support and protect American pensions. I rise tonight to talk about that and congratulate my colleague in his effort.

About 2 weeks ago—October 27—the Senate, by an overwhelming vote of 94 to 5, agreed to drop the pension reversion provision from the budget reconciliation legislation. In a bipartisan show of support for the working people of this country, the Senate said no to allowing companies to pilfer the savings of Americans.

Today, I join my colleagues in urging the chairman of the Ways and Means Committee to delete the House pension reversion provision from the budget reconciliation legislation. This type of provision does not belong in reconciliation. This provision should be addressed separately and the committees with jurisdiction and substantial interest should have time to hold hearings on the proposal.

This Republican proposal will allow companies to take money from employee pension plans that they say are more than 125 percent funded. These excess pension assets—the funds not needed to pay immediate pension benefits—can be used freely for purposes that are certainly not in the interest of retirees.

Allowing companies to strip so-called surplus pension assets from employee pension plans will take us back to the 1980's, when companies took away more than $20 billion from over 2,000 pension plans, covering nearly 2.5 million workers and retirees.

HISTORY OF PENSION REVERSIONS

Prior to the 1980's, the reversions of pension assets to employers were almost nonexistent. Pension assets were returned to employers only after the plan had been terminated, and after all benefits to plan participants were paid. However, as pension assets grew with the rising stock market in the 1980's, corporations began to take the excess pension funds.

In 1983, the Reagan administration issued guidelines making pension reversions easier. From 1982 to 1990, over $20 billion was taken from 2,000 retirement plans covering 2.5 million workers and retirees. From 1982 to 1985, the size and the number of reversions grew rapidly: $404 million reverted in 1982 to $6.7 billion reverted in 1985.

As retirees were left without an adequate retirement, Congress took strong action to stem the tide of pension reversions. Beginning in 1986, Congress imposed a series of excise taxes: a 10-percent excise tax on the amount of the reversion in the Tax Reform Act of 1986; a 15-percent excise tax in the Technical and Miscellaneous Revenue Act of 1988; and, in the Omnibus Reconciliation Act of 1990, and 20 percent tax when the employer established a successor pension plan with similar benefits, or a 50 percent tax if no successor plan was established. With these congressional measures, the number and size of reversions fell substantially.

EFFECT OF REVERSION ON THE AMERICAN WORKER

This Republican proposal will encourage employers to take billions of dollars out of pension plans, leaving them with insufficient funds to protect current and future retirees. Money previously set aside for workers' retirement will now be pocketed by corporations and used for almost any purpose. The removal of these funds from pension plans increases the risk of loss to workers, retirees and their beneficiaries just at a time when the need for a strong private pension system is great.

Pension funds are not the employers' money. Workers pay for pension fund contributions with lower wages. Under current pension and tax regulations, pension funds are in trust to be used only for the exclusive benefit of workers and retirees, and should not be considered as employer piggy banks. This irresponsible provision encourages employers to take workers' pensions. This proposal is bad public policy.

A pension plan with excess assets today, can quickly become underfunded if those assets are taken away. Because most pension plans are tied to the stock market, any downward turn will have a negative effect on the plan. In addition, a reduction in the interest rate of 1 percentage point together with an asset reduction of 10 percent reduces the funding level from 125 to 96 percent.

CONCLUSION

The American people have spoken. Taking money away from pension plans is wrong. Let's not permit companies to take pension assets from the American worker. Let's ensure that pensions will be safe and available for those who saved for their retirement. I urge the reconciliation conferees to delete this dangerous provision.

THE 7-YEAR BALANCED BUDGET RECONCILIATION ACT, 1995

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California [Mrs. SEASTRAND] is recognized for 5 minutes.

Mrs. SEASTRAND. Mr. Speaker, it is an exciting time in my estimation to be a Member of this House of Representatives, because 25 years or so have passed since we talked about balancing a budget for our Nation. I would just like to remind people why we need a balanced budget for America.

I have two children. My son Kurt is 25. He graduated from college. He is a new entry into the job market, concerned about perhaps getting married, having a family and buying a home. My daughter Heidi is going to be graduating from college this semester, and she is very concerned about entering into the job market. Will there be opportunities for her, as there have been perhaps in the past for our graduates from college?

Sometimes we talk in terms I think in this House that really do not address the concerns of people back home. I would just like to remind Californians back home that overall, American taxpayers pay almost $3,300 billion just to service the debt we have already accumulated, and that every child born in America today will be greeted with a tax bill of $187,000 just to service the debt over his or her lifetime, an amazing amount of money.

