

would not make sense for States to not prosecute murderers and rapists who are 15-, 16-, and 17-year-olds, especially if they are repeat violent offenders, as adults, because if they do not prosecute them as adults and they did it as juveniles, they will be back on the streets when they do reach the age of adulthood.

The second myth that we are hearing a lot about is that H.R. 3 allows youths as young as 13 to be confined in adult jails and prisons. This also is absolutely false. Nothing in H.R. 3 authorizes or even encourages housing of juveniles with adults. In fact, H.R. 3 prohibits such housing in the Federal system and does nothing to change current laws and regulations affecting State housing policies.

Current Federal law explicitly prohibits housing juveniles with adults in the Federal juvenile justice system. The standard has long been codified in Federal law. It is unchanged by H.R. 3. It is one that prohibits any regular contact between juveniles and adult criminals during any stage of the justice process, pretrial, presentencing, or postsentencing.

So the myth that is out there is that somehow those of us who support H.R. 3 are not concerned with prevention. Well, that is not the purpose of the juvenile crime bill that came forward this time, prevention, but we are concerned with it. Trying to stop and interdict the young person before they get involved with a juvenile offense, misdemeanor or otherwise is very important. There are \$4 billion of Federal at-risk grant programs already available out there and existing, and we are going to be reauthorizing one of them here very shortly dealing with OJJDP, which is the Office of Juvenile Justice and Delinquency Prevention, Mr. Speaker, 4 billion dollars' worth of prevention programs, 131 of those programs in 16 different agencies.

But what H.R. 3 is all about is an effort to try to fix the broken juvenile justice system of this Nation. Some critics are saying this is a State responsibility and the Federal Government does not have any business there. And that I would suggest is not the right way to look at this. Yes, juvenile justice types of programs are in the States, not the Federal system, but the system is broken and there is a Federal responsibility to deal with it.

Today, if a young person comes in contact with the law by having vandalized a home or a store or by spray-painting graffiti on a warehouse, well, the chances are the police will not even take that young person to a juvenile court. And when they do see a juvenile judge, it is often 10 or 12 appearances before they receive any kind of punishment at all. That is not a working juvenile justice system.

Is it any wonder that when a juvenile, having experienced that and some day does pick up a gun in a situation where he might use it, that he thinks about pulling that trigger, believing

there are no consequences? There have to be consequences in the juvenile justice system of this Nation. We need more probation officers, more juvenile judges and more juvenile detention facilities so we can treat juveniles the proper way, and to put consequences into the juvenile justice system again so that there is punishment from the very first juvenile delinquent act.

It is a very important part of what we passed here on the floor with H.R. 3, because it is a requirement in order to get the \$500 million a year authorized by that bill to improve the juvenile justice systems of the States that the State demonstrate to the Justice Department of the United States that they will have in place, and do have in place, a system to sanction the very first juvenile misdemeanor crime of every juvenile who commits one, and graduated, increasing sanctions for every one thereafter.

It is also important, and we have in place as part of this incentive grant program, that records be kept of those who commit felony crimes for the second offense.

H.R. 3 is a good bill. It is a juvenile crime bill. Prevention is also important. The myths about this bill are wrong, and we are proud we passed it. We look forward to seeing the bill from the other body so we can get one to the President shortly.

MEDICARE AND THE BUDGET

The SPEAKER pro tempore (Mr. HEFLEY). Under the Speaker's announced policy of January 21, 1997 the gentleman from Florida [Mr. STEARNS] is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, let me take my colleagues back to 1995. Congressional colleagues passed and sent to the President a balanced budget plan that slowed Medicare spending in order to perpetuate and preserve the program. Of course, it being before an election year, the President promptly vetoed the bill, citing, quote, "excessive cuts in Medicare," unquote, as the primary reason for his veto.

Amazingly, the President and his Democrat friends went even further. They based their entire campaign for the Presidency in 1996 and for Congress on the Medicare cuts, the so-called Medicare campaign.

Of course, most Americans knew that the Democrats' fear tactics were baseless, that there were no cuts in Medicare spending. In fact, the budget we passed 2 years ago contained \$1.252 trillion in spending on Medicare for the next 5 years, an increase in funding that more than exceeded twice the rate of inflation.

