The Senate continued with the consideration of the bill.

Mr. DOMENICI. Mr. President, I understand Senator KASSEBAUM is prepared to offer an amendment with reference to education. I understand we have 10 minutes on our side and they have 10 minutes on their side.

The PRESIDING OFFICER. The Senator from New Mexico is not correct in that. There is 10 minutes equally divided, 5 minutes to a side.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

AMENDMENT NO. 2962
(Purpose: To strike the provisions relating to loan payments from institutions, the elimination of the grace period interest subsidy, and the PLUS loan interest rate and rebate)

Mrs. KASSEBAUM. Mr. President, I send an amendment to the desk on behalf of myself, Ms. SNOWE, Mr. JEFFORDS, Mr. COATS, Mr. GREGG, Mr. FRIST, Mr. DEWINE, Mr. ASHCROFT, Mr. ABRAM, and Mr. GORTON, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mrs. KASSEBAUM], for herself, Ms. SNOWE, Mr. JEFFORDS, Mr. COATS, Mr. GREGG, Mr. FRIST, Mr. DEWINE, Mr. ASHCROFT, Mr. ABRAM, and Mr. GORTON, proposes an amendment numbered 2962.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1421, beginning with line 15, strike all through page 1423, line 13.

On page 1424, beginning with line 2, strike all through page 1426, line 9.

The main difference between this amendment and the amendment offered by Senator KENNEDY, is that we leave intact provisions in the budget bill that would decrease the size of the direct loan program to a more appropriate demonstration size, until we can fully assess the merits and feasibility of direct lending. Direct lending does not affect student eligibility for Federal student loans, nor does it affect the amount of funds available for loans or the rates and fees charged to students. They do not make financial aid more affordable or more accessible.

Mr. President, I just add that there are two members—one, a member of the committee, Senator JEFFORDS from Vermont, and the other is Senator SNOWE from Maine—who have felt strongly from the very beginning that we simply should not cut into the education funds as much as the reconciliation request required. They have fought long and hard.

I will yield what time I have remaining to Senator JEFFORDS and Senator SNOWE but I want to point out that a majority of the committee is cosponsoring this amendment. We are all united behind this amendment, and it has been a dedicated effort on the part of the committee majority members.

I yield the floor to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont has 1 minute, 21 seconds.

Mr. JEFFORDS. Mr. President, let me briefly remind everybody that a while back, when we were dealing with the budget resolution, 67 of us voted not to cut more than $4 billion out of higher education. This amendment would bring this level closer to where we in the Senate voted earlier this year to be—a $5 billion cut from the $10.8 billion. I remind my colleagues of that. I hate to see anybody be inconsistent with their voting, and since 67 voted for something a little more draconian than this, I hope those Senators will stay with us on this amendment.
I will also say, while I believe that we should have direct lending stay in as it creates great competition for the programs, and am in favor of having a rate higher than 20 percent that is in the bill now, I could not go with the Democratic amendment because it essentially opens up direct lending fully. I will be voting against the Kennedy amendment. But I will be voting in favor, obviously, of the Kassebaum-Snowe-Jeffords amendment.

Our amendment restores the 6-month grace period, eliminates the .85 percent institution fee, reduces the interest rate on PLUS loans. Reducing the labor committee's instruction from $10.85 billion over 7 years to $5 billion. Let me lay aside the issue of reducing education cuts for one quick moment and explain why this amendment is so important.

The amendment offered by my democratic colleagues restored direct lending to current law—or a transition to 10 percent. I simply could not support such a decision. I have always been a supporter of testing the direct lending program and am on record as opposing the labor committee's bill to limit it to 20 percent. Twenty percent in my view is too small, it cuts out schools that currently participate in the program—that to me is wrong.

However, as I stated during debate of the 1993 reconciliation, I believe in a slow, implementation of direct lending. It should be undertaken thoughtfully and carefully. The amendment offered by my democratic colleagues is tantamount to a phase-in of direct lending. A phase-in suggests something very different than a thoughtful analysis of the two programs. My fear is that we have already made the decision to go full force without really looking at the advisability of such a move. It is like saying "ready, fire, and then aim." For this reason I support a five-year cap on direct lending. That cap, in my mind should be set at a point which protects the schools that are current participants and allows some room for growth. I suggest that number be set between 30-40 percent.

Mr. President, that is not the amendment we are currently considering. I offered that suggestion to my colleagues as a bipartisan approach. Unfortunately, that amendment coupled with billions of dollars in additional student aid, was defeated by small minorities and interestingly also by groups purporting to represent higher education. In particular the council on education.

I am truly disheartened that today we may have lost an opportunity to demonstrate to this Congress, the administration and the people of this country that education is not a partisan issue. Unfortunately, we gave up the chance to show that politics takes a back seat policy.

I wish we could have put differences aside and discussed the real issue—reducing the labor committee's instruction and restore funding for education. Certainly, we must balance the budget but we must cut expenditure not investment. That is what this amendment does. It strikes the .85 percent institution fee, restores the 6-month grace period, and eliminates the increase in the PLUS interest rate. Support for this amendment will provide savings to parents, students, and institutions.

Eliminating the interest subsidy during the 6-month grace period could increase the debt of an undergraduate who borrows the maximum $23,000 by almost $1,000, resulting in additional payments of over the life of the loan. For a graduate student who borrows the maximum $65,500, the result would be $2,700 in additional debt and almost $4,000 in additional payments.

Raising the interest rate and the interest rate cap on PLUS loans would increase the total payments of parents who borrow $20,000 for their children's education by $1,300. It simply doesn't pay to cut education.

Consider the following: More highly educated workers not only earn more, but they work and pay taxes longer than less educated workers.

Between 1973 and 1993, median family income increased by 40 percent. Families that currently participate in the program—my amendment coupled with billions of dollars in additional student aid—would have had to increase borrowing in order to pace with college costs. Students have had to increase borrowing in order to make up the difference.

In 1985-86, the actual maximum Pell grant of $2,100 paid 58 percent of the total annual cost for a 4-year public institution $3,637. In 1993-94, the maximum Pell grant of $2,300 paid only 36 percent of the total cost, $6,454.

Because Federal grant programs have grown much more slowly than the cost of attending college, loans now, 1994-95 account for 56 percent of all student aid, up from 49 percent in 1985-96.

Borrowing has skyrocketed in recent years to such an extent that the amount borrowed through the FFEL program from 1990 to 1995 is greater than the total amount borrowed from its inception in 1965 through 1989.

With such statistics it is no wonder that polls show more and more students and their parents deciding that college is simply out of their reach. In fact, close to 20 percent of students consider leaving school because of debt. Considering the impact on our economy and the future earning potential of individuals with a postsecondary degree, this statistic is most disheartening.

I urge my colleagues to support this amendment and tell the nation that the issue of education spending is a bipartisan issue.

I see that the Senator from Maine has arrived. I am happy to yield to her. The PRESIDING OFFICER. All time has expired.

Mr. KENNEDY addressed the Chair. The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I have 5 minutes, as I understand it. I will speak for 2 minutes and then yield 2½ minutes to the Senator from Illinois.

Mr. President, this is, first of all, an extraordinary moment because it is an initial victory for the students of this country and their parents that our Republican friends are hearing their message about the unfair, unwise, unjustified additional burden on working families. So that is the good news.

The bad news is that what Senator Kassebaum's amendment will effectively do is to say to the 1,400 schools that now have direct lending that half of them are out. Half of them are out. There is no suggestion about how you are going to cut those out.

Under our amendment, we are leaving the choice to the schools, to the colleges. It is so interesting that our Republican friends want to close the option for local control out. We leave it in the schools. If they want to get in, they can—maximum choice—and we leave it up to the schools to have competition between the direct loan program and the guaranteed loan program.

Under the amendment of the Republicans, they will be preserving the $77 billion that will flow through the guarantee agencies and guarantee $5 million in profits. That is not competition. Where is the voice for competition among the Republicans? When is the discussion about what colleges are going to be in and what colleges are going out?

The amendment that has been introduced by myself and Senator Simon goes back to what was agreed to in terms of direct loans in 1993. We permit the colleges that want to get in, and we establish a ceiling. That was bipartisan. Someone tell me what happened in the 1994 election that was to say that we are going to juggle the system and force the students into the guaranty system.

I yield to the Senator from Illinois.

Mr. SIMON. Mr. President, I agree this is a step forward. But it eliminates—cuts down to 20 percent direct lending. This is, frankly, a brazen kind of pandering to the banks and the guaranty agencies. There is not a college or university in this Nation that has a direct lending program that does not want to keep it. And as our friend and former colleague, Dave Durenberger, said, "This is not free enterprise, the
old system, this is free lunch for the guaranty agencies and the banks." We write into the law their profit.

In terms of the taxpayer, we wrote the budget resolution so that you would count the administrative cost for direct lending but not for the guaranty student program. CBO says, under current law, that by the year 1994, 72 percent, as the Kassebaum amendment does, will cost the Nation $4.64 billion. All colleges and universities, again, who in the program like it. It saves a huge amount of paperwork. Students like it, parents like it, taxpayers like it.

The Kennedy amendment is budget neutral. We do not add to the deficit. Why are we doing something that colleges like, students like, and taxpayers benefit from? We are doing it for one reason and one reason only. To benefit the banks and the guaranty agencies.

If we want to call this a bank assistance bill—and they have record-breaking profits right now—we ought to do that. If we want to call this an assistance to guaranty agencies, we ought to do that; but if we want to call it an assistance to students bill, then we ought to vote for the Kennedy amendment. Let me just point out that this idea came from Congressman Tom Petri, a Republican from Wisconsin. Mr. DURENBERGER, Republican from Minnesota, was the chief cosponsor of this.

This should not be a partisan thing. I hope Members on both sides will vote for the Kennedy-Simon amendment. It makes sense for everyone. I just appeal to you on behalf of America's students.

Mr. KENNEDY. Do I have 30 seconds?

Mr. PRESIDENT. Ten seconds.

Mr. DURENBERGER. Mr. President, this is a clear attempt to strike one of the initiatives of President Clinton—eliminate National Service, eliminate Goals 2000, eliminate direct lending for education.

Our Republican friends cannot stand a good idea when they see one. The PRESIDING OFFICER. All time under the amendment has expired.

Mr. DOMENICI. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the Congressional Budget Office dated October 26 saying there has been no scorekeeping activities that try to prejudice one of the programs versus another; that is, that guaranteed one versus another.

The President had the material ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate,
Washington, D.C.

Dear Mr. Chairman:

In your letter of September 5, 1995, you asked the Congressional Budget Office (CBO) to respond to several questions regarding the Credit Reform Act and the President's fiscal 1996 budget request regarding this 20 percent related to the treatment of administrative expenses in the student loan programs. Attached are CBO's responses to your questions.

If you wish further details, we will be pleased to provide them. The CBO staff contact is Deborah Kalcevic.

Sincerely,

JUNE E. O'NEILL,
Director.

Attachment.

RESPONSES TO QUESTIONS FROM CHAIRMAN DOMENICI

The Credit Reform Act of 1990 provided that the federal budget would record the cost of direct loan programs on an economic and technical assumptions and the direct loan phase-in schedule provided under current law. This baseline reflected the rules that are currently in law for estimating the cost of credit programs. The 1996 budget resolution specified that the direct administrative costs of direct student loans should be included in the subsidy estimates for that program. For estimating legislation under the 1996 budget resolution, the Congressional Budget Office (CBO) has used this alternative definition of subsidy costs. In addition, changes in economic and technical assumptions can complicate the comparison of estimates made at different times. The following questions and answers explore the implications of the change in accounting for direct student loans.

Question 1: The President proposed, and signed into law in 1993, the Federal Direct Student Loan Program to replace the guaranteed lending program. What was the phase-in of that program when it was initially enacted and what savings estimate was provided by CBO?

Answer: The President's fiscal 1994 budget proposed expanding the direct student loan program from a pilot program (which was about 4 percent of loan volume) to a program that would provide 100 percent of all student loans by the 1997-1998 academic year. As part of the response to the estimated 72 percent of lower interest rates to borrowers as of July 1997, substantially increase the annual capping entitlement levels for direct loan administrative costs. The budget proposed no changes in the guaranteed loan program except to phase it out. CBO estimated that the proposal would save $4.3 billion over the 1994-1998 period. These estimates were completed using the CBO February 1993 baseline economic and technical assumptions. The President's proposal became the policy as assumed in that year's budget resolution.

The legislation passed by the Congress differed significantly from the policies assumed in the budget resolution. CBO will include the requirement to save $43.4 billion by limiting the volume in the direct lending program to 60 percent of the total and substantially cutting subsidies in the guaranteed loan program. Specifically, direct loans were to represent 5 percent of total volume for academic year 1994-1995, 40 percent for 1995-1996, 50 percent for 1996-1997, and 60 percent for 1997-1998. The legislation also provided that the ceiling could be exceeded if demand required it.

Question 2: The President's FY 1996 budget, the President proposed an acceleration of that plan so that all student loans would be provided directly from the government no later than July 1, 1997. What "additional" savings did CBO estimate for the accelerated phase-in under the Credit Reform Act?

Answer: The President's fiscal year 1996 budget request included a proposal to expand the direct student loan program to cover 100 percent of loan volume by July 1997. This proposed change was estimated to save $4.1 billion from the CBO baseline over the 1996-2002 period. That baseline incorporated the assumed economic and technical assumptions and the direct loan phase-in schedule provided under current law. This baseline reflected the rules that are currently in law for estimating the cost of credit programs. The 1996 budget resolution specified that the direct administrative costs of direct student loans should be included in the subsidy estimates for that program. For purposes of Congressional scorekeeping, this change conformed the treatment of the administrative costs of direct student loans with that for guaranteed student loans. For purposes of Congressional budget scorekeeping, the change overrides the Credit Reform Act, which requires that the federal administrative costs for direct loan programs be accounted a cash-accounting treatment.

For estimating legislation under the 1996 budget resolution, CBO modified its baseline for direct student loans in the following ways. In the subsidy calculations the present value of direct federal administrative costs, including the loans' servicing costs. This change increases the annual administrative costs and the unamortized costs made over the life of the loan portfolio, with adjustments for the time value of the funds. Therefore, the subsidy estimate for any given year have their administrative costs calculated over the life of the loan portfolio, with adjustments for the time value of the funds. Therefore, the subsidy estimate for any given year's direct loans will include the discounted future administrative costs of servicing loans which may be in repayment for costs for as long as 30 years. The inclusion of these administrative costs in the subsidy calculations for direct loans increases the subsidy rates for these loans by about 7 percentage points. Consequently, the resolution baseline for student loans is higher than the current CBO baseline. Under the assumptions of the budget resolution baseline, the President's 100 percent direct lending proposal would save $115 million over the 1996-2002 period.

Question 3: What would be the long term costs, under scoring rules in effect prior to the 1995 budget resolution, for the above proposal? How would those savings be affected over the life of the loan? How would those costs be compared with costs of loans made under the guaranteed program?

Answer: The response to the first part of this question is addressed in the previous answer. To compare those costs, the President's 1996 budget proposal was estimated to save $4.1 billion over the next seven years. In order to provide an estimate of a proposal to reduce the 100 percent direct lending by July 1997 under either the CBO or the resolution baseline, we would need more detail than has been provided on how the program would be funded.

Question 4: Did the credit reform amendment adopted as part of the budget resolution direct the Congressional Budget Office to exclude any costs for guaranteed loans?

Answer: This year's budget resolution addressed only the budgetary treatment of the administrative costs of direct student loans. By defining the direct administrative costs of direct loans and requiring these costs be calculated over the life of the loan portfolio, the resolution allowed for the costs of direct loan programs to be included on a similar basis. Thus, all of the program costs for both programs are included in the resolution baseline and are accounted for in the same way, whether they are calculated on
the basis of subsidy or cash-based accounting.

Question 5: Are there any expenses of direct or guaranteed loans that are currently excluded from the government subsidy costs that are appropriately included in that subsidy? If so, what are they and why have they been excluded from the subsidy cost? For example, some have argued that the Goodling proposal for both the direct and guaranteed loan programs

Answer: The guaranty agency cost allowance under current law is paid as an administrative expense to guaranty agencies at a rate of one percent of new loan volume for the next seven years. Over the 1996-2002 period, the cost of the direct loan program would be approximately $1.3 billion, or 0.8 percent of new loan volume. Of this amount, $824 million reflects the elimination of the discretionary guaranty agency payments, and the remainder reflects the elimination of the indirect costs for the phased-out direct loan program. Reinstating the ACA for a 100 percent guaranteed loan program would cost $1.3 billion over seven years.

Although the Goodling proposal would have eliminated most of the funds to funds a $5.5 billion in savings associated with the Goodling proposal under the new scoring rule.

Answer: On July 26, 1995, CBO prepared an estimate of the original Goodling proposal. The proposal had three components: (1) eliminate the authority for new direct student and parent loans effective in academic year 1996-1997; (2) change the annual and cumulative budget authority levels under Section 458 to reflect the elimination of indirect administrative cost anticipated for new direct loans and the termination of payments of Section 458 funds to guaranty agencies and limit the funds to $24 million annually; and (3) establish an administrative cost allowance (ACA) for guaranty agencies at 0.85 percent of new loan volume or 0.06 percent of outstanding volume, with an annual limitation on ACA subsides of $200 million. Assuming an enactment date of October 1995, the proposals would reduce outlays for student loans by $227 million for fiscal year 1996 and by $1.5 billion over the 1996-2002 period.

Relative to the budget resolution baseline, shifting loan volume to guaranteed loans would save $824 million over the 1996-2002 period. Administrative expenditures would be reduced by $1.97 billion over the next seven years by lowering the cap. Of this amount, $824 million reflects the elimination of the discretionary guaranty agency payments, and the remainder reflects the elimination of the discretionary guaranty agency payments, and the remainder reflects the elimination of the indirect costs for the phased-out direct loan program. Reestablising the ACA for a 100 percent guaranteed loan program would cost $1.3 billion over seven years.

Mr. DOMENICI. I want 30 seconds to say thanks to Senator Kassebaum and the other Senators who worked on our side. I think they have come up with a very good amendment, and I think ultimately the students across America who have been concerned will find they have done an excellent job taking care of an overwhelming percentage of their issues.

We thank you for it.

VOTE ON ROCKETFEWER MOTION TO COMMIT

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the motion of the Senator from West Virginia. The yeas and nays have not been ordered.

Mr. DOMENICI. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second. The question is on the motion. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Question 9: Did the Goodling proposal to move to reconsider the vote by which the motion was rejected.

Mr. NICKLES. I move to lay that motion on the table.
The motion to lay on the table was agreed to.

AMENDMENT NO. 2950

The PRESIDING OFFICER. Under the previous order, there will now be 2 minutes of explanation equally divided on the Abraham amendment.

Mr. BYRD. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Chamber will be in order.

The Senator from Michigan.

Mr. ABRAHAM. Mr. President, the next amendment before us is very simple.

Mr. BYRD. Mr. President, the remarks do not mean anything if we cannot hear them. May we have order?

The PRESIDING OFFICER. The Chamber will be in order.

Mr. BYRD. Mr. President, I thank the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. ABRAHAM. I thank you, Mr. President.

The next amendment I will offer is pretty straightforward. It basically creates a mechanism by which the Medicare beneficiaries can be rewarded for assisting us in ferreting out the waste, the fraud, and abuse in the Medicare program.

Under the amendment, the Secretary of HHS has the responsibility of setting up two programs—one program that in effect is a whistle-blower program which would provide bonuses to Medicare beneficiaries who will identify Medicare fraud and abuse. The other program would be designed to provide bonuses to Medicare beneficiaries who identify waste, and to streamline and make more efficient and less costly the Medicare system.

Mr. President, I think this will help us to achieve cost savings in Medicare while at the same time providing benefits to Medicare beneficiaries who assist us in that effort.

I urge its adoption.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, I yield 1 minute to Senator HARKIN.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Thank you, Mr. President. I thank the Senator from Nebraska for yielding.

As I said, I support the Abraham amendment. It is not a bad amendment. It is a good amendment. There is nothing wrong with it. I would just point out it is sort of voluntary on the Secretary's part. It does not mandate that they have to do this. It says the Secretary may set these up. That is fine, as far as it goes. I would just say that probably later on today or tomorrow, the amendment that I had offered to the Abraham amendment last night will be coming up for a vote, which provides for some tough measures. We will talk about that later. This amendment is a good amendment. I intend to support it. It is in keeping with trying to give the Secretary more power to cut down on waste, fraud, and abuse.

So it is a good amendment. We will certainly support it.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have not been ordered.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second. The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 500 Leg.]

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So, the amendment (No. 2950) was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BRADLEY MOTION TO COMMIT

Mr. EXON. Mr. President, I understand that the Bradley motion is next. I would appreciate, if possible, the Chair recognizing the Senator from New Jersey for the purpose of a 1-minute statement.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, this amendment eliminates the tax increase on people making under $30,000 a year. This bill contains a tax cut for estates of $3 million, a tax cut in the amount of $1.7 million.

We are not touching that tax cut, but we are trying to prevent the tax increase that will come in this bill for people making under $30,000 a year. The EIC offsets income taxes, Social Security, and excise taxes. The other side has talked only about income taxes.

Last year, with $114 billion in Federal taxes, only $12 billion of that was income taxes from people making under $30,000 a year. Why increase taxes on those hard-working Americans? These are Americans who work every day, and they pay their taxes, and they support their families.

This motion is pro-growth and pro-family. It deserves to be supported because it is a tax cut for individual working families.

The PRESIDING OFFICER. The time has expired.

Mr. DOMENICI. I yield our time to Senator NICKLES.

Mr. NICKLES. Mr. President, one, let me just tell my colleague from New Jersey, and other colleagues, there is no tax increase for individuals making less than $30,000. That claim has been refuted by the Joint Tax Committee. It is totally false, and people making that claim should really be ashamed of themselves.

Mr. President, I am going to put in the Record the facts. The facts are, the earned income tax credit grows even under our proposal. It grows. The maximum benefit that anybody can receive today is $3,100. It grows next year to $3,200. And in 7 years it grows to $3,888. It is an increase.

This is a program that is a cash outlay program. Eighty-five percent of this program is Uncle Sam writing checks, not reducing liability, but writing checks. And it is the most fraudulent program we have in Government today. GAO said 30 to 40 percent of it was in fraud and in error.

It needs to be reformed. That is what we should do. This program should be reformed. These proposals that we have made, I think, are the right things to do for American families.

Mr. President, I ask unanimous consent that the table be printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

[Table of amendments and votes]
The PRESIDING OFFICER. The time has expired.

Mr. DOMENICI. Mr. President, I move to table the Bradley motion and ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question now occurs on agreeing to the motion to table the Bradley motion to commit. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 53, nays 46, as follows:

[ Rolcall Vote No. 501 L. er.]

YEAS—53

Abraham
Ashcraft
Bennett
Bond
Brown
Burns
Campbell
Chafee
Coats
Cochran
Cohen
Coverdell
Craig
D’Amato
DeWine
Dole
Domenici
Fairfield

Mikulski
Moseley-Braun
Murray
Nunn
Rockefeller

Pell
Pryor
Reid
Robb
Rockefeller

Sarbanes
Simon
Wells

FISCAL YEAR 1996: TWO PARENTS, TWO CHILDREN

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The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the biggest risk is that we not balance our budget, and that we continue to spend your children’s and grandchildren’s money to pay for programs we cannot afford.

Obviously, this program is growing so fast, it is unsustainable. Anyone who thinks it is being cut is not hearing the facts. We are going to increase this program to more than $94 billion next year, $124 billion in 2002. And over the entire period of time, this program will increase at a rather healthy rate, while most programs in the National Government are either frozen or reduced.

It is time that we reform this system so we can deliver on what we promise. But we also have to deliver on a promise to get interest rates down, to have growth and jobs for our children. We cannot have the status quo and do that also.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

Mr. DOMENICI. Mr. President, I move to table the motion and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to table the motion to commit proposed by the Senator from Florida.
Mr. President, I want to first recognize several of my colleagues who have been instrumental in helping to craft this amendment and reach a compromise on student loan funding.

**First,** the chairwoman of the Labor and Human Resources Committee, Senator KASSEBAUM, who has been a real leader on this issue. She has had to make difficult choices and tough decisions throughout this process—especially meeting instructions of $10.8 billion in savings for her committee, so I thank her for her work and for offering this amendment.

**Second,** the majority leader and the chair of the Budget Committee, Senator DOLE and Senator DOMENICI—for meeting our concerns and being responsive to our requests all along. Their support was obviously instrumental in crafting this amendment.

**Finally,** one of the main cosponsors of this amendment, Senator JEFFORDS of Vermont, for his concern, his support, and his compassion for the needs of America’s students.

Mr. President, let there be no doubt about it, we are setting a course for America for the next 7 years and beyond as we debate the measure before us today. That is a heavy responsibility.

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Mr. President, let there be no doubt about it, we are setting a course for America for the next 7 years and beyond as we debate the measure before us today. That is a heavy responsibility.
I believe one of our duties in this process is to keep the American Dream alive for our generation as well as the next generation of students—because we all know that educating today's students is also about preparing tomorrow's workers.

While I firmly believed that balancing the budget is the greatest legacy we can bequeath to our children and grandchildren, I do not believe it requires the sacrifice of educational opportunities to the children and students today.

Let us be clear about this: our two objectives—balancing the budget and providing quality educational opportunities—are not mutually exclusive entities.

I believe we can identify and set budget priorities within the framework of a balanced budget. I believe it is possible to be fiscally responsible and also be visionary about our education needs into the next century for the next generation.

That is basically what this amendment accomplishes. It is prudent. It is responsible. It's fair. And it maintains our commitment to excellence in education.

The amendment we are offering today would restore $5.9 billion in student loan funding that is sorely needed by America's youth to continue their education.

Basically, we are removing the most onerous and punitive provisions on students that are currently contained in this package.

Those provisions we are targeting for removal include the following: the imposition of a 0.25 percent fee on the student loan volume of institutions of higher learning; the provision increasing the interest rate on parent PLUS loans from T-bill plus 3.1 percent, to T-bill 4.0 percent; and—most importantly—the provision charging interest on student loans during the so-called 6-month grace period.

I believe we must support this amendment because student loans level the education playing field for so many in this country. In the world of education, student loans are the great "enabler." They afford everyone the equal opportunity to profit from a college education.

I should know, I owe my education and much of my career in public service to the student loan program, which sustained me at the University of Maine.

Now, it is important to add that the Senate has already gone on record and has made a strong statement in support of increased student loan funding.

Back in May, when the Budget Committee reported out a resolution that included a cut of more than $13 billion in student loan funding over 7 years—and when the House reported out a version that included a cut of over $18 billion—we and my colleagues in taking action—because student loan funding programs would clearly result in leaving some needy students locked out of our Nation's colleges and universities, and therefore locked out of America's work force and a successful career.

And, with bipartisan support from both sides of the aisle, my colleague from Illinois, Senator Simon, and I authorized and passed an amendment that restored $9.4 billion for student loans. Not everyone, of course, the one, received as much bipartisan support during the consideration of the Senate budget resolution.

We should reaffirm that same level of commitment again today, and with this amendment, we now have an opportunity to do so.

If we pass this amendment, the Senate's strong support for this level of funding will be a strong instruction to the Senate conferees to maintain this level of funding during the upcoming House-Senate Reconciliation conference.

Now, I know that many of my colleagues on the other side of the aisle would have wanted more, especially when it comes to direct lending. Obviously, there is a difference of opinion on direct lending.

While the amendment we are offering restores critical funding for loans, it maintains the bills current cap on direct lending. I could support raising this cap to 30 percent, which would cover the 1.300 education institutions currently involved in the direct lending program.

However, the sole purpose of this amendment is to restore funding for student loan programs. Other opportunities may arise on the floor today or tomorrow to increase the cap on direct lending.

I have worked with many of my colleagues across the aisle, and I know that—in the final analysis—we share the same goals on funding for student education. That is the most important—the most critical issue here.

Why is this amendment important to our students and to our future as a nation? What is the value of student loans?

It is unmistakable. Student loans have a tremendous impact on our nation's economy on personal incomes on careers and especially on providing education to needy citizens.

Student loans have given millions of young Americans a fighting chance at reaching their own American Dream: to earn their college diploma received on average salary of $24,000. Those who graduated in 1990, another study by the Brookings Institute, a person with a bachelor's degree will average 50 to 55 percent more in lifetime earnings than a person with a high school diploma.

The entire country benefits, as well from student loans. For every $1 we invest in education we get enormous returns as a result. Back in 1990, another study was conducted that analyzed the school assistance that was provided to high school students back in 1972.

For every $1 that the Federal Government invested in the student loan programs at that time, the Government received $4.3 in return in tax revenues.

According to a study by the Brookings Institute, over the last 60 years, education and advancements in knowledge have accounted for 37 percent of America's economic growth.

At a time in which education is becoming paramount in this global arena, where it is going to make the difference for an individual and the kind of living that can be enjoying for themselves and their families, education puts them on the cutting edge.

