

many friendly countries. U.S. food aid has also helped ease the transition to market-oriented economies in many former communist countries. The efforts of other private voluntary organizations to build homes, teach skills, care for the sick and wounded, and shelter refugees have eliminated many of the underlying sources of political violence and military conflict.

The role of U.S. private voluntary organizations overseas has been extraordinary: no private-public partnership has been more effective in promoting key U.S. foreign policy goals. Americans owe these groups considerable gratitude for their vital contribution to our humanitarian objectives, our national security, and our international prestige.

But the dedicated and talented people who work for U.S. private voluntary organizations would not want note to be taken of their work without some attention also being paid to the human deprivation that still exists in the developing world. We need consider only the stunning data on world hunger to gain a sense of the scope of the world's unmet humanitarian needs. More than 13 million children die from hunger-related causes every year—an average of 35,000 each day, or 1,500 an hour. More than 180 million children are seriously malnourished today; many of those who survive will never reach their full physical and intellectual potential. The U.S. Department of Agriculture predicts that world food aid needs will double just in the next decade. Yet the food aid budgets of many countries are declining, food prices are rising, and farm surpluses are low.

U.S. food aid spending has been declining since 1993. The major farm bill enacted into law earlier this year included several measures that will make U.S. food aid programs more effective, but there is a limit to what we can do with declining resources.

Most Americans support U.S. Government food aid and other assistance to the world's poorest people. They want to help people in need, and they recognize that alleviating suffering make the world more secure and peaceful. As they learn more about the essential role played by private voluntary organizations in implementing the humanitarian programs of U.S. foreign policy, I am confident Americans will want to expand and improve those programs.

VETERANS EMPLOYMENT OPPORTUNITIES ACT OF 1996

SPEECH OF

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 30, 1996

Mrs. COLLINS of Illinois. Mr. Speaker, I am very pleased that we can bring this veterans' preference bill to the floor today.

I would like to congratulate Chairman JOHN MICA and ranking Member JIM MORAN of the Subcommittee on Civil Service on their work to craft this bill.

During a hearing held by the subcommittee in April, representatives of the veterans service organizations articulated concerns that the inevitable work force reductions, agency restructurings, and experimentation with more flexible personnel rules have great potential to

undermine veterans' preference. The provisions of H.R. 3586, which provide veterans increased protections during reductions-in-force, and which strengthen the administrative redress system should violations of veterans' preference occur, will ensure that those fears are not realized.

Veterans' preference in Federal civil service is a priority which has deserved and received broad bipartisan support in Congress for more than 130 years.

Since the Civil War, there have been statutory preferences in Federal civil service hiring for veterans of armed conflict, including special provisions for veterans disabled in combat and some eligible family members of disabled and deceased veterans.

A number of developments are increasingly affecting the proportion of veterans in the Federal work force and in the private sector. Those who remain of the 15 million veterans of World War II are into or approaching retirement. The youngest Vietnam veterans are already into their 40's and midway through their careers. Subsequent armed conflicts involving Americans in uniform have been limited in scope. It should be expected that the percentage of veterans in Federal employment will decrease as the percentage of veterans in the general work force decreases.

I am heartened by the reports from the General Accounting Office, the Office of Personnel Management, and from the Merit Systems Protection Board that the percentage of veterans currently in Federal employment and being hired by Federal agencies is significantly higher than in the general work force.

The existing preference rules for hiring and retention are generally working well. It is our hope that this legislation will guarantee that veterans' preference continues to be a central element of our civil service system.

CONFERENCE REPORT ON H.R. 3103, HEALTH INSURANCE PORT- ABILITY AND ACCOUNTABILITY ACT OF 1996

SPEECH OF

HON. GARY A. FRANKS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. FRANKS of Connecticut. Mr. Speaker, I rise today to express my support for the conference report to H.R. 3103, the Health Coverage Availability and Affordability Act. Passage of this conference report will ensure that Americans have access to health care coverage.

The conference report before us will bring about much needed reform to the insurance industry. It address such important issues as portability and pre-existing conditions. Individuals will no longer have to remain in a job they do not like in order to maintain insurance coverage. The portability provisions will ensure that individuals will not lose their coverage if they get sick.

The conference report also contains a 4-year demonstration project for tax deductible medical savings accounts for small business, the self employed, and the uninsured. The medical savings accounts will put the individual in charge of his or her health coverage.

Another important provisions of the conference report is the self-employment deduc-

tion for health insurance expenses. Under this provision the self-employed will be able to deduct a certain percentage of their health insurance expenses from their taxes. The deductible will increase from 30 percent to 80 percent in 2006.

Mr. Speaker, the time has come to enact meaningful reform of our insurance industry. This conference report does that. It is the result of many weeks of bipartisan negotiations. The provisions contained in this report will enable the American people to feel confident about their insurance coverage, while at the same time keeping it affordable. I urge my colleagues to support passage of this conference report.

