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House of Representatives

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore [Mr. CHAMBLISS].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

HOUSE OF REPRESENTATIVES,
Washington, DC, February 25, 1997.

I hereby designate the Honorable SAXBY CHAMBLISS to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 21, 1997, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member except the majority and minority leader limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. PALLONE] for 5 minutes.

EDUCATION IN AMERICA

Mr. PALLONE. Mr. Speaker, over the last several weeks I have been coming down here to the House floor to discuss the topic of education in America. As most Americans know by now, the President and congressional Democrats have developed a comprehensive plan to address the Nation's most pressing education needs. To date, the Republicans in Congress have given very little indication of their thoughts on the President's plan. Despite indications from the American people that education is indeed one of the most impor-

tant issues facing Congress today, Republican leaders have ignored Democratic calls to immediately begin examining our proposal to strengthen education in America. Nor have they offered any plan of their own to address the varieties of challenges confronting our education system.

Today, Mr. Speaker, I want to focus on how the President's plan will affect the lives of people from my home district, New Jersey's Sixth Congressional District, which comprises part of Monmouth and Middlesex Counties. I want to do this by sharing two letters, one from each county of my district, that touch on two prevalent education problems which the President and congressional Democrats have developed plans to confront.

The first of these problems concerns the difficult time many parents are encountering while trying to meet the runaway costs of college education. Not too long ago, Mrs. Barbara A. Pflug of West Keansburg wrote to me trying to make sense of the challenges she and her husband are trying to overcome. She writes in a letter to me:

Dear Congressman PALLONE: Please try to help me understand what is happening. My oldest son has just finished his freshman year at Rutgers University. We are both teachers and have worked continually for the past 25 years. We had planned to save money for our boys' college expenses but never had that leftover money to invest. We do not have an expensive life-style. The cost of living in this area has continually gone up. We do not spend our money foolishly. We did not take a vacation and cannot afford a new car. Our properties and other taxes are sky high and we know we pay extra for things like automobile insurance and hospitalization to help people who cannot afford it. We are told that Social Security may not be there when we need it and to start saving for our retirements. We need three lifetimes of working to do all of these things. We should be saving now for our retirement, but that is out of the question with three boys who need to be college educated. The bulk of responsibility is on the parents and we cannot even claim this expense on our income

tax. It is an overwhelming hardship. I just do not get it. Please tell us what we are doing wrong.

That is from their letter.

Well, I want to say that Mrs. Pflug and her husband are doing nothing wrong. Like millions of parents across the country, they are working hard to make ends meet, sacrificing so that their children will lead better lives. As Mrs. Pflug explains: The bulk of the responsibility is on the parents when we cannot even claim this expense on our income tax. It is an overwhelming hardship.

Mr. Speaker, the President and congressional Democrats realize that, as Mrs. Pflug put it, the overwhelming hardship of paying for college is indeed an expense that every American family ought to be able to claim on their income tax. To that end, we proposed a \$1500 refundable tax credit for all students in their first year of college and another \$1500 in the second year if they stay off drugs and earn a B average in the second year. We are also proposing a \$10,000 tax deduction for any year a family has education expenses.

I would say to Mrs. Pflug that the Democrats have recognized the need for education tax breaks and have developed a plan. I would also encourage Mrs. Pflug to encourage her family to keep working hard. Democrats in Congress are working hard for families like hers; we are waiting for Republicans to join us in making education tax breaks for the working family available so their lives will be just a little better and a little easier.

The other letter, Mr. Speaker, I want to read from today concerns the dire need many schools across the country have for repair or outright replacement:

"Dear FRANK," writes Ms. Ann Ricciardi of Edison, the largest town in my district, "I look to anyone willing to speak for children and their parents for help in resolving a critical problem

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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affecting most children in our State. Our buildings are deteriorating to the point where we are sacrificing the health and safety of our children and teachers."

And Mrs. Ricciardi continues to write:

Almost every roof in our schools needs repair. Of 17 schools, 11 require significant repair. Schoolchildren sit next to buckets and garbage cans catching rainwater in bad weather. We rely on substandard classrooms and trailers to address increasing enrollment.

Our son is in second grade and has almost his entire education in front of him. With no hope in sight for change, we will be forced to consider leaving for his future success. Many of our friends and neighbors are discussing the same issue. School financing, charter schools and the introduction of technology are the most significant problems for most families today.

Mr. Speaker, Ms. Ricciardi's situation and concerns mirror those of millions of parents around the country. And she could not be more right. Something absolutely needs to be done. That is why the President has proposed the school construction initiative to repair the Nation's ailing school infrastructure. Under the President's plan, the Federal Government will provide a \$5 billion jump start for the necessary investments in the Nation's school buildings.