Most of all, it puts America on the threshold of competition for the future. If we deny individuals the opportunity to receive an education because
they lack the financial assistance or the access to financial assistance, clearly, we—as a nation, a superpower, and the world's greatest democracy—are going to suffer.

Today, let's make sure that we retain policies that will make higher education accessible to millions of low- and middle-income families.

Today, let us make a significant contribution to students pursuing a higher education. Thank you, Mr. President.

Mr. President and Members of the Senate, I am very pleased to have joined Senator Kassebaum and Senator Jeffords offering this amendment that essentially restores $5.9 billion to the student loan program. This essentially reaffirms the position that has been taken by 67 Members of this body when we had a vote on this issue last spring to the budget resolution.

This amendment removes the provision that increases the origination fee on student loans. It removes the provision that allows interest rates to accrue during the so-called 6-month grace period. This eliminates the provision that allowed interest rates to increase on the PLUS loans from 3.1 percent to 4 percent.

I think we all acknowledge that college costs have increased in this country. By 1988, they have increased more than 54 percent—16 percent beyond the growth of income for most families in America. That has resulted in increased borrowing of 219 percent for individuals and families across this Nation so that their family and their children can pursue higher education.

I think it essential for this country to retain the policies that ensure access for low- and middle-income families through these policies.

I ask unanimous consent to include as cosponsors of this amendment Senators Roth, Domenici, Pressler, Stevens, and Specter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. President, I yield the floor. The PRESIDING OFFICER. The time of the Senator from Maine has expired. Mr. Frist. Mr. President, I rise in support of the Kassebaum amendment which strikes from the budget reconciliation bill the provisions relating to a .85 percent school fee, the elimination of the grace period interest subsidy, and the PLUS loan interest rate increase.

Mr. President, I am committed to balancing the budget—this is probably the single most important thing we can do for our children and our country. Today's students will save money if we succeed in balancing the budget. According to Federal Reserve Chairman Alan Greenspan, a balanced budget will lower interest rates by 1-2 percent for everyone.

I am pleased that the leadership has found offsets which will make the Kassebaum amendment revenue neutral. It will allow us to balance the budget without imposing additional costs on students, their parents or schools.

This bill also benefits students by allowing those who have paid interest on education loans a credit against income tax liability equal to 20 percent of such interest up to $500.

As the father of three young children, I believe that education is one of the most important issues facing our nation today. We must continue to offer students across the country the opportunity to excel and obtain their goals. Many students depend on the federal student loan programs as their only chance to go to college. This amendment will allow us to preserve those programs without imposing additional costs on students.

Mr. EXON. Mr. President, I yield 1 minute to the distinguished Senator from Illinois, Senator Simon.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, I shall vote for the Kassebaum amendment, but I have to say I am doing it with real mixed feelings because it fails to address something that every higher education association favors, and that is direct lending. The colleges and universities in your States want direct lending. The bankers in your States and the guarantee agencies do not want it because they have a cushy deal going right now.

The Kassebaum amendment is an improvement over the resolution as it is right now, so I will vote yes for it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The Senator from New Mexico. Mr. DOMENICI. I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are requested.

The PRESIDING OFFICER. The yeas and nays are requested.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered. The PRESIDING OFFICER. The clerk will call the roll. The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 504 Leg.]

YEAS—99

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Mack

McCain

McConnell

Mikulski

Monetary-Brown

Moynihan

Murkowski

Murray

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Sarbanes

Conrad

Gregg

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Inouye

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Kerry

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So the amendment (No. 2962) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The order of business is the Bumpers motion to commit to the Committee on Finance with instructions.

Mr. BUMPERS. Mr. President, in 1981, this body, all but 11 Senators, voted for a massive tax cut on the argument that it would help balance the budget. Eight years and $2 trillion later, we all knew we had made a massive mistake. We are about to repeat it, though not quite the magnitude of that.

This amendment simply says what my good friend from New Mexico, the chairman of the Budget Committee, said on May 30 of this year, that there is one thing our side has agreed on: There will be no tax cut until we balance the budget.

Senator Domenici was right on May 30, and to vote a different way now is wrong.

The New York Times this very morning shows that a vast majority of the American people, even the wealthy who benefit most from this, are all opposed to the tax cut until we balance the budget. It is fiscal responsibility, and that is the reason we call this the fiscal responsibility amendment.

I yield the floor, Mr. President. The PRESIDING OFFICER. The Senator from New Mexico has 3 minutes.

Mr. DOMENICI. Mr. President, this amendment, I think, points up the difference between the two parties. We have a balanced budget. It has been certified by the Congressional Budget Office. Once we adopt this reconciliation instruction, we will have a balanced budget. Then it is time to give the taxpayers of America some relief.

We get a $170 billion economic dividend for getting a balanced budget. What should we do with that money? Should we spend it, or should we give it back to Americans, especially families who are having difficulty raising their children because we whittled down their deduction such that they are kind of on their own?

I believe it is right when you have made savings and have a balanced...
Mr. President, I move to table the Bumpers motion, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

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The PRESIDING OFFICER. The yeas and nays were ordered.
At the appropriate place in the Act, add the following:

SEC. __ SENSE OF THE SENATE.—The Senate finds that
(a) The Senate has held hearings on the social security earnings limit in 1994 and 1995 and the House has held two hearings on the social security earnings limit in 1995;
(b) The House has overwhelmingly passed Sense of the Senate language calling for substantial reform of the social security earnings limit;
(c) The House of Representatives has overwhelmingly passed legislation to raise the exempt amount under the social security earnings limit;
(f) The social security earnings limit is a depression-era relic that unfairly punishes working seniors; therefore,

(c) The House of Representatives has overwhelmingly passed legislation to raise the social security earnings limit three times, in 1989, 1992, and 1995;
(d) Such legislation is a key provision of the Contract with America;
(e) The President in his 1992 campaign document “Putting People First” pledged to lift the social security earnings limit;
(f) The social security earnings limit is a depression-era relic that unfairly punishes working seniors; therefore,

Mr. MCCAIN. Mr. President, this amendment signals the Senate’s intent to move forward expeditiously on reforming the earnings test. The majority leader has let it be known that he will move this matter soon, as early as next week depending on the action of the House of Representatives. I appreciate the leadership of the majority leader, and I also want to thank former Finance Committee chairman, Senator Packwood, and Senator MOYNIHAN for their help and for their support on this matter.

Additionally, I want to note that the House of Representatives today passed a similar bill: by the overwhelming vote of 414 to 5.

Mr. President, the Social Security earnings test was created during the Depression era when senior citizens were being discouraged from working. This made sense at the time because there was a 50 percent of Americans who were out of work. But it is certainly not appropriate today. It is not appropriate today when seniors are struggling to get ahead and survive on limited incomes. Many of these seniors are working to survive and make it on a day-to-day basis.

Mr. President, most Americans are amazed to find that older Americans are actually penalized by the Social Security earnings test for their productivity. For every $3 earned by a retiree over the $11,160 limit, they lose $1 in Social Security benefits. Due to this cap on earnings, our senior citizens, many of whom are existing on low incomes, are effectively burdened with a 33 percent tax on their earnings.

I want to point out this only applies to people who have to go to work. If someone is very rich and has a trust fund, pension, stocks, all of the gain that is accrued from that is not taxable. It only applies to low-income and middle-income Americans who are in our society today. The work IS IMPORTANT for a broad variety of reasons.

Mr. President, there has been a lot of partisanship back and forth today, some regrettable and some of it is a natural happenstance when a revolution is taking place because that is basically what this is all about. I want to point out that I heard a lot of pleas and cries in behalf of seniors on the part of friends on the other side of the aisle. In 1987, I came to the floor of this body and sought repeal of the Social Security earnings test. There was an oversight hearing on the reforming the earnings test. The major-
The Indianapolis Star: On the face of it, the government is rewarding those who stop working at 65 and against those who keep working, in favor of well-to-do retirees and against middle- and low-income retirees who need a part-time job to help with expenses.

Forbes: Moreover, people are living longer; the economy is hurt when artificial barriers block our full use of our most productive asset, people.

Detroit News: Work is important to many of the older population who are living longer. They shouldn't be faced with a confiscatory tax for remaining productive.

[From the Los Angeles Times, Nov. 17, 1991]

WHY PUSH THEM OUT OF WORK?
CONGRESS SHOULD ELIMINATE OUTMODED SOCIAL SECURITY EARNINGS TEST

There are more than 40 million Americans age 60 or older, many of whom are eager to work beyond normal retirement age but can't afford to, thanks to an outmoded earnings test applied to Social Security recipients. The Senate, in a provision attached to the extension of the Older Americans Act, has voted to eliminate this punitive restriction. The measure now goes to a congressional conference committee, where House conferees will have a chance to accept the Senate's provision. They should do so, and the House should adopt it. Millions of workers would be the better for it, and so would government and society.

Current law says that people between the ages of 65 and 70 who are covered by Social Security and who earn more than $9,720 a year must lose $1 in Social Security benefits for every $3 they earn over that limit. This rule effectively applies to those workers—a 33% marginal tax rate—higher than anyone else must pay—but there is more. Sen. J ohn McCain (R-Ariz.) says that when federal, state, and other Social Security taxes are factored in, the tax bite approaches nearly 70%. If that isn't age discrimination, McCain says, nothing is.

There are no earnings ceiling for Social Security recipients age 70 or older. It's nonsensical to have one for those younger. Maintaining the arbitrary ceiling and taxing away a portion of the only $60 billion in Social Security payments to older workers is a government slap at those who have paid in all their working years and are now retired. Why chastise people who want to work out of the labor force? Why make this pool of talent lie stagnant? The earnings ceiling is an era relic that penalizes senior citizens who want to work, and a Depression-era policy that discriminates against one age group, it is plainly wrong. For every $3 earned above the cap, seniors lose $1 in benefits. As Mr. McCain is about to point out, maintaining a policy that keeps people with experience and a willingness to apply their skills out of the work force, especially when the country's economic stagnation and declining international competitiveness.

Punishing people for working is wrong in an even more fundamental way. It violates an American ethic. Surely it is poor social policy to maintain disincentives to productive labor. Better to let seniors who have something to contribute slip back into work. Besides, many of them need the extra income.

The Bush administration argues that eliminating the earnings test would cost $3.9 billion in fiscal 1992. Sen. McCain disagrees. He argues that lifting the cap would save money, both through the collection of additional taxes on the earnings of seniors and administrative savings. A Senate-passed measure to lift the cap is now in a conference committee, where it must be reconciled with a House-approved bill. The House bill is more reasonable. If the House cares anything at all about fairness, it will end the discrimination now in place and free older Americans to work.

[From the Chicago Tribune, J an. 5, 1991]
END SOCIAL SECURITY EARNINGS CURBS
(By U.S. Rep. J. Dennis Hastert)

When a country doesn't support its stated goals by adopting policies to achieve those goals, its aims become unattainable. Such is the case with our goal of restoring U.S. competitiveness in the global market. We say we want older Americans to rejoin the work force, yet we continue to follow obsolete policies that preclude us from fielding the most productive work force possible.

The most pernicious example of this practice is the continued application of the Social Security Earnings Test, a Depression-era relic that penalizes senior citizens who want to work. By discriminating against seniors, the Social Security test not only is unfair to retirees but it also prevents millions of our nation's most productive workers from rejoining the work force. The earnings test discriminates against one age group, it is plainly wrong. For every $3 earned above the cap, seniors lose $1 in benefits. When a country doesn't support its stated goals by adopting policies to achieve those goals, its aims become unattainable. Such is the case with our goal of restoring U.S. competitiveness in the global market. We say we want older Americans to rejoin the work force, yet we continue to follow obsolete policies that preclude us from fielding the most productive work force possible.

The Social Security Earnings Test was instituted in the 1930s to discourage seniors from working and make room for younger workers. The purpose, the senator said, and that is plainly wrong. For every $3 earned above the cap, seniors lose $1 in benefits. As Mr. McCain is about to point out, maintaining a policy that keeps people with experience and a willingness to apply their skills out of the work force, especially when the country's economic stagnation and declining international competitiveness.

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But a powerful minority of House leaders are doing everything in their power to make sure this bill is never debated on the House floor. Because of their refusal to allow deliberation on the proposed repeal of the Earnings Test, one can only conclude that they are fearful open discussion would lead to an even greater groundswell of public support and a demand that Congress move swiftly to approve the bill.

As our country takes steps to make itself more economically competitive for the 21st Century, it is clear that we will have to use every available resource, especially in the U.S. work force. Remaining competitive in the next century requires adopting policies that foster economic vibrancy and doing away with policies that inhibit it. Repealing the Social Security Earnings Test will both encourage a large portion of the population to remain productive and help bolster the economy. The realities of our economic situation demand that we do so.


Hon. John McCain,
U.S. Senate, Washington, DC.

Dear Senator McCain: The Air Force Sergeants Association strongly supports your amendment to S. 243 to repeal the Social Security Earnings Test. We have written to the House Air Force Express expressing this support and are ready to assist in any way possible.

Sincerely, James D. Staton, Executive Director.


Hon. John McCain,
U.S. Senate, Washington, DC.

Dear Senator McCain: I wanted to take just a moment for introducing the Senate measure to repeal the Social Security Earnings Test. The Seniors Coalition has made this issue the cornerstone of our legislative agenda over the past three years. We have worked closely with Rep. Dennis Hastert in the House of Representatives and will continue to work with the House Republican Conference now that the Contract With America addresses the earnings limit.

I am enclosing for your information our issue brief addressing the earnings limit, as well as my recent testimony to the Ways and Means Social Security Subcommittee. The Seniors Coalition is ready to assist you in any way possible to ensure the success of your measure. This issue is very important to our two million members and they love being asked to get involved with legislative issues.

Please feel free to contact my assistant, Kimberly Schuld at (703) 591-0663 if there is anything we can do to help.

Sincerely, Jake Hansen, Vice President for Government Relations.

WALT DISNEY WORLD Co.,

Hon. John McCain,
U.S. Senate, Russell Senate Office Building, Washington, DC.

Dear Senator McCain: We fully support your proposal to eliminate the Social Security Earning Limit for senior citizens age 65 to 69. Furthermore, we favor additional relief for senior citizens in the age group 62 to 64 who are faced with an even more stringent limit on their earnings.

In today's society, Social Security is a supplement to senior's income which is traditionally pension and investments. Unfortunately, some must continue to work to maintain a quality of life that is becoming ever more expensive.

Our opinion is formulated by the following compelling issues:
Our nation is faced with a shrinking labor supply for one of the fastest growing sectors of the economy—the service sector. Many seniors are fully capable of and interested in filling these openings.

As stated in your fact sheet, we should not have a system that has built-in disincentives that inhibit seniors from working. The current law does not permit a senior in the 62-64 age group to work in a minimum wage ($4.25/hour) job for an entire year without incurring a penalty on the last 10% of their income.

Seniors represent a growing part of our population who possess skill and attributes that employers are seeking. Seniors offer experience and an excellent work ethic to an employer.

Also, in light of the health care reform issue that is on everyone's mind, by raising the earnings cap, this will allow seniors to avoid the Catch-22 of not being able to work enough hours to qualify for health care at most corporations.

In conclusion, we believe that seniors should always be able to work in a minimum wage paying job full time (40 hours per week) without losing financial benefits that they have earned. We recommend that the Social Security Earnings Limit be indexed at 25% above the annual full time income of a fully employed minimum wage earner. Currently, that would increase the cap to $11,050. Internally, this would allow us to hire a senior, have them work 30 hours per week, and have them increase the cap to the second step before reaching this new ceiling.

Thank you for the opportunity to express our views on this important issue.


Hon. John McCain,
U.S. Senate, Russell Senate Office Building, Washington, DC.

Dear Senator McCain: We urge your support of an early and positive vote for S. 3008, the Older Americans Act (OAA) reauthorization. We believe that further delay in reauthorizing the Act is a disservice to the millions of seniors and their families who depend on vital OAA programs.

The National Council of Senior Citizens, comprised of five million seniors active in five thousand clubs and Councils, has made passage of your bill one of our highest priorities for this Session. The Council has historically supported a sound Social Security retirement test amendment. This has caused a yearlong delay in final passage of the OAA. The two issues should be separated now and support of S. 3008 is the best way of resolving this.
Failure to take action on the reauthoriza-
tion means that some of the many signif-
cant improvements in OAA services crafted after long Congressional scrutiny will be ini-
tiated. Inaction has already had an effect on
the current appropriation process in the
House.

The delay in passing the OAA jeopardizes
those services that allow millions of older
Americans to maintain their independence
and dignity. Indeed, this amendment is an
crucial component of an agreement between Congress and the older population of our country.

I cannot stress strongly enough the impor-
tance of passage of S. 3008, the Older Ameri-
cans Act at this time.

Sincerely,

DR. DANIEL THURSZ,
President.

NATIONAL ASSOCIATION
OF AREA AGENCIES ON AGING,

JOHN McCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the
members of the National Association of Area
Agencies on Aging, I am writing to urge you to
take the necessary steps to pass the Older Americans Act reauthorization legislation, S. 3008. Thousands of older Americans in Ar-
izona and millions of elders across our nation
depend on the services provided under the
Act—information and referral, supportive
services, nutrition programs, transportation,
in-home care and assistance, and the long-
term care ombudsmen program.

Senate inaction on S. 3008 is placing low-
income, minority, and frail elders in jeop-
dardy. Because of resulting funding problems, older persons are being denied services, there are increases in service waiting lists, and higher levels of unmet need.

As you are probably aware, passage of the
Older Americans Act has been stalled by pro-
visions to amend the exemption level of the
Social Security earnings test. For the past
nine months Congress has been unable to
reach an agreement on the earnings test issue. We strongly believe it is time Congress
moves forward and this impasse be broken by
delaying the earnings test from the Older Ameri-
cans Act—by passing S. 3008. Further delay will
do a disservice to older persons who depend on
Older Americans Act services. We, there-
fore, urge you to take the necessary steps to
obtain immediate passage of this crucial leg-
islation.

Sincerely,

CHERRYL SCHRAMM,
President.

NATIONAL ASSOCIATION
OF RETIRED FEDERAL EMPLOYEES,

Hon. JOHN McCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: The National Asso-
ciation of Retired Federal Employees (NARFE), and its nearly 450,000 members, is
greatly concerned that the Older Americans Act has not yet been reauthorized.

Today, we are joining forces with many other
national aging organizations to seek your help in passing a clean Older Americans Act. The
Act is reauthorized soon, we fear that service programs that ben-
efit low-income, minority and frail elders will be jeopardized.

We hope that you will join with us to urge pass-
age of S. 3008 so that Older Americans Act
programs for community and supportive
services, nutrition programs, senior centers,
legal assistance and elder opportunities serv-
ing millions of older Americans will be able
to continue uninterrupted.

Sincerely,

HAL ROSE PRICE,
President.

NATIONAL ASSOCIATION OF
STATE UNITS ON AGING,

DEAR SENATOR MCCAIN: The National Asso-
ciation of State Units on Aging urges your support for immediate passage of the Older Americans Act, S. 3008. While the Older Americans Act itself has re-
ceived almost unanimous support on the floor of both Houses, it has been held captive for
months by a host of seemingly never ending
Congressional procedural roadblocks and con-
troversial and non-germane amendments.

Failure by the Senate to act swiftly will result
in an immediate reduction in funds available across the nation to provide meals, transportation, in-home services, jobs, advocacy for nursing home residents, elder abuse prevention and similar, often
life-sustaining, services to millions of low-
income and frail older persons.

NASUA’s members are the nation’s 57 state
agencies on aging, designated by Governors
and state legislative and state legislative and state
elderly persons in their states. They have tried
to explain to older persons that these frustrat-
ing delays do not indicate a lack of con-
gressional support for this program which is so
important to them. However, their ques-
tions have turned to anger, their frustration to
dislumination.

Once again, we urge the Senate’s imme-
 diate passage with S. 3008. Swift action can
avoid unnecessary and unwarranted reduc-
tions in Older Americans Act service funds
and rescue literally years of congressional
work to strengthen the Act from being lost
when this Congress adjourns in a few short
weeks.

Thank you for your consideration of our
views on this issue of critical importance to
millions of older Americans.

Sincerely,

DANIEL A. QUIRK,
Executive Director.

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE,

Hon. JOHN McCAIN,
U.S. Senate, Washington, D.C.

DEAR SENATOR MCCAIN: Last year, Con-
grress authorized a Commission to study the
Social Security Notch Inequity as a way to
address this long standing issue.

The Congress is to be congratulated for its
efforts to bring this Commission to life.

This year, the leaders of both parties in
both Chambers have made all of the eight
Congressional appointments.

The National Committee welcomed the op-
portunity this Commission presented to ad-
judge the merits of this long standing
issue.

The Congress is to be congratulated for its
efforts to bring this Commission to life.

This month as a part of the Labor/HHS Ap-
propriation Conference report, Congress ap-
proved $1.8 million so that the Commis-
sion can carry out its mandate and report
back by the end of the year.

As soon as the President appoints his four
members and designates a Chairperson, the
Commission can get down to work.

I hope that you will agree that the Notch
Commission, when activated, will study the
issue and note findings which will produce a
recommendation. Please do your part to
move this Commission forward.

Sincerely,

MARSHA A. McSTEEN,
President.

THE RETIRED ENLISTED ASSOCIATION,

Hon. JOHN McCAIN,
U.S. Senate, Russell S08, Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the
more than 54,000 members of The Retired
Enlisted Association (TREA) it is my pleasure
to offer TREA’s support to you in your ef-
forts to repeal the Social Security Earnings
Test.

We of TREA appreciate your willingness to
address what we believe is a penalty imposed
upon older Americans having a strong work-
ethic.

Should you or a member of your staff have
any specific tasking suggestions for this off-
ice on this issue, please don’t hesitate to
contact me.

Very respectfully,

JOHN M. ADAMS,
MCPO, USN (Ret.),
Director of Government Affairs.

Mr. DOMENICI. Mr. President, I un-
derstand this amendment is stacked
now. We do not vote on it now. We go
to next to another Republican amend-
ment. We had a change in what our
next amendment would be. But the
Democrats have been advised. This will
be the Helms amendment. Senator
HELMS is ready on the floor, and they
have a copy of it on the other side.

AMENDMENT NO. 2965

(Purpose: To allow senior citizens to
continue to choose their doctors)

The PRESIDING OFFICER. The
clerk will report.

The assistant legislative clerk read as
follows:

“The Senate from North Carolina (Mr.
HELMS) proposes an amendment numbered 2965.

On page 461, line 13, after the period, insert
the following:

“(3) POINT-OF-SERVICE COVERAGE.—If a Med-
icare Choice sponsor offers a Medicare
Choice plan that limits benefits to items and
services furnished only by providers in a net-
work of providers which have entered into a
contract with the sponsor, the sponsor must
make available to beneficiaries of the Medi-
Care Choice plan that permits payment to be
made under the plan for covered items and
services when obtained out-of-network by
the individual.”

THE PRESIDING OFFICER. The
Senator from North Carolina is recognized
for 15 minutes.

Mr. HELMS. Mr. President, I am sure
that I am not alone in my strong feel-
ings that the senior citizens of America
must not be deprived of their right to
choose their own doctors.

The text of my amendment has been
modified to address both my strong de-
sire to preserve the right of the senior
citizens and the concerns of a number of
Senators relating to options.

The pending amendment stipulates
that if a Medicare choice plan offers a
closed plan HMO within the Medicare
margin, that plan must also offer a
point-of-service plan enabling senior
citizens to exercise their freedom of
choice regarding the selection of physi-
cians.

Three summers ago, I had a little en-
counter with some remarkable medical
doctors, who are also my personal
friends, in my hometown of Raleigh. I
was at that time, of course, free to
choose the team of surgeons who performed my heart surgery. The point is that all senior citizens enrolled in Medicare should have the same choice that I had. And the pending amendment will enable senior citizens to preserve their right to choose their doctors.

Most Americans, whether their health is insured by private firms or by Medicare, enjoy their freedom to decide which medical professionals will perform their care and treatment. In reforming Medicare, Congress must make sure that senior citizens know their options and can choose their doctors and other medical providers instead of being required to accept somebody else's lineup of physicians and surgeons.

Mr. President, the Senate is considering major reforms to save Medicare and prevent its being pushed over the cliff. Medicare must be reformed before it goes bankrupt. We agree on that. Otherwise, the Medicare trust fund will be flat broke when the 21st century rolls around just a few years hence.

America's senior citizens—and I am one of them—depend on the health care coverage provided by the Medicare system, and those of us in Congress have a duty to make sure that they will not be forced to give up their right to choose their doctors. It is vital to their future security that our senior citizens retain this right. The power to choose will place senior citizens firmly in control of their health care.

Senior citizens may be enticed to join an HMO because they will gain coverage for prescription drugs and eyeglasses and hearing aids—coverages not presently provided by Medicare.

However, without some moderating legislation, senior citizens could very well find themselves locked into coverage that limits them to services provided by HMO-affiliated doctors, other professionals and hospitals. No longer would seniors have the freedom to choose their own doctors.

So, Mr. President, these are the reasons why I am introducing this amendment, to make sure that all Medicare-eligible Americans who choose to enroll in an HMO know their options of choosing the closed panel HMO or the point-of-service plan offered by the same insurance company.

Mr. President, consider if you will the predicament of a patient who requires surgery but whose HMO will not approve the cardiologist with whom the senior has built up a long-standing relationship. My amendment will enable women being treated for breast cancer to have more options when choosing a lower cost plan that will allow them to continue to see the specialists familiar with them and their conditions. For this reason, more than a hundred patient advocacy groups have voiced their support for this amendment.

Point-of-service plans provide a safety valve to protect seniors who find themselves in the position of needing to see a doctor of choice. A point of service plan enables patients to see physicians and specialists inside and outside the managed care network. If seniors citizens are satisfied with the care they receive within the network, they will feel no need to choose outside doctors and specialists.

Mr. President, CBO has given me repeatedly as evidence that a built-in point-of-service feature—the technical term for freedom of choice—would not increase the cost of Medicare. In fact, in testimony before the Senate Budget Committee, CBO stated that "the point of service option would permit Medicare enrollees to go to providers outside the HMO's panel when they wanted to, and yet it need not increase the benefit costs to HMOs or to Medicare. Moreover, the actuarial firm of Milliman and Robertson concluded that depending on the terms of the plan and a reasonable cost sharing schedule, there should be no increase in cost to the HMO. In fact, there could actually be a decrease."

The fastest-growing health insurance product is a managed care plan that includes the point-of-service feature. In fact, in 1993, 61 percent of all HMOs offered a point of service option.

By building a point-of-service option into health plans under Medicare will not interfere with the plan's ability to contain cost, nor will it limit their efforts to encourage providers and patients to use their health care resources wisely. It simply will ensure that health plans put the patient's interest first.

We can save Medicare. We can extend its benefits while lowering the towering costs that beset us today. And my amendment, we also preserve a basic American freedom to choose one's own doctor.

I yield the floor. The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI addressed the Chair. The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I ask unanimous consent that I have a very brief, 2-minute colloquy with Senator HELMS.

Mr. HELMS. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS addressed the Chair. The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. The Senator's suggestion was excellent, and as he knows we undertook to adjust and modify the amendment to conform with the Senator's excellent suggestion.

Now, the HMO may set up a cost sharing plan in the manner that the
The yeas and nays were ordered.

Mr. HELMS. I thank the Chair.

Mr. DOMENICI. Mr. President, I am willing to accommodate whichever way he would like. We are not ready with the amendment that we styled for, the Finance Committee amendment. That is being worked on now. I mean, that is just the matter of fact. We cannot bring it until it is done.

Mr. FORD. Mr. President, would the Senator yield for a question?

Mr. DOMENICI. Of course.

Mr. FORD. We have a Brown amendment, and Senator Brown is not even on the list of 17 given to us. And the first four that were given to us—

Mr. DOMENICI. He is No. 17.

Mr. EXON. That is a question mark, yes.

Mr. FORD. BROWN is a question mark?

Mr. DOMENICI. We never thought he was a question mark.

Mr. FORD. TGCI is a question mark on the list the Senator gave to us?

Mr. DOMENICI. Yes.

Mr. FORD. Now, am I to understand that there will only be 10 out of the 17 that the Senator will give us?

Mr. DOMENICI. Yes. There are only going to be 10 that we will have 5 minutes on a side. Any that are left over go into the—

Mr. FORD. Third tier.

Mr. DOMENICI. The third tier with no time.

Mr. FORD. The only thing we have on the Brown amendment is a question mark?

Mr. DOMENICI. Yes.

Mr. FORD. We just got it. We do not know who to go to here or to have debate or if we want to even debate. This is getting completely out of hand, and we are not doing it properly. We are not being fair to either side. I think that we should stop now and go back and get it in order. And we will have our 5 minutes each, and then we get one, and we can tell you who that is and what it is about.

But I think we ought to take a few minutes, get them in order so we will know and we can have a decent 5-minute debate on each amendment on the floor.

Now, I think the Senator from New Mexico agrees with me because he has been a little bit frustrated by not being able to get them in the order in which he told me that we were going to get them.

So, Mr. President, I urge that we just take some time to get the amendments, because we do not know what the Senator from Colorado is going to offer, except the question mark.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, may I suggest in the interest of an orderly process—

Mr. DOMENICI. We ask the Senator that he give us the remainder of his first three that we do not have.

