with incomes of \$50,000 or less, and 83 percent came from taxpayers with incomes of less than \$100,000. Almost all of them came from people who earned less than \$100,000. But, again, keep in mind, 56 percent came from those who earned less than \$50,000. Only the rich?

The preferential capital gains tax benefits every American who believes in the American dream, who is willing to take a risk for a long-term reward. Millions of American families that own farms or small businesses will benefit from the capital gains tax. Yes, in 1 year of their productive lives, a husband and wife may have a high income, in the year they sell their family farm or small business. But that is one reason these statistics can be so misleading. The capital gains differential is just as much about Main Street as it is Wall Street. This amendment rewards risk taking and sacrifice, and that is the right thing to do.

The opponents of the capital gains tax rate cut argue that it benefits mostly the wealthiest income groups. This assertion is based on deceptive statistics. The income figures used in these statistics include the taxpayer's entire income, which includes the cap-

ital gain. This makes the capital gains tax cut appear to be a tax cut for the rich.

A far more accurate picture results when only recurring or ordinary income is considered. Let me give an example. An elderly couple living in Cache County, UT, has been farming on land they owned for 40 years. The land was purchased for \$50,000 in 1950. They decided to retire to St. George, UT, and thus, they sell their farm for \$250,000 after farming it for 40 years, having paid \$50,000 for it.

This couple has never reported more than \$35,000 of gross income on their tax returns in their life, never more than \$35,000 in any given year. But in the year of the sale of their farm, they report more than \$200,000 of gross income. Are these people among the very wealthiest income earners of our Nation? Of course not.

The Department of the Treasury statistics show that this example is not just the exception, it is the rule. If capital gains are excluded from income, only about 5 percent of tax returns containing long-term capital gains have incomes of over \$200,000. Only 5 percent.

A Treasury study covering 1985 shows that taxpayers with wage and salary income of less than \$50,000 realized nearly one-half of all capital gains in 1985. In addition, three-quarters of all returns with capital gains were reported by taxpayers with wage and salary income of less than \$50,000 in that year. So let us not kid anybody. Of course, those who are wealthy will benefit, but they generally put their moneys back into investments or into businesses, into creation of jobs and economic opportunity for others. So we should not begrudge the fact that they benefit as well.

But a huge, huge number of middle-class people benefit from capital gains rate reductions not just because they themselves have capital gains to pay taxes on, but because they benefit from the stimulation of the economy that occurs when money is rolled over and utilized in creating new jobs and new job opportunities.

A Joint Tax Committee analysis of the years 1979 to 1983 found that 44 percent of taxpayers reporting gains realized a gain in only 1 out of 5 years. This is the occasional investor, the home or business owner, who is realizing these gains. When we move beyond the class warfare rhetoric, we find that capital gains tax cuts help working Americans.

High capital gains taxes especially hurt elderly taxpayers. Capital gains for seniors average four to five times the size for capital gains for younger taxpayers. In fact, in any year more than 40 percent of taxpayers over the age of 60 pay capital gains taxes.

So, the fact of the matter is, it is deceptive to argue that capital gains benefit only the wealthy. They benefit everybody.

I believe if we cut capital gains, we will unleash some of the \$8 trillion in

this economy that is locked up in capital assets that people will not sell because they do not want to pay 28 to 39 percent in a capital gains tax. Once we unleash that—if we could just unleash 10 percent of that money, can you imagine what a stimulation and stimulus that would be to our economy?

Taxpayers are very sensitive to capital gains reductions. This is especially true for the most affluent Americans. As a result, Americans will realize many gains as soon as the rate changes. This will raise tax revenue, probably by an amount far above joint tax estimates.

Joint tax estimates are among the most conservative estimates you can have. I will not go into the details on this, but we can say in the last 30 years, every time capital gains rates have gone up, revenues to the Federal Government have gone down from selling capital assets. Every time capital gains rates have been dropped, or lowered, revenues to the Government have gone up. It just makes sense, especially when you realize there is \$8 trillion locked up in capital assets that they will not sell, they will not trade, they will not move because of the high rate of taxation that we have today.

Let us lower that capital gains rate and benefit all Americans, but especially—especially—the middle class and those earning under \$50,000 a year who will benefit greatly from it, and get some sense into this system so we push the better aspects of our system. Let us get rid of some of this demeaning rhetoric that literally cuts into the—really cuts against what are the real facts with regard to capital gains and capital gains rate reductions.

I am very strongly for a capital gains rate reduction because I think it will benefit virtually everybody in our society, the poor as well, because there will be more jobs and more economic opportunity than before the rates are cut.

Mr. President, I yield the floor.

THE FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. KENNEDY. Mr. President, will the Senator be good enough to yield 5 minutes?

Mr. HATCH. I will be happy to yield 5 minutes.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. I thank the Senator.

