

27 years. It is only appropriate that the House recognize Assistant Sheriff Bradford today as he begins his well deserved retirement.

#### PENSIONS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 27, 1996

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, March 27, 1996 into the CONGRESSIONAL RECORD.

#### PENSION PLANS: SAVING FOR A SECURE RETIREMENT

I am impressed by how many constituents stress the importance of working toward a good pension and a comfortable retirement. They put in many long hours to pay the bills and put their kids through school. They emphasize the value of hard work and sacrifice, and believe that a life of hard work should be rewarded with a secure retirement.

Many, however, are increasingly concerned about the outlook for their retirements. They find themselves working harder, often at more than one job, but can't seem to find the money to put away for retirement. In the past, Americans could rely on their employer to guarantee a pension, but the trend in recent years has been toward employers providing less generous pension benefits or no benefits at all, reflecting in part the shift from manufacturing to service-oriented businesses.

The average American will live about 18 years in retirement, more than ever before. Workers will need on average 70% of their pre-retirement income to maintain their standard of living. Today, half of all full-time workers have no private pension coverage. Most Americans rely on a combination of Social Security, individual savings, and pension plans for retirement, but traditional pension benefits represent a shrinking portion of retirement income. Since few pension plans are adjusted for inflation, the benefits retirees ultimately receive can only go so far. Increasingly, employees, rather than employers, are responsible for their pension savings and investment.

#### PENSION PLANS

There are two basic types of private pensions. The more traditional pension plan—a defined benefit plan—involves a company guaranteeing its workers a set monthly pension benefit based on earnings and years of service. A defined contribution plan, in contrast, involves an interest-bearing account established for each employee into which a contribution is made by the employee, and sometimes the employer. The employee is not guaranteed a set monthly benefit, but receives whatever funds are available in his account upon retirement. Of the 64 million active participants covered by private pension plans, about 39% are covered by a defined benefit plan, while the remaining 61% are covered by a defined contribution plan.

In recent years, many employers have shifted from defined contribution plans. The federal government insures and regulates defined benefit plans, adding to their overall cost. Defined contribution plans, like 401(k) plans, are not federally insured and are less complicated and less costly for employers. Career employees tend to favor defined benefit plans because the pension is more predictable and larger. Employees who often change jobs fare better under defined contribution plans because they are portable.

#### CONCERNS

Concerns have been raised about both types of plans. Defined benefit plans are gen-

erally considered safer than contribution plans because they are federally insured and the employer bears the investment risk. Current law, however, does permit businesses to underfund their plans. Furthermore, the soundness of the government fund which insures defined benefit plans has been questioned. Most pension funds are adequately funded, but the federal insurer, the Pension Benefit Guaranty Corporation, has had to step in to pay benefits when bankrupt companies have been unable to do so. Congress, with my support, has taken steps to shore up the insurance fund, but underfunding continues to be a problem among some plans.

Defined contribution plans create a different set of problems. There are substantial funds invested in these plans. Today 401(k) plans, for example, hold \$550 billion in assets for 22 million employees, and these plans continue to grow. These plans, however, are not federally insured. Also, recent news reports have shown a number of these plans to be susceptible to fraud. Investment decisions and risks lie with employees. Consequently, more responsibility is placed on employees to know what options they have, to invest their contributions wisely, and to monitor the management of pension funds.

#### POSSIBLE REFORMS

Congress can take steps to protect pension plans.

First, Congress should block efforts to let employers withdraw money from currently overfunded pension plans. Current law allows companies to use assets from overfunded plans only for retiree health benefits. Speaker Gingrich favors a change in the law to permit companies to raid surplus pension assets for other business purposes. I strongly oppose this proposal.

Second, Congress should consider ways to ease the regulatory burden on pension plans to encourage more companies, particularly small businesses, to establish plans for their employees. Tax incentives and simplified, uniform regulations for employers who offer plans can do much to offer American workers some security in their retirement.

Third, we should look for ways to make pension plans more portable. As workers move from job to job, it is important that they be able to carry benefits and contributions with them. Defined contribution plans offer workers this option, and because of the growth in such plans over the last 10 years, workers' pension plans have become more portable. Defined benefit plans are less portable than contribution plans because employers want to encourage their employees to stay at their jobs. In cases where employees do leave, they should be encouraged to roll over their contributions into an IRA rather than cash out their contributions.

Fourth, we must look at ways to further protect the assets which workers invest in 401(k)'s and other contribution plans, particularly given their recent enormous growth. The Labor Department has proposed several reforms, such as shortening the time an employer has to deposit employee contributions from the current 90-day period and encouraging employers to offer workers general investment information so that employees can better monitor their own plans.

#### CONCLUSION

Americans understand that planning for the future is crucial, and the sooner they start to save the better. It has become increasingly difficult, however, for workers to set aside a portion of shrinking salaries for retirement.