I want to thank you, Mr. Speaker. I say that these letters just indicate remotely the magnitudes of the educational problem. The problem needs to be addressed. It is a real problem that the average American faces.

INVESTMENT REVITALIZATION ACT OF 1997

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

Mr. SAXTON. Mr. Speaker, I rise today to announce that on Thursday I will introduce a bill designated to increase incentives to save and invest for middle class taxpayers. The bill, known as the Investment Revitalization Act, or the IRA, of 1997, would greatly increase the deduction ceilings for IRA contributions, increase the income caps which currently prevent many middle class taxpayers from using IRA's and expand opportunities for penalty free withdrawals from IRA accounts. By increasing the incentives to save, this legislation would boost long term economic growth and help middle class taxpayers help themselves in addressing a wide variety of economic contingencies that might otherwise lead to expanded government activity.

For many years policymakers from across the spectrum have complained about inadequate levels of personal savings and investment. There have also been concerns expressed about the economic vulnerability of families to unemployment and other setbacks, the exposure of families to medical and other emergencies, the great difficulty in coping with increased education costs, the heavier family tax burdens over the last three decades, and the

looming problems associated with the retirement of the baby boom generation.

Most of these problems are related to the fact that our income tax is systematically biased against personal savings and this makes it much harder for families to accumulate resources to successfully address their needs as they arise.

The IRA bill which I will introduce on Thursday will go a long way toward removing the bias against savings and investment in the current Tax Code. This bill is intended to suggest a new direction and to guide tax policy into the next century. The basic idea is to expand IRA's enough to strip away much of the multiple taxation of personal savings and investment in the United States for the vast majority, particularly of middle class taxpayers.

The flexibility of this approach would give families the financial ability to successfully address their needs as they see fit. This IRA bill increases the current \$2,000 IRA deduction ceiling by \$500 every year for 10 years. At the end of this period, the deduction cap would be \$7,000 each year.

Second, the bill would increase the income ceiling \$10,000 each year for 6 years so that taxpayers filing joint returns up to \$110,000 of adjusted gross income could take advantage of IRA deductions.

Third and finally, the penalty free withdrawals would be permitted for medical care, education, employment, and for first-time homeownership. When a career setback or unexpected medical problem occurs, they would have the sufficient assets to fall back on. Some would save aggressively for children's college education, expenses or some other reason, attracted by the deduction, but also knowing that earnings compound even faster without a tax bite. Others might solely focus on retirement.

In my view, the adoption of this legislation would largely reverse the current discrimination against personal savings and investment, thus boosting long-term economic growth. The economic benefits of this concept would be significant. Government policy has undermined middle class savings incentives for too long. If we are concerned about inadequate personal savings and related problems, it is time for U.S. tax policy to become less counterproductive.

We cannot maintain a Tax Code that systematically discriminates against personal savings and investment and then be surprised when people fail to save, creating serious problems for public policy. A fundamentally different approach to the tax treatment of personal savings is urgently needed. Let us reduce the multiple taxation on middle class savings.

GOVERNORS HAVE RESPONSIBILITY TO IMPLEMENT WELFARE REFORM LAW

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

Mr. MILLER of California. Mr. Speaker, many of this Nation's governors are amazing. For the last 2 years they have been coming to Washington and telling anyone who would listen that they could reform the welfare system with one hand behind their back. They said they could do more for less, better than the Federal Government ever thought it could.

They went from Meet the Press, to committee hearings, to Nightline, saying to whoever would listen that they were the only ones who knew how to reform the system and had the courage to make the tough decisions. When asked about legal immigrants and about moving people to work, about a safety net for children, their answer was always the same: Leave it to us. The States are the great laboratories of the 1990's.

Well, the ink is barely dry on the Welfare Reform Act and now the Governors are back here whining about the welfare bill that they designed. Why do these Governors remind me of Riddick Bowe? They have spent less time living with the welfare reform law than Riddick Bowe did with the U.S. Marines. Riddick said his problem was the lack of flexibility. The Governors are suggesting that their problem is too much flexibility. They are responsible for too much of the welfare caseload.

Excuse me, we gave them the block grant that they asked for, calculated on the high welfare years of 1994. Many are already taking credit, along with the President, for causing the number of welfare recipients to drop by over 2 million. So why do they not take some of the savings and help provide for legal immigrants, to put some people to work, provide job training and child care for those single mothers who want to go to work? Rather than doing that, they are back to Washington asking for a Federal bailout.

Who do they think we are: The tax collectors for the State welfare state? The Governors have a responsibility to do what they have asked for the authority to do, to move people from welfare to work and to do it now. It means education, job training, child care, and health care in support of those people who want to go to work.

As problems occur, after all the sectors have made a good faith effort, then Congress can consider suggestions for change. But now they have the revenue in the first few years to carry out welfare reform if the economy stays