

part of our legislative agenda in this Congress, a kids' health care initiative.

The initiative that we have put forward was basically developed by the Democratic Health Care Task Force, which I happen to be one of the co-chairs. I wanted to mention, Mr. Speaker, that our task force has held numerous meetings and hearings on the issue of kids' health insurance. Testimony has been submitted from child advocacy groups, health care providers and actual families.

In addition, discussions have been held with the Health Care Financing Administration, representatives from the insurance industry and some of our Nation's Governors. Democrats have been dedicated, basically, and shown a commitment to developing a workable plan that will first build upon the foundation of Medicaid; second, provide States with additional resources to meet the health care needs of children in working families; and, third, enact private insurance reforms to make it easier for families to purchase children only policies.

I have to say, Mr. Speaker, that if it were not for Democrats leading the charge on children's health care, it probably would not have been included in the budget resolution that we will be considering tomorrow in conference.

In 1996, dozens of my Democratic colleagues joined me in writing a letter to the President, to Secretary Rubin and to Secretary Shalala urging inclusion of funds to provide assistance for the Nation's 10 million uninsured children. As the Speaker knows, the President's initial fiscal year 1998 budget did include monies for children's health care.

I want to commend the President, because President Clinton basically held his ground and insisted on including monies for children's health care in the balanced budget agreement that will be coming back from the conference tomorrow. What I am hoping is that the Democratic initiative, the Health Care Task Force initiative, will be included as part of this budget resolution. It will be ready for reconciliation, which we will of course begin to consider next week.

Without getting into the details of the Democratic caucuses plan, though, right now, I would like to yield some time to one of my colleagues on the Committee on Commerce, who has been very active in the kids' health insurance issue, the gentleman from Ohio, Mr. STRICKLAND.

Mr. STRICKLAND. Mr. Speaker, I want to thank my friend for yielding me this time. It is disturbing to me that in a country which is making progress on many fronts, where the economy is doing well for most Americans, where the deficit is shrinking, that we continue to have a health care crisis in this country. Some 40 million Americans are without health insurance, and the sad, tragic fact is that over 10 million of that number is composed of America's children.

We are a country that claims to value our children. We use children in

commercials to sell products, everything from toilet paper to new houses. We talk about how much we value children and that we are a child centered society. But I believe that a country's values are best reflected, most accurately reflected in the behaviors and the public policies that it pursues rather than in the words that its leaders speak.

Ten million children without health insurance. And who are these kids? Some think that they are only composed of children whose parents are not working or who are on welfare, but of course that is absolutely not the case.

Currently, children whose parents receive welfare benefits, and are qualified to do so, the parents of those children do have access to quality health care through the Medicaid program. But many of the children, in fact most of the children that are without health care coverage in this country today, are the children whose mothers and fathers work.

They work full time, most of them. Most of them are from two-parent homes, and yet their parents work for employers that, for sometimes good reasons, other times for not good reasons, do not have health care benefits as a part of the employment package of benefits. And yet their wages are so low that they could not possibly go on the open market and purchase health insurance for their children. So these kids do without. They do without timely and appropriate dental care. Many of them do without those kinds of annual examinations which every pediatrician recommends in order to identify problems early so that they can be promptly treated and remediated.

So today, in this country, a rich country, a country that boasts of a booming economy, low unemployment, a shrinking deficit, at a time when we are talking about having a balanced budget, there are many Americans, and many in this Congress, I am sad to say, who seem to be unconcerned about 10 million American kids.

I am happy that the President is proposing in this budget agreement that we extend benefits to at least five additional million, but it troubles me, it really troubles me that we are not talking in terms of all of our children and making a commitment to using our national resources as they ought to be used to make sure as a priority that America's children, regardless of their economic situation, regardless of what families they come from, that those children have access to quality, timely, appropriate health care.

So as we look forward to the next weeks and months in this chamber, it is my hope that the American people will begin to express themselves, and that conservatives and liberals alike will say that 10 million American children without health insurance is unacceptable and we will not tolerate it for a longer time.

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Mr. PALLONE. I want to thank the gentleman from Ohio Mr. STRICKLAND for his comments. He brought up a number of things that I think are very important. I have tried and sometimes I am partisan, sometimes I am not. On this particular occasion, I tend to be very partisan.

Really, for a long time, the Republican leadership was essentially ignoring this issue of kids' health insurance, the 10 million uninsured children that my colleague mentioned. Now that it is in the budget agreement, and presumably there is a pot of money, I think about \$16 billion over 5 years, that is available for this.

It is not likely that that amount of money would cover, as my colleague said, more than about half of the 10 million children. But, obviously, what we want to do as Democrats is to make sure, on the one hand, that the \$16 billion that is available covers as many kids as possible. Then we also feel very strongly as a group, and I know the Democratic task force does on health care, that we need to go beyond that and try to find a way to insure the other kids that are not currently insured.