We would like 15 minutes; do it the Senator’s way. And we will try to get our amendments and get them to the other side. We are having some difficulty because our people did not know exactly when they were going to come up. We drew some arbitrary lines on who was in and who was out, which is tough for some of them.

So, Mr. President, I ask unanimous consent that we have a 15-minute quorum call—

Mr. WARNER. Will the Senator withdraw?

Instead of the quorum call, could others address generalities in the
measure rather than just have a quorum call put in? This Senator would require about 6 minutes.

Mr. DOMENICI. Sure. Sure.

Mr. WARNER. I thank the Chair.

Mr. DOMENICI. I ask unanimous consent that we have 15 minutes without an amendment, divided equally, for any member of the Senate. Not at the end of the road, that we will not be charged to the bill, and that it not be charged to anyone, because we are getting very short of time and it is sort of combined—our fault for the time. So let us not go to the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I have been listening with great attention and interest to this very important debate on both sides of the aisle regarding the Balanced Budget Reconciliation Act of 1995.

I am pleased to support the budget which follows through on our promise to balance the budget by the year 2002, protect Social Security, and save Medicare from threatened bankruptcy.

While there has been much debate focused on the size of this package, I would like to address the promise to the American people, present and future, that this bill represents. This is not just a budget for another year. This is not a package of routine legislative changes. This is a historic commitment to America that deficit spending is about to come to an end and has been brought about during this first year of the Republican majority in the U.S. Congress.

The net result of a balanced budget will be lower interest rates for years to come and as many as 6 million new jobs. The reforms in this bill will give the States more control over critical entitlement programs that have become inflated with the Federal burden, and management of many years. These programs range from Aid to Families With Dependent Children to Medicaid. I strongly support these initiatives which will let the States decide how best to solve and serve the problems associated with their own citizens.

It is not that for Virginia is not necessarily the same as what is best for another State. And this Balanced Budget Reconciliation Act will move more power and money out of Washington and to State governments and local communities where it properly, in my judgment, belongs.

I have received correspondence from many Virginians who support this bill because it will balance the budget for the future generation of American families, particularly our children, Mr. President, and will pave the way for needed relief for the heavy tax burden on our present American families.

When this budget reconciliation bill is signed into law, we will no longer be at the end of the road, but only at the beginning. We will have identified the path and the course, but each year we will have to make spending decisions that will keep us on the road that is being defined here today and tomorrow.

During my nearly 17 years as a privileged Member of this body, I have seen many instances where unforeseen spending requirements from hurricanes to nuclear war have arisen and been funded by the Congress. These will surely occur from now until the year 2002 when the deficit is projected to disappear.

We are now committed to making our Government live within the funding levels contained in this bill. If emergencies occur, we will have to offset their costs with spending reductions. Those budget decisions will be as difficult in the year 2000 as they are this year. Bill may package is a commitment by the Republican majority and eventually by the entire Congress that we will stay the course.

Mr. President, I yield the floor.

CAPITAL GAINS TAX CUTS: A BOOST TO ECONOMIC GROWTH

Mr. HATCH. Mr. President, I rise in support of the capital gains tax cut provisions in the budget reconciliation bill that lies before us today.

I would like to focus my remarks on the economic effects that these provisions will have on our country.

Mr. President, what often seems to get lost in all of the debate about capital gains is economics. Opponents of the capital gains tax cut seem content to promote class warfare while ignoring the economic effects of such a change.

It seems to me, however, that instead of worrying about whether the so-called rich will pay less in taxes under this bill, the most important thing to focus on is how to sustain and boost economic growth so that we can balance the budget and create the jobs needed by the next generation.

The respected economic forecasting firm of DRI/McGraw Hill has studied our capital gains tax provisions very carefully. Their findings appear on this chart 1 following this statement.

First, we should note that between 1972 and 1976, when the effective capital gains rate fell to 20 percent between 1981 and 1986, the average annual new public offerings figure jumped to 577.

Between 1987 and 1992, when the capital gains tax rate jumped up again to 28 percent, the number of public offerings dropped to only 431.

While some growth in new company formations can be attributed to the fact that our economy was growing during those years, one wonders how much more it might have benefited if we had not increased the capital gains tax rate.

Obviously, there is a relationship between the capital gains tax rate and the rate at which new companies start and grow.

And, because these new and expanding companies are fuelling most of our job growth—more than 70 percent of all new jobs are in small businesses—we can see that lowering the capital gains tax rate will increase the number of jobs in this country.

Mr. President, DRI has made three other projections on chart 1.

Because of the capital gains provisions in this bill, we should experience a 41 percent increase in our capital stock, a 51 percent increase in fixed investments and a 1.2 percent increase in labor productivity.

What does capital stock refer to? It refers to our investment in plant, equipment, and technology. Even a ditch digger needs a shovel.

While hundreds of millions of laborers around the world work for mere pennies per hour, how is it that most of our American jobs have not already been exported outside of our country? The answer is capital stock.

We have one of the highest ratios in the world of capital stock per labor hour worked.

In other words, for each hour a laborer works, we have more capital invested to support that worker in his or her job than most of our competitors around the world.

As a result, on a per capita basis, American workers are the most productive in the world. But how much more could we produce if we were not limited by the lack of capital to support our workers?

This explains how our country grew from a predominantly agricultural economy to a predominantly manufacturing and service economy without reducing our agricultural output.

It has been estimated that at the turn of the century, about two-thirds of the American workforce were in farming.
Today, only about 3 percent of American workers work in farming. Yet, our grocery stores and storage facilities are filled to overflowing even though the number of mouths to feed has gone up and the number of agricultural workers has gone down dramatically.

But for this tremendous infusion of capital, the American farmer may still be tilling the same soil as his forebears. American farmers would probably be as productive and well paid as their counterparts in China.

Because of the capital investment supporting our workers, we have made their services more valuable which, in turn, has prompted higher real wage rates here than in most other countries in the world.

Mr. President, the critical relationship between capital stock and real wage rates is illustrated by chart 3. Note that as our capital stock grows, real wages increase almost in lock-step. Thus, it is critical that we maintain growth in both capital stock, fixed asset investment, and worker productivity.

And, as the DRI projections show, the capital gains provisions of this bill will do just that.

Please note, Mr. President, the DRI projection in chart 1 that our collective cost of capital will drop by 8 percent as a result of the capital gains tax reduction in our bill.

Many believe that our relatively high cost of capital is a critical area of U.S. weakness when competing in the international marketplace.

Thus, in passing a capital gains tax reduction, we can take a meaningful step today toward narrowing this critical competitive gap and helping all Americans in the process.

It should go without saying that growth in our collective standard of living depends upon growth in our gross domestic product.

Mr. President, a 1.4 percent increase in GDP in the DRI projections contained in chart 1 might not seem like very much, but when applied to a $7 trillion economy, we are talking about an additional billion of growth per year. In other words, at the same time we are trying to balance the budget.

In my opinion, tax cuts and balancing the budget are not mutually exclusive, especially in the area of capital gains.

Before the Hatch-Lieberman capital gains proposal underwent minor changes in the Senate Finance Committee, the Joint Committee on Taxation projected that it would result in about $89 billion in lost Federal revenues over 10 years.

I very much doubt that this projection will be accurate, for a couple of reasons.

First, both the CBO and the Joint Committee on Taxation have a poor track record in estimating the revenue effects of capital gains tax rate changes, as can be seen from this chart.

In connection with estimated capital gains realizations for 1991, CBO originally projected realizations of $269 billion while the Joint Committee on Taxation projected realizations of $285 billion.

In reality, there were only about $108 billion worth of realizations for that year. In other words, the CBO was off by 60 percent and the Joint Committee on Taxation was off by 62 percent.

Estimating errors of a similar magnitude were made for 1990. In this case, the Bush Treasury Department projected capital gains revenues of $48 billion, while CBO projected $53 billion for that same year.

In reality, the revenue only amounted to $28 billion. The cumulative gap from 1989 to 1992 between the Bush Treasury’s revenue estimates and what actually was realized totaled $85 billion. The CBO was $118 billion off the mark over the same period.

The problem is that the economic models used by CBO, the Joint Committee on Taxation, and the Treasury do not adequately take into account the macroeconomic feedback effects caused by changes in the capital gains tax rates.

This explains the wide divergence between their projections and reality.

It is a fundamental law of economics that people respond to incentives. If we tax a good or service more, people buy or produce less of it. If we tax capital more, we get less.

If we lower the tax on capital, we will create more of it.

For years, the revenue estimating agencies of the Federal Government have failed to adequately account for the feedback effects of the tax.

DRI has included these feedback effects in its estimate.

As the DRI study indicates in chart 1, rather than the loss projected by the Joint Committee on Taxation, and the Treasury, we should actually experience at least a $12 billion increase in Federal revenues over the next 10 years.

Personally, I believe this estimate to be on the conservative side. I believe a 50 percent capital gains deduction will unlock the floodgates of capital gains realizations.

There is an estimated $8 trillion in unrealized capital gains in this country. Even if this bill only unlocks a small percentage of this vast mountain of capital, we will have unleashed a tremendous force for growth in our economy.

With the benefit of hindsight, it is easy to see that we made a serious mistake in raising the effective tax rates on capital gains after 1986.

Chart 5 shows the foregone realizations that we missed by the 1986 capital gains tax increase.

The lighter bars indicate actual realizations. Notice, Mr. President, how off any rate above 20 percent is from the S&P Index. The dark bars represent what taxable capital gains realizations would likely have occurred if they had kept pace with the S&P Index, as they did before the capital gains tax increase.

This helps explain why our capital gains tax revenues have been so anemic since 1986.

After jacking up the top effective capital gains tax rate by 40 percent, from 20 to 28 percent, some might have expected a similar 40 percent increase in capital gains tax revenue.

However, we have only managed to generate an average of about 64 percent per year of the capital gains revenue received in 1986; 28 percent is clearly higher than the tax rate that maximizes capital gains revenues to the Treasury.

Mr. President, recent history has made it clear that there is a direct relationship between capital gains tax rates and the amount of revenue from capital gains realizations received by the Treasury.

Experience shows that reducing the capital gains tax rate actually increases government revenues.

Consider the period from 1978 to 1985. On November 1, 1978, the top capital gains rate dropped from an effective 49 percent to 28 percent. It fell again in the middle of 1981 to 20 percent.

Since that time, we have seen a similar reduction in capital gains revenue, as some might predict, we saw the sharpest increase in such revenues since World War II.


In other words, at the same time we experienced a 59 percent decrease in the top capital gains tax rate, our annual capital gains tax revenues increased by 191 percent.

Mr. President, some of my colleagues on the other side of the aisle are, in effect, saying that no tax benefits should go to the so-called wealthy.

This is ludicrous. How do we expect to attain the economic objectives that we all are seeking if the wealthy stay on the sidelines as mere spectators, rather than as active participants?

Some of my colleagues seem to hold that no matter how beneficial a certain course of action is to the economy and to average Americans, that action is totally unacceptable if the rich get any benefit from it.

Abraham Lincoln once observed that you cannot help the weak by weakening the strong.

Likewise, we cannot help all Americans by punitively taxing wealth. Our progressive income tax already does a good job of that.

Trying to craft a set of incentives that exempts from coverage the very
people whose conduct is critical to the attainment of our economic goals just will not work. By giving an across-the-board capital gains tax deduction to everyone alike, we will encourage an efficient reallocation of resources in such a way as to stimulate economic growth for all Americans.

As I mentioned earlier, at stake in all of this is about $8 trillion of locked-in capital gains, which if unlocked, would produce substantial revenue gains to the Treasury, as well as create more jobs and economic growth for all Americans.

Let me close Mr. President, with a real-life example that indicates that all of the economic principles I have talked about actually work and are not just theories that sound good.

As a division of a major parent company, Sungard Data Systems had $30 million in annual sales but was losing money. The parent company decided to sell this division. Venture capitalists believed that they could turn things around and return Sungard to profitability. The new buyers were correct.

After the sale, the new management generated over $440 million in revenues and about $70 million in operating income. What used to be a 400-employee division before the sale turned into a 2,400-employee company after the sale. This represents a 500-percent increase in jobs.

Did the rich venture capitalists get richer from all of this? Of course they did. But most importantly, 2,000 people had good jobs that did not exist before. This is the way our economy has always worked.

This is America, where it is possible to create wealth for oneself by investing one’s sweat, one’s brains, and taking a risk. By so doing, the risk taker creates wealth and opportunity for those around him and her. Now is not the time to abandon the economic principles that made this country the greatest economic powerhouse the world has ever known.

Mr. President, I urge all of my colleagues to vote in favor of the tax reduction as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of New Jobs</th>
<th>Net Increase in Fixed Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>20</td>
<td>$1 billion</td>
</tr>
<tr>
<td>Japan</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>$2 billion</td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Korea</td>
<td></td>
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<tr>
<td>Taiwan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lesser of 1 percent of gross sale price of 20 percent of gain.</td>
<td></td>
<td></td>
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</tbody>
</table>

Mr. AKAKA. I would like to engage in a colloquy with the chairman and ranking member of the Committee on Energy and Natural Resources, and my good friend, the senior Senator from Hawaii, on a matter of very great concern to me—a provision in the House reconciliation bill that is inconsistent with House and Senate Appropriations Committees actions and would eliminate our ability to meet some of the most basic needs in the U.S. affiliated insular areas.

What the House Subcommittee on Native American and Insular Affairs has proposed, and the House has accepted, may appear to many to be relatively noncontroversial—the repeal of a $27.7 million mandatory annual appropriation to the Commonwealth of the Northern Mariana Islands (CNMI) for infrastructure improvement projects. The reality, however, is that this recommendation would wreck—before it can even be implemented—a carefully negotiated bipartisan, bicameral agreement made by the Conference Committees on Appropriations for Interior and Related Agencies.

After outlining the facts in this case, I would hope and urge that the Senate conference conclude that this proposal is misguided and must be rejected.

In the Omnibus Appropriations Act (S. 638), was to reallocate the CNMI’s $27.7 million mandatory annual appropriation to the needs of the CNMI, to meet the capital infrastructure needs of the CNMI and the Northern Marianas economy. From 1993 to 1995 much of these funds were provided to the CNMI under the mandatory appropriation established by section 702 of Public Law 94-241, the Covenant to Establish the Commonwealth of the Northern Marianas. However, $7 million remains to be paid under the agreement.

Given the extreme pressure on the budget, how were these needs and obligations to the islands to be met? Fortunately, the administration proposed a solution which would allow the appropriations committees to avoid the compromise. This proposal would be to meet these needs through large annual discretionary appropriations. The proposal, contained in the Insular Development Act (S. 638), was to reallocate the CNMI’s $27.7 million mandatory annual appropriation to the needs among all of the islands. The Energy and Natural Resources Committee held a hearing on this bill on May 25, 1995, and the full Senate passed the bill on July 20. The Office of Management and Budget and the House and Senate Appropriations Committees supported the proposal because it would allow for significant discretionary savings.

In short, there is a solution to a set of difficult problems. The administration’s original concept was adopted and modified to specify priorities and funding levels among these needs. It was then agreed to on a bipartisan basis by
the Conferences on Interior Appropriations, who also now can also agree to eliminate discretionary funding to meet these needs.

Mr. President, it is with the greatest disappointment that I view the House recommendation to repeal the CNMI mandatory appropriation. This proposal completely wrecks the carefully crafted policy that provides for the public health needs of Samoa, fulfills our commitment to the CNMI, compensates Guam for the negative social impacts resulting from compact immigration, and to acquit ourselves with respect to our commitments to the nuclear testing in the Pacific.

I would like to call on my good friend, the Senior Senator from Louisiana and the ranking member of the Committee on Energy and Natural Resources, to confirm my presentation of the facts in this matter.

Mr. JOHNSTON. The Senator is absolutely correct. The provisions of the Interior conference report were the result of weeks of careful bipartisan effort. As ranking member of the authorizing committee I have been familiar with each of these issues for many years and have seen for Senator and for Senator from Alaska, in writing to the chairman and ranking member of the Interior Appropriations Subcommittee urging that the Department of the Interior is responsible for. The Department has reorganized and placed responsibility under the Assistant Secretary for Policy, Management and Budget. As part of that reorganization, the core permanent staff has been reduced from 25 to 4. We felt that staffing level should be kept to the minimum necessary to enable the Secretary to fully discharge his responsibilities. We have strongly suggested that they give serious consideration to using at least a portion of the savings to obtain details from other agencies to enhance the Department’s ability to deal with specific situations on the islands and to reduce the need for permanent staff. We expect that further adjustments will be made in the future as the responsibilities of the Secretary change. The expected efficiency and greater emphasis on technical and financial management assistance to the areas will be completely frustrated by the House action.

I have been dealing with territorial issues since I first came to the Senate in 1972, and I can assure my colleagues that although these islands are small and remote, their needs are just as real as those of the States. We have responsibilities to U.S. citizens and nationals and citizens of the former Trust Territory of the Northern Marianas. We have recognized and placed responsibility under the Assistant Secretary for Policy, Management and Budget. As part of that reorganization, the core permanent staff has been reduced from 25 to 4. We felt that staffing level should be kept to the minimum necessary to enable the Secretary to fully discharge his responsibilities. We have strongly suggested that they give serious consideration to using at least a portion of the savings to obtain details from other agencies to enhance the Department’s ability to deal with specific situations on the islands and to reduce the need for permanent staff. We expect that further adjustments will be made in the future as the responsibilities of the Secretary change. The expected efficiency and greater emphasis on technical and financial management assistance to the areas will be completely frustrated by the House action.

We do not see how the reductions proposed by the House can be supported. As you may be aware, the Senate has passed S. 636, which would increase the flexibilities of the Appropriations Committee to address critical needs such as financial management. Enactment of that provision would also provide a significant portion of the infrastructure funding for American Samoa needed to meet critical public health and safety needs. In addition, the increasing pressures on the budget, we see no alternative other than reallocation of the excess CNMI funding if essential needs are to be met.

Accordingly, we urge you to reject the action taken by the House in eliminating funding for staff and for essential programs for the insular areas. Furthermore, in the action taken by the Senate with respect to the use of excess funding for the Northern Marianas, we suggest that you seriously consider the use of excess funding as part of the Appropriations measure.

Sincerely,

J. BENNETT JOHNSTON
Ranking Minority Member

FRANK H. MURkowski, Chairman

Mr. MURKOWSKI. Let me also reassure my colleagues of my strong desire that our agreement forth in the Appropriations conference report, not be undermined by the House reconciliation proposal which contradicts that agreement.

Mr. AKAKA. I thank the Chairman for his reassurance and, finally, I would like to ask the Senior Senator from Hawaii, for his support on this matter.

Mr. INOUYE. The Senator is correct. It comes as a great disappointment to me that just as the United States was finally coming to a resolution on how to meet its obligations on these issues, the House has proposed to repeal the source of funding that had been agreed upon.

I stand with my colleagues on the authorizing and appropriations committees in urging that the Senate insist on its position in conference—that the CNMI’s mandatory funding be preserved in order to implement the bipartisan, bicameral agreement to reallocate these funds as set forth in the Interior Appropriations conference report.

Mr. AKAKA. I thank my colleagues for their support in ensuring that the Senate position prevails on this issue.

Mr. KEMPTHORNE. Mr. President, I rise today in strong support of passage of the Balanced Budget Reconciliation Act of 1995. This is not only good legislation. It is historic legislation. For the first time, in a long time, Congress has the opportunity to vote for a truly balanced budget—not just a theory, not just rhetoric but an action plan to realize the goal that many thought impossible.

Only once in the past 30 years has the Federal Government had a balanced budget. Every other year we “deficit spend” our way back into another trillion-dollar debt that now stands at nearly $5 trillion dollars. That is $19,000 of debt for every man, woman and child in the United States. Because the interest on the debt is threatening to consume ever increasing shares of our budget, this national debt is currently one of our greatest threats to our children’s future.

For the fiscal year that ended on September 30 the Federal Government ran a deficit of $361 billion. If nothing is done, and we don’t change our spending habits, that deficit will rise to $256 billion by 2002. We must stop borrowing from the future and learn to live within our means. This budget reconciliation bill gives us the blueprint to accomplish that task.

While the American people made it clear that they wanted the Federal budget balanced, they also made it clear that they wanted meaningful tax relief. The Republican leadership heard the message loud and clear. According to a Congressional Budget Office analysis, the reconciliation bill not only balances the budget, but provides the biggest tax cut in history—more than $245 billion. Of
These cuts 84 percent go to those making less than $100,000 and 70 percent go to those less than $50,000. These tax cuts are real, significant tax relief for the families of America. For example:

A $500 per child under 18 tax credit for couples earning $10,000 or less annually.

20 percent interest paid on student loans up to $500 per year, per borrower, for couples with an adjusted gross income of $50,000.

Raising the income limits for eligibility for IRA’s by $5,000 annually until they reach $100,000 for couples and $55,000 for singles and index for inflation, and creating a $2,000 IRA for homemakers.

Capital gains reform that deducts 50 percent of the gain for individuals that have owned an asset for a year, which effectively lowers the tax rate to 19.8 percent. A reduction of the corporate rate on tax gains to 28 percent. Both changes are effective 10-13-95.

Estate tax reforms that will allow more Americans to continue operating family owned business after the death of the primary owner/manager. The first $1.5 million in value of family owned businesses and farms are exempt from tax and the tax on the next $3.5 million is reduced by 50 percent.

These tax cuts are both responsive and responsible solutions to the excessive taxation that is stealing the financial independence from American families across this country.

The Medicare portion of the budget reconciliation package is, in every sense of the word, true reform. It takes the current system, which is so obviously flawed and damaged beyond simple Band-Aid fixes, and transforms it into something which will truly work. It will work not only to meet the health care needs of current and future senior citizens, it will work to allow the marketplace, and therefore the people, to shape the future of health care.

We all know the level of political rhetoric which has surrounded the issue of Medicare reform. The fact remains, however, unless something is done, and done soon, Medicare will go bankrupt. This is not a political issue. This is not a matter of just whether or not we want to change the system. It is a question of whether or not we have the courage to make the tough decisions needed to save the system. Simply delaying the pending bankruptcy for a couple of years will not be sufficient. We have had enough of that attitude. It is time to stand firm and to stop avoiding the difficult decisions before us. I believe the Republican Medicare reform package does just that.

The contents of the Medicare reform proposal have been significantly misrepresented. I believe it is important to point out what the measure reported out of the Finance Committee does.

The first thing the plan does is provide long term care that this Nation’s senior citizens that they may not have a choice. When they turn 65, they are placed on Medicare, whether they want it or not. Until recently, only a few were even allowed to choose managed care options instead of fee-for-service. I believe this is outrageous.

To tell people in this country that they may not provide for their own health care as they so fit violates the basic principles of freedom for which so many of our seniors fought and sacrificed. Some have claimed seniors have all the choice they need, but that is simply not true. When older people are turned away from their health care provider’s office because the provider no longer wishes to struggle with the regulations and bureaucracy surrounding the Medicare Program, they have no choice. This must simply change.

So what will seniors get to make? Under the Republican proposal they can stay enrolled in the current Medicare program. Those wishing to go beyond the present system may choose from traditional fee-for-service indemnity health plans—just like many of them had before retirement), coordinated care plans, and high-deductible health plans with medical savings accounts, also known as MSAs. In addition, the Medicare reform plan allows patients to select from yet unforeseen health options as they become available, provided the plans meet minimum Federal standards. This, I would say to my colleagues, is the kind of choice most Americans already have. Do our senior citizens deserve any less?

The Medicare reform plan we are debating also addresses another issue, fraud, which Idahoans have told me should be one of the primary focal points of any reform effort. I am pleased to learn my efforts to reduce health care fraud and abuse. Specifically, the bill provides for the establishment of coordinated efforts by Federal, State, and local law enforcement officials to combat fraud. The bill also instructs the Secretary of Health and Human Services to establish programs to identify and eventually remove individuals convicted of health care fraud from receiving payments under Medicare and Medicaid. Furthermore, the reform package would establish a new criminal statute, with specific criminal penalties, and would also impose fines and civil penalties for health care fraud.

With expanded choice and reduced fraud, one must wonder why there is so much opposition to our Medicare reform plan. I believe it stems from fear based on misinformation. In an attempt to set the record straight, I would like to take this opportunity to point out what the reform package does not do.

First, this proposal does not cut Medicare. Under the Republican plan, Medicare will continue to grow by 6.4 percent each year. Over the next 7 years, expenditures for Medicare will grow by nearly $2 billion per recipient. Only in the last year can the $2.000 increase in payments per person be labeled, by some, as a cut.

The GOP plan also does not force people to give up Medicare or to join managed care organizations. As I stated before, the plan offers seniors a choice. It lets them, rather than the Government, decide how one will receive health care. I believe this Nation’s senior citizens can make those choices.

In addition, the spending reductions included in the Medicare reform package are not, and I will repeat this, are not, related to a tax cut. The bill explicitly states that savings generated from enacting the Medicare system may not be used for any purpose other than saving and preserving the Medicare system. Whether or not we adopt any tax cuts, we need these savings to preserve the system for current and future recipients.

Finally, to those who say smaller savings would be sufficient, I would ask them to define “sufficient.” While the Democrat’s proposal would prevent the system from going bankrupt in 2002, as it is currently on a pace to do, it would allow the system to fail only 2 years later. This attitude of “put it off until it is someone else’s problem” is precisely why the United States is in the economic mess it is. As the Medicare trustee’s said, prompt, effective, and decisive action is necessary. Simply delaying the inevitable is not a solution.

I was pleased to note that my hometown newspaper, The Idaho Statesman, shares this view. In a recent editorial the newspaper stated, “Without enormous changes like those proposed by the GOP, the program will go broke soon after the turn of the century.”

The editorial went on to say, “somebody finally has the courage to begin fixing what’s been broken for a long time.”

Since before I first came to the Senate, Idahoans have told me they want Congress to face the important issues head on, to try to set this country on solid economic footing. The Medicare reform plan which the Senate Finance Committee approved does just that. It will not be easy. It will not be painless, but it will achieve our goals. It will correct the financial difficulties the program faces, bring the efficiencies of the market into play, and give senior citizens the freedom to choose.

The Idaho Statesman’s editorial ended with the following statement, “The numbers clearly show that Medicare, which served one generation well, cannot serve the next one without significant reform.” The Republican package is just that, significant, and serious, reform.

The Finance Committee has also used this bill as a vehicle to redirect and energize the earned income tax credit. The EITC is a well-conceived and well-intended program designed to encourage work over welfare for low-income families. Unfortunately this worthy intent has been lost in what has become the fastest growing entitlement program we have. Just since 1986 it has grown from 7 million families receiving an average of $281 to 18 million
families receiving an average of $1,265. The EITC no longer benefits only families with children but provides benefits to both individuals and families without children.

The Senate proposal redirects the EITC back to the truly needy, reduces the potential for fraud and abuse and puts us in compliance with the will of the people who passed the law's severe limitations on capital formation, growth, corporate streamlining, family business planning, estate planning, and tax simplification—addressed in a bill I introduced earlier this year with my colleague from Utah, Senator HATCH. That bill, S. 758, the S Corporation Reform Act of 1995, has the bipartisan cosponsorship of a third of the Senate. While it is unfortunate that none of the provisions of S. 758 were included in the bill reported by the Finance Committee and made part of the Budget Reconciliation Bill that is before us, I am pleased to note that many of these provisions were included in the tax bill passed by the House Ways and Means Committee.

Mr. HATCH. Mr. President, I too, share the concerns of my colleague from Arkansas and also hope that we will be able to resolve these and other critical issues in conference. I will be working closely with Senator Pryor in the coming weeks on these very important legislative objectives.

Mr. WARNER. Mr. President, seeing no other Senators seeking recognition, I suggest a quorum call. The PRESIDING OFFICER (Mr. BENNETT). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.
years. I think that is quite a concession on his part, that he agrees that we ought to have a balanced budget within a 7-year timeframe.

The dilemma that I face is like that of several other of my colleagues. This may be the only brief time to date that we have for achieving a balanced budget by the year 2002. This may be only part of the process that is underway.

This may be act II of a three-part drama that has been played out that was initiated by the Contract With America, as being part one in its adoption, and part two being our deliberations and debate, and, ultimately, votes here in the Senate and conference with the House, to present a package that will be sent to the President that most, if not all, of us anticipate will be vetoed by the President because it does not include some of his priorities. That may be act II.

Ultimately, we have to come to act III, which is where we sit down with the President and work out our differences being committed to a balanced budget by the year 2002.

So I will listen with some interest as we proceed throughout the evening and into tomorrow as to whether or not I can support the final package. But I indicate today, as I did last evening, I think it is important that we have massive tax reductions at a time when we are trying to balance the budget and cut the deficit to achieve a balanced budget by the year 2002. And so I intend to support various amendments that will be offered.

I may, in fact, offer an amendment to strike the tax cuts in their entirety. But it may be that that matter has already been debated long enough on the Senate floor. It is my personal judgment that we ought to do everything we can to make the reductions that we have been in making, that we ought to do it within a 7-year timeframe, that we should support our chairman in his efforts for what he has done to produce that.

