

Congressional Closeup by Carl Osgood

Democrats take up pension reform

The House and Senate Democratic leadership held the second in a series of forums on Capitol Hill on the Democratic Families First Agenda, on July 15. The forum heard testimony from a panel of witnesses on the abuse of employee pension funds by corporations.

Chairwoman Sen. Barbara Boxer (D-Calif.) stated that federal law does not protect the most rapidly growing and predominant American pension plan, the 401(k), which currently enrolls 22 million Americans and holds \$675 billion in assets. Boxer and Rep. Gary Condit (D-Calif.) have proposed a bill to regulate this type of plan to prevent the abuses which were detailed by the panel. These plans, in which an employer deducts a portion of the employee's salary every week and directs the investment of it, do not come under the protection of federal pension law, which prohibits the investment of more than 10% of their assets by the employer. Consequently, corporations have used these funds as a piggybank as the economy has worsened, and, when they go bankrupt, the life savings of the employee go up in smoke.

Sen. Byron Dorgan (D-N.D.) commented, "You cannot say you are pro-family unless you care about this sort of thing."

Sen. Jeff Bingaman (D-N.M.) said that he was introducing a new bill to reform the current pension system. A press release on the bill said that the bill will make it easier for small businesses to establish pension plans for the more than 50 million American workers who lack coverage. It will allow employers and employees to contribute to the Pension Portability Clearinghouse, a non-profit private corporation chartered by an act of Congress, which would be established

by the bill. The board of the clearinghouse would contract fund management to "qualified investment houses which would manage at least the following funds: a fixed income fund, equity fund, government securities, small business capitalization fund, and a public infrastructure fund."

Through the clearinghouse, workers could change jobs and continue the same pension investment. Participating employers would contribute a uniform percentage of each employee's salary, and the employee could contribute, tax free, an amount up to twice the employer's contribution. The goals of the plan, called the Pension Pro-Save: Retirement Security for All Americans Act, are "to encourage employer pension contributions; facilitate pension portability; preserve and increase retirement savings; and simplify pension law."

Lott maneuvers to avoid government shutdown

On July 15, Senate Majority Leader Trent Lott (R-Miss.) endorsed the idea, proposed by House Majority Leader Richard Arme (R-Tex.), of passing a continuing resolution lasting until March 31, 1997, so that the government wouldn't shut down if not all of the appropriations bills are passed before the next fiscal year begins on Oct. 1. Last year, Republicans were hurt badly politically when House Speaker Newt Gingrich, Arme, and the Conservative Revolution crowd deliberately shut down the government in an attempt to get their program passed.

An early continuing resolution would enable the Republicans to adjourn Congress without finishing all the appropriations bills. Other Senate Republicans, notably Larry Craig (Id.)

and Ted Stevens (Alaska), both up for reelection this year, have also endorsed the idea.

Minority Leader Tom Daschle (D-S.D.) said, on July 17, that he thought President Clinton might veto a continuing resolution if he thought it premature. He also reported that a discussion he had had with Clinton "led me to believe that he wants us to stay here and do our work, and he indicated to me that he wants to take whatever actions he thinks would be useful in ensuring that we do stay here and do our work."

As of July 18, the Senate had passed only 1 of 13 appropriations bills, while the House had completed action on 10.

Ethics report on Gingrich probe sought

Jim McDermott (D-Wash.) called on the House ethics panel to report to the House on the status of its probe of House Speaker Newt Gingrich (R-Ga.) on July 15, "so that the House can further instruct the committee on how to proceed." The call was unusual, because McDermott is the ranking Democrat on the committee.

McDermott was critical of committee chairman Nancy Johnson (R-Conn.). He said that if a tie vote (the committee has an equal number of Republicans and Democrats) prevents the resolution of an issue, then the issue "would simply die in the lap of the chair" if one side decided it didn't merit further inquiry. "If that happens," he said, "the chair of the committee will have destroyed the ethics committee by failing to lead the committee to a resolution of an issue of major importance."