I call the attention of my colleagues to the first chart on my left. In 1996, the President said, "you remember that budget I vetoed last year because it had excessive cuts in Medicare?" Well, 8 months later the President changed his tune on Medicare, but of

course that is not surprising; the election was over.

In 1997, the President said, "America needs a balanced budget that is in balance with our values, that protects Medicare. That is exactly what this budget does. It keeps our fundamental commitment to our parents, preserving and protecting Medicare."

My colleagues, we may be having a heat wave here in Washington, but it just cannot compare with the President's hot air. Look at this second chart. Under our 1995 budget plan, the one of course that was vetoed by President Clinton because it claimed it had excessive Medicare cuts, total spending on Medicare would have exceeded \$1.25 trillion from 1998 to the year 2002. The balanced budget agreement reached this year between the President and Congress has total Medicare spending of less than \$1.25 trillion over those same years.

The 1995 budget plan, the one which proposes excessive cuts in Medicare, had more funding than the current budget plan. In 1996, \$1.25 trillion in Medicare spending was labeled as having excessive cuts. This year, less than \$1.25 trillion in Medicare spending, is used to preserve and protect this program. As the chart shows, the 1995 budget plan would have provided \$4 billion more in Medicare spending than the current budget. Let me repeat, we spent more on Medicare in the 1995 plan than this 1997 plan endorsed by the President.

I am glad that the President has joined us in an effort to save Medicare, but I hope that he also realizes that Medicare is just too important a program for political theater. If he and his supporters had put politics aside, had rejected petty demagoguery and had rolled up their sleeves to work with us in saving Medicare, he could have put the program in place back then on the path to financial security 2 years ago.

My colleagues, there is no room for partisan games when the health of 30 million Americans is at stake. I am proud of our efforts to protect, preserve, and strengthen Medicare in 1995. It is sad, unfortunately, that others jeopardize the future of Medicare to score political points. We owe it to our 30 million fellow citizens to work together to ensure the solvency of the Medicare Program. Let us put our duty ahead of politics and build a brighter future for all Americans.

STOP TAX HIKES ON GRADUATE STUDENTS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Massachusetts [Mr. MCGOVERN] is recognized during morning hour debates for 5 minutes.

Mr. MCGOVERN. Mr. Speaker, a terrible miscarriage of justice is taking place in the House Republican tax bill, an attack on graduate university students across this country. At a time

when House Republicans are proposing that more than 50 percent of tax relief should benefit the wealthiest 2 percent of Americans, they have targeted graduate students for tax increases. This is absolutely outrageous, and it simply must be remedied.

The House Republican tax bill eliminates section 117(d) of the Tax Code, a provision that excludes tuition from taxable income. What this means is simple: Graduate students who work as teaching assistants or research assistants to help pay their tuition currently get a tax break on that income. With the loss of this tuition tax break, many graduate students may actually see their taxes rise by thousands of dollars per year. The National Association of Graduate-Professional Students has indicated that many graduate students will see their take-home pay cut by 50 percent or more, and Federal and State income taxes increased by as much as 350 percent.

Tuition waivers greatly benefit students struggling to finance postgraduate work. The vast majority of these students are studying to earn Ph.D.'s and masters degrees in academic disciplines. Many will go on to modestly paid, but important university positions, or will pursue careers in science and technology research.

While in school, they work hard as teachers and researchers, and their pay is very meager. But because of their hard work and dedication, many of these students can take academic courses for free. Under the House Republican tax bill, the value of this education package would be considered taxable income.

Many of these graduate students will be unable to continue their studies with the loss of the tuition tax waiver, endangering the educational future of America in the process.

In June, the 500 graduate students at the Massachusetts Institute of Technology wrote me expressing their deep concern about this provision in the House-approved tax bill. They stated, and I quote:

The tuition waiver granted by MIT for graduate teaching and research assistants makes graduate school a financially viable opportunity for us. If tuition is now redefined as taxable income, many of us will no doubt be driven out of graduate school and away from careers in research and teaching.

Mr. Speaker, at a time when Congress should be increasing the affordability of higher education for all Americans, the Republican House tax bill will shut out some of the best and brightest of our students from receiving advanced higher education. If America is to remain competitive in the 21st century, we need more students to become active in scientific research and development, not less. The House Republican tax bill seriously threatens national research efforts in medicine, national defense, product development, and technology.