But I must say, Mr. President, that I have great reservations about calling for substantial tax reductions at the same time we are asking for substantial cutbacks in programs.

So I will listen with interest as we proceed throughout the evening and tomorrow. But I indicate my great admiration and respect for Senator Domenici and the effort he has undertaken to produce a reconciliation package that, perhaps, is only part two or act II of the three-act drama that has to be played out.

The PRESIDING OFFICER. The 15 minutes called for under the previous order has expired.

Mr. DOMENICI. Parliamentary inquiry, Mr. President. Is Senator Brown’s amendment before the Senate, on which he has 5 minutes?

The PRESIDING OFFICER. The Senator needs to call that amendment up.
Mr. BROWN. Mr. President, I yield back the balance of my time and ask for immediate consideration.

The PRESIDING OFFICER. The Senator from Iowa, Mr. HARKIN.

Mr. HARKIN. Parliamentary inquiry, Mr. President. How much time do we have?

The PRESIDING OFFICER. The Senator from Iowa has 5 minutes.

Mr. HARKIN. I have an amendment that I am sending to the desk, and I ask for immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The amendment of the Senator from Iowa, Mr. HARKIN, for himself, Mr. GRAHAM and Mr. BIDEN, proposes an amendment numbered 2970.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today’s Record under “Amendments Submitted.”)

Mr. HARKIN. I yield myself 2 minutes.

Mr. President, if you believe that waste, fraud and abuse in Medicare is just a small problem, then you want to just support the bill and the Abraham amendment that was added to it and vote “no” on this amendment.

If you have followed the hearings that I have held over the last 5 years, you know that amounts up to 10 percent of Medicare spending goes for fraud, waste, and abuse, this is up to $17 billion a year.

If you have followed those hearings or read the numerous GAO and Inspector General reports, then you know we just cannot go after the small things in waste, fraud, and abuse. We have to go after the big game. We have to take a truly comprehensive approach to combating this bilking of the taxpayers and our elderly.

Now, the bill has some good provisos in it. I will not deny that. The Abraham amendment which I voted for is also pretty good. But that just takes a nick out of it. What we have to do is go after it with every thing we can. The taxpayers and the elderly deserve no less.

My amendment, cosponsored by Senators GRAHAM and BIDEN, both of whom whom I know have what GAO says to tackle this problem, makes a number of important changes. It requires Medicare within 6 months to provide state-of-the-art commercial software to find billing abuse. GAO estimated the first full year savings of making this common sense idea at $540 million.

Next, my amendment prohibits Medicare payments for unnecessary and inappropriate items like fines owed by health care providers for violations of Federal, State or local laws, personal auto use, tickets to sporting events, entertainment, and other things like that. Believe it or not, Medicare still has no specific prohibition against paying for those kind of items.

Third, my amendment reforms payments to ambulances as recommended by the inspector general. It also reduces paperwork by requiring a standardized claim form for Medicaid and Medicare.

Most important, and the heart and soul of this, it requires competitive bidding for durable medical equipment, medical supplies, and oxygen paid for by Medicare. The Veterans Administration has been doing this a long time and the difference in payments is dramatic.

How can you say you do not support it in Medicare when you have it in the VA, when the VA spends 4 cents for the same bandage that Medicare spends 86 cents for? Oxygen—Medicare spends $3,600 for rental of oxygen; the Veterans Administration pays less than half that.

That is because the Veterans Administration has competitive bidding and Medicare does not. It is time we have good old competitive bidding in Medicare. That is what this amendment does.

I yield 1 minute to the Senator from Delaware.

Mr. BIDEN. I compliment the Senator from Iowa.

Put bluntly, there is no legitimate reason not to be for this amendment. None. Zero. None. I challenge anyone to tell me why this amendment does not make sense.

Going after fraud should be our top priority, our first priority. The bill makes progress but it does not go far enough.

At least it is not what the Gingrich bill in the House does which makes it easier for health care providers to engage in fraud. Literally, not figuratively.

Last, the point made by the Senator, there is $18 billion in Medicare fraud a year and $16 billion in Medicaid fraud a year. I see no legitimate rationale for not tightening this up unless there is some outrageous special interest that thinks it would benefit from it. I see none. Prosecutors want it. Prosecutors ask for it.

I held a hearing in my State where I had the top prosecutors from Philadelphia and the top prosecutors from the State of Delaware. They point out that the House bill, which set them back decades—this bill would not do much. Our bill would make a significant impact on their ability to deal with health care fraud.

I thank my colleague for his leadership and allowing me the minutes.

The PRESIDING OFFICER. The Senator has 1 minute and 30 seconds remaining.

Mr. HARKIN. I will reserve my time if the other side wants to speak.

Mr. DOMENICI. I yield 5 minutes in opposition to Senator COHEN.

Mr. COHEN. Mr. President, ordinarily I find myself in agreement with the Senator from Iowa, dealing with health care fraud, but I must say in this particular circumstance I have to rise in opposition, not because I am opposed to what he is seeking to do but rather I believe that while his proposal for addressing fraud and abuse in the health care system has merit, they also compromised some important facets of the health care fraud bill we were successful in including in the Finance Committee package as such.

For the past several years, we have been holding hearings. As a matter of fact, it was a report that the minority staff issued on health care fraud which produced the estimates from GAO, as well as our own staff, showing that there is $100 billion being lost annually in our health care system.

As far as the Federal portion of that, it is anywhere from $27 to $40 billion, depending on which Federal programs are considered. We are losing billions of dollars through our health care system through fraud now.

What we have tried to do in the proposal that was agreed to by the Finance Committee is to structure it in a way that actually produces savings—that $42 billion.

The amendment of the Senator from Iowa, as I understand it—unfortunately, because of the time limitations we have, I believe some of my provisions have been deleted that are in the health care fraud bill. I am advised that this dilutes some of the $42 billion in savings.
Mr. DOMENICI. I yield back the balance of our time.

Mrs. MURRAY. Mr. President, the Harkin amendment to remove fraud and abuse from Medicare is a giant step in the right direction—saving taxpayer money, urging us toward a balanced budget, and striving for greater efficiency.

However, the amendment is based on a concept both necessary and controversial. This amendment would require competitive bidding for Medicare part B items and services. I have heard from owners of numerous medical supply businesses in my State who tell me they will be driven out of business by this amendment provision. They tell me services will be cut to rural areas. They tell me services involved with setting up and instructing about medical equipment is essential for patients, and will be threatened under this amendment.

Senator HARKIN has made changes to his amendment language to maintain access to services for rural and underserved areas. He has made changes to assure quality assurance standards, so that large companies are not able to undercut their competition simply by providing shoddy supplies and equipment.

He points out the large difference between prices for supplies at Veterans Administration hospitals—which have competitive bidding—and prices from providers under Medicare part B. He makes the good point that solving some of our Medicare cost problems with a clear goal to find efficiency through competitive bidding, rather than just a budget decision.

In light of these changes, I will vote for the amendment, but I want to be sure that we are doing everything we can to make this transition survivable for small business.

Mr. GRAHAM, Mr. President, I ask unanimous consent for 10 seconds in order to have items printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, I would like to have printed in the Record various documents, including a letter from the inspector general of the Department of Health and Human Services, OIG, AEC reports, and a letter from a number of organizations, including the American Medical Association, the American Hospital Association, and the American Society for Healthcare Administrationists, in support of the OIG report.

The PRESIDING OFFICER. The time of the Senator from Iowa is expired.

One of the justifications for persuading the Finance Committee to include the health care fraud bill that I authored was to get some savings. CBO now scores it at $4.2 billion. This at least raises a question as to whether or not we have diluted that and it calls into question in terms of how much we will save.

The Senator from Iowa may use a different method of calculating those savings.

What we have tried to do is structure it in a way which we could get the provider groups to agree. This has been an easy task. We have met with provider groups, with consumers, with health care advocates, with the FBI, with the Justice Department, with the White House.

We put together a package which we believe enjoys broad support which has been scored as saving $4.2 billion. Under these circumstances, I find myself compelled to rise in opposition not because I am opposed to what the Senator from Iowa is trying to do, but by virtue of the fact this may undermine to some degree and dilute to some degree, which I do not know what extent, the $4.2 billion which has currently been scored by CBO.

For these reasons I rise in opposition to the amendment of the Senator from Iowa.

The PRESIDING OFFICER. The Senator from New Mexico has one minute and 50 seconds and the Senator from Iowa has one minute and 34 seconds.

Mr. HARKIN. I yield 30 seconds to the Senator from Nebraska.

Mr. EXON. Mr. President, I am somewhat disappointed. I thought this was perhaps one amendment that we could get Republican agreement on.

This is a good amendment. There may be reasons to oppose it, but I do not know what they are and they have not been explained to me.

Mr. HARKIN. I am befuddled. Mr. President, because I say to my friend from Maine, the CBO—which I want on the record—the CBO has scored our amendment as saving more money than is in the bill. I want that on the record. That is a good amendment.

We did not weaken the provisions in the bill, we significantly strengthened them. For example, as I pointed out, we require the commercial software, we reduce the paperwork by having one administrative remedy, we prohibit the Medicare payments for unnecessary things like personal use of automobiles, tickets to sporting events, things like that.

And CBO has certified that this amendment saves more money than the underlying bill’s provisions.

Mr. COHEN. We are basically in accord with what we are seeking to do, but I have been advised that CBO indicates this would reduce the $4.2 billion by—

Mr. HARKIN. Absolutely not. CBO said today it would save $4.7 billion, considerably more than the underlying bill. Let there be no question about that.

The PRESIDING OFFICER. The time of the Senator from Iowa is expired.
of Health and Human Services (HHS) has found that the most mistakes are in the payment of remuneration "if the defendant's state of mind, or intent. As with any intent-based statute, the prosecution cannot be brought directly to the district under the Government's ability to prosecute all but the most blatant kickback schemes would be allowed to proliferate. In today's health care industry, many lease arrangements involve the kickback to physicians who ordered very expensive Caremark home infusion products. Most defendants are careful what they say. In 1995, the Government has a difficult task to prove beyond a reasonable doubt that there was some legitimate purpose for the payment, many common kickback schemes would be allowed to proliferate. In today's health care industry, many lease arrangements involve the paid payment serves one or more legitimate purposes. For example, payments made to induce referrals often also compensate a physician who is providing health care items or services. Some referrals may be disguised as returns on investments. Similarly, many lease arrangements that indisputably involve the sale of space incorporate some payments to refer in the lease rates. In all of these examples, and countless others, it is impossible to determine what portions of payments are made for non-far-fetched purposes.

Where the defendant could argue that there was some legitimate purpose for the payment, the prosecution would have to prove beyond a reasonable doubt, through circumstantial evidence, that the defendant actually had another motive that was "the significant reason. For the vast majority of the present-day kickback schemes, the proposed amendment would place in insurmountable burden of proof on the Government.

3. CREATION OF AN EASILY ABUSED EXCEPTION FROM THE ANTI-KICKBACK STATUTE FOR CERTAIN MANAGED CARE ARRANGEMENTS

Background: There is great variety and innovation occurring in the managed care industry. Some managed care organizations, such as most health maintenance organizations (HMOs) doing business with Medicare, consist of providers who assume financial risk for the quantity of medical services needed by the population they serve. In this context, the incentive to offer kickbacks for referrals of patients for additional services is minimized, since the providers are at risk for the additional costs of those services. If anything, the incentives are to reduce services. Hence, the most majority of the modern health care. The proposed amendment would overturn these court decisions.
to offer a discount on a combination of items or services. A common example is a discount on a product where any item separately billed to Medicare or Medicaid receives less of a discount than is applied to other items in the combination. If the items or services separately billed to Medicare or Medicaid receive less of a discount than other items in the combination, Medicare and Medicaid are not receiving their fair share of the discounts.

5. UNPRECEDENTED MECHANISM FOR ADVISORY OPINIONS ON INTENT-BASED STATUTES, INCLUDING THE ANTI-KICKBACK STATUTE

Background: The Government already offers a few anti-kickback statutes to determine intent. Unfortunately, that is provided regardless of any other criminal provision in the United States Code. Industry groups have been seeking advisory opinions under the anti-kickback statute for many years, with vigorous opposition by the Department of Justice (DOJ), and the HHS Office of Inspector General (OIG) under the last three administrations, as well as the National Association of Attorneys General. In 1987, Congress rejected calls to require advisory opinions; so long as it was a statute. As a compromise, Congress required HHS, in consultation with the Attorney General, to issue "safe harbor" regulations describing conduct which is subject to criminal prosecution or exclusion. See Section 14 of Public Law 100-337.

To date, the OIG has issued 13 final "anti-kickback" rules and sought comment on 8 additional proposed safe harbor rules, for a total of 21 final and proposed safe harbors. Over 50 pages of explanatory material have been published in the Federal Register regarding these proposed and final rules. In addition, the OIG has issued six general "fraud alerts" describing activity which the OIG considers to be anti-kickback statute. Thus, the Government provides guidance on what is clearly permissible (safe harbors) under the anti-kickback statute and what we consider illegal (fraud alerts).

H.R. 2389 Proposal: HHS would be required to issue advisory opinions to the public on the Medicare/Medicaid anti-kickback statute (section 1128B(b) of the Social Security Act), as well as all other criminal authorities, civil monetary penalty and exclusion authorities, pertaining to Medicare and Medicaid. HHS would be required to respond to requests for advisory opinions within 30 days. Fees would be authorized to cover requesters a user fee, but there is no provision for this fee to be credited to HHS. Fees would therefore be deposited in the Treasury as miscellaneous receipts.

Major problems with anti-kickback advisory opinions include:

- Advisory opinions on intent-based statutes (such as the anti-kickback statute) are impractical if not impossible. Because of the inherently subjective, factual nature of intent, it would be impossible for HHS to determine intent based solely upon a written submission from the requestor. Indeed, it does not make sense for a requestor to ask the Government to determine the requestor's own intent. However, the requestor already knows what their intent is.

- None of the 11 existing advisory opinion processes in the Federal Government provide advisory opinions regarding the intent of the requestor's intent. An advisory opinion process for an intent-based statute is without precedent in U.S. law.

The proposed advisory opinion process in H.R. 2389 would severely hamper the Government's ability to prosecute health care fraud. Even with appropriate written caveats, defense counsel will hold up a stack of advisory opinions before the jury and claim that the defendant read them and honestly believed (however irrationally) that he or she was not violating the law. The prosecution would thus have to disprove this defense beyond a reasonable doubt. This will seriously affect the likelihood of conviction of those offering kickbacks.

Advisory opinions would likely require enormous resources and many full-time equivalents (FTE) at HHS. The user fees in the bill are assessed not to HHS. Even if they did go to HHS, appropriations committees tend to view them as offsets to appropriations. Therefore, there are no estimates of numbers of requests, or order of FTE required, etc. Also, HHS is permanently downsizing, even as it faces massive structural changes. The possible result of the bill is a diversion of hundreds of anti-fraud workers to handle the advisory opinions.

For the above reasons, DOJ, HHS/OIG, and the National Association of Attorneys General strongly oppose advisory opinions under the anti-kickback statute, and all other intent-based statutes.

6. CREATION OF TRUST FUND MECHANISM WHICH DOES NOT BENEFIT LAW ENFORCEMENT

Background: In our view, the most significant step Congress could undertake to reduce fraud and abuse would be to increase the resources devoted to investigating false claims, kickbacks and other serious misconduct. We recognize that the law enforcement effort to control Medicare fraud is surprisingly small and diminishing. There is evidence of increasing Medicare fraud and reimbursement expenditures continue to grow substantially. Yet, the staff of the HHS/OIG, the agency with primary enforcement authority over Medicare, has declined from 1,411 employees in 1991 to just over 900 today. (Note: 259 of the 1,411 positions were transferred to the Social Security Administration). Approximately half of these FTE are devoted to Medicare investigations, audits and program evaluations. As a result of downsizing, HHS/OIG has had to close 17 OIG investigative offices and we now lack an investigative presence in 24 States. The OIG has only about 140 investigators for all Medicare cases nationwide. By way of contrast, the State of New York gainfully employs about 300 persons to control Medicaid fraud in that State alone.

Ironically, the investigative activity of OIGnoop for the past five years, despite the fact that Medicare's current expenditures exceed $100 billion per year. The current decrease in the use of OIG investigations of health care fraud and abuse has yielded an average return over $7 to the Federal Treasury, Medicare trust funds, and State Medicaid programs. In addition, an increase in enforcement also generates increased deterrence, due to the increased chance of fraud being caught. For these reasons, many fraud control bills contain a proposal to recycle monies recovered from wrongdoers into increased law enforcement. The amount an agency gets should not be related to how much it generates, but rather to the benefits to the public. We believe such proposals would be used by private contractors only for "soft" payment review and education functions.

We recommend enactment of the bill with these provisions would cripple our ability to reduce fraud and abuse in the Medicare program and to bring wrongdoers to justice.

Thank you for your attention to our concerns.

Sincerely,

June Gibbs Brown,
Inspector General.
Particularly at this time, we need to preserve every Medicare trust fund dollar; we cannot allow Medicare money to be spent on bribes paid to doctors and others as inducement for the referral of Medicare patients. Even if a kickback amounts to no more than an indifferent, financial inducement to corrupt the professional judgment of medical providers—providers who Americans have been taught to trust—it should be clear to everyone in and out—whether and where to hospitalize a patient, what laboratory tests to order, what surgical procedure to perform, what medical equipment to buy, and how long to keep a patient in a psychiatric facility—afflict the health and well-being of our elderly patients and our children. Allowing these decisions to be made under the influence of kickbacks is just plain wrong.

The House bill would place a very high, additional burden on the Government in its attempts to prosecute those who pay or receive kickbacks for the purpose of inducing the referral of Medicare business. Existing law requires the Government to prove that one purpose of the kickback was to induce the referral of health care business. The language of the House bill would require that the Government prove that the kickback was made for the significant purpose of inducing the referral. That's language that would immunize arrangements that are dressed up to look like referrals and which adversely affect the judgment of medical providers. From the perspective of Federal law enforcement and, I believe, of every effective practice of patients who seek their doctors' advice, this result is simply not acceptable.

Ultimately, this isn't a choice between prosecuting violent crime and prosecuting health care fraud. Both of them do real harm to real people and both deserve vigorous enforcement action. I hope that the House legislation will support, not undermine, our efforts.

**Question.** Why are the Republicans gutting the enforcement action?

**Attorney General Reno.** You would have asked them, but I have heard it said that they said we shouldn't prosecute those cases while we have robust programs that the Department of Justice has had. Many of these programs have very seriously undermined our efforts and it would not be worth our while to expand our efforts.

**Question.** Do you know, as a practical matter, how the change in the standard of proof would affect the prosecution?

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a doctor can own a laboratory and then refer his own patients to a laboratory in which he has a financial interest. That law was changed a number of years ago because of the abuse that was found in the system. There is more reform if the doctors owned the lab. And that was barred by the law. And the American Medical Association has favored repealing the law which we are trying to defend today in terms of kickbacks.

QUESTION. Are there any examples of fraud cases that stand out that would be good to pinpoint, related to this?

Attorney General Reno. One of the cases—where is Jerry Stern—is NME case of last year. Our recovery in that case was $379 million and that was based in significant part on that we are trying to defend today in terms of kickbacks.

QUESTION. Do you have any idea what would have happened had the law been [inaudible].

Attorney General Reno. I think, again, you can't quantify it. But any time you have to prove that some—rather than just one purpose, it would be a significant purpose, you raise the bar real high. Thank you.

(Whereupon, at 1:55 p.m., the press conference adjourned.)

Mr. MCAIN. Mr. President, could I ask if it will be in order to ask for the yeas and nays or to table the Harkin amendment even if we now proceed to the amendment of the Senator from Arizona?

The PRESIDING OFFICER. It will be in order to do that when the amendment recurs for a vote.

The Senator from Arizona.

AMENDMENT NO. 2971

(Purpose: To eliminate corporate welfare in the Federal budget)

Mr. MCAIN. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. MCAIN], for himself; Mr. FEINGOLD, Mr. THOMPSON, Mr. KERRY, and Mr. FAIRCLOTH, proposes an amendment numbered 2971.

Mr. MCAIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the amendment is printed in today's Record under "Amendments Submitted."

Mr. MCAIN. Mr. President, I yield myself 4 minutes of the 5 minutes.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCAIN. Mr. President, this is a bipartisan amendment, which has been endorsed by the Citizens Against Government Waste and Citizens for a Sound Economy, which would terminate or substantially reform a dozen Federal programs identified by the Progressive Policy Institute and the Cato Institute as amongst the most egregious forms of corporate welfare in the Federal budget. These amount to savings of about $60 billion over the next 7 years. They are the Marketing Promotion Program, the advanced light water reactor, Forest Road Construction Program, highway demonstrations, military export sales, broadcast spectrum auction, Export/Import Bank, the B-2 bomber, Travel and Tourism Promotion, sub- and supersonic research.

Mr. ROCKEFELLER. Mr. President, will the Senator yield for a friendly inquiry?

Mr. MCAIN. I only have 4 minutes, I say to my colleague.

Mr. ROCKEFELLER. May I have 5 seconds?

Mr. MCAIN. If you ask unanimous consent, I will be glad to yield.

Mr. ROCKEFELLER. Can the Senate get a copy of your amendment now? We have nothing.

Mr. MCAIN. Absolutely.

Mr. ROCKEFELLER. I do not want to embarrass the U.S. Senate.

Mr. MCAIN. I will make sure the Senator gets a copy of the amendment.

Mr. DOMENICI. We delivered a copy of the amendment.

Mr. MCAIN. A copy of the amendment. I understand, has been delivered to the Senator from West Virginia. I certainly understand his frustration if he did not have a chance to see the amendment.

Mr. President, continuing—sub- and supersonic research; terminates the NASA aircraft design, spacecraft design activities, which can be undertaken by the private sector; oil and gas research and development; rural electric utilities service.

Mr. President, there is nothing new about these programs. They are items we have been discussing on the floor of the Senate for many years. They each have one thing in common; in a time of fiscal necessity, we can no longer afford them.

We are considering historic legislation to place the Federal budget on a 7-year path toward balance and to reform unsustainable entitlement programs which threaten to bankrupt our Nation. If we are going to restore fiscal sanity and if we are going to ask poor people to take cuts in their programs, if we are going to reduce the rate of growth of many, many programs that have been designed as a safety net for those less well off in our society, if we are going to have credibility with the American people, we had better go after this corporate pork and we better do it soon. Otherwise, we will open ourselves to justifiable criticism that we take care of corporate America while we do not take care of citizens who are less fortunate than we in our society.

I think it is an important amendment. I think it is going to put the Senate on record as to exactly where we stand on some of these programs that have clearly, clearly not required Federal funding in order to continue.

We owe a debt of gratitude to the Cato Institute and the Progressive Policy Institute. Although they represent different ideological perspectives, they joined together to identify corporate welfare programs and to articulate the destructive role that they play in the Federal budget and the economy.

As time is limited on debate, I offer these insights as offered by these groups. The Cato Institute says:

Corporate welfare is a major drain on the Federal Treasury for little economic benefit.

The Progressive Policy Institute says:

The President and Congress can break the budget impasse and substantially reduce most spending and projected deficits ** * if they are willing to eliminate or reform scores of special spending programs and tax provisions narrowly targeted to subsidize influential industries.

I reserve my 1 minute.

Mr. KENNEDY. Mr. President, at a time when deep cuts are being proposed in Medicare, Medicaid, education, the earned income tax credit, welfare benefits, and other important programs for senior citizens, children, and working families, it is essential to see that corporate welfare—government subsidies to wealthy corporations—bears its fair share of the sacrifices needed to put the Nation’s fiscal house in order.

I welcome the opportunity to work with Senator McCaín and other Senators in this bipartisan effort. We have identified a dirty dozen examples of corporate welfare that ought to be ended or drastically reduced.

My hope is that the current efforts will become the foundation for a longer-term initiative to deal more effectively with the wider range of corporate welfare provisions on both the spending side and the tax side of the Federal budget.

At a time when we are cutting billions of dollars from health benefits for the elderly, it makes no sense to continue to give away billions to wealthy telecommunications corporations by failing to obtain fair market value by auctioning electronic spectrum.

At a time when we are imposing billions of dollars in taxes on our working families, it makes no sense to continue to give away billions of dollars on additional B-2 bombers that the Pentagon doesn’t want and the Nation doesn’t need.

At a time when we are imposing new burdens on education, it makes no sense to confer excessive subsidies on oil and gas companies.

At a time when we are cutting benefits for the disabled, it makes no sense to continue to provide subsidies for major companies to market their goods overseas.

Our current amendment will end these and several other forms of corporate welfare. It also calls for a base-closing type Federal Commission to deal with this equally flagrant type of corporate welfare—the lavish Federal subsidies dispensed to wealthy individuals and corporations through the Tax Code.

Over the next 7 years, these tax subsidies will cost the Treasury a total of $45 trillion. Yet they undergo no annual review during the appropriations process or during reconciliation. Once enacted, they can go on forever, with no effective oversight by Congress.
The Commission we are proposing will examine all existing tax subsidies and make recommendations to Congress that will be subject to a "yes" or "no" vote by the Senate and the House. I commend Senator McCaIN and our other colleagues for their work on this important issue, and I am hopeful that the Senate will approve our amendment. Our action on this legislation is part of a longer-term initiative to insist on congressional scrutiny of all Federal subsidies.

At a time when so many individuals and families are being asked to bear a heavy burden of budget cuts, there should be no free rides for special interest groups and their cozy subsidies.

MR. KOHL. Mr. President, I rise in reluctant support of the amendment from the Senator from Arizona to cut spending from 12 programs.

I am supporting the amendment because, at a time when we are debating a budget bill to cut programs and assistance for the most needy in our society, I pass up an opportunity to cut billions of dollars from programs like the B-2 bomber, and oil and gas subsidies.

However, while I will support this amendment, I am extremely unhappy with the proposals of this amendment to cut loans and programs for rural electric cooperatives, which depend on those funds to keep utility rates reasonable for rural residents.

I am equally unhappy with the choice of the Senate to cut the programs to eliminate the Market Promotion Program, on the heels of the successful effort to eliminate the corporate subsidies from that program, and target it toward small businesses and cooperatives. So while I must reluctantly vote in support of this amendment to cut billions of dollars, if it does prevail, I will work to have the Rural Utility Service loans and the Market Promotion Program restored in conference.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, this amendment has very broad jurisdictional problems with a whole series of committees. It is the opinion of this Senator that probably the primary committee of jurisdiction would again be the Finance Committee. Therefore, I will yield to a member of the Finance Committee, the Senator from West Virginia, for remarks to be included in our Senate minutes.

Mr. ROCKEFELLER. Mr. President, I appreciate the action of the ranking member of the Budget Committee. This amendment which we have not yet—let me say first of all, it will be my hope that our side will not take a position on this, because we are simply unaware of what it is. In fact, it appears to be many, many things.

It starts out with the elimination of the Market Promotion Program for agriculture, I think. It appears to be part Agriculture, part Finance, part Commerce Committee. It gets into the termination of the Advanced Light Water Reactor Program. I am thoroughly unqualified to review that. It talks about timber access roads. That is an Energy Committee matter. It talks about United States Travel and Tourism, USTTA. That is something I strongly support. Other Members may not. I suspect the Senator from Arizona does not.

There is a private sector funding for certain research and development by NASA relating to aircraft performance. That is the formal title. What that means I have absolutely no idea, and I have no way of finding out in the next 2 or 3 minutes.

There are many other things—the recoupment of certain Department of Defense costs for equipment sold directly by contractors to foreign countries and international organizations. So, my plea would be for all my colleagues to take that 21-page amendment, between the time now—having no position on it, as would be my recommendation to my ranking member on the Budget Committee—and the time that we vote, and Senators make up their minds as best they can.

I am absolutely unable, having had this for a period of 2½ minutes, to make heads or tails of it, since it is many things, and I suspect, many things to many people. This is not it, it strikes me, in terms of process, one of the Senate's finer moments.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, following up the inquiry that was made just a few moments ago by the chairman of the committee, I would also assume we have not made up our minds on this side of the aisle on this amendment. I also assume that, without taking action now, it would not preclude us from making a point of order which might lie against this amendment at some future date before the vote is taken; is that correct?

The PRESIDING OFFICER. The point of order can be made when the amendment comes up again.

Mr. EXON. I thank the Chair.

Mr. DOMENICI. Does Senator McCaIN have any additional time?

The PRESIDING OFFICER. The Senator has 15 seconds.

Mr. McCaIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. McCaIN. Mr. President, for the benefit of Senator from West Virginia, we did distribute this amendment much earlier today. I am sorry he did not get it.

Also, I would like to point out that Senators FeINGold, KERRY, and KENNY are cosponsors of this amendment. So some Members on his side of the aisle obviously are aware of it.

I also am aware that a budget point of order can be lodged against this amendment, and I am not sure he would find it too pass. Mr. President, I am being very frank. But I will tell you what. We are going to be on record as to what we support and what we do not support in the way of corporate pork and whether we are really willing to make the sacrifices necessary to reduce this unconscionable debt of $317,000 per child in America while we support corporations all over America with taxpayers' dollars.