MEDICARE WAIVER FOR THE WELLNESS PLAN OF MICHIGAN

HON. JOHN DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. DINGELL. Mr. Speaker, today, I am joining with a number of my colleagues in introducing legislation to help the Medicare population in Michigan. This bill will make it possible for a longstanding, quality federally qualified health maintenance organization [HMO] that primarily has served the Medicaid population, to become available to Medicare beneficiaries. The Wellness Plan is a not-for-profit 501(c)(3) federally qualified HMO serving several counties in Michigan, including the Detroit MSA. The Wellness Plan currently has 150,000 enrollees, 141,000 of whom are Medicaid, 12,000 commercial and 2,000 Medicare.

The Wellness Plan is a nationally recognized leader in providing quality health services to this population. Since 1993, The Wellness Plan has had a Health Care Prepayment Plan [HCPP] contract with Medicare. Technical changes enacted by Congress and effective January 1, 1996, unintentionally prevent the Wellness Plan from enrolling additional Medicare beneficiaries under the HCPP contract.

The Wellness Plan is positioned to become a full Medicare risk contractor but currently is precluded from doing so due to the 50-50 Medicare enrollment composition rule. Given that the Wellness Plan has an established managed care record with respect to both the Medicaid and Medicare populations, and that the Health Care Financing Administration supports The Wellness Plan receiving a plan-specific 50-50 waiver at this time, this bill should be moved through the Congress as soon as practically possible.

INTEGRATING THE \$500-PER-CHILD CREDIT WITH THE EITC TO IMPROVE BOTH

HON. THOMAS E. PETRI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. PETRI. Mr. Speaker, yesterday I introduced legislation to create one seamless system of tax breaks for families with children, combining the best aspects of the earned income tax credit, and the proposed \$500-per-

child credit. My bill will begin to alleviate the problems related to the current EITC such as the marriage tax penalty, the lack of additional help to low-income families with more than two children and especially the high marginal tax rates in the phaseout range. It will give families with children a tax break just as was the intent of the \$500-per-child credit but will do so in a more equitable way with most of the benefits targeted to the lower half of the income scale.

I ask that a description of the bill and a copy of a letter from the Joint Committee on Taxation scoring my bill be printed in the RECORD.

INTEGRATING THE \$500-PER-CHILD CREDIT
WITH THE EITC TO IMPROVE BOTH

Problems to be solved:

1. Current earned income tax credit (EITC)—a vital adjunct to welfare reform because it enables low-skilled people with kids to support themselves by working—has 3 big flaws:

a. contains high marginal tax rates (21% or 16%) during phaseout—when combined with other taxes and phaseouts (i.e. food stamps, housing subsidies, and a possible medicaid voucher), removes any incentive to get ahead because total marginal tax rate can top 100%;

b. contains high marriage penalties (\$6018 + \$750 income tax penalty in extreme case this year);

c. provides no extra help to larger families with greatest need.

2. \$500 per child tax credit in Balanced Budget Act (BBA) was skewed toward upper half of income distribution because it wasn't refundable. Almost half of all children wouldn't get full credit, including all in 2 parent families below following income thresholds (single parent thresholds are each \$3350 lower, but they are more likely to take full dependent care credit):

	With no dependent care credit	With full dependent care credit
1 child	\$17,684	\$21,524
2 children	23,567	29,967
3 children	29,450	35,850
4 children	35,333	41,733
5 children	41,216	47,616
6 children	47,099	53,499
7 children	52,982	59,382
8 children	58,865	65,265

At same time, EITC cuts in BBA hit families hard in upper 'teens and 20's. Example: couple with 2 kids, \$25,000 income, and no dependent care credit gets full \$1000 child credit but loses \$642 of EITC, for net tax cut of only \$358.

Solution:

1. For kids under 18, eliminate personal exemption (\$2550 in '96) and substitute \$1000 credit—provides net tax cuts per child as follows:

15% bracket (about 0 to \$40K taxable 1996 joint return income)—\$618.

28% bracket (about 40K to 97K taxable 1996 joint return income)—\$286.

Upper brackets—credit phases down to same value as a personal exemption for AGIs above \$110,000 (joint) & \$75,000 (household head), thereby providing no tax cut for families above those thresholds.

2. Universal \$1000 credit is refundable for those with earned income and substitutes for a major portion of the EITC—NO PHASE-OUT NECESSARY BECAUSE EVERYONE GETS IT. Provide extra EITC to PARENTS—maximum of \$1665 for couples and net of \$1267 for single parents (due to their lowered tax threshold), phased out at 10% for couples and 11% for single parents.

Advantages:

1. Costs \$11 billion less than \$500 credit + EITC cuts in '97 Budget Res.;

2. Tax cut is progressive;
3. Credit itself is doubled;
4. Maximum EITC marriage penalty cut from \$6018 to \$2770 in '96 & more later;
5. EITC marginal tax (i.e. phaseout) rates cut from 16% & 21% (current law) or 34% (BBA conference report maximum) to 10 and 11%;
6. Provides extra \$618 per child for WORKING poor families with more than two kids;
7. Supports welfare reform in which basic income of able-bodied is wages plus general tax credits plus a general health plan voucher.