Graduate students are valuable assets of the academic and research com-

munities. They should not be penalized for their hard work and sacrifice, and they certainly do not deserve to be taxed for their service to our Nation.

But this is not the only attack on graduate students in the House Republican tax bill. Graduate students are also hurt by changes made to section 127 of the Tax Code. This provision allows workers to exclude from their income the first \$5,250 of educational benefits paid by their employers. This tax exemption should be permanent for both graduate and undergraduate students. But the House Republican tax bill says no.

More than 800,000 graduate and undergraduate students benefited from this provision in 1994, and those numbers have increased significantly over the past 3 years.

Section 127 has been hailed by both the business and higher education communities as a low-cost measure that makes it possible for hundreds of thousands of workers to return to school while continuing to work full-time jobs. Companies use it to retrain workers who need improved skills, and employees use it to keep abreast of new information and technologies that would help make advances in their field.

At a time when Congress has recognized that lifelong learning will keep the American work force competitive, the House Republican tax bill penalizes workers and businesses who are attempting to achieve this goal.

Mr. Speaker, this is bad public policy; it is bad tax policy, and it is simply unfair. Republicans that give tax breaks to those who fly on corporate jets, but only by raising taxes on our hard-working graduate students. Republicans can cut taxes for those with large investment portfolios, but only by raising taxes on graduate students. Well, Mr. Speaker, I would rather invest in America's future by investing in our graduate students rather than raising taxes on their tuition.

The House Republican tax bill also denies students from deducting the interest on their student loans, and it eliminates tuition waivers for the children of modestly paid academic faculty and staff. These provisions are antieducation, they are antifamily and undermine America's economic and competitive future. I urge my colleagues to lobby the budget conferees to reinstate section 117(d) and permanently extend section 127 to graduate as well as undergraduate students.

Mr. Speaker, I submit for the RECORD a letter from 500 MIT graduate students on these issues.

MASSACHUSETTS INSTITUTE
OF TECHNOLOGY,
Cambridge, MA, June 27, 1997.

DEAR CONGRESSMAN: We, 500 MIT graduate students, write to express our great shock and disappointment regarding the proposed elimination of Subsection 117(d) of the Internal revenue code which excludes tuition from taxable income.

A graduate teaching or research assistant who receives a stipend of \$1300/month and

tuition waiver of \$22,000/year (excluding summer tuition) will expect to pay \$650/month in State and Federal taxes under the proposed new legislation. For many students this is a 3.5 times increase in tax!

The tuition waiver granted by MIT for graduate teaching and research assistants makes graduate school a financially viable opportunity for us. If tuition is now redefined as taxable income, many of us will no doubt be driven out of graduate school and away from careers in research and teaching.

The proposed changes in tax code will force universities to dramatically increase teaching and research assistant salaries to maintain a reasonable standard of living for graduate students. In turn, this could increase tuition for undergraduates and dramatically increase pressures on already burdened federal research programs. The proposed elimination of Subsection 117(d) is a dramatic step in the wrong direction.

The new provisions will make graduate school unaffordable to millions of Americans throughout the next decade. We urge you to represent our views in the Congress by working against the new legislation which eliminates Subsection 117(d) of the IRS code. We respectfully ask you to oppose this provision in the House bill and to support provisions which are more encouraging of graduate education. The future of our nation requires it.

We thank you for your cooperation.

Sincerely,
GRADUATE STUDENTS AT THE
MASSACHUSETTS INSTITUTE OF TECHNOLOGY.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 12 noon.

Accordingly (at 11 o'clock and 11 minutes a.m.), the House stood in recess until 12 noon.

□ 1200

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 noon.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

For gifts and grace, for hope and help, for all the marvelous promises that surround us day by day, we offer these words, O God, of thanksgiving and gratitude. We know that we are not worthy of Your blessings, O God, and we too often fail and miss the mark. Yet, in Your mercy the spirit of reconciliation and peace never leaves us, but continues to encourage us and points us in the way of truth. For this blessing and all Your guidance in our daily lives, we offer this prayer. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.