There are obviously various ways to go about this. The gentleman from Ohio mentioned the Medicaid program, which is of course our primary program now for those who are below the poverty level or close to the poverty level. One of the things that we have noticed in the task force in some of the hearings and meetings that we have had is that there are actually 3 million children who are now eligible for the Medicaid program that do not sign up for one reason or another.

After meeting with some of the families and talking with some of the health care professionals, what we found is that there are a lot of reasons why those 3 million kids are not covered. First of all, as my colleague mentioned, a lot of times the parents are both working and they just do not have the time to be bothered. They are not aware or they just find that the bureaucracy of having to sign the kids up, I do not mean they do not want to be bothered in the sense they do not want to help, but they are just not aware, for whatever bureaucratic reasons, they just do not know to sign the kids up.

There is also an extreme element of pride. I know a lot of people, unfortunately, I think see Medicaid as a welfare program. And if they are working, which most of these people that are eligible that are not signing up are overwhelmingly working, they are reluctant to sign up for Medicaid, they say they see it as some sort of Government handout.

What we have done in our Democratic task force proposal is to, at least initially, and the President has talked about this as well, try to find a way to get these 3 million children who are eligible for Medicaid signed up. And our

plan, basically, provides grants to States to help local communities in the outreach programs to basically reach out in a flexible way to try to find ways in the community to do that.

The other problem with the Medicaid program is right now many kids are not covered for the full year. In other words, what they do is they determine eligibility every three months or so. And so, a kid can be on Medicaid for one or two months and then off Medicaid again. So one of the things that we have said in our plan is that we want to make sure kids are covered year round; in other words, if they are enrolled initially in Medicaid, that they at least stay on the rolls for 1 year. I think that that allows a certain amount of continuity and probably also would encourage people who are eligible for Medicaid but have not signed up to do so.

The other thing that my colleague mentioned is obviously we have the Medicaid program and we can find ways to expand it to stay just above the poverty level or a certain percentage above the poverty level, but I think we also need to go beyond the Medicaid program. Many people are simply not going to be eligible because they have a little higher income, but if their income is just a little higher than the so-called poverty level, they are still competing for this resource with the rent, with food, with clothes, and if they have to make a choice, a lot of times the choice cannot be to pay for health insurance because of the circumstances. They may not be eligible for a group policy. They may not be offered through their employment.

So what we have talked about, basically, is what we call Medikids, which is sort of a matching grant program. That is, you provide a certain amount of money to the States with a matching grant, and they, again in a flexible way, try to find ways to expand health care coverage for people that are not eligible for Medicaid and cover people possibly up to maybe 300 percent of the poverty level. I think that will take us up to, depending on the situation, maybe up to something like 35 or 40,000 for a family of 4.

Now, the other thing that we have talked about in the task force and as part of the legislation we put forward was a proposal or a component actually developed by another one of our colleagues on the Committee on Commerce, the gentlewoman from Washington Ms. FURSE. What she has pointed out is that many times families are eligible for a group plan, which of course means lower costs than if they have to buy health insurance individually. But many group plans do not offer kids-only insurance, and the parents may find that they cannot afford to pay for the whole family but they would like to pay for the kids. So what we are doing in this proposal is mandating that they be able to buy kids' health insurance only if they want, if they are eligible for a group policy.

The other thing is that under the Federal law, the COBRA legislation, which people who, for example, if they lose their employment or they want to take advantage of the COBRA law, oftentimes they also cannot buy a health insurance policy just for the kids. So we are saying also to mandate the COBRA provide kids-only health insurance.

I believe very strongly with our task force proposal that we could get at almost all the 10 million children, because essentially what we are doing is expanding Medicaid, we are then providing a matching grant program for those above the Medicaid level, and then for those who get to the level of maybe 40, 45 thousand and above, who can afford private insurance, we are making those changes in the insurance law so that they would be able to buy kids-only insurance. These are the ways that we have talked about over the last 6 months of trying to enroll as many of these 10 million kids as possible.

The last thing I want to mention, too, is that the number continues to grow. The estimate that I have seen from some of the advocacy groups is that by the year 2000, this number is going to be 12 million. So if we do not act now or do not act in a way that is going to provide as many kids as possible, we may cover five million and find out we have another 7 million by the year 2,000 that are not eligible.

Mr. STRICKLAND. I would just like to point out that this is an issue that I would hope and I believe cuts across the political spectrum of different political philosophies. I really do not believe that if we were to search the hearts of any Member of this body that there is any Member in this body that would believe that we should have children in this country without health care coverage. The question is how to achieve it and how to achieve it in a way that is acceptable to conservatives and liberals and those of us who try to make up the middle ground.