The following day, Peter King (R-N.Y.) filed an ethics complaint against

McDermott, claiming that McDermott's use of Washington-based fundraising consultant Steven J. Jost in his own campaign, calls into question McDermott's right to participate in the Gingrich probe. Jost assisted former Rep. Ben Jones (D-Ga.), who ran against Gingrich in 1994, in filing the original complaint against Gingrich that year. The complaint also alleges that McDermott violated ethics rules by his earlier criticisms of Johnson's handling of the Gingrich probe.

Treasury funding passes amid concern about IRS

The House passed on July 17 the Treasury, Postal Service, and General Government appropriations bill by a vote of 215-207, despite disagreement over a host of issues, including funding for the Internal Revenue Service. The bill cuts IRS funding by 11% compared to last year.

Jim Lightfoot (R-Iowa), chairman of the Treasury, Postal Service appropriations subcommittee, attacked the IRS, complaining that the agency is incapable of accounting for the money it spends on its operations. "The IRS cannot justify their appropriations because they cannot reconcile their expenditures," he said.

Steny Hoyer (Md.), the ranking Democrat on the subcommittee, praised increases in law enforcement funding that are contained in the bill, but complained that "these increases in law enforcement have been made at the expense of the Internal Revenue Service." Hoyer said that the \$800 million cut in the IRS's budget could create "a very significant risk that substantial federal revenues could be lost, thereby exacerbating our federal budget deficit problems." Lightfoot and Hoyer both noted that there was also

concern from the Ways and Means Committee, chaired by Bill Archer (R-Tex.), about the IRS funding levels, but Archer did not express that concern or offer an amendment to increase funding.

Conferences frustrated by partisan bickering

Several bills passed by both Houses of Congress are still hung up over an inability to come to agreement to go to conference. The two most important bills are on medical insurance reform, which has been stalled for more than three months, and on the minimum wage, which has been stalled since July 9.

Democrats have accused Republicans of holding the minimum wage hostage to their demand for medical savings accounts (MSAs) on the health bill. Senate Majority Leader Trent Lott (R-Miss.) was coy when he was asked on July 16 about whether he would tie the two together. "I might and then I might not," he said. He also said that the Democratic proposal to split the MSAs proposal from the health insurance bill was "not a practical, reasonable or serious offer," and accused Democrats of "insisting on gridlock."

Senate Minority Leader Tom Daschle (D-S.D.) complained the following day that "every time we come up with yet another innovative way to break the impasse" on health insurance reform, "we're told, no, and then they'll tell you that we're the ones responsible for the fact that they're not making progress on health care. . . . We'd love to have a conference, but we've got to have a conference where people are on both sides of the table."

Daschle was equally determined on the minimum wage issue, warning

that if Republicans don't show some movement on it, Democrats would return to their strategy of offering it as an amendment to every single piece of legislation that comes up. By the end of the week he was more optimistic. He told the press on July 19, "I think we're making reasonable progress" on the minimum wage bill, "and I'm hopeful that health care can be resolved this month," but he was careful not to back off on his warning of a couple days before.

Mack, Kasich would privatize interstates

Sen. Connie Mack (R-Fla.) and House Budget Committee Chairman John Kasich (R-Ohio) introduced a bill on July 18 to turn over funding and management of the interstate highway system to the states. The bill is a Conservative Revolution attack on the federal government's role in national transportation policy. On July 19, Mack called the highway system a "relic" of the era of big government and "a perfect example of a program that ought to be returned to the states." He also attacked the system of collecting and distributing gasoline taxes as "inefficient, costly, and bureaucratic."

Mack said his bill "re-empowers the states to make their own decisions" by eliminating the federal highway trust funds, repealing most federal highway regulations, and removing "federal roadblocks to infrastructure privatization." He claimed that elimination of federal gasoline taxes would allow states "to regain control over their highway program and raise their state gas taxes if they choose. Any money collected would stay within the state to be used as the state sees fit without restriction from Washington." Presumably, this would include using such funds for budget balancing.