is carried out through close cooperation between the girl and an adult volunteer. These objectives are met only through hard work and discipline, as displayed by the six young women honored on May 12.

A member of Girl Scout Troop 936, Jennifer Gary began working toward the Girl Scout Gold Award in 1994. Her project, focused on providing a Costa Rican culture experience for people in her community and raised community awareness about the importance of rain forests to our global environment.

The environment was also the focus of Carla Dingler's project. Carla, a member of Girl Scout Troop 167, coordinated six different environmental cleanups in her community.

Cyndie Bagarie, an individual Girl Member, completed an innovative project she began working on in 1995. Cyndie created a raffle-like event, whereby members of the community were given the opportunity to win free swim lessons from Cyndie by donating food to a local food pantry.

Girl Scout Troop 42 member Susan Mickelson created and distributed a wallet-size index of public phone numbers for teens. This arduous project began in 1993.

Another member of Troop 42, Erin Kraatz, knitted teddy bears for the children residing at a local women's shelter. This ongoing project started in 1993.

Jennifer Buhrow, an individual girl member, began working toward the Girl Scout Award in 1995. Her project consisted of collecting books, toys, games, and school supplies for the children at a local women's shelter.

At a time when our Nation's youth face so many obstacles, it is encouraging to see six young women devoted to fostering an understanding between cultures and people, and taking steps to bring issues of importance to the attention of others. I extend my heartfelt congratulations to Jennifer Gary, Carla Dingler, Cyndie Bagarie, Susan Mickelson, Erin Kraatz, and Jennifer Buhrow as they are recognized for their hard work and service to the community. We can all take pride in the fact that these six young women have made vital contributions to the State of Illinois. The people of Illinois are grateful for their contributions as public servants.

RECOGNITION OF THE 34TH ANNUAL SMALL BUSINESS WEEK

• Mr. FRIST. Mr. President, I rise today in support of America's small businesses and in recognition of the 34th annual Small Business Week. As a member of the Small Business Committee, I understand that small business is truly the engine of economic growth in America. Ninety percent of all U.S. businesses have less than 20 employees and 99 percent have fewer than 500 employees. These small businesses employ more than half of our Nation's workforce and create a large majority of our new jobs. In fact, 40 percent of our Nation's goods and services are produced by small businesses—making America's entrepreneurs the world's third greatest economic power, trailing only the production of the entire United States economy and Japan.

We celebrate Small Business Week every year to recognize those people on the front lines of our economy. I would like to take a moment to specifically recognize Tennessee's 1997 Small Business Person of the Year—Bob Pap—the president of the Accurate Automation Corp. in Chattanooga. Accurate Automation is an aerospace/computer systems company doing research and development in hypersonic aircraft design and the emerging technology of neural networks. Accurate Automation began in 1988 as a two-person company located in a 450-square-foot office. Today, it has 33 employees, 5 consultants, and a 13,000-square-foot office facility. Bob Pap's corporation is a great example of how hard work and ingenuity can lead to small business success.

The work of a small business owner never ends. Therefore, Congress should not stop working for small business after Small Business Week. We must reduce or eliminate the restrictive taxes, unfunded mandates, and burdensome regulations plaguing small businesses. Many Federal bureaucrats and lawmakers do not understand that small businesses do not have the money and personnel to cope with regulatory paperwork. They do not understand that small firms lack a corporate legal department to guide them through a maze of regulatory compliance. And, most importantly, they do not understand that each new tax, mandate, and regulation stifles business expansion, job creation, and economic growth.

Fortunately, Congress is taking action to foster a healthier environment for entrepreneurs. Reducing the capital gains tax rate is vital to creating jobs and expanding economic growth. Through high capital gains rates the Federal Government penalizes people who take risks and invest their hard-earned income in homes, savings accounts, mutual funds, small and large businesses, or family farms. In addition, this high tax rate threatens American leadership in the global marketplace. The United States has the highest capital gains rate of any major industrialized nation in the world. We cannot expect to remain competitive if we are not on a level playing field with other countries. Lowering the capital gains rate is essential to maintaining a strong economy and supporting the cause of America's small business men and women.

The bipartisan balanced budget agreement cuts the capital gains tax rate for individuals in the 15-percent tax bracket to 10 percent and for individuals in the 28-percent bracket to 20 percent. It also provides for the exclusion of gain on the sale of a home and indexing for inflation.