Mr. President, I just want to put in the RECORD some of the comments from some of the leading church and legislative and active groups that have been focusing on the welfare debate. I will include all of the statements in the RECORD. But I would like to refer at this time to individual sentences and comments that summarize their position.

One was from the National Council of the Churches of Christ in the USA. It said:

The religious community is a major provider of center-based child care. Throughout the nation, millions of children are cared for every day in church-housed child care. Our churches have long waiting lists of parents seeking quality care for their children. We are not able to accommodate the demand because the resources to expand the supply are so scarce. We know this problem first hand, because the desperate parents are in our congregations, as are the overworked providers of child care services. Their facilities are in our buildings, and our congregations are enriched by the lively presence of their children.

We believe that it is not responsible public policy to require parents to work without providing adequately for their children's safety and nurture while the parents are at their jobs. If the government is going to insist that mothers of young children leave them to go into the workplace, then the government must make it possible for the parents to do so in the confidence that their children are in a safe, wholesome environment. To do otherwise puts our children at risk and almost guarantees that parents, preoccupied with concern for the well-being of their youngsters, will not perform to the best of their ability.

That is an excellent statement of the National Council of the Churches of Christ.

The National Conference of State Legislatures:

NCSL has been concerned about the lack of coordination of existing child care funding streams. We are interested in working with you to consolidate these funds. Child care is an essential component to support welfare recipients moving from welfare to work and is critical for low-income working families. Our experience suggests that a renewed commitment to work by welfare recipients will require additional child care funds above current levels.

That is the National Conference of State Legislatures; that is, Republicans and Democrats.

The American Public Welfare Association:

Current proposals in the Senate do not create a separate state block grant for all child care programs. APWA supports a separate child care block grant, in the form of an entitlement to states, not as a discretionary spending program subject to annual funding reductions. States will not be able to move clients from welfare to work without adequate and flexible funding to provide essential child care services.

Catholic Charities:

We are very concerned that the new work requirements and time limits for AFDC participation will leave children without adequate adult supervision while their parents are working or looking for work. The key to successful work programs is safe, affordable, quality day care for the children. The bill before the Senate does not guarantee or increase funding for day care to meet the increased need associated with the work requirements and time limits. Please, support amendments by Senators Hatch and Kennedy to guarantee adequate funding to keep children safe while their mothers try to earn enough to support them.

The Governor of Ohio:

I would like to see the child care and family nutrition block grants converted into capped state entitlements. In the House bill, funding for these block grants is discretionary. Key child care programs currently are individual entitlements. The need for

child care only will grow as welfare recipients move into the workforce.

The National Parent Teacher Association:

The potential for success of welfare reform depends on former recipients becoming employed an being able to meet basic needs for shelter, food, health care and child care. Subsidized child care for low income working parents is crucial.

Every single organization that has responsibility and which has studied this is and which are out on the front lines on the issue of welfare reform has understood the importance of providing child care, and the Dodd-Kennedy amendment provides it.

Mr. President, I ask unanimous consent that these documents be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE USA—STATEMENT ON THE IMPORTANCE OF CHILD CARE IN WELFARE REFORM

(By Mary Anderson Cooper, Associate Director, Washington Office, August 9, 1995)

As the Senate works to overhaul the nation's welfare system, we urge Senators to make the well-being of those who are impacted by that system their primary concern. As people of faith and religious commitment, we are called to stand with and seek justice for people who are poor. This is central to our religious traditions, sacred texts, and teachings. We are convinced, therefore, that welfare reform must not focus on eliminating programs but on eliminating poverty and the damage it inflicts on children (who are ⅓ of all welfare recipients), on their parents, and on the rest of society.

Further, we support the goal of helping families to leave welfare through employment, because we believe that those who are able to work have a right and a responsibility to do so. However, we also recognize that just finding a job will not necessarily mean either that a family should leave welfare or that its poverty will end. Since full-time jobs at minimum wage yield a family income that is below the poverty line, and since such jobs often do not provide health care benefits, employed people trying to leave welfare may still need some government subsidy in order to become self-supporting.

Key among the kinds of help such people need is child care. The Children's Defense Fund tells us that one in four mothers in their twenties who were out of the labor force in 1986 said they were not working because of child care problems (high cost, lack of availability, poor quality or location, lack of transportation, etc.). Among poor women, 34% said they were not working because of child care problems.

The Government Accounting Office tells us that increasing the supply of child care would raise the work participation rates of poor women from 29 to 44 percent. For near-poor women, the rates would rise from 43 to 57 percent. Thus, increasing the supply of safe, quality, affordable child care would help some women escape poverty while helping others avoid falling into it in the first place.

The religious community is a major provider of center-based child care. Throughout the nation, millions of children are cared for every day in church-housed child care. Our churches have long waiting lists of parents seeking quality care for their children. We