I think what my colleague is describing, what he has described tonight, is a plan that is efficient, that does not create a new program as such but simply builds on what we already have, something that is already working, but that gives the individual States greater resources and some flexibility in choosing how best to provide this kind of coverage.

So I know that we do a lot of arguing and debating in this Chamber and sometimes it is nonsense and sometimes it is serious, but I would hope that this is an issue that would rise above all others in terms of its ability to pull together both sides of the Chamber, Democrats and Republicans, as well as trying to find an agreement with the Administration.

I think if this 105th Congress were to achieve health care coverage for America's children in spite of whatever failures that we may find ourselves having to admit to, that we would truly be

able to say we had accomplished something that was of very significant importance to the entire country.

I think my colleague the gentleman from New Jersey Mr. PALLONE is right when he indicated that if we do not do it now, the problem is going to get worse and that it will be more difficult perhaps in the months and years to come if we continue to let this number escalate and mushroom.

I guess I would end by saying it is the right thing to do. It is absolutely the right thing to do, and I cannot believe that, given the resources of this rich country, we cannot do this. It may require us to make some choices. It may require us to say that children are more important than something else. But we ought to be willing to do that. If we are not willing to do that, then I would suggest that some of my Members who use children as a way to express their values, we see a lot of Members, myself included, who walk around this Chamber with "save the children" ties on, with images of children hanging around their neck, and I assume that is in order to make a public display of their commitment to children.

I think if we as a Congress do not take this step and make the decisions that are necessary to set our priorities such that children come first, we talk about families coming first, but I really believe that we ought to get even more specific than that, we ought to say that children come first. They are the most vulnerable, defenseless part of our society, and we need to commit ourselves to this effort. I commit myself, as I know my colleague does and the Members of the Democratic task force, and I also believe that there are a number of our Republican colleagues who share our concerns.

So, hopefully, as this budget scenario plays itself out, we will find that we do what we need to do here. I thank my colleague for the opportunity to share these comments with him.

Mr. PALLONE. I really could not have said it any better, so I am going to pretty much stop here as well. But I wanted to just reiterate one of the things that my colleague said before we end, and that is that what we really are trying to do here is build upon the existing system.

That is, we know that most people get their health insurance through an employer-based system; and we want to build upon that with some of these private health care reforms. Medicaid generally has worked and it can be expanded and made better.

Lastly, with the matching grant programs, there are a lot of State private-public partnerships that are out there. A lot of States have done some very innovative things with private-public partnerships. I hope the matching grant program, if we can get that into effect, will build upon those various States' activities as well.

So, ideologically, this really is something that can cross party lines because it does not really have any

ideology, it builds upon existing programs and it is something that I believe can be supported on a bipartisan basis.

NATIONAL SMALL BUSINESS WEEK

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Colorado Mr. BOB SCHAFFER is recognized for 30 minutes as the designee of the majority leader.

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, June 1 through 7 is recognized throughout the country as National Small Business Week. I cannot think of a more worthy group to honor. Small business is the heart of not only our economy but of our communities. I hope that my colleagues here in the Congress will be participating in events in their districts to honor this vital sector of our economy.

Small business is the engine not just of our Nation's economy but of our communities. Typically it is the small business people who are the charitable and civic leaders in our neighborhoods. Small business accounts for 99.7 percent of the Nation's employers, employing 53 percent of the private work force, contributing 47 percent of all sales in the country, and responsible for 50 percent of the private gross domestic product.

Yet small business owners face a tax and regulatory system that overburdens and demoralizes them. Government is meant to be the servant of the people. Yet the existing Federal tax and regulatory state unfairly acts as judge, jury, and master of honest, hard-working Americans.

In the last 2 years, Congress has passed legislation that helps small business struggle from under the thumb of the Federal Government, the Small Business Regulatory Enforcement Fairness Act and Regulatory Flexibility Act, to name a few.

However, there is still a long way to go. This Congress is dedicated to championing legislation designed to encourage small business growth and prosperity, and I am dedicated to becoming one of its chief advocates.

Mr. Speaker, I insert the following for the RECORD.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC, June 1, 1997.

DEAR REPUBLICAN COLLEAGUE: June 1-7, 1997, has been named National Small Business Week. I can't think of a more worthy group to honor. Small business is the heart not only of our economy, but of our communities. I hope that you will be participating in events in your district to honor this vital sector of our economy.

To help you prepare for these events, I have attached some small business information that might be useful for events and speeches: Small Business Talking Points; Small Business Facts; Fact Sheet on Small Business Regulatory Enforcement Fairness Act and how small business can utilize the new law; Talking Points on H.R. 1145, the "Home-Based Business Fairness Act"; and articles on the impact of red tape on Women-

Owned Businesses and the impact of the "Death Tax" on small business.

