onto payrolls; 1,023,000 fewer families are on welfare today than just 1 year ago.

□ 1500

That is a huge benefit to all of us. And I have said before that the real goal of welfare reform was not about saving money, even though we will save money to the Federal Government, to the State governments and everyone else, but the real goal was not about saving money. The real goal was about saving people. It was about saving families. And most importantly it was about saving children from one more generation of dependency and despair. And that is really what the welfare system was about.

But if we are to keep the strong economy growing, we are going to have to encourage more investment, we are going to have to encourage more saving, and we are going to have to allow families to keep and save and spend and invest more of their own money.

I just want to talk briefly, too, about the progress we are making, because sometimes it is easy to forget in the heat of the battle. If we look at all of the red bars here, that is how much we said that the budget would be out of balance in each of the next 7 years. When we passed our original 7-year budget plan in 1995, we said that the deficit, for example, this year, would be $174 billion. Right now it looks like it will be less than $70 billion; it could be less than $50 billion.

Now, when we update this, we will probably change these numbers slightly. But the good news is if we look at the blue bars in each of the years, we are clearly now running well ahead of schedule and, frankly, I think if we can keep the economy going at anywhere near the economic growth rate that we have today, we will balance the budget not by the year 2002, but, in fact, we will balance the budget probably by the year 2000 or maybe even earlier.

And when we get to that point, what we have to really talk about, in fact we need to begin that debate today, and I congratulate my colleague, the gentleman from Wisconsin Mr. MARK NEUMANN, who has offered the National Debt Repayment Act, because I think that should be our next goal. It is not just about balancing the budget. It has to be about paying off that $5.3 trillion worth of debt we have accrued and will fall on the shoulders of our children and our grandchildren.

Frankly, if we are willing to exercise the fiscal discipline that this Congress has been willing to discipline itself to over the last several years, not only could we balance the budget ahead of schedule, but I think we can begin the process of actually paying off the national debt. I think that that is a goal that is worth fighting for, I think it is a goal that the American people can understand, and I think they will recognize we can ultimately set a goal and stay on that course of actually paying off that debt so that we do not have to pay over $200 billion a year in just interest on that debt.

And I tell an awful lot of people back in my district when I give speeches that if we actually do all the calculations, we find that all of the personal income taxes, all of the personal income taxes, collected west of the Mississippi River, now goes to pay the interest on the national debt. That is a very scary statistic. The tragedy is, before we got to Congress in 1994, the elections of 1994, that line was moving further west every single year. Now we are at least beginning to push that line backward.

And I think we should have a goal of actually paying off that debt. Because I think there is nothing better that we could leave our kids than a debt-free future. So I encourage my colleagues from both sides of the aisle to join us in that great effort.

I would hope they would cosponsor the legislation of the gentleman from Wisconsin, the National Debt Repayment Act, because what it does is, very simply, it says as we begin to reach a surplus in the Treasury, which we think we can no later than 2002. But, frankly, we think if things continue to go anywhere near where we are right now, it could actually be before that, but when we have reached that goal and disciplined ourselves to restrict the growth in spending at 1 percent less than the growth in revenues, and that does not require draconian cuts, we will still see spending at the Federal level growing faster than the inflation rate, but it will not be growing as fast as it has in the past.

So if we slow the rate of growth in spending and get control of entitlements, we cannot only balance the budget, but we can pay off the national debt and, at the same time, take a third of those surpluses and apply them to additional tax relief so that American families can keep and spend more of their own money.

Mr. Speaker, I know a lot of my Republican colleagues are headed for airplanes and it is a getaway day, and we are all eager to get home, but I want to close by saying that I am very proud of the work that is being done in this Congress. I know that sometimes the American people see some of the debates and some of the arguments here on the House floor and they sometimes miss the big picture. But the big picture is that before 1994 the United States and this Congress was headed in the wrong direction. We were spending more than we took in.

In fact, from 1975 to 1995, for every dollar that Washington took in, it spent $1.22. Today, now, we are still not quite to a balanced budget, we are still spending more than we take in, but we are down to $1.04.

If we stay on the path we have set over the last several years, we will get to that balanced budget ahead of schedule, we will do it under goal, and we are going to allow families to keep more of what they spend and earn. Because for 40 years Washington had it wrong. For 40 years Washington believed that Washington knew best; that somehow they could spend money smarter than American families; that a Federal department of housing was better than a family department of housing; that a Federal department of human services was better than a family department of human services.

