

years, 1998–2000, by not less than 300 full-time persons each year. Not less than one-half of these new INS inspectors shall be assigned to the northern border. Similarly, Customs inspectors shall also be increased at the land borders by not less than 150 full-time persons in each of 3 fiscal years, 1998–2000, and not less than one-half of the Customs inspectors in each year shall be assigned to the northern border.

Mr. Speaker, I believe my new bill more comprehensively addresses the problematic issues that currently are found in section 110. It is critical that section 110 as it currently stands be amended in order to avoid unnecessary chaos at both the northern and southern land borders. An automated entry-exist system is not one to be implemented without careful consideration of the many issues involved. The Border Improvement and Immigration Act of 1997 provides the basis for making a decision on whether to go forward with such a system.

#### STATEMENT COMMENDING HANOVER COUNTY PUBLIC SCHOOLS

##### HON. TOM BLILEY

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mr. BLILEY. Mr. Speaker, today I would like to recognize Hanover County public schools as the first school system ever to win the U.S. Senate's Award for Continuing Excellence, or ACE. The ACE is awarded to organizations demonstrating "sustained exemplary performance in quality and productivity improvement." Since its establishment 14 years ago, it has only been given out six times, and never before to a public school system. Originally designed to recognize quality in private business, ACE has expanded over the years to include public sector agencies and remains one of the Nation's most prestigious awards.

Hanover County public schools have repeatedly been recognized for the excellence of their programs, the commitment of their teachers and administrators, the support of their parents and the community, and the achievement of their students. They qualified for the continuing excellence award by winning the Medallion of Excellence Award in 1991 and have continued to maintain a high performance on standardized tests, a high percentage of advanced studies graduates, and an exceptionally low drop-out rate.

The U.S. Senate's Award for Continuing Excellence is a tribute to the dedicated efforts of the many individuals who have created in Hanover County one of the finest public school systems in Virginia, and in the Nation.

#### STRONG ENCRYPTION NEEDED TO PROTECT NATIONAL SECURITY

##### HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mr. DREIER. Mr. Speaker, computers not only make virtually every aspect of our lives easier, we depend on their efficient operation to help safeguard our national security, econ-

omy, and way of life. Yet all it takes is a determined criminal with a personal computer and an Internet connection to cause a great deal of harm. That's why it's crucial that America protects sensitive information in computers with the best technology available.

Ensuring the security of information stored in computers, and preventing criminals from breaking into critical systems requires encryption software, which uses mathematical formulas to scramble sensitive information so it can only be accessed by authorized users, who have the 'key' to decode the material. The more complex the formula, the tougher it is for an unauthorized user to decipher the scrambled material. While American companies generally hold an edge over their foreign competitors in the development of advanced encryption software, export controls allow them to export only relatively simple encryption products. Over 400 companies outside the United States produce encryption software, and most are not subject to the same restrictions as U.S. companies. These companies are increasing their share of the rapidly expanding world market for encryption software at the expense of U.S. firms, which are not allowed to compete.

The Clinton administration has proposed a radical change in encryption policy, one that would impose a mandatory key recovery system on encryption software used in the United States and exported abroad. Key recovery would require the maintenance of a centralized databank with all the Nation's encryption keys, and is primarily intended to help law-enforcement and increase national security. If police or other law-enforcement officials believe criminals have encrypted information that would help prevent a crime or catch a law-breaker, they would obtain a court order, then retrieve the key from the centralized database. They could then convert the encrypted information back into its original form. Not only does this proposal raise concerns about how to prevent criminals from breaking into the key database, and about the privacy of law-abiding users of electronic commerce and Internet communications, it probably won't work.

While the Clinton administration is working to require that U.S. companies only export advanced encryption software that uses a key recovery system, many other nations will impose no similar requirement on their firms. Because criminals will find it easy to import that software over the Internet, by electronic mail, on compact discs, or in some other way, they will continue to use encryption programs that U.S. law enforcement agencies don't have keys to. The people most affected by the mandatory key recovery system will be lawful Internet users, not the criminals and terrorists it is intended to combat.

Furthermore, prohibiting the export of encryption programs that don't include a key recovery system will make it impossible for American companies to compete with foreign firms that are not similarly limited. American companies will stop competing in a key technology in which they now hold a lead. It will cost U.S. jobs, and prevent advances in a technology that is critical to defending the United States from terrorists, criminals, and even simple hackers. Instead, Congress should lift the controls on encryption software, encourage development of this promising technology, and focus resources on helping police develop better tools to catch criminals

who use encryption in the commission of a crime.