Mr. ROCKEFELLER. Will the Senator yield for a question?

The PRESIDING OFFICER. The Senator from Arizona's time has expired.

Mr. ROCKEFELLER. Is there any time?

The PRESIDING OFFICER. There is a minute and 40 seconds available to the Senator from Nebraska.

Mr. EXON. We have 40 seconds left.

The PRESIDING OFFICER. A minute and 40 seconds.

Mr. EXON. I am prepared to yield that back in a moment.

Mr. McCaIN. The Senator from West Virginia—

Mr. EXON. I see the majority leader in the Chamber. Is he seeking recognition?

Mr. DOLE. No.

Mr. EXON. I yield back the remainder of my time.

I thought Senator ROCKEFELLER was finished.

Mr. ROCKEFELLER. In responding to the Senator from Arizona and what I am sure is a very good-faith—I know is a very good-faith effort, if Senators FeINGold, KENNY and others are in fact cosponsors of it, one would never know from looking at the amendment because only the name of the Senator from Arizona is listed. And this is part of what I am talking about. If we are going to make serious decisions about the enormous variety of programs, we have to do this in some kind of more intelligent way. Now, the rules may preclude us from doing that because the agreement has already been made, but this is many things to many people.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Has all time expired?

Mr. McCaIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Nebraska has 30 seconds.

Mr. EXON. Reserving the right to object, the yeas and nays are being requested. Again, I want to make it clear that would not preclude us from making a point of order before the vote is taken. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. EXON. I thank the Chair.

Mr. DOMENICI. I thank the Senator from Arizona. We imposed on him this afternoon, having called down and you were not ready, and I apologize for that.

Mr. McCaIN. Is it appropriate for the Senator from Nebraska to make a
point of order at this point and we move to waive the point of order, or does that take place at the time of the vote?

Mr. EXON. I simply say we are looking at this. I do not know whether we are going make a point of order against this or not.

Mr. McCAIN. I thank the Senator.

Mr. EXON. We are simply reserving the right to do that at a certain time, and I will not give that up at this juncture.

The PRESIDING OFFICER. The Senator has that right.

Mr. DOMENICI. Parliamentary inquiry. Is it not Senator Byrd’s amendment that is next pursuant to the previous agreement?

Mr. FORD. That would be the Senator’s prerogative.

Mr. DOMENICI. I am just asking.

The PRESIDING OFFICER. The Chair has no specified list and therefore presumes it is up to the managers of the bill.

Mr. EXON. Mr. President, Senator Byrd will be next in line, and I am pleased to yield to him whatever time we have on this amendment.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for up to 5 minutes.

AMENDMENT NO. 2972
(Purpose: To strike the reductions in highway demonstration projects and to provide an offsetting revenue increase)

Mr. BYRD. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The President pro tempore of the Senate, for the Honorable John C. Byrd, for himself and Mr. Ford, proposes an amendment numbered 2972.

Mr. BYRD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike section 1760, line 11, strike “2003” and insert “2002”.

On page 1747, strike the matter between lines 7 and 8, and insert:

For calendar year: The percentage is:

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<tr>
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Mr. BYRD. Mr. President, less than 4 years ago, Congress passed the Intermodal Surface Transportation Efficiency Act, ISTEA. That legislation modernized our Federal Aid Highway Program by targeting available resources to meet our Nation’s needs. The bill before us would rescind $712 million for certain highway projects funded in ISTEA and previous appropriation acts. This represents a substantial re-treatment from the commitments made in ISTEA and in those appropriations acts.

Mr. President, my amendment will restore full funding for these important highway projects in 48 States. By rescinding these Federal funds, the bill before us would require States to cough up an additional $712 million for these projects. In effect, this would cause States to have to increase their matching share from 20 percent to as much as 32 percent in order to complete these projects.

Currently, the Department of Defense shows a total unobligated balance in excess of $10 billion for ongoing military construction projects, yet no one—no one—suggests that we should rescind 15 percent of these unobligated balances in defense and thereby ensure that these projects cannot be completed.

If we seek to reduce our Federal budget deficit by worsening our investment deficit in our Nation’s infrastructure, we will have done absolutely nothing to improve our national prosperity. We will only dig our Nation into a deeper hole characterized by excessively congested and deteriorating roads and bridges.

According to the Department of Transportation, there are currently more than 234,000 miles of nonlocal roads across the Nation which require immediate repair. Additionally, 118,000 of the Nation’s 575,000 bridges, more than one in five, are structurally deficient. Our current highway capacity is being stretched beyond its limits, and what is our response at the Federal level? Just as is the case with our Federal budget deficit, we are leaving the mess to our grandchildren.

To fully offset the effects of the restoration of these critical highway projects, my amendment includes a modification to section 12803 of the reconciliation bill which phases out the tax deductions presently allowed for the interest paid on company-owned life insurance policies over the period 1996 to 2001. Companies have used this loophole to pay profit the expense of the taxpayer by insuring employees, then borrowing on the policy and deducting the interest on company tax returns. Both the Senate and House bills proposed to phase out this loophole.

My amendment would simply require the phaseout in the Senate bill to be completed in 4 years rather than 5 years. My proposal would retain the key employee exception as contained in the Senate bill. My amendment would restore highway moneys to 48 States, and I urge its adoption.

Now, Mr. President, I ask unanimous consent that Mr. Bumpers and Mr. Pryor be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Now, Mr. President, 48 States will lose money unless my amendment is adopted. They will lose money for highways. I do not blame the committee that had to meet its instructions and did so by rescinding $712 million in highway funds. But I have provided an offset, and therefore I hope that this amendment will be adopted.

I have received letters of support of my amendment from the American Road and Transportation Builders Association, the American Trucking Association, and the Associated General Contractors of America.

Mr. President, let me just read a few of those States that lose money. Alabama will lose $12.8 million; Arizona, $2.8 million; Arizona, $3.15 million; California, $43.8 million; Connecticut, $5 million; Florida, $27.9 million; Georgia, $10.8 million; Hawaii, $3 million; Illinois, $8 million; Illinois, $29 million; Indiana, $8 million; Iowa, $9 million; Kansas, $9 million; Kentucky, $4.6 million; Louisiana, $13.8 million; Maine, $10.9 million; Maryland, $12.6 million; Michigan, $23 million; Minnesota, $23.5 million; Mississippi, $2.9 million; Missouri, $9.3 million; Montana, $3 million; Nebraska, $2.8 million; Nevada, $5.8 million; New Hampshire, $4.3 million; New Jersey, $29.3 million; New York, $40 million—

The PRESIDING OFFICER. The time of the Senator from West Virginia has expired.

Mr. BYRD. Mr. President, I have on each desk the table of the amount that the various States would lose. I ask unanimous consent that this table, along with three letters in support of my amendment, be printed in the Record. I urge adoption of the amendment.

There being no objection, the material was ordered to be printed in the Record, as follows:

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</tbody>
</table>
DEAR SENATOR: The documented backlog of highway and bridge needs in the United States was estimated at more than $290 billion by the Department of Transportation in its 1989 report to the Congress. Despite this huge deficiency in infrastructure investment, the reconciliation bill (S. 1357) now before the Senate would reduce funding for highways by $252 million in fiscal year 1997 and an additional $165 million in fiscal year 1999.

The 4,000 members of the American Road & Transportation Builders Association (ARTBA) strongly urge that you support an amendment to S. 1357 to be offered by Sen. Robert C. Byrd that would preserve existing funding levels.

Cutting highway funding at this time would be in conflict with the conference report on the fiscal 1996 transportation appropriations bill (H.R. 2002). That measure reflects the importance of highways to the country by increasing funding for their improvement. The federal highway program was, in fact, the only mode to receive a higher funding level than in fiscal 1995.

According to the Federal Highway Administration, America’s highways provide 88 percent of the nation’s personal transportation in addition to a large proportion of its commercial movement. Congress is expected shortly to approve designation of the National Highway System, a 159,000-mile network of roads intended to be the nation’s backbone transportation system and the focus of federal highway investment in the years ahead. Clearly, this is no time to cutting already-inadequate funding for highway improvements. Furthermore, most of the proposed reduction is for activities supported by the Highway Trust Fund, a pay-as-you-go financing system supported by user fees. The sought budget savings can be found in other areas less crucial to this country’s future.

ARTBA’s nationwide membership is involved in the planning, design, construction, financing and operation of all forms of transportation facilities. It includes contractors, engineers and planners, equipment manufacturers, materials suppliers, public officials, financial institutions and educators. Again, we urge you to support Senator Byrd’s amendment to S. 1357.

Sincerely,

T. PETER RUANE, President & CEO

AMERICAN TRUCKING ASSOCIATIONS,

HON. ROBERT C. BYRD, U.S. Senator,
Washington, D.C.

DEAR SENATOR BYRD: I am writing to indicate the support of the American Trucking Associations for your efforts to restore $715 million in badly needed highway funding.

A Department of Transportation report estimated that the backlog of highway and bridge needs in the United States was in excess of $290 million. The conference report on the FY 96 Department of Transportation Appropriations bill (H.R. 2002) recognizes this problem by increasing highway funding.

Your efforts to restore that funding is in line with the priorities set out in H.R. 2002. We support your amendment to S. 1357, the Budget Reconciliation Act, and urge your Senate colleagues to approve this amendment.

Sincerely yours,

TIMOTHY P. LYNCH,
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA,

HON. ROBERT C. BYRD, U.S. Senator,
Washington, D.C.

DEAR SENATOR BYRD: The 33,000 members of the Associated General Contractors of America strongly support your amendment to S. 1357 that will restore much needed funding for highway projects.

Your recognition of the problems that the existing provision (Section 6002) will create for the highway program are greatly appreciated. As you so keenly aware, your amendment restores $715 million in highway funding for 48 states (only Alaska and Delaware escape the cuts included in Section 6002). Elimination of this funding midstream will simply delay needed construction and cost as much as $36,000 jobs.

In addition to eliminating current funding for projects (many of which are under construction) that have been previously approved by both the House and Senate. Section 6002 also sets a bad precedent by using highway trust fund money to offset the general fund deficit and will adversely impact the base revenue for highway projects which could lower the amount of resources made available for critical highway construction in the future.

Thank you for your continued vigilance in ensuring adequate investment in the Nation’s Surface Transportation Programs.

Sincerely,

STEPHEN E. SANDHERR, Executive Director,
Congressional Relations.

Mr. DOMENICI addressed the Chair. The PRESIDING OFFICER, the Senator from New Mexico, raised a question.

Mr. DOMENICI. Mr. President, I was not privy to drafting the provisions in the Finance Committee, and from the Environment and Public Works Committee, I wonder if Senator Chafee might take half my time and explain this as he sees it.

Mr. CHAFFEE. Mr. President, this provision that is referred to as a loophole was entirely legal over the years that it was enforced, and in the Finance Committee, after considerable
whether this is a fair distribution that way. And anybody interested by committee or by appropriation or in nonformula. But we felt in the Finance Committee that indeed there was considerable pressure to give a longer time to phase it out. But we arrived at 5 years thinking that was a fair way of doing it, and the 4 years was a severe proposal and difficulty upon those who chose to use this type of company-owned life insurance policies. So, Mr. President, that was the rationale for going to the 5 years.

Mr. BYRD. Would the Senator yield?

Mr. CHAFFEE. Yes.

Mr. BYRD. Mr. President, the House phases it out in 4 years. The Senate phases it out in 5 years. So either way it gets phased out. I suggest we phase it out and apply that money to those infrastructure projects in 48 States of the country. Let us cast a vote for America and the future of America.

Mr. CHAFFEE. Mr. President, I do not want to look at this in terms of whether we are voting for America or not. People would not want to stand up here and suggest they were not voting for America. I suspect they believe the amendments are for America.

Why, Mr. President, is that we are doing something retroactively. And it was our belief that 5 years was the fair way. Now, I suppose you could do it in 1 year. But that does not make it any fairer. So, Mr. President, that was the basis on which we did the 5 years in the Finance Committee.

Mr. DOMENICI addressed the Chair. How much time do I have remaining?

The PRESIDING OFFICER. Two minutes and 20 seconds.

Mr. DOMENICI. Mr. President, I would just make a couple of quick points. Senator BYRD knows that I have great respect for him and I am fully aware of his constant and persistent desire that we spend money on infrastructure. But I think the only possible way, assuming it is not subject to a point of order, that this amendment should be adopted is if the U.S. Senate thinks that the demonstration highway projects were a good thing.

The demonstration highway projects did not treat all States equally. As a matter of fact, by being demonstration projects, some States got a lot more than others. So the distinguished Senator is now looking at that and saying some people would lose and some States would gain, but this is not a formula where everyone was allowed demonstration projects. This is a nonformula.

The demonstrations were established by committee or by appropriation or in that way. And anybody interested in whether this is a fair distribution among our States can just look at the list which I do not chose to read here tonight, but there are some very disproportionate returns of money to certain States and very little to other States that should have the same amount on population and highways. But the demonstrations were not set out in any fair way in the beginning.

So if you think the highway demonstration programs were great, then obviously you ought to put them back in here whereas the committee decided that they did not think they ought to be in and we ought to save money. So that is going to be the issue. That is if it is not subject to a point of order. And the reason I say “if,” my instinct tells me it is, but then I think of who offered it, and I am quite sure he made sure it was not subject to a point of order.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. DOMENICI. Yes.

Mr. BYRD. If we do not adopt this amendment, then we are retroactively attempting to wipe out those infrastructure projects in 48 States of this country. I hope the Senate will adopt the amendment. I did not mention Pennsylvania, $111 million; Ohio, $22 million; Texas, $29 million; Virginia, $14 million; West Virginia, $66 million. I have only read some of them.

Mr. DOMENICI. The Senator mentioned West Virginia?

Mr. BYRD. I mentioned West Virginia.

Mr. CHAFFEE. The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

Mr. DOMENICI. I am not going to ask for the yeas and nays or move to table. I will wait for the vote, the time that it comes up.

Senator CHAFFEE. I believe, is the next one.

Does the Senator have a copy of Senator CHAFFEE’s amendment?

Mr. EXON. We do. I might say at this time, following Senator CHAFFEE’s presentation, I will yield our 5 minutes which is the jurisdiction of the Finance Committee, to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFFEE. Mr. President, I ask that the Chair be good enough to tell me when I have used 3 minutes.

As I understand it, we have 5 minutes on our side.

The PRESIDING OFFICER. That is correct.

Mr. CHAFFEE. If the Chair could tell me at the end of 3 minutes, I would appreciate it.

The PRESIDING OFFICER. If the Senator is offering an amendment, he needs to send it to the desk.

AMENDMENT NO. 279

(Purpose: To guarantee coverage under the medicaid program for low-income aged, blind, and disabled individuals eligible for supplemental security income benefits under title XVI of the Social Security Act)

Mr. CHAFFEE. I am sending the amendment to the desk, an unprinted amendment, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk reads as follows:

The Senator from Rhode Island [Mr. CHAFFEE], for himself and Mr. CONRAD, proposes amendment number 279.

Mr. CHAFFEE. Mr. President, I would ask that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 767, strike lines 12 through 15 and insert the following: 

“(3) provide for making medical assistance available to any individual receiving cash benefits under title XVI by reason of disability (including blindness) or receiving medical assistance under section 1902(f) (as in effect on the day before the date of enactment of this Act); and”.

Mr. CHAFFEE. Mr. President, I am offering this amendment on behalf of Senator CONRAD and myself. What it does, it guarantees Medicaid eligibility for low-income individuals with disabilities. Under the language reported by the Senate Finance Committee, States are required to provide coverage to persons with disabilities. However, and here is the hitch—the States are given complete latitude in establishing the definition of who is disabled. It could be only those who are quadriplegics who are blind are considered disabled. I mean, they can have any definition they like. What our amendment does is it sets a minimum standard by requiring States to provide coverage to children and adults with disabilities who receive benefits under the Supplemental Security Income Program (SSI).

But here are the important words, the SSI Program, as amended by the welfare reform bill which we passed here a month or so ago, we passed here by a vote of 87 to 12. So this is a very restricted group. This is not the SSI program that we worry about that included substance abusers, for example. That is not in this category. Only the neediest individuals qualify for SSI. They all have incomes below the poverty level and indeed currently they qualify to—they cannot be above 75 percent of the poverty level and qualify. Now, this is a pretty low-income group.

Why is this amendment important? Without this requirement, States will have the ability to exclude from coverage a group of individuals who depend on this Medicaid coverage as their only source of health insurance coverage. There is no place else they can go. You say get private insurance. Well, they first cannot afford it. And second, they all have preexisting conditions and so therefore would not be qualified.

Mr. President, there is no mandated benefit package in this proposal. These are the facts. We do not mandate a benefit package. We leave that up to the States. And the people who are going to have to cover this group. And how do you describe this group? You describe them
by the SSI description as we had it in the welfare program. So, indeed, with no mandated benefit package, the States could say, “For this group there will be one aspirin a year.” That could be done. But at least you have to cover everybody in the group with whatever the benefit package is.

Mr. President, I think it is very important to get on record that we are giving the States, over the next 7 years, $800 billion—$800 billion, Mr. President. And they are going to receive their allocations based on the fact of those whom they covered in 1985, and in the group described in which they got their money are these disabled. So, Mr. President, these are a very, very low-income group in our society. They are being cared for very frequently by their parents and others, kept in the community. And without this safety net they would have to in many cases be institutionalized at a far higher cost. I hope my colleagues will join me in preserving this critical safety net.

I yield time to Senator CONRAD.

Mr. CONRAD. Mr. President, I am proud to support Senator CHAFEE in offering this amendment. Mr. President, simply put, this provides health care support to the most severely disabled individuals in our society. Senator CHAFEE and I received a letter of support from the Consortium for Citizens With Disabilities, 30 national organizations that work to support the disabled. They said, and I quote:

We believe that your amendment to establish a minimum floor of eligibility for children and adults with disabilities is a fundamental component of ensuring a basic safety net for low-income people with severe disabilities.

Mr. President, health care is not an option for these people, it is a necessity. They have it today. They should not be at risk for losing it tomorrow.

During Finance Committee deliberation, we received this communication. It said:

Mr. Senator, if you are a person with mental retardation, you have special needs that are not optional. Remember, this is a lifelong condition which cannot be cured like substance abuse or unemployment. Also remember, it is not a self-inflicted condition, but rather one that a person is born with.

Mr. President, States should not cut severely disabled people from Medicaid. That is the premise of this amendment. I hope our colleagues will support it.

Mr. ROCKEFELLER addressed the Chair.

Mr. ROCKEFELLER. The Senate from West Virginia.

Mr. ROCKEFELLER. Mr. President, first, I want to compliment the Senator from Rhode Island, because actually it was the Senator from Rhode Island and myself in the Finance Committee who put up this amendment, which won 17 to 3, and then it sort of disappeared. It particularly disappeared with respect to the disabled. It should be noted the Senator from Rhode Island is entirely correct in his amendment, and I urge my colleagues to support his amendment.

On the other hand, it is also important to understand that by voting for this amendment that we are not going to be making a prince out of a frog that the underlying Medicaid bill which encompasses this amendment is, in the judgment of this Senator, a disaster.

This amendment will help. I do not want to in any way diminish that. This is pregnant women, children, and the disabled, and it is a guarantee. The guarantee was not there before.

The Senator is right when he says the States have to make a determination under the current law what “disabled” means. Good heavens, 50 different definitions coming in on “disabled.”

The point is, it is a good amendment in a bad bill. The States will still lose 30 percent of their Medicaid funding. In the case of my State, it is a little more than that. On nursing home protection, Federal standards are wiped out. That really does bring up the specter, and some say, “Well, you are just making a fuss over this. The standards we passed in 1987 by which you could no longer tether, that is tie down, an elderly person in a nursing home or drug into passivity an elderly person, is wiped out. So that is now possible under the underlying bill.

These are terrible things. Children with primary care needs, early detection, early protection, no immunization—it is not a good bill. But the amendment is good and the Senator from Rhode Island suggested an amendment that ought to be adopted.

So I just simply make that point and compliment the Senator significantly for now getting the word “guaranteed” coverage into the legislation. I compliment him on that and urge my colleagues to support the Senator’s amendment.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Has all time been used on the amendment before us?

The PRESIDING OFFICER. The Senator from Nebraska controls 1 minute, 50 seconds.

Mr. CHAFEE. Mr. President, if I could have just a portion of that.

Mr. EXON. I will be glad to yield half of it to my colleague.

Mr. DOMENICI. Wait a minute; wait a minute. How do we get all 10 minutes in favor of the amendment? I do not want to argue against you. You cannot allocate the time to the other side if they are in favor of the amendment. Is that not the rule? If it is not, I am mistaken.

Mr. EXON. I do not think the rule specifies that. But in a matter of fairness, I agree to the chairman’s—who wishes to speak in opposition?

Mr. CHAFEE. Mr. President, it is such an outstanding amendment. I do not think there is any opposition. Mr. President, I know the States have so sure but you are right. But I want to make sure we do not have all 10 minutes. I thought we were going to save 5.

Mr. CHAFEE. Why do we not save time and just adopt it?

Mr. DOMENICI. We cannot do that right now. It may come to pass.

Mr. EXON. I yield half my time to the Senator from Rhode Island.

Mr. ROCKEFELLER. Will the Senator from Rhode Island yield? Will the Senator from Rhode Island correct the misstatement of the Senator from West Virginia about pregnant women, children and disabled as opposed to the elderly?

Mr. CHAFEE. I am going to stick to what we have here, which is we are solely dealing with low-income individuals. This amendment, I think, if you tell me, when you are talking 75 percent of poverty, you are really talking about poor people.

But the key thing I want to stress here is these folks are being cared for in the community very frequently by their parents. And do not think these are 6-year-olds and their parents are 35. Their parents are frequently 65 and these individuals are 40 years old. But they are being cared for in the community because they have this safety net of Medicaid coverage that is there in case they get ill. Otherwise, I am certain that they would end up in institutions at a far greater cost to the public and all of us.

So, Mr. President, I hope the amendment will be adopted.

Mr. COHEN. Will the Senator yield? I indicate my support for the amendment.

The PRESIDING OFFICER. Time has expired. If the manager wishes to speak in opposition, he is entitled to have 5 minutes restored in opposition.

Mr. DOMENICI. I do not choose to speak in opposition. Does any Senator want to speak in opposition? What I would like to do is take my 5 minutes and I would like to yield 2 minutes of that to Senator Cohen. He can speak in favor of it.

The PRESIDING OFFICER. Ten minutes has expired in support.

Mr. DOMENICI. I ask unanimous consent that the Senator have 2 minutes to speak in favor of the amendment.

The PRESIDING OFFICER. The manager is entitled to 5 minutes in opposition. The Senator from Maine is recognized for 2 minutes.

Mr. COHEN. Mr. President, I thank my friend. I rise in support of the amendment. Senator CHAFEE has tried valiantly to include the poorest of the poor in our system, and for anyone to object to having the disabled included—I might say, it does not go far enough perhaps, because as I understand the Senator’s amendment, it includes pregnant women and children and does not include elderly; it includes disabled but it leaves it up to the States to define what “disabled” is.

I know the Senator was eager to use the SSI determination for “disabled.” I think it was the Senator’s amendment.

Mr. CHAFEE. That is right. It has already been adopted. Pregnant women and children up to the age of 12 and 100
Mr. CHAFEE. As changed by the welfare bill.

Mr. COHEN. Then please let me lend my strong support for that, and I want to thank my friend from New Mexico for allowing me a moment or two to express my support.

Mr. CHAFEE. Mr. President, is this the proper time to ask for the yeas and nays?

The PRESIDING OFFICER. The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. CHAFEE. Mr. President, I want to thank everyone.

Several Senators addressed the Chair.

Mr. EXON. Mr. President, I thought he was next. I was mistaken. I believe Senator Breaux is next.

I yield our 5 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

AMENDMENT NO. 2963
(Purpose: To provide for a partially refundable child tax credit)

Mr. BREAUX. Mr. President, I have an amendment at the desk and ask it be reported.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1469, beginning on line 2, strike all through page 1471, line 20, and insert the following:

SEC. 35. CHILD TAX CREDIT.

(a) In General.—Subpart C of part IV of subchapter A of chapter 1 is amended by redesignating section 35 as section 35 and by inserting after section 34 the following new section:

"SEC. 35. CHILD TAX CREDIT.

(a) ALLOWANCE OF CREDIT.—

(1) GENERAL RULE.—There shall be an allowed tax credit against the tax imposed by this subtitle for the taxable year an amount equal to $500 multiplied by the number of qualifying children of the taxpayer.

(2) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed by paragraph (1) for a taxable year shall not exceed the sum of—

(A) the amount imposed by this subtitle for the taxable year (reduced by the credits allowable against such tax other than the credit allowable under section 32), and

(B) the product of such sections 32(a) and 32(a) (and 50 percent of the taxes imposed by sections 1401 and 3211(a) for such taxable year.

"(b) ADJUSTED GROSS INCOME LIMITATION.—The aggregate amount of the credit which would (but for this subsection) be allowed by subsection (a) shall be reduced (but not below zero) by 20 percent for each $3,000 by which the taxpayer's adjusted gross income exceeds $50,000.

(c) QUALIFYING CHILD.—For purposes of this section—

(1) IN GENERAL.—The term 'qualifying child' means any individual if—

(A) the taxpayer is allowed a deduction under section 152 with respect to such individual for such taxable year,

(B) such individual is the taxpayer's dependent for purposes of section 151 with respect to such individual for such taxable year, and

(C) such individual bears a relationship to the taxpayer described in section 35(c)(3)(B) (determined without regard to clause (ii) thereof).

(2) EXCEPTION FOR CERTAIN NONCITIZENS.—The term 'qualifying child' shall not include any individual who would not be a dependent if the first sentence of section 152(b) were applied without regard to all that follows 'residence of the United States'.

(3) RULES APPLICABLE TO MEASUREMENT OF CREDIT.—Rules similar to the rules of subsections (d) and (e) of section 32 shall apply for purposes of this section.

(c) CONFORMING AMENDMENT.—The table of sections for such subpart C is amended by striking the item relating to section 35 and inserting the following new item:

"Sec. 35. Child tax credit.

"Sec. 36. Overpayments of tax.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

Mr. BREAUX. Mr. President, my colleagues, the largest item in the Finance Committee bill, by far, is the $500 per child tax credit. It cost $141 billion over 7 years. That is a lot of money. Some people think we should not have a tax cut at all. But this bill is going to have a tax cut in it. The largest one is going to be a per child tax cut at $500 per child. I would think that all of us, if we know it is going to pass, should at least agree on one thing—the largest number of families that need it should get it.

Here is what my amendment does. It addresses a problem that is very real. Simply stated, the Republican proposal only is a credit against income tax. It is not a credit against the largest tax that people pay in this country, that is, the payroll tax. For 75 percent of American families, they pay more in payroll tax than in income tax. This child tax credit is not an offset against the payroll tax. This chart shows that. The black line is the payroll taxes that people pay on average. The orange line is an estimate of their income tax.

So you see, families making $16,000, all the way up to families on this chart making almost $20,000 are paying far more in payroll taxes than they are paying in income taxes.

The figures show that under the Republican proposal, someone like 44 percent of all the children in America would only get a partial or no credit at all. It is not even a credit against the income tax. Many families do not even pay that much in income tax.

If you have a family that has two children, that is a $1,000 credit. But if they are only paying $700 or $500 in income tax, they do not get to use the credit. Therefore, simply stated, my amendment makes the $500 per child tax credit a credit against both the income tax or the payroll tax. We spend the same amount of money—not a dime more, not a dime less. But we cover 44 percent more children. We cover about 1 million more children in families, and if we are going to spend this money for a credit, let us make sure they get it.

The second chart tells you what we are talking about when we look at family earnings and how much they pay in income taxes—the actual numbers. A family making $20,000 a year is at about $458 in income tax. That would not even pay even for the credit for one child. But that same family is spending over $1,500—$1,530—in payroll tax. My amendment says that the $500 per child tax credit can be used as a credit against the payroll tax, as well as an income tax, so if they are making $20,000 will get some of the benefits of this massive program that we are passing. What is wrong with saying let us make sure that the most number of children get the benefit?

I have seen some of the Republican charts that say, well, under this credit, this proposal, we get a huge credit against income tax. Sure, the problem that is most families pay more in payroll tax, and it is no offset whatsoever against the payroll tax. So for families making under $30,000 a year, for most of them it is no benefit at all.

Look at this chart. This is every State in the country. This is the median household income. In Louisiana, it is $25,000. Under the Republican proposal, if you are in a family making less than $30,000 a year, you are not going to get the benefit of a per child tax credit. So my proposition is very simple. If you went from 31 million more people to the rolls and give them the benefit, for the same amount of money—exactly the same amount of money—my credit goes out to families making up to $75,000 a year. It starts to phase out at $60,000 and eliminates it at $75,000 per family, but it makes it refundable against a payroll tax. By spending the same amount of money, we cover 31 million more children. I think that is what we are trying to do.