Congress should consider measures to protect the integrity of the private pension system as well as Social Security, and encourage businesses to expand coverage to those without a pension plan. I have co-sponsored

a bill that would create a federal commission to study the pension issue and develop proposals to increase participation in pension plans and provide more protection for pension assets.

#### JOB CORPS IMPROVEMENT ACT OF 1996

HON. BOB FRANKS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 27, 1996

Mr. FRANKS of New Jersey. Mr. Speaker, today I am introducing legislation to make the Job Corps safer for program participants and more cost-effective for taxpayers.

I support the Job Corps and its important mission. But for too long, Congress has tolerated too much waste, fraud, and inefficiency in this program. The American taxpayer wants more accountability, and the young people that the Job Corps serves need to better prepare themselves for an increasingly competitive job market. My legislation targets these two goals.

Job Corps was created more than three decades ago as part of President Lyndon Johnson's war on poverty. Presently, it is funded at over \$1 billion a year, and it is the largest job training program for disadvantaged youth between the ages of 16 and 24.

In 1994, a survey of Job Corps students showed that 68 percent of enrollees had two or more barriers to employment, including not having a high school diploma, lacking basic skills or having limited English proficiency. The program currently serves over 60,000 young adults in 46 States.

The original idea behind Job Corps was to give disadvantaged youths a hand up in order to avoid a lifetime of hand-outs. But as times have changed, so have the problems facing Job Corps students.

And in too many instances the Federal Government has been too slow in adopting policies to adjust to changing times. Today many Job Corps students come from one parent homes in communities ravaged by crime, drugs, and violence—problems whose proportions could scarcely be imagined a generation ago.

In order to maintain an environment within which young people can learn, the centerpiece of my bill institutes a zero tolerance policy for drugs, alcohol abuse, and violence in the Job Corps. I know the Job Corps bureaucracy has recently made strides in combating these scourges. But because violence, alcohol abuse and drugs are anathema to a productive learning environment, Job Corps students deserve a guarantee in law that these centers can be a sanctuary where students can live and learn without fear. My bill ensures that those who enter the Job Corps in order to learn can do so, and those who enter the program without that commitment will be weeded out before they disrupt those who are intent to learn new job skills.

My bill also contains a provision requiring the Department of Labor to undertake an in-depth, comprehensive review of the entire Job Corps program. The purpose of this review would be to ascertain what the Job Corps does well and where further improvement is needed. Such a review has not taken place since 1982, and hard data on how well the

Job Corps is fulfilling its mission is largely unknown. For example, the Department of Labor estimates that the overall job placement rate for Job Corps graduates is 70 percent, but some centers have had rates as low as 20 percent for 5 consecutive years. Furthermore, a recent General Accounting Office study found that fully 15 percent of Job Corps' job placement verification procedures were invalid. That means that some Job Corps centers were reporting that their graduates were finding jobs, when in fact they were not.

Reforms are needed to ensure that Job Corps enrollees obtain work upon graduation, and are not merely shuffled through the program. Considering that the average Job Corps student costs taxpayers \$24,000 to train, it is no longer acceptable to assess the performance of this program by collecting anecdotal evidence. The comprehensive Job Corps review called for under my legislation is closely modeled after a proposal offered by Senator ARLEN SPECTER of Pennsylvania that passed the Senate last October. It will give Congress and the Department of Labor credible statistics that will allow us to make informed judgments on how best to improve and strengthen this important job training program.

My bill also limits the spending on the Job Corps bureaucracy to 13 percent. Currently 18 percent, or over \$180 million is spent on administering this program. That figure is too high, and indicates that efficiencies can be made within the bureaucracy to reduce costs. I want more money spent on students, not on bureaucrats. My bill would force the Department of Labor to examine Job Corps' overhead budget, find the waste and eliminate it.

Today, there are 109 Job Corps centers throughout the country. In an effort to upgrade the performance of each of them, my bill would eliminate the 10 worst Job Corps centers in the Nation by the end of the century. At some Job Corps centers, the buildings and living quarters are in disrepair, the management is inept, the training that students receive is ineffective, and worst of all, violence and drugs are prevalent. Those centers need to be cleaned up or closed down, so the funds saved from their closure can be funneled to productive, well-run centers.

Job Corps is the most expensive Federal youth employment and training program. Despite the fact that Congress is consolidating nearly 100 education and training programs into State block grants, funds for Job Corps are actually slated to increase. The reason Congress has retained this program is because it has demonstrated some meaningful success. Many people are unaware that Job Corps students who do complete their training are five times more likely to get a training-related job, and training-related jobs pay 25 percent higher wages. Moreover, employers who hire Job Corps graduates are generally satisfied with their Job Corps hires.