#### THE WORKING AMERICAN'S TAX RELIEF ACT

##### HON. MAX SANDLIN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mr. SANDLIN. Mr. Speaker, I rise today to introduce legislation to improve take home pay and reduce taxes for every working American earning a paycheck. The bill, titled the Working American's Tax Relief Act, allows taxpayers to deduct from their taxable income that portion of their income withheld for payroll taxes.

The economic report of the Census Bureau this fall had good news for many Americans. The economy is growing, median income rose for the second straight year, unemployment is low, and welfare rolls are dropping.

However, the working families and small businesses of America are not reaping the rewards of our recent prosperity. Average wages for full-time male workers fell last year, and median income has not fully rebounded since the last recession, leaving the living standard of a typical family below 1989 levels. For the 60 percent of American households in the lower- and middle-income brackets, the situation is even more grim. Real income for these families has fallen for the past 7 years.

Mr. Speaker, this is why people seem to be working harder and longer and not getting ahead. This is why Americans working a 40-hour week struggle to make ends meet. There were many good provisions in the Taxpayer Relief Act of 1997, and I supported the bill. However, the Working Americans Tax Relief Act builds on our success and offers much needed tax relief to every American bringing home a paycheck.

Including both the employee and employer contribution, over 70 percent of Americans pay more in payroll taxes than in Federal income tax. Even worse, the burden of this tax falls most heavily on the over 90 percent of Americans who earn \$65,400 or less. Working, middle-class Americans earning up to \$65,400 a year pay a combined 15.3 percent of their income to fund the Social Security and Medicare programs. For taxpayers earning more than that, every dollar earned over \$65,400 is earned payroll tax free. Small businesses pay this tax regardless of the profits they make in a year, and for many small businesses payroll taxes have become the greatest tax burden. Small business owners and employees need relief from the tax. I am not proposing to change the structure of payroll taxes in America, but I am proposing to make the burden of the tax easier to bear.

American taxpayers currently pay income taxes on the portion of their income withheld from their paychecks for payroll taxes. Compounding the injustice of this tax is the fact that many of these taxpayers will again pay taxes on this income when they receive it back in the form of Social Security benefits after retirement. To eliminate this double taxation and offer the average American worker over \$1,000 in tax savings, my bill grants all workers, including the self employed, a deduction from taxable income equal to the amount of that worker's payroll taxes.

I urge my colleagues on both sides of the aisle to join me in supporting legislation to end double taxation of income and offer real tax relief for middle-class Americans and small businesses.

NATIONAL DRUG CONTROL  
STRATEGY

**HON. ROB PORTMAN**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mr. PORTMAN. Mr. Speaker, I rise today to express my serious concerns about the failure of the Department of Defense to provide sufficient support for the National Drug Control Strategy in its fiscal year 1999 request. I also would like to commend the Office of National Drug Control Policy for refusing to certify the DOD budget request.

After making tremendous progress in the war on drugs from 1979 through 1991, drug abuse among our young people has been rising significantly over the past 5 years. Drug abuse is not only threatening the health and lives of our young people, it is a predominant factor behind violent crime, welfare dependency, teenage pregnancy, rising health costs, lower economic productivity, the spread of AIDS, and many other problems. Now is not the time to be backing away from our responsibilities to attack this problem.

Many of us in Congress have been working hard over the past few years to reverse these disturbing trends. We have been working in cooperation with General McCaffrey to support and enhance the National Drug Control Strategy. We must continue to support the goals of the strategy on both the supply and demand sides.

We strongly support the effort to ensure that the Department of Defense amends its fiscal year 1999 budget request to include an additional \$141 million in drug control initiatives. These funds are absolutely essential to enhance efforts in the Andes, the Caribbean, Mexico, and along our borders, where this battle has to been fought initially. With a strong effort in source countries and along our borders, we can help reduce the use of drugs in the United States, which is crippling our young people.

Currently, counterdrug spending represents only 0.3 percent of the total Department of Defense budget. Despite rising drug use, the Department's counterdrug effort has declined by 2 percent since fiscal year 1996.

I also believe that it is vitally important to have a coordinated effort with leadership from the Office of National Drug Control Policy. This is a good example of why we need a drug czar. If we all stand behind the same goals and work hard in every agency and in Congress to support and enhance the anti-drug efforts at home and abroad, we will reverse the disturbing escalation in illegal drug use in our communities.

I call on the Department of Defense to bring its budget request in line with the National Drug Control Strategy and to help support the comprehensive Federal effort we must have if we are going to reduce drug abuse.