I got this wonderful note from the Christian Coalition saying they are going to target this amendment. They say, "We are going to portray this amendment as a vote to gut the $500 per child tax credit." It does not gut it; it is the same amount of money. We are just covering 31 million more children in this country by making it a credit against the payroll tax. They say they want to make sure they get the most number of people covered. That is exactly what my amendment does. They say, well, his starts to phase out at $60,000 per year. That is true,
Mr. DOMENICI. Mr. President, I rise in opposition to the amendment. First of all, everybody should know this amendment starts phasing out the child tax care credit at $60,000. The credit that we have in the Senate bill, when coupled with the earned-income tax credit, achieves the same goal as the Breaux amendment. It relieves the lower-income folks of the payroll burden. His would be to the contrary. The child credit and EIC is already in excess of the family’s Federal payroll taxes. The employee and the employer share for families living at or near the poverty line. A family earning under $12,500, with two children, and families with earnings under $15,500 will have the same effect under our bill. Yet, we will be able to cover more Americans because we do not stop it at $60,000. So I do not believe we ought to do this. Frankly, I am not a great fan of refundable anything because I believe they are rampant with fraud. We just got through a situation with EITC, and it is about 25 percent fraudulent because we are giving people a check back as a refundable tax credit. Some may be for that. I do not think it is a very good policy. The same thing will happen to this one if we do it this way.

Mr. GRAMS. If the Senator will yield, the Senator from Louisiana said more children would be covered. Actually, under his bill, because he would limit the age at 15 and not 17, as in our proposal, 5 million children between the ages of 16 and 17, whose families’ income is below $15,500 a year, would not be denied this child tax credit. It would cover fewer children and not more. So I think the whole crux of this plan is to give tax relief for families. Mr. DOMENICI. Mr. President, in closing, I do not believe we ought to stop a child tax credit at 16 years of age. I have been through this, and that is about the time they start to get really expensive. There we are stopping it just about at that time, while in our bill, which is much better in terms of really helping middle income families when they need it the most.

Mr. ABRAHAM. Mr. President, I will vote against the Breaux amendment. Although I have expressed support for making the $500-per-child tax credit refundable against the FICA tax, this amendment is the wrong way to achieve this objective. First, it dramatically limits the $55 credit for many middle-class families. Second, it limits the number of children who would qualify for the credit. For families earning between $60,000 and $75,000, this amendment would unfairly prevent them from receiving the $500 child tax credit. It is my hope that FICA refundability will be raised during conference and that a solution will be adopted which will provide much needed tax relief for all American families.

Mr. BREAUX. Mr. President, I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I move to table that amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays were ordered. Mr. DOMENICI. I think it comes to our side. Senator Bond is next.

Mr. EXON. When Senator Bond finishes, I wish to yield the 5 minutes on our side to the discretion of the Senator from Arkansas.

AMENDMENT NO. 295

(Purpose: To increase the health insurance deduction for self-employed individuals and to strike the long-term care insurance provisions)

Mr. BOND. Mr. President, I thank my good friend and eminent leader of the Budget Committee for this time. I send an amendment to the desk on behalf of myself and Senator Pryor and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. Bond), for himself and Mr. Pryor, proposes an amendment numbered 295.

Mr. BOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1553, beginning with line 13, strike all through page 1588, line 42, and insert:

SUBCHAPTER A—HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS

SEC. 12201. INCREASE IN DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) INCREASE IN DEDUCTION.—Section 162(l) is amended—

(1) by striking “30 percent” in paragraph (2) by adding at the end the following new paragraph:

(“h) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage shall be determined as follows:

“For taxable years beginning in 1995 and 1996, 60.

1997 and thereafter, 100.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

Mr. BOND. There is a great injustice in our tax law, an injustice that I suspect everyone in this body has addressed at some time or another. That is the inequity in the deductibility of health insurance costs.

I do not think I need to tell my colleagues that corporations historically can deduct 100 percent of the health insurance premiums that they pay for employees, and the employees do not have to declare any of the employer-paid health insurance premiums as income. At the same time, the self-
as disappoited that the chairman’s markup did not include any progress that they offered the amendment to increase this deduction by 50 percent—from 30 percent to 50 percent. I was further disappointed that this amendment failed on a party-line vote.

In the capacity of chairman of the Small Business Committee, I have heard from small businesses in my State and across the country who are concerned, and greatly concerned, rightfully so, about health care.

The occupant of the chair and I know, because we have worked on health care issues over recent years, one of the biggest problems we face are those who are uninsured, because they are limited to a 30-percent deduction as self-employed people for health care insurance premiums.

Under the amendment that I am offering today with Senator Pryor, we will increase the deduction for self-employed to 60 percent next year, 60 percent the year after, and then in the year 1998, increase it to 100 percent. Mr. President, I believe that is the way to achieve equity and ensure that more of the self-employed are insured.

The offset to this provision—we seek to offset by taking out the new program for long-term care insurance included in the Finance Committee markup. I think it is a good idea down the road, or perhaps even before we complete work on this bill, to start providing some incentives for long-term insurance. I think it makes a great deal of sense. I think first we have to address the basic inequity.

I reserve the remainder of my time.

Mr. Pryor, Mr. President, I thank my colleague from Missouri for yielding to me, and I thank the distinguished manager, Senator Exon of Nebraska, for giving me the opportunity to address this issue.

We all know last spring the Congress passed and the President signed into law H.R. 831. This was a bill to restore the 25-percent health care deduction for the self-employed and for the farmers of America. As my colleagues may remember, Mr. President, this deduction was a temporary deduction and we found ourselves receiving absolutely no health care deduction at all for a period of time. It was an absurd position, and the importance of the health care deduction for the self-employed.

Last week when the tax bill came before the Senate Finance Committee, I was disappointed that the chairman’s markup did not include any progress that they offered the amendment to increase this deduction by 50 percent—from 30 percent to 50 percent. I was further disappointed that this amendment failed on a party-line vote.

I am proud to join with Senator Bond this evening on the floor of the Senate in an amendment to increase the self-employed deduction not to 50 percent, Mr. President, but to 100 percent. There is where it should be, and that is what our amendment does. It is an issue of increasing coverage for small business and for farmers, for making insurance more affordable. It would move the 30-percent rate to 60 percent in 1996 for farmers. In 1997, it would continue at 60 percent. By 1998, Mr. President, we would have a 100-percent deduction for small businesses, for the self-employed, and for the farm families of America. I think it would do more basically to make insurance more affordable for many, many, many millions of Americans who have labored under a very inequitable situation.

I reserve the remainder of my time.

Mr. Bond, Mr. President, I thank my distinguished colleague from Arkansas, who has been a champion of this deduction for a long time. It is a pleasure to work with him on this amendment.

If I can add another thing. As you know, sole proprietors, partners and S Corporation shareholders can now deduct health insurance costs for self-employed people, but for the farm families of America, it is limited to a 30 percent deduction—30 percent of health care costs at all. For a time, the deduction was 25 percent, but it was a temporary deduction and we found ourselves fighting each year to justify a provision that should not require a constant defense.

The prohibition on such deductions is an anachronism from the 1950s, based on an outdated concept of how business entities should be taxed under our system. In the modern day business environment, this policy is simply unfair. Frankly, we believe, if not for the issue of revenue, Congress would have already changed this law. It is time to address this inequity once and for all time.

DEAR SENATOR BOND: We, the undersigned organizations, support your amendment to the budget reconciliation bill to increase the deduction the self-employed may take for their own health care expenses.

As you know, sole-proprietors, partners and S Corporation shareholders can now deduct health insurance costs for self-employed people, but for the farm families of America, it is limited to a 30 percent deduction—30 percent of health care costs at all. For a time, the deduction was 25 percent, but it was a temporary deduction and we found ourselves fighting each year to justify a provision that should not require a constant defense.

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American Gear Manufacturers Association,
American Machine Tool Distributors Association,
American Road, Transportation Builders Association,
American Society of Interior Designers,
American Society of Travel Agents, Inc.,
American Subcontractors Association,
American Textile Machinery Association,
American Trucking Associations, Inc.,
American Warehouse Association,
AMT—The Association of Manufacturing Technology,
Architectural Precast Association,
Associated Builders & Contractors,
Associated Equipment Distributors,
Associated Landscape Contractors of America,
Association of Small Business Development Centers,
Automotive Service Association,
Automotive Recyclers Association,
Automotive Warehouse Distributors Association,
Bowling Proprietors Association of America,
Building Service Contractors Association International,
Christian Booksellers Association,
Cincinnati Sign Supplies/Lamb and Co.,
The Council of Fleet Specialists,
Council of Growing Companies,
Direct Selling Association,
Electronics Representatives Association,
Florists' Transworld Delivery Association,
Health Industry Representatives Association,
Helicopter Association International,
Independent Bankers Association of America,
Independent Medical Distributors Association,
International Association of Refrigerated Warehouses,
International Communications Industries Association,
International Fomalhair Association,
International Television Association,
Machinery Dealers National Association,
Manufacturers Agents National Association,
Manufacturers Representatives of America, Inc.,
Mechanical Contractors Association of America, Inc.,
National Association for the Self-Employed,
National Association of catalog Showroom Merchandisers,
National Association of Home Builders,
National Association of Investment Companies,
National Association of Plumbing-Heating-Cooling Contractors,
National Association of Private Enterprise,
National Association of Realtors,
National Association of Retail Druggists,
National Association of RV Parks and Campgrounds,
National Association of Small Business Investment Companies,
National Association of the Remodeling Industry,
National Chimney Sweep Guild,
National Electrical Contractors Association,
National Electrical Manufacturers Representatives Association,
National Food Brokers Association,
National Independent Flag Dealers Association,
National Knitwear & Sportswear Association,
National Lumber & Building Material Dealers Association,
National Moving and Storage Association,
National Ornamental & Miscellaneous Metals Association,
National Paperbox Association,
National Shoe Retailers Association,
National Society of Public Accountants,
National Tire Dealers & Retreaders Association,
National Tooling and Machining Association,
National Tour Association,
National Wood Flooring Association,
NATSO, Inc.,
Opticians Association of America,
Organization for the Protection and Advancement of US Telephone Companies,
Petroleum Marketers Association of America,
Power Transmission Representatives Association,
Printing Industries of America, Inc.,
Professional Lawn Care Association of America,
Promotional Products Association International,
Retail Bakers of America,
Small Business Coalition of America, Inc.,
Small Business Exporters Association,
SMCPennsylvania Small Business, Society of America Florists,
Turfgrass Producers International.

NATIONAL ASSOCIATION
FOR THE SELF-EMPLOYED,

Hon. KIT BOND,
Chairman, Senate Small Business Committee,
Washington, DC.

DEAR CHAIRMAN BOND: It is my understanding that you intend to offer an amendment during the budget debate that would raise the tax deduction for the self-employed from the current 30 percent level to 100 percent. On behalf of the National Association for the Self-Employed, I completely support your efforts.

Raising this deduction level would create tax equity between corporate America and small business. It would allow small businesspersons to deduct 100 percent of the premiums they pay on behalf of their employees for health insurance coverage. The self-employed can only deduct 30 percent of their costs. And the self-employed who pay for their own insurance are primarily paying with after-tax dollars, effectively making the policies more expensive. A 100-percent deduction would give the self-employed the equity they deserve.

Also a 100-percent deduction would enable many self-employed to purchase a health insurance policy at a luxury many cannot currently afford. I believe passing a 100-percent deduction would significantly increase the number of uninsured individuals in this country.

We have polled our 320,000 self-employed members and 100-percent deductibility of health insurance premiums is the No. 1 issue of concern to them. They do not hesitate to call on me. I stand ready to assist your efforts in any way I can.

Sincerely,

BENNIE L. THAYER,
President/CEO

CHAMBER OF COMMERCE OF THE UNI-States of America,
Washington, DC, October 26, 1995.

Hon. CHRISTOPHER BOND,
Chairman, Small Business Committee,
U.S. Senate,
Washington, DC.

DEAR KIT: The U.S. chamber of Commerce Federation of 215,000 businesses (90% of whom are small businesses), 3,000 state and local chambers of commerce, 120 trade and professional organizations, and 75 American chambers of commerce abroad strongly supports your small business amendment to the Balanced Budget Act of 1995. Our amendment would allow the self-employed and small businesses to deduct 100% of their health insurance costs, a benefit currently available only to large corporations.

As you know, the chamber has long maintained that the self-employed and unincorporated small businesses should receive the same tax treatment currently available to corporations. Sound tax policy dictates full deductibility of policy and self-insurance costs as ordinary and necessary business expenses. There is no valid tax policy reason for treating the smallest businesses any differently. It is vitally important to the nation's economic security that the smallest businesses, frequently new and often struggling, should be granted a measure of security equal to that of late-stage corporations.

Once again, the Chamber commends your work on behalf of our nation's small businesses and looks forward to working with you towards resolving this issue. The inability of the nation's small businesses to deduct the full cost of their health insurance, and the inequity in being denied an advantage granted to their incorporated fellows, has been a thorn in the side of small business and the self-employed for years. It is time that thorn is removed and equality is restored.

Sincerely,

R. BRUCE JOSTEN.

PROMOTIONAL PRODUCTS
ASSOCIATION INTERNATIONAL,
Irving, TX, October 26, 1995.

Hon. CHRISTOPHER BOND,
Chairman, Committee on Small Business,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the Promotional Products Association International (PPA), I wish to express our support for your amendment to increase the deduction the self-employed may take for their own health care costs.

Under current law, they may deduct only 30 percent of their health care costs, and the deduction was made permanent. For the millions of solo proprietors, partners, and S Corporation shareholders, including PPA members, this is an unfair penalty with no sound basis in tax policy.

The current policy dates back to another era in tax policy, when business entities such as sole proprietorships were viewed upon with great suspicion. Now, decades later, economic and social policy has evolved to the point where we find more and more individuals opting to structure their small business in such a fashion. These small businesses are an increasingly important source of strength in our economy.

It is time to give them the same opportunity to deduct their health care costs as any other business.

The promotional products industry is the advertising, sales promotion, and motivational medium employing useful articles of merchandise imprinted with an advertiser's name, logo, or message. Our industry sales are over $6 billion and PPA members are manufacturers and distributors of such goods and services.

Sincerely,

H. TED OLSON, MAS,
President.
It is unfair to penalize small business owners solely because they elect to do business as a sole proprietorship, partnership, or S Corporation, yet that is what the current tax code does with respect to their own health care costs.

As you know, for the first time this year, the self-employed can deduct 30 percent of their health care costs. For many years, they were not allowed to deduct even that much. We all know what health care costs these days, and it is simply unfair to impose such a harsh penalty which does not have any sound tax policy justification to support it.

The NHA represents approximately 2,900 retailers of home furnishings throughout the United States. Thank you for your efforts on our behalf.

Sincerely,

PATRICIA N. BOWLING,
Executive Vice President.

WORLD FLOOR
COVERING ASSOCIATION,

Hon. CHRISTOPHER BOND,
Chairman, Committee on Small Business, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: On behalf of the World Floor Covering Association [WFWCA], representing floorcovering retailers throughout the United States, I wish to express our strong support for our amendment to the budget reconciliation bill to increase the deductions the self-employed may take for their own health care costs. It is about this inequity in our tax policy was resolved once and for all.

Mr. BOND: Now, Mr. President, I know there are a number of my colleagues who feel very strongly about the long-term care insurance program. We have had discussions about finding other offsets to this amendment so that we may be able to start on that long-term care prospect. I will be most anxious to work with my colleagues because I think everybody here at one time or another has expressed his or her strong support for the full deductibility of that.

With that, I ask unanimous consent that I be permitted to modify the amendment prior to a vote on it.

The PRESIDING OFFICER: Is there objection?

Mr. DOMENICI: Reserving the right to object, I do not understand what that means.

Mr. BOND: Mr. President, if I could respond.

Mr. DOMENICI: You mean, if you find another source of revenue?

Mr. BOND: There are minds far brighter than mine and people with far greater access to the intricacies of this measure who are embarking on a good-faith effort to find offsets to get them scored by the Joint Tax Committee.

I sincerely hope we can find a way to accommodate both the long-term insurance and the health care. I believe very strongly that the health care deductibility for self-employed must be done. I would like to be able to work with my colleagues who support the long-term insurance program so that can be accomplished.

At this point we do not have an offset. I want to make sure this measure is before us.

The PRESIDING OFFICER: Is there objection?

Mr. DOMENICI: Senator Dole wants to be recognized in opposition.

Mr. Dole: Only in opposition to the long-term care.

I think in this matter, a lot of the debate in the last 2 or 3 days has been long-term care—Medicare, Medicaid. We are trying to get the younger people into that. So that when they arrive at their senior years, they will have long-term care through the private sector.

It is something we have worked on in a bipartisan way in the Finance Committee for years. We finally have it in the bill. We believe it is a very good provision.

I do not object to the amendment that is pending. I hope they can find another revenue source. I support what Senator Bond and Senator Pryor are trying to do. The self-employed should have the same rights as everyone else, the same deduction. I hope that if we can find another revenue source because I really believe the long-term care amendment is very important, is just as important, or we will be back here in 10, 15, 20 years, somebody will be back here wondering why we did not do something to get people interested in buying insurance and getting a deduction.

I hope we can resolve it before we have the vote.

The PRESIDING OFFICER: Is there objection to the request?

Without objection, it is so ordered.

Mr. DOMENICI: Mr. President, we said we had no objection.

The PRESIDING OFFICER: The request is agreed to.

The Senator from New Mexico.

Mr. BOND: Mr. President, I think we were entitled to 5 minutes in opposition because the other side was in favor. But I am just going to take a minute and say I compliment Senator Bond for what he is trying to do. But I, too, hope he will find another offset. The deductibility of long-term care is a national debate on Medicare and Medicaid, much of which is long-term care, we have come to the conclusion that the missing link out there is that not many people have long-term care protection.

That is getting to be a bigger and bigger burden of our Government. We are going to be less and less able to do it. That we start, in this bill, moving in the direction of letting that happen because I want to save for them ourselves and buy insurance and get an appropriate credit, seems to me to be very positive. I hope the Senator from Missouri, for whom I have great respect, would agree with that.

The PRESIDING OFFICER: The Senator from Missouri.

Mr. BOND: Mr. President, I cannot disagree with a thing my distinguished colleague from New Mexico has said. I had the pleasure of meeting with business men and women in his State. Both of these are important in his State, my State, and the rest of the country.

I do want to make sure this bill has the deductibility phased in, full deductibility for the self-employed and small businesses. We are most anxious to work cooperatively with colleagues on both sides to accomplish this.

Mr. DOMENICI. I yield back any time I had in opposition.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas has 2 minutes and 9 seconds.

Mr. PRYOR. Will Senator Exon like some time?

Mr. EXON. I will wait until the Senator finishes.

Mr. PRYOR. Mr. President, just for 1 minute. On many occasions we, all of us, I assume, have gone to town meetings or wherever and said we believe in small business. Small business, farmers of our country need to have the same rights and same deductibility, especially in purchasing their health care coverage for themselves and their employees. This is exactly what Senator Bond and I are trying to do.

I hope we can give to these individuals who truly create the jobs in America and who really are deserving of this opportunity to participate in the health care system of America.

I hope we can work out something and I pledge my efforts to do so.

Mr. EXON. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator from Nebraska has 1 minute and 15 seconds.

Mr. EXON. I would like to use that 1 minute, if I might, for a brief colloquy between myself and the chairman of the committee. I think we can jointly announce some good news. I think we are moving quite well here. The amendments I have next, that I think are agreed to on the other side—next will be Senator Biden, then Senator Dorgan, then Senator Phil Gramm of Texas, and then Senator Kerry of Massachusetts.

I am pleased with the way we are cooperating on both sides and the fact the Senators are here, prepared to offer their amendments in a timely fashion.

Chairman, the schedule for the next amendments, in that order?

Mr. DOMENICI. Yes. I would make sure and confirm on our side that, when we have done Senator Gramm of Texas, it is my calculation that we will have had 8 of our 10, still leaving us with 2. If that is everybody’s understanding, then I am perfectly in accord.

Mr. EXON. It appears to me that is accurate.

Mr. WELLSTONE. Will the Senator yield for just a moment? I did not hear the Senator from Nebraska. What was the order of the next 50 minutes, did he say?

Mr. EXON. The next amendments, 10 minutes each, equally divided. The next will be Senator Biden followed by Senator Snowe followed by Senator Dorgan followed by Senator Phil...
Mr. BIDEN. Mr. President, I send a motion to the desk and ask for its immediate consideration.

The PRESIDENT OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. BIDEN] proposes a motion to commit with instructions.

Mr. BIDEN. Mr. President, I ask unanimous consent that reading of the motion be dispensed with.

The PRESIDENT OFFICER. Without objection, it is so ordered.

The motion is as follows:

MOTION TO COMMIT WITH INSTRUCTIONS

Mr. President, I move to commit the bill S. 1357 to the Committee on Finance with instructions that the Committee on Finance report the bill back to the Senate within 3 days (not to include any day the Senate is not in identical session), except that the Committee on Finance shall include a provision in the bill which would provide a tax relief to middle-class American families and which would help middle-class families meet the rapidly rising costs of a higher education by providing a tax deduction of up to $10,000 per year for the costs of a college education for individual taxpayers with adjusted gross income of not more than $90,000 and for married couples with adjusted gross incomes of not more than $120,000. The Committee shall also include a provision which offsets the costs of this proposed tax deduction by restricting the growth of tax expenditures, except for the deductions for mortgage interest, health insurance, state and local taxes, and charitable contributions.

Mr. BIDEN. Mr. President, this goal is straightforward. It is simple and I think consistent with what I heard everyone the last 2 years talk about. We all stand before this body, in both parties—I do not question the motivation of anyone in either party—and we always talk about the need to give immediate relief to middle-class taxpayers. Admittedly, in this bill there is some relief for middle-class taxpayers in the tax portion, and that is the $500 child care tax credit. I would argue I will not take the time now—the additional cost to middle-class families as a consequence of the cuts in Medicare and Medicaid I would offset that, but that is a different question.

One of the things we also talk about is the goal and dream of every American family, whether it is the richest businessman or poorest welfare mother, and every middle-class family, and that is providing for the education for their children.

Frankly, as the Presiding Officer knows, it is getting harder and harder for middle-class families—and I mean that a range, people making from $30,000 to $90,000 individually or up to $120,000 as a family—to be able to afford a college education. I would like to take a look at what is happening here very quickly, in the limited amount of time that I have. This is what has happened since 1980.

The orange represents the cost of public college tuition. I want to make sure we understand now I am talking about State universities. I am not talking about Ivy League schools, whether it is the Yales or the Harvards or the Vincennes of the world, which are a great deal more expensive than the cost of public tuition and fees. And I am not even talking about room and board. I am not even talking about that cost of public tuition and fees.

Since the 1980’s the college tuition and fees for public universities have increased 236 percent. The median household income in America has gone up 82 percent.

If you go back to 1980 you can see how every single, solitary year the gap is widening, in which I do not know any one would disagree with is the ultimate middle-class dream most American families have, like the one my father had in the era. I want to give my son and my daughter a college education.

When I went to school, this gap was not so wide. If you take a look at what has happened in terms of, again, median income for middle-income families, in 1980, 4.5 percent of median household income was what it cost to send someone to college. Now that is almost doubled, it is 8.4 percent. That is for one child.

The bottom line is it is getting incredibly difficult for middle-class families, or any family to send their child to college. So the result is, in 1980, as I said, it took 4.5 percent of the median household income to pay for tuition and fees. I am not talking, now, about room and board. Today it takes 8.4 percent, almost double, just for tuition and fees for a public university.

Education is one of the best investments we as a society can make in American society. I have voted for investment tax credits for businesses. I voted for tax credits for them buying machinery and all those things which make sense in my view.

I come from nothing that makes more sense than encouraging American families to invest in a post-high school education for their children. It seems to me it is about time they should get a break.

Mr. President, to reiterate, this motion to recommit is simple. It instructs the Finance Committee to include in the budget reconciliation bill a tax deduction of up to $10,000 for the costs of a college education.

Let me tell you why this is important. In my years of public service, I have found that no matter what differences may divide us, there is always one constant thing that unites us. We all have the same dream.

Think about it. No matter who you talk to, be it the rich or poor—every American family dreams that their children will go to college. It was my dad’s dream for his children, and it was, and is, my dream for my children. It remains the dream of every middle-class American family.

But, that dream is now at risk. This last summer, a poll was conducted of college students and parents with children in college. Of those surveyed, 87 percent—nearly 9 out of every 10 Americans believe that the cost of college is rising so fast that it will soon be out of reach for most Americans.

It should be no surprise why the overwhelming majority of Americans believe that. At the rate we are going, it is true. It is getting harder and harder for middle-class Americans to afford a college education.

It makes you begin to wonder what exactly the word public means when you say “public higher education.”

A college education is slipping out of reach of middle-class Americans. And, if they still want to fulfill the dream, it means that more and more young people must borrow more and more money to go to college.

One more statistic—and perhaps the one that boggles my mind the most. Of all the money ever borrowed under the Federal Government’s guaranteed student loan program—half the money that has been borrowed in the last 2 years.

Let me say that. The guaranteed student loan program has been with us for 30 years. And, of all the money borrowed during that time, almost one-fourth of it has been borrowed in just the last 2 years.

We are saddling the next generation with enormous debt before their adult lives even begin. And, I am not talking about the abstract terms of the Federal debt. No, this is saddling the next generation with individual, personal debt.

When today’s college students walk down the aisle at graduation, they are handed not only a diploma, but a big i-o-u. And, for too many, it is either that, or no college at all.

So, I have a very simple proposition. We should give a tax deduction of up to $10,000 per year for the costs of college education. Under my motion to recommit, this tax deduction would be limited to single taxpayers with incomes under $90,000 and to married couples with incomes under $120,000. And, it would be paid for by limiting the growth—not cutting, just limiting the growth—in tax expenditures.

Mr. President, education is one of the best investments we as a society can make. It is one of the best measurements of future economic well-being. And, it is more important now than ever before. Previous generations could make a solid middle-class living with only a high school education. No more.

In fact, there was an interesting point made in a Wall Street Journal article last week. Working families save predominantly by investing in human capital—that is, education.

Yet, when businesses invest in machine capital, they are not taxed. Middle-class families, when they invest in
education, are taxed to the hilt. Education is treated as consumption, not investment.

And, as a Nobel Prize economist once put it, the tax code treats machines better than it does people.

It is time for that to change.

From the establishment of the land-grant university system in the late 1800’s to the GI bill at the end of World War II to the creation of the Pell Grant and Guaranteed Student Loan programs in the 1960s, the Federal Government has been committed to seeing that young people desiring to go to college be not turned away because of the cost. It was a national goal to see a college education within reach of every American.

Now, as that goal begins to slip out of reach for many middle-class families, it is time to renew our commitment to ensuring access to a college education for all Americans. I urge my colleagues to support this proposal. I reserve the remainder of my time if I have any.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I regrettably disagree with my friend from Delaware. Actually, to pick out two of the many tax expenditures, that is, two mortgage deductions—that is a very large one—a health insurance deduction and freeze all the rest seems to me totally unreasonable. Let me just go through a couple.

We are freezing pension contributions. That is one of the largest tax expenditures we have, and we think it is fair. Education that employees get from their corporations, you would freeze that deduction. The R&D tax credits for American corporations. The one thing they have asked for is that they get to deduct in a special way the research and development costs of their business, something needed to keep them competitive. Arbitrarily we decide those are all frozen so that we can provide this special tax treatment for those people with children going to college.

Now, we would like to do that. We would like to do a lot of things, but, frankly, to take the tax code and say all these other provisions that are good for our country, we just decide to freeze them so we can do that, in light of the fact that we have provided significant assistance to middle-income Americans—in this bill, there is a credit for student loan interest, a credit for 20 percent of the interest paid on the student loan during the taxable year if the taxpayer has an adjusted gross income of $40,000 to $50,000 as a single taxpayer, $60,000 to $75,000 as a couple— it is capped at $500 per year per borrower, $1,000 per return—that is pretty fair. With all the other things we are trying to do, I think it would be a mistake to in a more orderly way look at such things as the pension deductions and the expenditures for education that employers give to employees, and many other good tax expenditures that are out there right now working for Americans.

So at the right time, I will move to table the amendment, but for now I yield back the remainder of my time.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 53 seconds.

Mr. BIDEN. Mr. President, I know my friend has put a whole flock of kids through college, and so I know his commitment to college. Let me just say very briefly my amendment restricts the growth of tax expenditures in those areas. It does not in fact freeze them.

No. 2, tell middle-class taxpayers that R&D is more important for corporations, which I support, than freezing—even if you were to freeze—that is to be able to send their kids to college. Ask the average middle-class American taxpayer what is a better investment. Who is going to do the R&D if we do not get these kids to college?

Lastly, I say to my friend, the $500 cap on student loan interest is worthwhile and is necessary but it does not compare to $10,000 that a middle-class family would be able to deduct. They need help now. They need help now, Mr. President, and this is the most direct and immediate way to do it.

I thank the Chair. I thank my colleagues.

The PRESIDING OFFICER. All time has expired.