Estate tax reform is also a high priority. Confiscatory estate tax rates are extremely detrimental to small businesses. They depress national savings, discourage entrepreneurial risk, and limit economic growth. Too often, family farms and small businesses are forced out of business after the death of a key family member because the family cannot afford to pay the estate tax. We need to make sure that there is an incentive for entrepreneurs to start small businesses and that there is a way for these small businesses to flourish after an important family member dies. The bipartisan balanced budget agreement also includes a phased-in increase in the unified estate tax credit equivalent to $1 million and inflation indexing.

While capital gains and estate tax relief have been a major focus of our tax agenda, there are other important small business issues that deserve attention. One of those issues is electronic tax filing. Under a 1993 law, small businesses were required to submit their Federal tax payments electronically beginning this July. However, due to inadequate education and implementation by the Internal Revenue Service (IRS), more than 1 million small businesses were very confused about how to transition to the new system, concerned about the possibility of fines and penalties, and frustrated overall with the mandatory nature of this new requirement. Fortunately, relief is on the way. I voted for the supplemental appropriations bill that included an extension of the electronic tax filing deadline from July 1, 1997 to the end of this tax year, December 31, 1997. And the President has already signed this provision into law.

On another tax issue, I have cosponsored S. 460, the Home-Based Business Fairness Act of 1997. Home-based businesses are one of the fastest growing sectors of the economy. There are currently more than 14 million individuals earning income from out of their own homes. As owners of a majority of home-based businesses, women, in particular, have enjoyed astonishing success in this area. There are currently eight million women-owned U.S. businesses which produce $2.3 trillion in sales. Women-owned businesses employ one quarter of all U.S. workers. In light of these trends, we need to open more opportunities for home-based and other entrepreneurial ventures to start, grow, and create jobs.

The Home-Based Business Fairness Act targets three particular areas. First, it provides 100 percent deductibility for self-employed health insurance costs. Large corporations are currently allowed to deduct the health insurance costs of all of their employees. This bill will allow the self-employed to take advantage of full deductibility as well. A fair and competitive business environment is impossible as long as large corporations have this unfair advantage.

Second, the Home-Based Business Fairness Act will restore the home-office deduction and make it available to all business owners who perform their essential administrative and management functions only in their homes. This portion of the bill will clarify the ambiguities resulting from the 1993 Supreme Court decision, *Commissioner* v. *Soliman*. This decision required the customers of a home business to physically visit the home office and the business owners income to be generated within the home office itself in order to qualify for a deduction. This bill would expand and clarify the home-office deduction by allowing those who perform their services outside the home to benefit from the deduction as long as they use their home for all billing and recordkeeping activities.

Third, S. 460 clarifies the independent contractor definition. Under current law, small businesses and the self-employed must rely on a complicated and ambiguous 20 point test of IRS guidelines to determine how to classify their workers and what taxes must be paid. The IRS can penalize firms who use self-employed contractors and force them to pay retroactive taxes and fines if they disagree with the worker's classification as an independent contractor. The Home-Based Business Fairness Act will establish a general safe harbor to provide more certainty in determining the independent contractor status and protect against retroactive reclassifications, fines, and penalties.

On the regulatory front, I have cosponsored the Mandates Information Act of 1997 to help reduce the burden on America's economy of Congressional mandates. In the past, Congress has often acted without adequate information concerning the costs of private sector mandates. These costs are borne by consumers in the form of higher prices and reduced availability of goods; workers, in the form of lower wages, reduced benefits, and fewer job opportunities; and small businesses, in the form of hiring disincentives and stunted growth.

The Mandates Information Act contains two key provisions to prevent imposition of new mandates on the private sector. First, it establishes an additional procedural hurdle, or shame vote, against any bill containing private sector mandates exceeding $100 million a year. Second, it directs the Congressional Budget Office (CBO) to prepare a small business impact statement to inform Members of Congress about a bill's effects on consumer costs, worker wages, and the availability of goods and services. I believe this initiative will help stop the spread of mandates at their source—allowing small businesses to take risks and create new jobs without the added pressure of unfunded Washington requirements.