THE NATIONAL HEALTH SERVICE  
CORPS SCHOLARSHIP PROGRAM  
INCENTIVE ACT OF 1997

**HON. NANCY L. JOHNSON**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mrs. JOHNSON of Connecticut. Mr. Speaker, for many years our Government has supported health care training programs to increase the number of health care professionals to serve our Nation's people. One of the most successful health training programs we have created is the National Health Service Corps Scholarship Program. Enacted more than 20 years ago, the purpose of this program is not only to encourage the training of top quality health care professionals but also to improve access to health care for Americans living in medically underserved areas.

This program encourages the training of primary care providers, focuses on preventive care, and targets medical manpower shortage areas. The graduates of this program work in our migrant health centers and in both rural and inner city community health centers, such as the community health center in my hometown of New Britain.

Program recipients are given a scholarship award, covering the costs of tuition and fees, together with a monthly stipend covering living expenses. In response to this award, the National Health Service Corps scholars are obligated upon completion of their training to provide a year of full-time primary health care in a designated shortage area for each year of scholarship funding. These areas are located in some of our Nation's neediest communities which are desperate for primary care providers.

Unfortunately, Mr. Speaker, this successful program is now in jeopardy—not from lack of funds, but from the new IRS interpretation of section 117(c) of the Internal Revenue Code to treat these scholarship amounts as fully taxable income.

Many scholarship recipients have tuition and fees amounting to more than \$36,900; income tax withholding at the required 28 percent can eat up nearly all, if not all, of the stipend portion of the award. If the student has additional income—a part-time job for example—he or she could face an additional tax liability on that income, though their money available for daily living expenses has not changed.

I have been contacted by a concerned student regarding this IRS interpretation. Jenny, a student at Yale University, is studying to be a nurse practitioner. As a recipient of a National Health Service Corps Scholarship, her \$30,000 a year tuition is paid directly to the school; she receives \$3,500 toward school fees, equipment, books and supplies, and a small stipend for living expenses for which income taxes are withheld. She was recently notified by the Department of Health and Human Services that income taxes would be withheld on the scholarship money as well.

Jenny will now be taxed at the 28-percent rate because the entire scholarship amount will now be included in her income, even though she never sees the majority of this money that is sent directly to her school for tuition. Jenny is now worried about her living expenses, because the new additional withholding will almost eliminate the stipend that

she relies on for her room and board. Since Jenny already has a lot of debt from her undergraduate student loans, this abrupt change in policy threatens her ability to afford to stay in school and makes it more difficult to fulfill her obligation to work as a nurse practitioner in an underserved area, where her wages would likely be lower.

In my view, the IRS position regarding its application of section 117(c) is simply wrong. First, this money is not disguised future compensation. In fact it is the opposite. It is recognition of the compensation forgone as a consequence of going to work in an inner city or underserved rural area where wages are often low because there are not the resources needed to support a health care professional's income. Second, there is little difference between the obligations required under the National Health Service Corps Scholarship Program and the obligations required by the debt forgiveness provisions we enacted this summer in the Tax Payer Relief Act of 1997. And there should not be a difference in the tax treatment of the school scholarship or loan amount in terms of taxable income.

Through the passage of the Tax Payer Relief Act, we in Congress affirmed our support for favorable tax treatment of medical student loans forgiven in exchange for future service in medically underserved areas. It seems inconsistent and arbitrary to tax a scholarship given in exchange for a future commitment of public service in a medically needy area, while exempting a student loan forgiven for a similar commitment from the tax.

We need to correct this aberration in tax policy now before this successful program is destroyed. We need to take immediate action to clarify the Tax Code so that those students who wish to undertake the obligations of the program are assured stable, predictable financing of their academic program in exchange for a commitment to serve our underserved communities. It is also important to ensure that communities continue to have access to low-cost, quality health care services and that community and rural health centers will continue to have health professionals available.

My bill will reverse the IRS position regarding the taxability of these scholarships. It will rectify tax policy inconsistency, and it will ensure that a well-run and successful program is not devastated by a bureaucrat operating in clear contradiction of the intention of this valuable, proven program. In addition, it will let people like Jenny continue with her studies and be assured that her scholarship and stipend are intact.

I ask my colleagues to join me in cosponsoring this legislation to save the National Health Service Corps Scholarship Program.

60TH ANNIVERSARY OF THE CALUMET CITY CHAMBER OF CONGRESS

**HON. JERRY WELLER**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mr. WELLER. Mr. Speaker, I rise today to honor the 60th anniversary of the Calumet City Chamber of Commerce, an organization who represents a community rich in heritage.