My bill preserves what is right about Job Corps, and strengthens it for the future. It makes significant reforms to this program, with the promise of additional reform when the comprehensive performance review it calls for becomes available. The Federal Government's investment in this program is too great not to demand improvements, and the at-risk youths this program serves need what this program offers more than ever.

Mr. Speaker, without the Job Corps, many of today's disadvantaged youth would be un-

skilled, unemployable, and without hope. When it is successful, the Job Corps breaks the cycle of despair and turns unfocused youths into productive citizens. I support an effective Job Corps, and I will continue to fight to improve this important program.

#### THE 35TH ANNIVERSARY OF THE PEACE CORPS

SPEECH OF

HON. JACK QUINN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, March 26, 1996*

Mr. QUINN. Mr. Speaker, 35 years ago President John F. Kennedy had a dream. He wanted to share America's idealism and know-how with other nations, not just through impersonal foreign aid loans or grants, but more importantly through direct people-to-people contact. He wanted American citizens to work directly in foreign nations, helping those in need to learn how to develop the basic skills necessary to promote their own well-being and advancement. As a result of his dream turned into reality, whole societies have gained insight and experience in improving their lives, from learning how to drill wells and improve their agricultural output to developing the social, educational, and medical skills necessary for their well-being.

This program, established through the Peace Corps Act of 1961, now provides programs in over 90 different countries. Its purpose, to promote world peace and friendship, to help other countries in meeting their needs for trained men and women, and to promote understanding between the American people and other peoples served by the Corps has had an unprecedented record of success.

Volunteers from throughout the Nation, including many from my own northwestern New York, have selflessly given of themselves through 2-year commitments in foreign countries where they lived and worked as integral parts of the communities in which they served.

Peace Corps volunteers today work in six basic program areas: Education, agriculture, health, small business development, urban development, and the environment. Community-level projects are designed to incorporate the skills of volunteers with the resources of host country agencies and other international assistance organizations to help solve specific development problems, often in conjunction with private volunteer organizations.

In the United States, the Peace Corps also serves an important purpose in promoting a better understanding of the people and cultures of other countries. Through the Peace Corps World Wise Schools Program, volunteers are matched with elementary and junior high schools throughout our Nation to encourage an exchange of letters, pictures, music, and artifacts. Participating students increase their knowledge of geography, languages, and different cultures, as well as learning the value of volunteering, whether in their own communities or in faraway nations.

The Peace Corps is a dream that fortunately became a reality. It is a program for which every American can be proud, both for what it has accomplished and for what it is now doing. To the Peace Corps and its thousands of volunteers, I offer a sincere congratulations and thank you on this, its 35th anniversary.

#### CONGRATULATIONS REPUBLIC OF CHINA

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, March 27, 1996*

Mr. BURTON of Indiana. Mr. Speaker, on March 23, 1996, the people of the Republic of China on Taiwan overwhelmingly elected Lee Teng-hui as their first directly elected President. Mr. Lee's landslide victory was a clear indication of the voters' confidence in President Lee's ability to handle the challenges that lie ahead for his country. The voters' enthusiasm for this election also proves that democracy is not a system of government unimportant to Asians. The Republic of China on Taiwan should be commended for taking this final step in its transition to a full-fledged democracy, and in my opinion, President Lee is the perfect man to lead Taiwan to even greater achievements in the future. I congratulate the people of the Republic of China on Taiwan on their presidential election.

#### TRIBUTE TO THE LATE POLICE COLONEL BENJAMIN FRANKLIN AGUON LEON GUERRERO

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, March 27, 1996*

Mr. UNDERWOOD. Mr. Speaker, the island of Guam lost one of its premier public servants last Friday night March 22. Guam Police Col. Benjamin Franklin Aguon Leon Guerrero, a man who dedicated half his life in service to the people of Guam through the police department, was stricken by a heart attack which caused his untimely death. He was only 44 years of age.

Col. Leon Guerrero, a close personal friend, worked through the ranks at the Guam Police Department starting out as a patrol officer. Prior to joining the police force, I vividly remember him as a school aide working under my supervision at George Washington High School in Mangilao. Since then, I eagerly watched his rise in the ranks while taking upon various tasks for the department of public safety, the department of corrections, and the Guam Police Department. He went on to become the most senior ranking classified officer in the Guam police force. He was later appointed to be the deputy chief of the Guam Police Department.

I must also make special mention that he was a published poet and a graduate of the 156th session of the Federal Bureau of Investigation [FBI] National Academy. In fact, it wasn't too long ago that I submitted a statement in the CONGRESSIONAL RECORD commending him for having been the first president of the FBI National Academy Hawaii Chapter to hail from outside the State's confines.

His more than 20 years of public service yielded him a collection of awards and decorations. They include the J. Edgar Hoover Medal for Distinguished Public Service, the Guam Police Commendation Service Award, the Guam Police Distinguished Service Medal, the Commanding Officer's Citation, and the Exception Performance Award. He is also listed