Mr. President, during Small Business Week and every week, Congress needs to listen to the men and women who are running Main Street businesses. Today, I speak for only a few minutes to honor the small business owners and employees who spend hours every day trying to fulfill their American dreams. I want to let them know that their elected officials are making some progress on their agenda, but we still have a long way to go. I urge my colleagues not to rest in our efforts to support American free enterprise.●

RISING COSTS OF A COLLEGE EDUCATION

● Mr. CLELAND. Mr. President, I rise today to share with you and all of our colleagues a disturbing report released Tuesday. According to this report, produced by a panel of public and private university officials and corporate executives, the cost of a college education is rising dramatically. This figure must be contained or an increasing number of low-income students will be shut out from the opportunity to earn a degree.

According to this report, tuition is expected to double by 2015, effectively shutting off higher education to half of those who would want to pursue it. We cannot allow this door to close on these low-income students. We should be opening these doors for our young people, not closing them.

These rising tuition costs must be addressed. An investment in education is an investment in the future of this country. Adequate governmental support for higher education is essential in order to arm our children with the proper resources so that they are able to live and compete in a global market. I firmly believe in providing all feasible financial support for students receiving a higher education. That's why I am a cosponsor of S. 12, the Education for the 21st Century Act, which would help to increase the educational opportunities for America's youth.

Mr. President, I ask that the text of the article detailing these report findings, which appeared in the New York Times, June 18, 1997, be printed in the RECORD.

The article follows:

[From the New York Times, June 18, 1997]

RISING COST OF COLLEGE IMPERILS NATION, REPORT SAYS

(By Peter Applebome)

The nation's colleges an universities need to cut costs dramatically or face a shortfall of funds that will increasingly shut out the poor from higher education and from economic opportunity as well, according to a blunt and far-ranging assessment of American higher education that was made public on Tuesday.

The report, by a panel of public and private university officials and corporate executives, says that rising costs, falling public spending and a coming surge in demand are making the economics of American higher education increasingly unsupportable.

If current enrollment, spending and financing trends continue, the report said, higher education will fall $38 billion short of what it needs to serve the expected student population in 2015. To sustain current spending, it said, tuition would have to double by 2015, effectively shutting off higher education to half of those who would want to pursue it.

The report focuses on one of the great unspoken dilemmas in President Clinton's push to make a college diploma as common as a high school one: higher education is expensive, students pay only a small share of their costs and, while bringing increasing numbers of low-income students into higher education will have long-term economic benefits, it will also have enormous short-term economic costs.

On the other hand, the report said, with education increasingly crucial to economic advancement, cutting off access to education—particularly to the poor and to immigrant groups who increasingly dominate the student population of states like California, Florida, New York and Texas—would have enormous consequences for the nation's social fabric.

The report, "Breaking the Social Contract: The Fiscal Crisis in Higher Education," calls for a radical restructuring of universities, including an effort to overhaul university governance to limit the power of individual departments, redefining and often reducing the ambitions of different institutions and a sharing of resources between institutions.

The report also calls for more public financing, but it stresses that changes in the system should be prerequisites to any increases.

"The facts are irrefutable," said Thomas Kean, the former New Jersey governor who is now president of Drew University and is a co-chairman of the panel that wrote the report. "We are heading for a crisis at the very time we can least afford one."

The panel, the Commission on National Investment in Higher Education, is made up of academic and business leaders convened by the Council for Aid to Education, an independent subsidiary of the Rand Corp.

Experts say that higher education is already being reshaped by such forces as technology or competition from for-profit institutions, so that a straight-line extrapolation from current economic figures is difficult. And higher education is such a varied enterprise in the United States that a crisis for a public college in California does not necessarily mean a crisis for Harvard or Princeton.

Still, Roger Benjamin, president of the Council for Aid to Education, notes that even rich universities like Yale and Stanford have faced deficits and retrenchment in recent years.

And officials in state systems, which educate the majority of Americans, say the gap between resources and costs in higher education is becoming ever more daunting.

Charles Reed, chancellor of the State University System of Florida, said that over the next 10 years Florida will face a 50 percent increase in students at its public four-year institutions, from 210,000 to 300,000.

Barry Munitz, chancellor of the California State University System, said California was midway through a half-century of population growth and demographic change that would see the number of schoolchildren in kindergarten through the 12th grade almost double, to about eight million, and go from about 75 percent white in 1970 to about 75 percent minority in 2020.

Population growth will only accelerate the financial problems facing higher education, the report said. It noted that the index measuring the increases in the price paid by colleges and universities for goods and services, like faculty salaries, rose more than sixfold from 1961 to 1995. The annual rate of growth in the cost of providing higher education exceeded the Consumer Price Index by more than a percentage point from 1980 to 1995, the report said.