Mr. DOMENICI. Mr. President, I think it returns to our side and Senator SNOWE has an amendment at this time.

The PRESIDING OFFICER. The Senator from Maine.

Mr. EXON. Before Senator Snowe is recognized, to expedite things, when Senator Snowe finishes, I yield half of our 5 minutes to the Senator from West Virginia, who I understand also supports it.

I reserve the other half of the time in case any opposition surfaces.

Ms. SNOWE addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Amendment No. 2976

(Purpose: To express the sense of the Senate regarding the coverage of treatment for breast and prostate cancer under Medicare)

Ms. SNOWE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Maine [Ms. Snowe], for herself, Mr. D’AMATO, Mr. SHELBY, Mr. BIDEN, Mr. MACK, Mrs. HUTCHISON, and Mr. GRAMM, proposes an amendment numbered 2976.

Ms. SNOWE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 606, between lines 13 and 14, insert the following:

SEC. 7058. SENSE OF SENATE REGARDING COVERAGE OF BREAST AND PROSTATE CANCER UNDER MEDICARE.

(a) FINDINGS.—The Senate finds that—

(1) breast and prostate cancer each strike about 200,000 persons annually, and each claims the lives of over 40,000 annually;

(2) medicare covers treatments of breast and prostate cancer in general; however, one-third of all breast cancer drugs and one-half of all prostate cancer drugs which have the same active ingredients as drugs previously available in injectable or intravenous form; and

(3) the Omnibus Budget Reconciliation Act of 1993 (OBRA) expanded medicare to cover prescription administered chemotherapy and oral cancer drugs which have previously been available in injectable or intravenous form.

(b) SENSE OF SENATE.—It is the sense of the Senate that medicare should not discriminate among breast and prostate cancer victims by providing drug treatment coverage for one but not both and that the budget reconciliation conferences should amend medicare to provide coverage for these important cancer drug treatments.

Ms. SNOWE. I thank the Chair. I am presenting this amendment in conjunction with Senators D’AMATO, SHELBY, BIDEN, MACK, HUTCHISON, and GRAMM who expresses the sense of the Senate that the budget reconciliation conferences should amend medicare to provide coverage for certain oral cancer drugs that are of enormous benefit to breast and prostate cancer victims. Currently, medicare discriminates among breast and prostate cancer victims by providing certain drug treatment coverage for some but not all such cancers.

Back in 1993, when Congress expanded medicare to help pay for the diagnosis and treatment of breast cancer, gaps in coverage were inadvertently created which denied coverage for certain oral cancer drugs. This is because in 1993, the medicare drug provisions allowed the coverage of oral cancer drugs. However, 15 of all women with breast cancer, that is, 50 percent, and thousands of men with prostate cancer which has spread beyond the prostate, need hormonal therapy that is administered through oral cancer drugs that were previously available in injectable or intravenous form.

However, half of all women with breast cancer, that is, 50 percent, and thousands of men with prostate cancer which has spread beyond the prostate, need hormonal therapy that is administered through oral cancer drugs that have never been available in injectable or intravenous form.

Let us consider the potential benefit of covering these oral estrogen-based cancer drugs for elderly populations.

Breast cancer and prostate cancers are very similar. First, both diseases strike approximately 200,000 Americans per year.

Second, both diseases take over 40,000 lives each year. While breast cancer affects 1 in 9 women, prostate cancer affects 1 in 11 men every year, and for both diseases the number of reported cases is rising rapidly. In fact, the number of reported cases of prostate
cancer is increasing to an alarming degree, an expected 90 percent increase between 1983 and the year 2000.

Finally, these diseases are prevalent among women and men whose age makes them eligible for Medicare.

The Congressional Budget Office's preliminary analysis revealed the coverage of the breast cancer portion of this amendment at a savings of $156 million over 7 years.

So I am asking, Mr. President, that we support this resolution because I think it is the next logical step in fighting both breast cancer and prostate cancer. It does not make sense that we do not provide coverage for the next generation of drug treatment for both prostate and breast cancer treatment. It will save money in the long run under Medicare, and it certainly will make it easier to be administered to those patients, especially those who live in rural areas because it is an oral type of drug rather than having to be administered in outpatient or inpatient facilities.

In 1994 Congress made a significant investment under the Medicare provisions for breast cancer screening. It only makes sense then to provide this kind of extensive coverage with the new kinds of drugs that are coming on the market that will be reimbursed under the Medicare system. By denying coverage for treatment to half the population of breast cancer patients, we are not taking full advantage of the investment that Congress has already made.

In 1994 alone, Medicare will have spent an estimated $640 million on breast cancer treatment. Yet, here we find that Medicare will not cover some of the treatments that could be provided for women because they do not reimburse an oral form of drug. In this case, for example, it is tamoxifen. Tamoxifen is a new drug on the market for the treatment of breast cancers at certain stages and yet because it was not available in intravenous or injectable form it cannot be reimbursed under the Medicare system because it is an oral drug. I do not think it makes sense. It certainly does not make sense for the future. It does not make sense for the lives and the health of the individuals who are victims of breast or prostate cancer.

So I would urge that the Senate go on record in preventing the recurrence of breast and prostate cancer by advocating that Medicare reimburse for such coverage.

Mr. President, I would ask for the yeas and nays, and I reserve the remainder of my time.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered. Ms. SNOWE. Mr. President, I ask unanimous consent to include Senator COHEN, of Maine, as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from West Virginia.

Mr. BIDEN addressed the Chair.

Mr. BIDEN. Mr. President, I thank the Senator from Maine for her amendment. As an original cosponsor of her amendment, I would like to point out two things very quickly.

One, this was an oversight in the first place. It was never intended that this drug should not be covered. And No. 2, I think it is vitally important to the health and safety of millions of Americans. I think it is a good amendment, and I am glad she is introducing it.

Mr. ROCKEFELLER. Mr. President, let me put this in two forms. One is, I think this amendment has a virtuous purpose, and I will support it. It is a wish. It is just simply a wish. That is why it is put in the form of a sense of the Senate. We are hoping that the reconciliation conferences will approve Medicare. In fact, I worked to preserve matters of this oral use of cancer pills and other things in the past.

But I would be very surprised, quite frankly, if we can in Medicare buy a single new aspirin, much less prostate cancer and breast cancer remedies, under the $270 billion cut which the underlying bill of the majority contains, let alone any more coverage whatsoever for cancer. And I think that Senator Snowe understands that, making this, therefore, a sense of the Senate.

Keep in mind, please, my colleagues, that we are cutting $270 billion. We were devastating everything from graduate medical education to rural hospitals, to premiums, to original research in any area. You are going to find a lot of people—in fact, I notice our colleague from Massachusetts coming in—you will find a lot of people not going into research medicine to come up with new cures for prostate cancer or breast cancer because of what is happening to graduate medical institutions.

But all we had to do to get this amendment and to be able to pass this amendment was, in fact, to do what the Democrats wanted to do, which was simply cut $89 billion from Medicare. But, no, they wanted to cut $270 billion in order to be able to——

The PRESIDING OFFICER (Mr. Ky. ). The Senator has used his 2½ minutes.

The Senator from Nebraska controls the time.

Mr. EXON. I yield 5 minutes to him at this time. The PRESIDING OFFICER. The Senator from North Dakota is recognized.

AMENDMENT NO. 2977 (Purpose: To end deferral for United States shareholders on income of controlled foreign corporations attributable to property imported into the United States.)

Mr. DORGAN. Mr. President, I ask unanimous consent to include Senator EFFORDS as a cosponsor of this amendment, and I will yield the remainder of my time.

Mr. EXON. Mr. President, since no others are seeking time, I will be glad to yield back our time.

Mr. DEMPSEY. Does the Senator yield back all his time?

The PRESIDING OFFICER. The Senator from Maine yields back. All time is yielded back.

Mr. EXON. I believe the next order of business would be an amendment offered by Senator DORGAN of North Dakota.

I yield 5 minutes to him at this time. The PRESIDING OFFICER. The Senator from North Dakota is recognized.

The amendment is as follows:

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The amendment is as follows:

At the end of chapter 1 of subtitle I of title XII, insert the following new section:

SEC. 2. TAXATION OF INCOME OF CONTROLLED FOREIGN CORPORATIONS ATTRIBUTABLE TO IMPORTED PROPERTY.

(a) GENERAL RULE.—Subsection (a) of section 954 (defining foreign base company income) is amended by striking "and" at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting "," and "," and by adding at the end the following new paragraph:

S 15814

FOREIGN CORPORATIONS ATTRIB-

AMENDMENT NO. 2977
(b) Importation of Property Income Defined.—

The term `imported property income' means any income received or accrued by any person during the taxable years of such foreign corporation beginning after December 31, 1995, and to taxable years of United States shareholders within which such taxable years of such foreign corporations end.

Subsection (c).—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 1995.

Mr. DORGAN. This is a very important amendment. It is one that actually has previously been passed by the House of Representatives a few years ago. My amendment simply ends something called "deferral" for someone who closes their plant in the United States, moves it to a tax haven country, makes the same product and ships it back to the United States. This is about moving jobs overseas.

We have had a circumstance in this country for a long time where we say to somebody, "If you close your manufacturing plant in America, move the jobs overseas, make the same product, ship it back to the United States, we will give you a tax break. Stay here and you pay income taxes. Move your jobs overseas, make the same product, ship it back to the United States, we will give you a tax break."

We have lost 3 million manufacturing jobs during the same time that Singapore, for example, has increased manufacturing jobs.

What does that mean? It means they got a tax break. They would have paid $7 million in taxes had they stayed in this country and manufactured. But, no, we say to them, "If you move your operation outside of this country, move your American jobs elsewhere, give the jobs to a foreign country," plant down here and move your jobs overseas, we'll give you a tax break.

My legislation is very simple. It says, end the tax break for people who want to move their jobs overseas. End the tax break. It does not make any sense. No one, in my judgment, can honestly defend this kind of practice.

Use the money that we develop as a result of this amendment to reduce the Federal debt. That is what this amendment is about.

This amendment is offered on behalf of myself and Senators KENNEDY, REID, FEINGOLD, and BUMPERS.

I have heard a lot of debate about a lot of financial issues, but I never heard anyone in this country who can defend a part of the Tax Code that says, "We will be willing to provide a tax break if you move your plant overseas." I have not heard anyone in this country who can defend this kind of practice.

We want to retain good jobs, good-paying jobs in this country. We want to retain good jobs, good paying jobs, manufacturing jobs. Let's stop the flight of American jobs out of America."

And one way to do that, among many others, is to decide to straighten out the Tax Code.

The fact is, President Clinton during the last campaign talked about this issue. We have had people on all sides of the political aisle talk about it. I was helpful in getting this passed through the House of Representatives in 1987, I believe it was. It subsequently was dropped. It was subsequently dropped in conference. This bill had extensive hearings. I held a hearing on this bill in the U.S. Senate. So this bill meets the criteria. We understand what this is about. This amendment makes sense. I hope that this amendment will have the support of Members of the
competitive in international markets.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. I yield such time as he may need to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, I rise in opposition to the amendment proposed by Senator DORGAN. In doing so, let me say at the beginning, I am not happy with companies that move abroad to a tax haven or cheap labor for the purpose of manufacturing products that are sold back to the United States. None of us can be happy with the export of American jobs.

At the same time it is important to understand that we are in the global economy and that if we are to provide well-paying, good jobs for our people, it is important that we become a vital force in the global economy that is now emerging. The United States must become competitive in this global economy.

My concern with the Dorgan amendment is that it willfrontend the Finance Committee in the past. Treasury has testified that this kind of legislation is very difficult to administer.

It has been pointed out, for example, what do you do in the case of a plant that sells both to the United States and other companies abroad? Obviously, we want to encourage American business to compete in foreign markets, but would that company be entitled to the deferral, or how would you administer it?

Let me say that it is my intent, upon the completion of reconciliation, to look at a number of these important and complex international trade questions we have purposely avoided in this reconciliation containing any amendments or provisions dealing with foreign trade or international matters.

And as I have indicated, one of our reasons for taking this approach is that this is a matter of extreme complexity, of greatest importance to our economy and the creation of jobs in America. For that reason, we have not, as I said, included any provisions involving international trade matters in this legislation. For that reason, the Dorgan amendment is not appropriate as part of this legislation.

Again, let me say that it is my intent as chairman of the Finance Committee, which has jurisdiction over trade, that we will be holding a series of hearings dealing with the kind of problems that are raised by this amendment. But until we have a better idea of how to address this problem so that we do not, in the process of trying to correct one problem, create another, we will not hurt those who are going abroad for a legitimate purpose, to become competitive in international markets.

So, for these reasons, I must respectfully disagree with this amendment. I yield back any remaining time.

The PRESIDING OFFICER. The Senator from North Dakota has 30 seconds remaining.

Mr. DORGAN. Mr. President, we do not need to study this; we need to stop it. Anybody who thinks that a tax break for moving American jobs overseas is good for this country probably thinks Elvis is living in a trailer park in St. Louis.

Nobody who now believes it is good tax policy to spend $22 billion in the next 7 years encouraging companies to shut their doors here and move their jobs overseas. What kind of nonsense is this? If we cannot support an amendment like this, we ought to turn off the lights and lock the door in this place.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Michigan has 20 seconds remaining.

Mr. ABRAHAM. We yield back the remaining time.

The PRESIDING OFFICER. Time is yielded back.

Mr. DORGAN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2978

(Purpose: To provide States additional flexibility in providing Medicaid benefits.)

Mr. GRAMM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The amendment is at page 767, strike all after ``(2)'' on line 6 through ``(4)'' on line 16.

Mr. EXON. Mr. President, will the Senator from Texas yield for one moment? After the Senator has made his presentation, I yield 5 minutes to Senator ROCKEFELLER in opposition to this amendment.

Mr. GRAMM. Mr. President, the whole logic of block granting Medicaid so that States could run the Medicaid Program with less money than if we had kept it as an entitlement is a belief that States can run the program better. In fact, both Democratic and Republican Governors have come to the national capital and said to us: "If you will let us run Medicaid, we will provide better health care and we will do it cheaper and we will share the savings with you."

On a bipartisan basis, they have supported our efforts to block grant Medicaid to the States, the logic being that States are capable of making decisions about funding Medicaid, the logic being that the Governor and the legislature of the various States love people who receive benefits from Medicaid in their State at least as much as we do. They know those people more intimately than we do, and, obviously, those people are capable of putting them out of office directly, whereas they may not be able to vote against a Senator from another State.

In the markup in the Finance Committee before I became a member, an amendment was added that created a new entitlement. This is an entitlement imposed upon the States. The entitlement basically says that while we are giving States the ability to run Medicaid, that we are going to intervene at the Federal level and mandate that no matter how they structure their programs they have to provide three entitlements. Specifically they are told by us that there are three groups of people that they must cover.

There are groups that we would not want to cover; there are groups that the States would cover. But every Governor I know is outraged about this provision that mandates a State-mandated program for pregnant women, for children under the age of 12, and for disabled individuals.

The point is this: Not that anyone wants to deny service to pregnant women or children under 12 or disabled people, but who are we in Washington to decide how the States are going to run this program? Is it not the ultimate arrogance for Washington to believe that only we care about pregnant women, that only we care about children under 12, that only we care about the disabled, and if we let the uncaring Governor, if we let the uncaring legislator run their programs in the State, they are not going to take care of their own people?

I totally and absolutely reject this. This amendment flies in the face of everything we are trying to do in Medicare, everything that my party stands for, and I think this Big Brother Washington approach has to end.

I do not believe we are going to strip this rotten amendment out of this bill, but I want to have a vote on it. The whole logic of the Medicare reform is we are going to let the local leaders who know their people best and who care the most make the decisions. The idea is if we are creating a new entitlement and we are imposing it on the States, and now in a new provision we are going to, in essence, let people go into Federal court and sue the States on these issues, I think that clearly is a retreat from what we promised the Senator when we gave them less money to let them run the program, and I reserve whatever seconds may remain on my time.

Mr. ROCKEFELLER. Mr. President, this amendment should absolutely be
defeated on both sides. It has this wonderful kind of a kind-hearted title to it. It talks about "flexibility." The purpose is, of course, to get rid of all of this. If the Senator wants to have a vote on getting rid of Medicaid or getting rid of care for pregnant women, for children under the age of 12, or the disabled, he doesn't have to suggest.

We have been through this so many times before. "Let the States decide what being disabled means." So then you have 50 different ideas of what a disabled person is, and it is complete chaos. And secondly, every country which has not given up on the idea that if a child is sick, no matter what its family's income is, that the child should get care. If a poor person is ill, or needs a test because something is desperately wrong and nobody knows what it is, America is the kind of country where you should be able to get that test without worrying about something called "flexibility."

I believe that health care is about giving people the opportunity to grow up to be healthy and really want to live. Health care is an enormous part of that. This Senator, in what appears to be a "kind" amendment, but what is really, in the judgment of this Senator, a very mean-spirited amendment, would just get as far away from doing anything for pregnant women and children and the disabled as the Senator possibly could. It is an amendment which should be absolutely crushed.

I yield the remainder of my time to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, the Senator from Texas says this is a new entitlement. Let us look at what the present law is. The present law mandates that, in every State of the Nation, the States must provide Medicaid coverage for every child 5 and under up to 133 percent of poverty, and for those over the age of 5, it is up to age 12 and, to 100 percent of poverty; and that increases it by a year each year so that for children up to the age of 18 will be mandated coverage. So this is no new entitlement.

Second, the Senator from Texas says, "What arrogance for us to say to these States they must cover children up through the age of 12, 100 percent of poverty and below, what right have we to levy such a mandate on the States?" What he fails to mention is that we are sending the States $800 billion over the next 7 years—not million, but billion, with a "b." When you send out money like that to the States, it seems to me you are entitled to ask for something. What do we ask for? We say they must cover the States they must cover children up through the age of 12. Do we say what kinds of coverage, what the health care package is? No. It could be the most modest package. Indeed, one aspirin a year could be the health care package.

So to say this is arrogance, when we demand that the States cover this little group, come on now. I thought this was being offered with a sense of humor, but I see the Senator is serious about this.

So, Mr. President, I hope this amendment is resoundingly defeated because we have to stand for something around this place. When we send out $800 billion, we are entitled to ask for something on behalf of the States' poor.

The PRESIDING OFFICER. Who yields time?

Mr. ROCKEreffeller. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from West Virginia has 29 seconds. The Senator from Texas has 48 seconds. Mr. ROCKEreffeller. I yield back my time.

Mr. GRAMM. I want to conclude the debate.

Mr. President, we are reducing funding for the existing Medicaid Program by $187 billion. The Governors agreed to this reduction. But on one basic part of the agreement, they asked that if we were going to reduce funding that we let them run their program, which they are doing in conjunction with us.

Now what is happening is the Senator from West Virginia and the Senator from Rhode Island are saying, OK, we are giving you less money, but we are going to tell you how you have to run the program. As for this talk of "getting rid of Medicaid"—nobody is talking about getting rid of Medicaid. And "mean spirited"—I flatly reject the notion that the Senator from West Virginia loves the children in Texas or Rhode Island more than the Governor of Texas and the Governor of Rhode Island loves the children in their own States.

The tide of history is moving against the "Washington knows best" policies advanced by the Senator from West Virginia and the Senator from Rhode Island, and this provision may stick today, but its days are numbered. We have to stop telling the States how to run programs in their own jurisdiction, based on our notion that only we know best and only we care.

The PRESIDING OFFICER. All time has expired.

Mr. EXON. I believe, under the agreement, the Senator from Massachusetts, Senator Kerry is next. I yield to him for 5 minutes.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

AMENDMENT NO. 297
(Purpose: To increase the Federal minimum wage)

Mr. KERRY. Mr. President, I send an amendment to the Senate, and ask for its immediate consideration.

The PRESIDING OFFICER. The Clerk will report.

The legislative clerk, as follows: The PRESIDING OFFICER. The amendment is: SEC. . MINIMUM WAGE.

(a) FINDINGS.—
(1) The federal minimum wage has not been raised since 1990.
(2) The value of the minimum wage, after being adjusted for the bite of inflation, is at its second lowest annual level since 1955, with purchasing power 26 percent below its peak value in 1968, and unless it is increased it will in 1996 have its lowest value in over 40 years;
and
(3) The value of the minimum wage as a percentage of the average nonsupervisory wage averaged 52.2 percent during the decade of the 1960s, 45.8 percent during the decade of the 1970s, 40.4 percent during the first decade of the 1980s, and currently is 37.7 percent; and
(4) The minimum wage earned by a full-time worker over a year fails to provide sufficient income for a family to provide that family a standard of living even reaching the national poverty level, and, in fact, provides an income that equals only 70 percent of the federal poverty level for a family of three; and
(5) There are 4.7 million Americans who usually work full-time but who are, nevertheless, in poverty, and 4.2 million families live in poverty despite having one or more members in the labor force for at least half the year; and
(6) Nearly two-thirds of minimum wage workers are adults, and 60 percent are women; and
(7) The decline in the value of the minimum wage since 1979 has contributed to America's growing income disparity, and to the fact that 97 percent of the growth in household income has accrued to the wealthiest 20 percent of Americans during the 1980s and early 1990s.
(8) The effects of the minimum wage are not felt only among the lowest income workers and families but also are felt in many middle-income families; and
(9) The preponderance of evidence from economic studies of the effects of increases in federal and state minimum wages (including studies of state minimum wage increases in California and New Jersey) at the end of the 1980s and in the early 1990s suggests that the negative employment effects of such increases were slight to nonexistent; and
(10) Legislation to raise the minimum wage to $5.15 an hour was introduced on February 14, 1995, but has not been debated by the Senate—

therefore, it is the sense of the Senate that the Senate should debate and vote on whether to raise the minimum wage before the end of the first session of the 104th Congress.

Mr. KERRY. I yield myself 3 minutes.
Mr. President, I want to make clear that this is a sense of the Senate. No. 1, and, No. 2, it does not set a specific figure at this time, though many of us would like to.

It simply says that the Senate will go on record as being prepared to debate and vote on raising the minimum wage, which was introduced last February, that we will vote on it before the end of this first session.

Why is that important, Mr. President? Well, from 1979 until 1995, 79 percent of the increase in household income in America has gone to the top 20 percent—the 20 percent wealthiest Americans. The minimum wage which, during the 1960s, was at about 52 percent of the nonsupervisory wage, and during the 1970s was at about 45 percent, during the 1980s was at about 40 percent, is today at 37 percent of the nonsupervisory wage. That means, Mr. President, that for those two-thirds of the people on the
minimum wage who are adults—60 percent women—they are working at 70 percent of poverty level in this county today—70 percent of poverty level. Now, the whole theory of this country for years was based on the notion that we would value work, and if people went to work they would be able to break out of poverty. During the World War II and 1970’s, we respected that by keeping the minimum wage commensurate with the poverty level.

But ever since 1991, where we only caught up to a small percentage of the decrease of the prior 9 years, when there was the increase, we have had another 13 percent decline in the value of the purchasing power of the wage. So the wage, today, has a 26 percent purchasing power of what it had previously, and it is about to be at a 40 year low. In over 40 years, by 1996, if we do not change the minimum wage, it will never have been so low.

Mr. President, if you are going to be pro-family, if you are going to be pro-working woman, we have to respect the notion that somebody ought to be able to take home a decent wage for an hour’s work and for a week’s work. The fact is, Mr. President, that under the current constraints, it is impossible for people to be able to do that, and we must go on record as really being pro-family, in an effort to try help them. I yield 1½ minutes to the senior Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I join with my colleague in urging the Senate to adopt the Senate resolution. Members can wonder why this is appropriate. Included in the legislation is the earned income tax credit, which is a program to try to provide some relief for the working poor. That program helps to provide assistance, particularly with heads of households who have children.

The minimum wage is for those families that do not have many children. The minimum wage provides the greatest advantage for the single heads of household.

This amendment is prochildren because 70 percent of those that work full-time have children in their families. This amendment is for women, working women, because 60 percent of all minimum wage earners are working women.

This is for full-time workers, Mr. President. Sixty-six percent of all minimum wage recipients are full-time workers.

Once again, if we care about children, if we care about working women, if we care about making work pay in America, we will support this amendment.

Mr. KERRY. I reserve the remainder of my time.

Mr. KERRY. The minimum wage worker today will earn $8,500 for full-time work. The poverty line is $12,500. Every economist, conservatives and liberals alike—Harvard, and Friedman, say you have to have a combination of the earned income tax credit and the minimum wage to truly permit people to break out of poverty.

We can do this, as every study shows, without losing jobs—in fact, as New Jersey showed, creating further employment.

I hope my colleagues will go on record as being willing simply to debate and vote on this issue.

Mr. KENNEDY. Will the Senator from Massachusetts, did he mention a great economist from the University of Chicago in his wrap-up?

Mr. KERRY. I did not mean to. I meant to mention the one from Harvard.

Mr. DOMENICI. It was not Friedman from Chicago?

Mr. KERRY. No.

Mr. DOMENICI. Because he does not think this works at all. He thinks this makes for more people who do not have any time left and we will get on with a vote.

Mr. KERRY. There are 101 economists and 3 Nobel laureates, and 7 past presidents of the Economic Association who endorse this idea.

I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2890

(Purpose: To make technical amendments to title V)

Mr. DOMENICI. Mr. President I have an amendment on behalf of the Energy Committee, for Senator MURkowski, the chairman, and Senator JOHNSTON, the ranking member. It is a technical amendment that will correct the reorganization that the Energy Committee approved. I believe it is acceptable.

I send the amendment to the desk. The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The amendment as follows: The Senator from New Mexico [Mr. DOMENICI] for Mr. MURkowski, for himself, and Mr. JOHNSTON proposes an amendment numbered 2890.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(1) On page 304, line 20, delete “follows” and insert in lieu thereof “follows” (except that all amounts in excess of $20,000,000 in fiscal year 2003 and all amounts in fiscal year 2004 shall not be available for obligation until fiscal year 2006)."

(2) On page 361, line 7, delete “thereafter,” and insert in lieu thereof “thereafter, except for fiscal years 2003 and 2004.”

Mr. DOMENICI. Am I correct, I say to the whip, is this acceptable?

Mr. FORD. I do not know. I have not seen it. Apparently, the Budget Committee ranking member is willing to accept it.

Mr. EXON. We have no objection. I agree to accept the amendment.

Mr. DOMENICI. I yield back my time.

Mr. KERRY. I yield back.

The PRESIDING OFFICER. All time is yielded back.

Mr. DOMENICI. Is it appropriate under the unanimous consent that we adopt this amendment, or must we hold it?

The PRESIDING OFFICER. If there is a unanimous consent agreement to adopt the amendment, that may be done.

Mr. FORD. Mr. President, we should keep it going. It is the ninth amendment.

Mr. DOMENICI. We will put it in the sequence in this particular position.

Mr. EXON. According to my list we have Senator KENNEDY next.

Mr. DOMENICI. We have one amendment remaining.

I want to state to the distinguished ranking member, Senator EXON, the majority leader requests that we do some of your amendments, giving us additional time. They are not yet finished in terms of drafting. It must be one with at least 5 minutes on a side.

Could you proceed to the Kennedy-Wellstone-Pryor and reserve our one remaining?

Mr. EXON. That sounds reasonable.

Mr. DOMENICI. If we come in perhaps after 30 minutes and are ready, we could intervene.

Mr. EXON. I see nothing wrong with that. We can move on to the Kennedy amendment, the next amendment on my list. I yield 5 minutes to Senator KENNEDY.

AMENDMENT NO. 2981

(Purpose: To strike the provision allowing the transfer of excess pension assets)

Mr. KENNEDY. I send to the desk an amendment on behalf of myself and the Senate from Kansas, Senator KASSEBAUM, and ask for its immediate consideration.

The amendment is as follows:

The amendment as follows: The Senator from Massachusetts [Mr. KENNEDY], for himself and Mrs. KASSEBAUM, proposes an amendment numbered 2981.

Mr. KENNEDY. Mr. President, I yield myself 2½ minutes.

Mr. President, this proposal allows corporations to remove money from pension plans and use it for nonretirement purposes. That particular proposal is included in the Republican measure that is now before the U.S. Senate.

The Republican budget, therefore, hits older Americans not once but twice. The Medicare cuts are an outrage and so is the raid on workers’ pensions. No one can claim they are saving
the pension system. The pension system is not broken. We have no right to give away $20 billion of pension funds that do not belong to us and do not belong to the Federal Government.

The $20 billion that the Republican budget gives away belongs to workers and retirees who have given up wages to help build up their pensions. The bill is an invitation to corporate raiders and greedy executives to loot the pension plans of their workers and retirees.

What looks like overfunding today can be underfunding tomorrow. The Senate and House reconciliation bills include provisions that would allow companies to take money from pension plans that are more than 125 percent funded and use those funds for any purpose, without informing their retirees. And, in fact, doing away with penalties Congress imposed in 1990.

As many of my colleagues know, the House reconciliation bill includes a measure designed to generate approximately $10 billion in tax revenue by doing away with penalties Congress imposed in 1990 on pension fund withdrawals. The House proposal generally allows companies to take money from pension plans of companies that are more than 125 percent funded and use those funds in a way that puts both retirees and taxpayers at risk.