The national debt as of 2 days ago, and as we know it is ticking away, was $4,984,737,460,958.92. Now, I do not know about people who are home on the central coast of California. All I can say is my checkbook, my personal checkbook, does not go up to those figures. Sometimes it is hard to relate with these figures. Sometimes it is hard to relate with these figures, but I would like to remind the people, especially on the central coast of California, when we talk about why it is important to balance the budget and to achieve a balanced budget so we can pay off the creditors of our Nation, and perhaps bring down the interest rates. The experts tell us we are going to see a drop of 2 percent in interest rates.

I would like to tell Californians that that means 497,000 new private sector jobs in California. We have suffered very much in California. We have been in the doldrums. I know what it means for people looking for jobs. It is very disappointing to know that in the past, the moving vans were leaving California, and not many people were using those vans to move back into California. But that is going to mean that the taxes of California families are going to be reduced by $23.8 billion over the next 7 years.

What does it mean to, perhaps, families looking at a home in Santa Barbara County, one of my counties in my district? A 2-percent drop in interest rates means that an average 30-year home mortgage will save families, as I said, in Santa Barbara County, my southern constituents, $111,000 over the life of a loan for a $225,000 home.

People might say, ''My gosh, $225,000.'' I might remind people that in Santa Barbara, this is an average type cost for a home.

In San Luis Obispo, the median price for a home in 1995 was $163,000. Again, if we were to look at a 30-year home mortgage, we are going to save people with a 2-percent reduction in mortgage rates nearly $100,000 on a 30-year home mortgage, so it is very important for our families.

We have two big universities, Cal Poly in San Luis Obispo and the University of Santa Barbara in Santa Barbara. I know our students are looking at student loans. Let me tell you, a 2-percent drop in interest rate on an average 10-year student loan of $11,000 means that a graduate is going to save $2,160 over the life of the loan. Maybe there are some people out there that think, ''Well, these are 10- and 30-year type loans we are talking about.'' On an average 4-year car loan of $15,000, a 2-percent reduction in interest rates will save families $9,300 over the life of that loan.

I would just say that, overall, we are going to save dollars in our Republican balanced budget plan, and I would remind my home State of California that total Federal spending in the Republican balanced budget plan will increase, and I want to underline that, increase, a plus sign, from $177 billion in the fiscal year of 1995 to $215 billion in the year 2002, an increase of 22 percent.

Over the past 7 years, the Federal Government's spending in California was $1.1 trillion. Under our plan, the total Federal spending in California will be $1.46 trillion, an increase of 31 percent. So while we hear a lot about cuts of this budget, what we are trying to do is slow that growth, the rate of growth down.

And Social Security payments to my senior citizens? In California we are going to see an increase of $15.9 billion over the next 7 years. Medicare payments to Californians will increase $9.2 billion over the next 7 years.

All of this is important to a State that, as I had mentioned earlier suffered, and we want to see California yet again become the Golden State. I am just looking forward in the next few weeks to discuss the balanced budget and to see that we do vote for a balanced budget in the next 7 years.

Why the need for a balanced budget?

Each year American taxpayers pay almost $300 billion just to serve the debt we have already accumulated.

Without the Seven Year Balanced Budget Reconciliation Act, the share of the $1.2 trillion in additional new Federal debt placed directly on the backs of California's children over the next 7 years will be $140 billion. Each child born in America today will be greeted with a tax bill for $187,000 just to service the debt over his or her lifetime.

The national debt as of November 6, 1995, was $4,984,737,460,958.92.

EFFECTS OF SPENDING CUTS OF THE SEVEN YEAR BALANCED BUDGET RECONCILIATION ACT

Although the doomsayers will have you believe otherwise with their false scare tactics, the Congress is not imposing draconian cuts; we are just curbing the amount of wasteful spending Congress has been in the habit of authorizing over the past 40 years.

Our Medicare Preservation Act saves Medicare from bankruptcy, keeping our Government's commitment to traditional Medicare. It increases the average per beneficiary spending from $4,800 in 1996 to $6,700 in 2002. The Preservation Act simply slows the rate of growth of Medicare.

Under the Republican balanced budget plan, total Federal spending in my home State of California will increase from $177 billion in fiscal year 1995 to $215 billion in 2002, an increase of 22 percent. Over the past 7 years, the Federal Government spending in California was $1.1 trillion. Under the Republican balanced budget plan, total Federal spending in California will be $1.46 trillion, an increase of 31 percent.

Breaking these costs down.

Social Security payments to Californians will increase $15.9 billion over the next 7 years.

Federal welfare spending for food stamps, child care, cash welfare, child protection, school nutrition, and other such programs will increase $40 billion over the next 7 years.