Now, there are still legitimate needs of the Federal Government, and there are still people who are dependent on the Federal Government, and we are not talking about pulling the rug out from under people. But we are talking about people getting a little gentle nudge so that we reinforce some of those time-tested principles, things like faith, family, work, thrift, and personal responsibility. Those are the things I think Americans want us to underscore, but for too long under the liberal agenda what we did was we undermined those values.

The good news is I think the tide is turning. The tide is clearly turning. We are on our way to a balanced budget, we are saving Medicare, and for the first time in 16 years we are going to allow families to keep and save and invest and spend more of their own money. That is the direction I think the American people want us to go, that is the direction we are going, and with the help of the American people, we are going to win that fight.

SAVE TIAA–CREF; STOP TAX HIKES ON THE ACADEMIC COMMUNITY

The SPEAKER pro tempore (Mr. GIBBONS). Under a previous order of the House, the gentleman from Massachusetts (Mr. MCGOVERN) is recognized for 5 minutes.

Mr. MCGOVERN. Mr. Speaker, the Teachers Insurance Annuity Association-College Retirement Equities Fund, which has been dubbed TIAA–CREF for short, provides retirement benefits exclusively for employees of U.S. colleges, universities, independent schools, and other nonprofit educational and research organizations. Nearly 2 million current and retired employees at over 6,000 institutions nationwide are served by TIAA–CREF. Participating institutions contribute amounts on behalf of their employees where they are invested in self-directed, tax-exempt accounts. Upon retirement, the amounts accumulated are used to purchase annuities to provide lifetime income. Like other pensions and annuities, distributions to retirees are taxed as ordinary income when received.

Now, I do not know how many of my colleagues are aware of this fact, but the House Republican tax bill would repeal, would repeal the tax-exempt status of TIAA–CREF's pension program. TIAA–CREF would then be treated for Federal tax purposes just like stock life insurance companies. While this change would raise about $1.2 billion in revenue over 10 years, it would have a major impact on the operations of TIAA–CREF's pension program.

Revoking the tax exemption for the pension system of TIAA–CREF, granted by the IRS in 1920, would cause irreparable harm to higher education institutions, their employees, and the education and research community as a whole.

The Senate Finance Committee has recognized this fact and has not included this provision in their version of the tax bill.

This measure in the House Republican tax bill will impact virtually every public and independent college, university, and education research organization in the country, including 260 tax-exempt colleges and universities in New England, 16 of which are in my own Third Congressional District of Massachusetts. The next effect of revoking TIAA–CREF's tax exemption after 75 years would be to significantly reduce the earnings of current employees' retirement accumulation as well as the pension income of retired employees. In effect, this measure would increase taxes on the individuals served by TIAA–CREF by up to $1.5 billion and would reduce pension benefits by 3 to 5 percent. This would cut pension income for retired educators by $30 to $50 each month. Over a typical 25-year payout period, a retiree would lose as much as $15,000. In Massachusetts alone, 106,542 individuals would be affected by this provision.

Mr. Speaker, this assault on our Nation's academic community is a scandal. There is no rational justification for such an attack on the financial and retirement security of working families who make up our academic and research community. With neither hearings nor public comment, this provision was slipped into the House Republican tax bill, and it is an outrage.

Pension trusts for other American workers are entirely exempt from the kind of taxation embodied in the House Republican tax bill, and TIAA–CREF's not-for-profit pension operations are essentially equivalent to those of a multiemployer pension trust.

Unlike for-profit commercial insurance companies, TIAA–CREF's pension assets are exclusively used for the benefit of pension participants. Its pension reserves can be used for no other purpose than to support participants' retirement benefits. In addition, since 1986, TIAA's nonpension insurance business is already subject to taxes.

TIAA–CREF has been widely lauded as a model of pension portability. Not only does it provide the advantages of a fully funded, fully portable retirement plan, TIAA–CREF provides benefits in the form of a lifetime annuity. Some would argue that public policy should encourage this type of pension model, not penalize it.

TIAA–CREF provides pensions to those who dedicate themselves to education, despite the relatively modest salaries available in the field. By imposing this unprecedented tax, the House Republican tax bill would not only undermine the recruitment and retention of men and women in teaching professions, but would significantly undercut efforts by the Congress and by the President to improve educational quality and opportunities for America's young people.

I have expressed my concern over this measure in the House tax bill to President Clinton and to the House and Senate conferees. If education is truly to be America's priority as we head into the 21st century, then we must support, not undermine, the economic security of our hard-working and modestly rewarded academic and research workers.

There are many other taxes affecting students, faculty, and academic staff in the House Republican tax bill that concern me very deeply, and I have also brought these to the attention of the President and the House and Senate conferees. I hope these education taxes can be remedied in the conference.