I hope you will find this information useful in honoring small business. If you have any questions or would like more information, please contact the Committee on Small Business at x5-5821.

Sincerely,

JIM TALENT,
Chairman.

SMALL BUSINESS TALKING POINTS

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In the last two years, Congress has passed legislation that helps small business struggle from under the thumb of the federal government—the Small Business Regulatory Enforcement Fairness Act and the Regulatory Flexibility Act—to name a few. However, there is still a long way to go. This Congress is dedicated to championing legislation designed to encourage small business growth and prosperity, and I am dedicated to becoming one of its chief advocates.

Paperwork Elimination. One of the first bills brought before the House in the 105th Congress, the Paperwork Elimination Act was designed to require federal agencies to communicate with small businesses and individuals through information technology. This bill makes electronic communications voluntary for businesses, but mandatory for the government. We are returning the responsibility of compliance back to the federal government—instead of the business owners.

Mandatory Electronic Filing Tax Payment System (EFTPS). A perfect example of federal regulatory tyranny is the impending mandate on small business to comply with the EFTPS. The system requires any business with payroll taxes in excess of \$50,000 to file electronically. On June 1, 1997, the IRS succumbed to small business pressure and granted a six-month waiver of the 10% penalty. However if businesses do not comply by December 31, 1997, they will be subject to penalties. Although the extension is a solid victory, small business compliance with EFTPS is still outrageous. That is why we have introduced a bill to make compliance for small business voluntary. The Small Business Tax Payment Relief Act will return the onus to the federal government instead of the small business owner.

Tax Relief. Small businesses face an unfair tax burden. We are pleased that the budget agreement will include significant small business tax relief. It is vital that any tax package include these and other provisions for small business. The following are a few of the provisions that we are pushing for:

Death tax. The death tax, a.k.a. the estate tax, is levied on individuals who receive property from deceased family members. It is inconceivable that after paying taxes on a business for years, children must then pay again after the death of their parents. Many families must resort to selling the family business in order to pay the estate taxes. The result is tangible: more than 60 percent of small businesses cease before reaching the

second-generation and more than 90 percent of small business fail to reach the third generation.

Capital gains. Capital gains taxes income twice and hurts many small firms that rely on venture and equity capital from investors—including millions of informal investors such as family, friends and employees—to survive. Lowering capital gains will benefit small business by unleashing capital for investment in and by small entities. This will enable them to innovate, grow, create jobs, increase wages, save and invest more, and spur economic growth.

Independent contractor classification. Pegged by the White House Conference on Small Business as one of the most important issues facing small businesses, redefining the independent contractor status will clarify the complex classification process. It will stop the IRS from retroactively penalizing legitimate business arrangements and let small businesses prosper.

Home office deduction. There are 14 million Americans who now operate home-based businesses. Corporate downsizing, improvements in technology, and a desire to be close to family have led to the growing number of home offices. We should do everything we can to allow families to work closer to home. That is why we need to restore the home office deduction.

Increased Health Deductibility for the Self-Employed. It is patently unfair that large corporations can deduct 100 percent of their share of employees' health-care costs, while the self-employed farmer or home-business owner can only deduct 40 percent. Last year's health insurance bill increased health insurance deductibility to 80 percent by 2006, but that still is not good enough. We need to level the playing field and offer small businesses the same benefits larger corporations enjoy.

Small business is vital to our nation's economy. For too long, small business has had to fight the tyranny of a federal government that claims to support small business, yet instead support regulatory agencies and a tax system that stand in the way of small business success. It's time for change. It's time to give small business its due and return government to a supportive role—not an antagonistic one.

SMALL BUSINESS FACTS ROLE IN THE ECONOMY

The number of new businesses catapulted in 1995. There were an estimated 800,000 new businesses last year—the highest ever—and a 5 percent increase over the 1994 record of 742,000 new businesses. Interest in starting and owning a small business has skyrocketed in the last three years, and part-time entrepreneurs have increased steadily in the past decade.

In the United States, small businesses have increased 49 percent since 1982. As of 1994, there were approximately 22.1 million non-farm businesses, of which 99 percent are small by size standards set by the U.S. Small Business Administration (SBA). These include partnerships, corporations, and sole proprietorships. Most of the 22 million businesses—almost two-thirds operate full-time—the rest part-time.

There is nothing small about starting or owning a small business in the United States. They account for 99.7 percent of America's employers. Small businesses employ 53 percent of the private work force, contribute 47 percent of all sales in the country, and are responsible for 50 percent of the private gross domestic product. Industries dominated by small businesses produced an estimated 62 percent of the 3.3 million new jobs created during 1994.