Medicare payments to Californians will increase $9.2 billion over the next 7 years.

Medicaid payments to California will increase $3.4 billion over the next 7 years.

LONG-TERM EFFECTS OF THE SEVEN YEAR BALANCED BUDGET RECONCILIATION ACT

The balanced budget legislation will put our financial house in order while, it is estimated, creating 6.1 million new job opportunities in the early part of the 21st century. Income per family will rise by $1,000 a year and interest rates will decline by up to 2 percent, making loans for homes, cars, education, and start-up businesses more accessible. Most important of all, a balanced budget will give our children and children's children a higher standard of living, more job opportunities, and a country free from ever-increasing debt.

Again, breaking down the long-term benefits of this measure:

A drop of 2 percent in interest rates will create 497,000 new private sector jobs in California; in addition, it will reduce the taxes of California families by $23.8 billion over the next 7 years.

A 2-percent drop in interest rates means that an average 30-year home mortgage will save families in Santa Barbara County, CA, my southern constituents, $111,000 over the life of the loan for a $225,000 home. This is the median price for a home in that county in 1995; my northern constituents in San Luis Obispo County where the median price of a home in 1995 and $163,000 would save nearly $100,000 from a 2-percent reduction in mortgage rates.

On an average 10-year student loan of $11,000, a 2-percent reduction in interest rates means graduates will save $2,160 over the life of the loan.

On an average 4-year car loan of $15,000, a 2-percent reduction in interest rates will save families $900 over the life of the loan.

Lastly, I would like to elaborate on Chairman of the Federal Reserve, Alan Greenspan's thoughts on the GOP goal of balancing the budget by 2001.

In a speech earlier this month to the Concord Coalition, Greenspan said he believes that ''progress this year in coming to grips with the budget deficit has been truly extraordinary.'' He attributes falling long-term interest rates with this recent progress.

In addition, Chairman Greenspan stated that ''Unless the budget deficit is brought down before foreign funds become increasingly costly, domestic investment will be impaired, economic growth will slow, and pressure on monetary policy to inflate could re-emerge.''

With such rosy predictions of the economic effects of our plan, I ask the doomsayers what are the true draconian effects of our plan to balance the budget over the next 7 years? Are your concerns legitimate or are they simply false scare tactics motivated by envy for not having your own legitimate plan? I tend to believe the latter.

In summary, the Seven Year Balanced Budget Reconciliation Act incorporates the most dramatic changes in Washington in more than 40 years. It balances the budget in 7 years, provides significant tax relief to American families, preserves, protects, and strengthens Medicare and replaces the current welfare bureaucracy with compassionate solutions that restore the dignity of work and strengthen families. This legislation provides a better future for our Nation's children. Thank you, Mr. Speaker.

PROVISION IN BUDGET RECONCILIATION BILL ALLOWS CORPORATIONS TO REMOVE EXCESS PENSION FUNDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. NEAL] is recognized for 5 minutes.

Mr. NEAL of Massachusetts. Mr. Speaker, we are here tonight to discuss a provision that was included in budget reconciliation. This provision would allow corporations to remove excess funds from overfunded pension plans for any reason. There is only one way to describe this provision and that is the raiding of pension plans.

Ten years ago we were faced with a similar situation. Let me read a quote from the Nov. 3, 1985 edition of the New York Times. The article was entitled ''Raking in Billions from Company Pension Plan.''

> At an increasing pace, some of the most familiar names incorporate . . . have already withdrawn or are trying to withdraw, $8 billion in surplus pension money. They are diverting this money to other corporate use, such as take over financing and capital investments and offering their employees substitute pension plans . . . Workers across the country are growing increasingly concerned that the stream of retirement income generated under the present pension system might disappear by the time they retire . . . Some blue-chip companies have been accused of cynically using pension funds bank accounts and tax exempt savings account.

It is almost eerie how this quote from 10 years ago applies today. This quote could have been in today's New York Times.

During the 1980's, approximately $20 billion in pension funds were drained by companies. Congress acted responsibly and passed legislation to protect pensions.

The pension provisions in the House budget would undo all the good Congress had done in one fell swoop. It has been estimated that this provision could result in $40 billion leaving pension funds.

Once again corporations are looking to take money from pension plans to use for their own whims. We cannot allow pension funds to be used as tax free corporate checking accounts.

I have been reviewing the newspaper clippings on this issue and all across the country it is perceived as a bad idea. I want to share with you some of these headlines.

''Leave Those Pension Funds Alone'' Business Week October 23, 1995.

''The GOP Had Better Get Business Off The Dole, Too'' Business Week October 16, 1995.

''Pension Pirates'' New York Times, October 27, 1995.