It is both cynical and dishonest for Congress to claim to be committed to tax relief while raising taxes on the hard-working members of our academic community.

I call upon my colleagues to support efforts to remove these ill-advised and ill-considered provisions from the tax bill in the conference. I want to commend and salute the gentlewoman from Maryland (Mrs. MORELLA), who has circulated a letter to her House colleagues on TIAA–CREF and other education tax issues. I hope most of my colleagues will join in that effort.

Mr. Speaker, I submit for the RECORD an article from the July 8 edition of the Boston Globe.

[From the Boston Globe, July 8, 1997]

GOP UNLEASHES A SNEAK ATTACK ON TEACHERS' PENSIONS

(By Robert Kuttner)

The Republicans want to cut taxes for nearly everyone. But they've finally identified a group whose taxes they don't mind raising—retired teachers.

The House tax bill would repeal the tax exemption of the nation's largest pension plan—TIAA–CREF. The $195 billion nonprofit company manages pensions for most college teachers and retirees from other nonprofit organizations.

The surprise measure, unveiled at a June 9 press conference by Representative Bill Archer of Texas, chairman of the House Ways and Means Committee, and passed by the full House, was never the subject of hearings. It would levy $1.2 to 1.5 billion in taxes on TIAA–CREF over 10 years, thereby reducing pension income for members by an estimated 3 to 5 percent.

Why TIAA–CREF? There are several theories. For one thing, college professors are a bunch of pointy-headed liberals. Their unions tend to support Democrats. The House bill targets two other tax benefits for educators. It would end the tax-free status of tuition scholarships for graduate students and for children of professors.

More concretely, key staffers to Archer don't like TIAA–CREF, which has been tax-exempt since 1918. In the 1986 tax reform bill, which required some nonprofits to pay some tax, Congress voted to tax profits on the life insurance that TIAA–CREF sells but to retain the tax-exemption on its core activity annuity plans for teachers.

However, Ken Kies, chief of staff to the congressional Joint Tax Committee and a key Archer adviser, has long believed that TIAA–CREF should be taxed like a commercial company.

Other likely culprits are TIAA–CREF's for-profit rivals. A Houston commercial insurance outfit based in Archer's home town, the Variable Annuity Life Insurance Co., competes directly with TIAA–CREF. VALIC's chairman recently told a trade paper that ending TIAA–CREF's tax exemption was ''long overdue.''

VALIC's corporate parent, the American General Group, is an Archer campaign contributor and gave $115,000 in soft money to the Republican National Committee. More broadly, the organized right has lately mounted an attack on large nonprofit institutions, painting them as unfair competitors to tax-paying entrepreneurs.

The irony is that TIAA–CREF efficiently serves a goal that has long eluded most working Americans and policy makers—fully portable pensions. Roughly half of US workers are in some pension plan (the fraction is dropping). But pension contributions are lost if a worker frequently changes jobs.

A 1974 reform, the Employee Retirement Income Security Act—ERISA—requires that workers' pension credits be vested (locked in) once they have five years of credit with an employer. But ERISA does not make pensions fully portable.

TIAA–CREF was created precisely to solve this problem for educators and researchers. Teachers often have itinerant careers. Thanks to TIAA–CREF, educational institutions pay into a common pool so that all pension credits count. TIAA–CREF has long been a model for legislators seeking universally portable pensions.

The only other Americans with truly portable pensions are workers, mostly in construction trades, who participate in common pension plans jointly controlled by companies and unions under the Taft-Hartley act; and most state and local employees, who are typically members of an umbrella pension system within the civil service. But Archer is not proposing to tax the pension plans of construction workers and public employees.

The Senate tax bill has no TIAA–CREF provision, and it remains to be seen which version will prevail. The Clinton administration has not made the issue a priority.

There is one other smelly aspect of this affair. For a decade or so, after the Watergate reforms. Congress conducted most business in public. In the late 1970s, committee ''mark up'' sessions, where bills were drafted, were generally open.

Since the 1980s, a new custom has crept in. The committee chairman and senior staff simply write the bill in private. They unveil it all at once and count on party discipline to carry it through.

This secretly drafted bill is pretentiously called the ''chairman's mark,'' a term redolent of bourbon, smoke-filled rooms, and raw power. The tax on TIAA–CREF materialized from nowhere in Archer's June 9 ''chairman's mark.''

It would be salutary not just to bury this sneak attack on teachers' pensions. Congress should write a rule that no measure can be approved by a committee for floor debate unless it was the subject of prior hearings. But don't hold your breath. Republicans are now the majority, and it's payback time.