JOINT COMMITTEE ON TAXATION,

Washington, DC, June 13, 1996.

Hon. THOMAS PETRI,
House of Representatives,
Washington, DC.

DEAR MR. PETRI: This letter is in response to your request of May 22, 1996, for a revenue estimate of a proposal to provide tax credits for certain families with children. The proposal would change the present-law earned income tax credit into a refundable parental credit and would replace the personal exemption applicable to dependents under the age of 18 with a refundable dependent credit.

The new dependent credit would allow a taxpayer a credit equal to 12.5 percent of earned income up to \$8,000 for each of two dependents under the age of 18, the credit would be equal to 4 percent of earned income up to \$25,000. For all other dependents under the age of 18, the credit would be 3.33 percent of earned income up to \$30,000. The maximum credit would be \$1,000 for each eligible dependent.

The new parental credit would be 15 percent of earned income up to \$11,000 for non-joint returns. The maximum credit would be \$1,650. For joint returns, the parental credit would be 18.5 percent of earned income up to \$9,000. The maximum credit would be \$1,665.

The dependent credit would be phased out in two stages. The initial phasedown would reduce the credit for each dependent by 5 percent of modified adjusted gross income ("AGI") in excess of \$75,000 (\$110,000 for joint returns) up to a maximum reduction of \$272. The remaining credit would be phased out as is the present law dependent exemption. That is, the credit would be reduced by 2 percent for every \$2,500 or part thereof by which the taxpayer's AGI exceeds the threshold amount (\$118,150 for single returns, \$177,250 for joint returns and \$147,700 for head of household returns in 1996).

The parental credit would be phased out at a rate of 11 percent of modified AGI in excess of \$11,600 for non-joint returns and 10 percent of modified AGI in excess of \$12,000 for joint returns.

Modified AGI would be equal in AGI plus nontaxable Social Security benefits, certain alimony and child support payments in excess of \$6,000 per year, tax-exempt interest, certain nontaxable pension income and minus certain capital and business losses.

In general, the dependent credit would not be indexed. The second stage phaseout level would continue to be indexed as under present law.

In the case of the parental credit, the credit percentage and phaseout threshold for non-joint returns would be indexed beginning in 1999 at a rate 2 percentage points lower than that applicable to other tax parameters. For other returns the credit percentage and phaseout threshold would be indexed beginning in 1998 at a rate 1 percentage point higher than the rate applicable to other tax parameters.

This proposal, effective for taxable years beginning after December 31, 1996, would have the following effect on Federal fiscal year budget receipts:

[In billions of dollars]

	Fiscal years						
	1997	1998	1999	2000	2001	2002	1997-2002
3.5	-19.9	-18.4	-17.1	-15.9	-14.9	-89.7	

Note.—Details do not add to total due to rounding.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,

KENNETH J. KIES.

OPPOSES MINIMUM WAGE
INCREASE

HON. ENID GREENE

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. ENID GREENE of Utah. Mr. Speaker, 2 months ago, I voted against the Riggs amendment to increase the minimum wage because I believed it will have negative consequences—particularly for those it portends to help.

I remain convinced that, on its own, increasing the minimum wage will result in the loss of thousands of entry-level and low-wage jobs, which are needed not only by young people but also by those who are seeking to reenter the work force.

Raising the minimum wage is a tax on an employer who is offering someone a job. It is not paid by all Americans, but only by those who seek to employ others. The natural result is that there will be fewer jobs available.

History shows that raising the minimum wage costs jobs. In fact, since 1973, congress has increased the minimum wage nine times. In each case, except one, unemployment increased. The one exception was during the period 1977–79, when the economy was growing robustly at over 5 percent annually. We are not now enjoying such growth. While I sincerely hope to be proven wrong, I remain concerned that raising the minimum wage will cost jobs.

Nevertheless, I voted for the Small Business Job Protection Act today because I believe that the construction of job opportunities for those who seek work will be at least partially offset by the tax breaks for small business that have been added to the bill in conference. Since it is clear that Congress will raise the minimum wage, I voted for this conference report, with its added tax relief provisions because I believe it encompasses the best means we have of softening the negative effects—that is, job loss—of a minimum wage increase during these lethargic economic times.

In addition, Mr. Chairman, I am particularly pleased that this bill contains key provisions from the Adoption Promotion and Stability Act to assist loving, caring Americans who are willing to open their homes and provide permanent, loving and stable homes for adoptive children.

In a successful adoption, everyone wins—the dearly wanted child, who is brought into a loving home; the adoptive parents, who have welcomed the child into their lives; and the birth parents, who know that their child is well cared for. Unfortunately, there are barriers that reduce the number of successful adoptions