This issue presents a stark choice about who we represent here in the Senate. Which side are we on? Are we on the side of the workers and retirees who struggle to find some economic security in their old age? Or are we on the side of the wheeler dealers, corporate raiders, and the super rich? I want the Senators to say no to this raid on retirees and defeat this unscrupulous attack on the pension funds.

Mrs. KASSEBAUM. Mr. President, I want to take a few moments this afternoon to discuss a provision in the reconciliation package that has attracted relatively little attention to this point.

As many of my colleagues know, the House reconciliation bill includes a measure designed to generate approximately $10 billion in tax revenue by doing away with penalties Congress imposed in 1990 on pension fund withdrawals. The House proposal generally allows companies to take money from pension plans of companies that are more than 125 percent funded and use those funds in a way that puts both retirees and taxpayers at risk.

This issue presents a stark choice about who we represent here in the Senate. Which side are we on? Are we on the side of the workers and retirees who struggle to find some economic security in their old age? Or are we on the side of the wheeler dealers, corporate raiders, and the super rich? I want the Senators to say no to this raid on retirees and defeat this unscrupulous attack on the pension funds.

The Senate Committee on Labor and Human Resources, which I chair, shares jurisdiction over the Employee Retirement Income Security Act [ERISA] with the Committee on Finance. In the past, the Labor Committee has taken an active role in pension security and pension reversion issues. In fact, the provision reported by the Finance Committee contains modifications to title I of ERISA, which clearly fall within the Labor Committee's jurisdiction.

Yet the Labor Committee did not consider the pension provisions contained in the legislation before us. And I want to point out that the Senate Committee on Labor and Human Resources has held hearings to consider modifications of this nature in the pension reversion area.

Mr. President, as I said, the Senate proposal clearly is more limited than the House proposal. I want to make clear to my colleagues that I intend to support that amendment.

I understand there will be an amendment to strike this provision that will be offered by the ranking member of the Senate Labor and Human Resources Committee, Senator KENNEDY. Therefore, I intend to support the amendment on an objective that the Senate proposal represents a significant change in pension policy.

The Senate proposal is designed to reduce the number of underfunded plans, not to improve the insufficient benefits that are currently provided. The Senate proposal is not intended to strengthen pension policy. It is intended to balance the budget of the Federal Government off the security and hard work of working men and women who depend on these funds for their well-being, and to turn it over to corporate raiders.

Mr. MOYNIHAN. Mr. President, the Republicans' revenue recommendations contain a slew of tax breaks for businesses that do not belong in a deficit reduction bill. One of the most egregious of these special tax breaks is a provision on corporate pension transfers that would allow employers to take billions of dollars in excess assets from pension plans to the extent of their costs for other employee benefits—such as health care for active employees—without paying the current-law excise tax. The proposal opens the door for up to $47 billion to be removed from the pension system, thereby endangering workers' retirement security and increasing the risk to the Pension

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Therefore, I intend to support the KENNEDY amendment and I urge my colleagues to do the same.

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. GRAHAM. Mr. President, I ask unanimous consent to be listed as an original cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. In an earlier debate I mentioned this legislation filled with risk. We have now identified another one of those areas of risk. Have we forgotten so soon? It was just a matter of a few years ago when we were worrying about America fail because they were underfunded.

In many cases, they failed because they had been used by corporate raiders as a means of financing mergers and acquisitions which then destroyed the jobs of the very people for whom the pension fund was intended to protect.

I cannot believe in 1995 we are about to not only make it easier but, I am going to suggest, positively encourage the sort of behavior and we encourage this behavior? If a chief financial officer of a corporation failed to take advantage of this program, he or she ought to be fired for corporate malfeasance.

There is where we are about to do. We allow a corporation in profitable years to overfund their pension, to put in more than is required in order to meet that year's annual pension amount. Then, when the corporation in a business cycle has a not-so-good year, we are allowing them to reach in and withdraw those funds.

What is the significance to the U.S. Treasury? They take a full deduction when they put the money in the pension. They pay no taxes when they take it out, because they had planned to take it out in a year in which they owe no taxes.

This is an outrage, Mr. President. It is a disgrace that it is part of this legislation. It has no part in a bill which is intended to balance the budget of the Federal Government, off the security and hard work of working men and women who depend on these funds for their well-being, and to turn it over to corporate raiders.

I urge adoption of this amendment.
The Republicans have included this provision among a small group of so-called corporate welfare reforms that raise revenue through restrictions on tax rules under which the affected companies currently operate. The pension transfer proposal, however, is considered a reform; rather, it is a conspicuous corporate welfare program of its own. The proposal merely frees workers' pension funds to be used for general corporate purposes, such as executive bonuses or extra shareholder dividends.

The Finance Committee, which has now recommended to the Senate a provision that both weakens the retirement security of employees and removes assets from a key source of savings—employees' pension funds.

Despite Republican assertions to the contrary, the proposal poses a serious threat to the security of the affected pension plans. First, the pension transfer proposal generally would measure excess assets using a standard that is easily manipulated and thus, I believe, inappropriate for this purpose. Under the provision, a pension plan would be considered to have excess assets, eligible to be withdrawn, to the extent its assets exceed 125 percent of the plan's current liability. Under this standard, the employer is free to use a range of interest rate and mortality assumptions, and need not account for the effects of early retirement or contingent events such as plant shutdowns. Thus, an employer can choose favorable actuarial assumptions to minimize the plan's liabilities and maximize the excess assets it is entitled to withdraw from the retirement plan under the proposal. Consequently, the cushion provided by the proposal cannot ensure that adequate funds remain to fulfill the amount of the employees' accrued benefits.

The laxity of this standard is demonstrated in PBGC's analysis of several large plans. PBGC's analysis of 10 large plans revealed that a transfer in accordance with the provision in the bill could leave those plans with less than 90 percent of the funds needed to pay benefits on termination. PBGC would be expected to pay the difference, up to the guaranteed level.

Moreover, the current liability standard is highly susceptible to shifts in the stock or bond market. The stock market is currently at an all-time high; any subsequent drop in the market could have a significant adverse effect on a plan's asset values, thereby causing the plan to become underfunded. Thus, a more substantial cushion is necessary than that provided by the proposal to protect against future market shifts.

The Republicans note that the standard used in this proposal is the same standard used for pension transfers for retiree health benefits in the 1994 Uruguay Round Agreements Act (GATT). However, the two provisions are vastly different in scope. The potential transfers allowable under this provision are of a different amount, and the excess funds would be siphoned off for general corporate purposes, such as executive bonuses, extra shareholder dividends, or the like.

Mr. DOMENICI. I yield our 5 minutes to the distinguished Chairman of the Finance Committee, Mr. ROTH.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, excess pension assets do not belong to employees. The reason for this is that under a defined benefit pension plan, the employer promises to pay an employee a fixed, monthly retirement benefit. Under current law, after these benefits are fully funded the employer can take out excess assets upon plan termination.

Excess pension asset transfers will not reduce or jeopardize workers' pensions. Only the most overfunded pension plans will be allowed to transfer excess pension assets. According to a former chief actuary of the PBGC, only 1 percent of plans covered by the PBGC terminate with sufficient assets to fund retiree health benefits in the 1994 Uruguay Round Agreements Act (GATT). However, the two provisions are not for the same purpose. The PBGC's 1994 proposal was designed to guard against early retirements, and not to reduce or jeopardize workers' pensions.

The proposal also contained several provisions designed to guard against plan underfunding. First, employers are required to keep a substantial cushion of excess pension assets in the plan. And I point out this is the same measure that President Clinton proposed for retiree health transfers in the Retirement Protection Act of 1994.

The other side has attacked this proposal. But is it not interesting that their own President proposed the same measure that is contained in the legislation before us today?

The minimum cushion is 125 percent of plan liabilities, and in many cases the cushion is as high as 150 percent of plan liability. In fact, a national actuary firm prepared a study that concluded that more than 70 percent of the overfunded plans would be subject to a cushion greater than 125 percent of plan liability. At these funding levels, the pension plan will always be at the full funding limit.

In fact, plans at the full funding limit are not permitted to make new contributions to the pension plan. Plan trustees are required to use a plan asset valuation method that results in the largest asset cushion. And, to guard against fluctuations in interest rates and stock market values, the proposal requires plans to subject one 125 percent of plan liability. At these funding levels, the pension plan will always be at the full funding limit.

In light of all these defects, I believe the proposal is fundamentally flawed as a matter of retirement and tax policy, and strongly urge my colleagues to support my amendment.
benefit plans that cover a broad group of employees. That is a most important point that must and should be understood. Employers can only take out the excess assets to fund other ERISA-protected employee benefits that cover a broad group of employees. That is just common sense. And the plans that can be funded with excess assets are limited to—let me spell them out—other retirement plans of the employer, including unfunded retirement plans; active and retiree health plans; child care; disability; and educational assistance.

This is a good plan, and, for that reason, I must oppose amendment of Senator KENNEDY.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Senator KENNEDY.

Mr. KENNEDY. I yield the final 30 seconds to the Senator from Vermont.

Mr. President, I ask unanimous consent that Senators JEFFORDS, MOYNIHAN, BINGAMAN, EXON, WELLSTONE, SIMON, and GRAHAM be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEFFORDS. Mr. President, I rise in support of removing these provisions in this bill because we are dealing here with a very serious problem of pension plans. This will result in tens of billions of dollars being withdrawn from employer pension plans at a time when we are in absolute need of improving our pension capacity. It is done without any hearings. It is a matter that is within the jurisdiction of our committee. We would want desperately to make sure that what things are done are done correctly and appropriately.

I vigorously oppose the provisions that are in the bill and support the strike amendment.

The PRESIDING OFFICER. All time has expired.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays ordered.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, the next Senator on the list is the distinguished Senator from Minnesota, Senator WELLSTONE. I yield him 5 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

AMENDMENT NO. 3952
(Purpose: To scale back corporate welfare in the tax code by eliminating the deduction for intangible drilling and development costs for oil, gas, and geothermal wells, by eliminating the corporate minimum tax provisions, by eliminating the foreign earned income exclusion, and by eliminating section 936 possession tax credit, and use the savings for deficit reduction)

Mr. WELLSTONE. Mr. President, I send this amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.
whose estimates you use. I do not have
time to go through each of these cor-
porations' welfare provisions, but let me
simply say that year after year and over
and over again this week we have been
talking about basic fairness, and that closing
these loopholes is an attempt to make
the Tax Code fairer.
I will tell you right now, as people in
the country look at this deficit reduc-
tion bill, they know that it is based
upon the path of least political resist-
ance. They know that it is dispar propor-
tionately working families and middle-
income people, high- and moderate-
income people who have been targeted.

Mr. President, I do not know one citi-
zen in Minnesota, or in any of our
States, if the truth be told, who would
not agree with the proposition that we
ought to close some of these loopholes.
And by closing some of these loopholes,
with these benefits going primarily to
large companies that do not need the
benefits, that have not been asked to
tighten their belts, instead of allowing
these to continue we would have more
money in the hands of deficit-fighting
invest in law enforcement, in edu-
cation, in children, in health care, in transpor-
tation, in child care, in child
nutrition programs.

It is a matter of priorities. Donald
Barlett and James Steele won a Pul-
itzer for their book here, “America:
What Went Wrong?” They are two real-
ly fine investigative reporters for the
Philadelphia Inquirer. And in the sec-
tion of the book “America: Who really
Pays the Taxes?” they have an interest-
paragraph:
For over 30 years, Members of Congress
and Presidents, Democrats and Republicans
alike, have enacted one tax after another
to create two separate and distinct systems,
one for the rich and powerful called the privi-
egated person’s tax law, and another for
everyone else called the common person’s tax
law.

Mr. President, this amendment will
move us back toward a Tax Code that
treats people fairly. It is time for some
basic fairness, and that is the meaning of
this amendment.
I reserve the balance of my time.
The PRESIDING OFFICER. The Sen-
ant has 2½ minutes remaining.

Who yields time? The Senator from
New Mexico.

Mr. DOMENICI. Mr. President, it
sounds good to talk about getting rid
of depreciation and intangible drilling
costs for the oil and gas industry in the
United States until you understand
that most of these go to independent
producers, those who really find the di-
munition and the bulk of both oil and
gas in America. These are not exceptional
depreciation allowances. They are not
some gift. They are absolutely nec-
essary unless we want to make a deci-
sion that America’s own oil and gas
production should disappear and we
should not have any.

We are importing oil now, about half
of our needs, and that is growing. And
speak of losing jobs and losing growth.
This industry that we would now try to
take away the last, the last thing they
have that might give them a chance to
survive, succeed, employ people and
produce oil, has already lost 250,000
jobs since the oil slump began.

We fought Desert Storm, and make
no bones about it, because oil is pre-
cious to the United States, because it is
a commodity without which our
American economy and the foreseeable future cannot work.

Now, why would we come to the floor
in a balanced budget activity and de-
cide that we are going to take away
what will keep the little industry we
have left for producing oil and gas and
the men and women who work in it,
produce it and make a living? To me, it
seems absolutely absurd. It seems kind
of like backward economics to go out
there and pluck this industry, perhaps
because there is none in some States,
or perhaps people think when oil and
gas is mentioned it is Exxon or that it is
Mobil—nothing wrong with them, but
obviously in the United States, the
principal people working and producing
oil and gas are independent producers.
They are the guys who are new out of
school. They are operating most of the rigs out
there now. And I might just say, at this
particular time we have the lowest rig
count since we started keeping records.
That means that even with these al-
lowances we are hardly keeping pace
with producing any new oil in Ameri-
can oil’s pick.

Now, Mr. President, Senator NICKLES
wants to speak about a minute or so on
this, and if the Senator would permit
me, I will reserve the remainder of my
time and let the Senator complete his
hope that Senator NICKLES
will arrive.

Mr. WELLSTONE. Mr. President, I
will just take a minute and then wait
to respond later, if I could.

The PRESIDING OFFICER. The Sen-
fator from Minnesota has 2½ minutes.

Mr. WELLSTONE. First of all, Mr.
President, we have on the part of my
colleagues on the other side of the aisle
a proposal for exporting more oil now
from the Alaska slopes. At the
time we are saying we are worried
about our own supply. That is already
contained in this bill.

Second, this is typical of what hap-
pened when we try to scale back cor-
porate welfare and close tax loopholes.
Every time you take on a powerful in-
terest like this as opposed to regular
people, opponents claim that the sky is
gonna fall in. It is not true that this
change would spell the demise of the
oil and gas industry. Like other indus-
tries and other businesses, they
should be made to capitalize their
costs, to write off their costs over a
longer period of time—the life of the
asset. This is a special exemption, just
for one industry. That is what is going
to happen. This is a way that people do
not trust this process. Every time it is a
powerful interest whose benefits are
under fire, we hear all sorts of reasons
why they cannot be asked to tighten
their belts. But, boy, when it comes to
Medicare, when it comes to education,
when it comes to children, belt-tight-
ing is all the rage. This amendment
basically says, let us have a standard
when it comes to some deficit reduc-
tion. Let us have standard of fairness.
I will reserve the rest of my time.

Mr. DOMENICI addressed the Chair.
The PRESIDING OFFICER. The Sen-
ator from New Mexico.

Mr. DOMENICI. I regret to tell my friend, Senator WELLSTONE, that aver-
age people use oil. Without oil for
America, average people suffer. Medi-
care suffers. Hospitals close.

Does anyone recall when we were in
the small embargo situation with Iran and
the cars were piled up at our gaso-
line stations? They were even shooting
each other in the excitement of trying
to get up there and see if they could
get some gasoline in their cars.

All the gasoline comes from oil. Why
should we stop producing oil in the
United States, take away the tax de-
ductions that are legitimate that they
have? They are just as legitimate as
everybody else’s gift. They are not
a gratuity or a gift. So it might be
nice to say, let us take out after this
industry, but it is amazing when this
industry does not produce the very peo-
ple who Senator WELLSTONE is so wor-
ried about are the ones who suffer be-
cause everybody suffers. Our standard
of living suffers. Inflation goes ramp-
ant. And I do not want to take that
chance.

I reserve the remainder of my time.

Mr. WELLSTONE. Mr. President,
how much time do I have remaining?

The PRESIDING OFFICER (Mr. Ste-
vens). The Senator has 1 minute, 40
seconds.

Mr. WELLSTONE. I will take 30 sec-
onds on this.

I remind my colleagues that alto-
gether this particular exemption is only
about $2.5 billion over the next 5
years. This is a whole package, worth
fourteen billions, that says, let us close
these tax loopholes. People in the
country want us to.

Second, Mr. President, in all due re-
spect to my good friend from New Mex-
ico, this is exactly the line we so often
hear: the sky is falling in. No one is
talking about eliminating the oil in-
dustry. Nobody is talking about not
having oil business. We are just saying,
how about closing these tax loopholes
so that when companies do not pay
and—

The PRESIDING OFFICER. The Sen-
ator’s 30 seconds have expired.

Mr. WELLSTONE. I thought the
Chair said I had 1 minute, 45 seconds.
The PRESIDING OFFICER. I am
sorry. The Chair thought the Senator
meant to notify him when 30 seconds
expired.

Mr. WELLSTONE. I am sorry. Let
me finish very briefly and reserve the
remainder of my time.

Other people pay more.
I reserve the remainder of my time.
The PRESIDING OFFICER. Who
yields time?
Mr. WELLSTONE. How much time is on the other side, Mr. President?

The PRESIDING OFFICER. One minute.

Mr. DOMENICI. I yield 1 minute to Senator NICKLES.

The PRESIDING OFFICER. Senator NICKLES has 1 minute and 5 seconds.

Mr. NICKLES. Mr. President, I urge my colleagues to oppose this amendment. I just heard about it. I understand he says, well, we want to take away this advantage, IDC. Really, what my colleague is saying is, you should not be able to deduct ordinary out-of-pocket, nonrecoverable business expenses. That is ludicrous. It should not happen. He happens to be wrong on that issue.

I think I heard my colleague say that he wanted to eliminate the 936 benefit that goes towards Puerto Rico. We do that in this bill. We do it in the bill over 7 years and over 6 years. There are two different ways you count that benefit. We phase it out over 6 or 7 years. I think he is a responsible provision. I guess he wants to do it immediately, but you have a lot of firms that have made investments. I think that would be very inappropriate.

My colleague may call it corporate welfare. I think this committee has taken very specific action in allowing people to deduct their out-of-pocket, nonrecoverable business expenses as should be allowed and phasing out the tax benefit that was dis-rected to Puerto Rico.

So I would urge the Senate to oppose my colleague's amendment. The PRESIDING OFFICER. The Senator's time has expired.

The Senator has 1 minute.

Mr. WELLS. Mr. President, facts are stubborn things. It is a fact that IDC's are a special exemption. With my amendment, you could still in this industry capitalize your costs, depreciate them over a longer period of time, just like with most other industries.

This is just a special exemption that most other businesses do not get. We have been talking about the tax rate in Puerto Rico. In 1993, I wanted to phase it out, even though I was sympathetic to concerns that doing so suddenly would be unfair. That didn't happen. And now, we have 7 to 10 more years provided for in this bill. My amendment says that by 1997 we have to eliminate it.

My amendment says, colleagues, that we have to make tough choices. Barlett and Steele have it right. What do you have? One person's tax code is called the "privileged person's tax law," and for everyone else, call it the "common person's tax law." It is time we understand: regular people pay more because the loopholes allow often very profitable companies—some of the largest and most powerful companies in the country—are paying less.

This is exactly what the Government does not collect. We ought to have deficit reduction here. This is between $60 billion to $70 billion of deficit reduction based on a standard of fairness. We would have more for education, more for health care, more for law enforcement.

This is a perfect example of whether or not we will be willing to vote for people we represent or whether or not we are too beholden to powerful special interests. That is what this amendment speaks to.

I ask unanimous consent that copies of my prepared statements on each of the four loopholes, elaborating on my policy rationale for closing them, be included in the Record before the vote.

Mr. EXON. Mr. President, is all time expired?

The PRESIDING OFFICER. All time is expired.

Mr. EXON. Mr. President, the good news is that according to my record—and I believe my colleague will agree—we have three amendments left in this tier 2 category: Pryor, Conrad and Roth, in that order.

Is that the Senator's understanding? Mr. DOMENICI. Finance Committee—Roth. We have been calling it "Finance Committee." Yes.

Mr. EXON. Pryor, Conrad, Roth—Finance Committee.

Mr. WELLSTONE. Would the Senator from Nebraska yield for a moment, a split second?

Mr. EXON. Yes.

Mr. WELLSTONE. I ask unanimous consent that Senator FEINGOLD be included as an original cosponsor of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. I now recognize Senator PRYOR from Arkansas for his amendment and yield him the 5 minutes.

Mr. DOMENICI addressed the Chair. The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Could I yield myself for one moment? We have another amendment. The PRESIDING OFFICER. The roll.

The clerk will call the roll.

Mr. DOMENICI. I yield for a moment, a split second.

Mr. EXON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The roll.

Mr. CONRAD. I yield the Chair.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I understand they have two amendments on their side. We will hold our Roth amendment until morning. So we will proceed with theirs at this point.

Mr. EXON. Mr. President, I thank the chairman of the committee.

I now recognize Senator PRYOR, as I did previously, and have awarded him the 5 minutes on our side.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. PRYOR. Thank you, Mr. President. I thank the Chair for recognizing me.

AMENDMENT NO. 2983

(Purpose: To provide for the continuation of requirements for nursing facilities in the Medicaid Program)

Mr. PRYOR. Mr. President, in this 2,000-page piece of legislation, the...
budget reconciliation bill of 1995, we would think that just about everything under the sun would have been thought of and included in this to consume some 2,000 pages.

But what we did not include in this reconciliation bill is something very, very vital, Mr. President, because those efforts of the nursing homes standards that we have had enacted since 1987, and if we fail to reenact those same nursing home standards on the Federal level, we will be failing to protect a very, very fragile and vulnerable asset, which is the elderly population of this country today. I am very concerned now residing in these American nursing homes.

Mr. President, I send the amendment to the desk. I send it to the desk on behalf of myself and Senator Cohen of Maine.

The PRESIDING OFFICER. The clerk will report.

Mr. PRYOR. I have several cosponsors. I will not read all of those at this time. It will consume too much time.

The amendment as follows:

The Senator from Arkansas [Mr. PRYOR], for himself, Mr. COHEN, Mrs. BOXER, Mr. BUMPERS, Mr. CONRAD, Mr. DODD, Mr. FEINGOLD, Mr. HARKIN, Mr. INOUYE, Mr. KENNEDY, Mr. LEVIN, Mr. LIEBERMAN, Ms. MIKULSKI, Mrs. MURRAY, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELSTONE, and Mr. KOHL proposes an amendment numbered 2883.

Mr. PRYOR. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment as follows:

Beginning on page 889, line 21, strike all through page 897, line 19, and insert the following:

SEC. 2137. QUALITY ASSURANCE STANDARDS FOR NURSING FACILITIES.

"The provisions of section 1919, as in effect on the day before the date of the enactment of this title, shall apply to nursing facilities which furnish services under the State plan."

Mr. PRYOR. Mr. President, since we enacted OBRA 1987, we have seen a dramatic change in the care of the nursing home patients in our country. For example, we have seen a 38 percent decline in the number of physical restraints. Since the enactment of the OBRA 1987 nursing home regulations, which was, I might say, a bipartisan effort—the late John Heinz, former Senator George Mitchell, former Senator Jack Danforth, and Senator Danforth—we have seen a dramatic advance in all of the things that make the quality of care in nursing homes better; for example, in resident outcomes, a 50 percent increase in the number of dehydration cases that we have solved, and no longer do we find many of these patients dehydrated.

We see also just a characteristic of the nursing home population, Mr. President. And how are we going to afford to look them in the eye and say that we failed to adopt any Federal standards in the budget reconciliation bill and we are going to say to the 77 percent of those who need help dressing, to the 63 percent who need help in toileting, the 91 percent who need help with bathing," We are sorry, you can just make it on your own. We are doing away with all Federal standards. We are going to leave it to the States?"

But, Mr. President, the reason we have Federal standards today as a result of OBRA 87 is because the States were not meeting their obligation and their challenge.

Mr. President, I know that there are two or three of my colleagues who want to speak know that Senator Rockefeller wants 30 seconds. I yield 30 seconds to Senator Rockefeller.

Mr. ROCKEFELLER. The Senator from West Virginia is recognized.

Mr. PRESIDENT. I thank the Presiding Officer and the Senator from Arkansas. If there was a sense upon my colleagues of nervousness just before Senator PRYOR offered his amendment—perhaps in the sense of what was going to happen, my colleagues noticed correctly. I think that there was an effort to try and not have a vote on this tonight, because this is one of the most important amendments that we will vote on in the Finance Committee process.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PRYOR. I yield 30 seconds to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, I ask unanimous consent to be listed as an original cosponsor of the amendment. I point out that the arguments against this amendment are going to be that we ought to let the States have unbridled responsibility, discretion as to how to set these standards.

I should point out that in the year 2002, the highest percentage of persons over 80 in the country, that we are going to have 35 percent less funds than is currently projected to meet the needs of our elderly, our frail elderly.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GRAHAM. If there is any prescription for abuse, it is a 35-percent cut in funds and no Federal standards.

The PRESIDING OFFICER. The Senator's time has expired.

Without objection, the Senator's request is granted.

Mr. PRYOR. Mr. President, I yield 20 seconds to the Senator from Maryland, Senator Chafee.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, my father was in a nursing home for 3 years. He had Alzheimer's. We could go and visit him and make sure he was OK. But one of the things we need to know is when people are in a nursing home, they are often too sick to care for themselves or they are too sick to say how they are being cared for. If we do not have Federal standards around safety and staffing to be sure that our—

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PRYOR. Mr. President, I am looking for Senator Cohen, our cosponsor on the other side. I do not see him. The PRESIDING OFFICER. The Senator has 30 seconds.

Mr. PRYOR. If Senator MIKULSKI needs an additional 20 seconds, I will be glad to yield to her.

Ms. MIKULSKI. Mr. President, the idea of safety is absolutely crucial, that we need adequate staff, but we need to have those standards so that if anyone is too sick to be being cared for, we know that we are preventing their abuse, we know that they are receiving the right medication, we know that they are being adequately cared for.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PRYOR. Mr. President, I also would like to acknowledge Senator BOXER of California who has truly spoken on many occasions and feels compassionate about this amendment.

Mr. DOMENICI. Mr. President, Senator CHAFEE is going to explain where we are. Let me just suggest, at Senator COHEN's suggestion, Senator CHAFEE, and others, the so-called Finance Committee amendment, which you are going to have an evening to look at, will have everything in it Senator Cohen wants and even further improvements than the one before us. So I do not want anyone to think we have done that after we defeat your amendment tonight, because it is in there and you and I will see it when we get it circulated.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I commend the Senator from Arkansas for his efforts in connection with the nursing home standards and, indeed, he and I have worked together in the Finance Committee. I voted with him in connection with his amendment, which was defeated 10 to 10.

Since then, in conjunction with Senator COHEN and others on this side, we have prevailed upon what you might call the managers of the bill to put in a very good Federal nursing home provision. As regards nursing homes, there are two provisions in here that I think are superior to the provision that Senator PRYOR has, although I am not intimately familiar with everything that he has.

One, in the provision that we have, we solve the costly and duplicative requirement that standards perform so-called preadmission screening and annual resident review, which is known by the acronym of PASARR, and that
would not be included and it is my understanding that this is a rather good provision.

Second, we have a proposal that if the States have tighter inspection requirements than the Federal, then the States can apply to the Secretary of HHS for a waiver and have those tighter provisions included as the inspection requirements. The standard requirements for the nursing homes within that State.

You might say, “Well, how do they go about enforcing it?” We have a provision that it can be enforced by HCFCA. So we think that this has a lot of provisions in it that have merit.

I urge those on the other side to take a look at this provision that is in the so-called managers amendment.

Mr. ROYAL. Will the Senator yield?

The PRESIDING OFFICER. The Senator is entitled to be heard.

Mr. GRAHAM. Will the Senator from Rhode Island yield?

Mr. CHAFEE. Quickly, because it is on my time.

Mr. GRAHAM. I agree with what you just said. I would like to be able to compare the specifics of what is going to be offered with what Senator Pryor and others have offered. When will we have that opportunity?

Mr. DOLE. I can respond. I think that language is ready now. I think we are working on some other language, but that language is ready. That is why we wanted to wait until the morning so we can compare that.

Mr. GRAHAM. The difficulty is we are going to get this sometime in the morning and then be expected to vote on it. We are going to vote on this amendment tonight; correct?

Mr. CHAFEE. I think the suggestion was to put the vote off until the morning and to give you a chance to look at this particular provision.

Mr. GRAHAM. The vote on Senator Pryor’s amendment off until tomorrow?

Mr. DOLE. Both.

Mr. DOMENICI. Both; we ask for both.

The PRESIDING OFFICER. The Chair advises Senators to please go through the Chair so we keep some control.

Who seeks time? There is 1 minute 28 seconds left.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, let me indicate that we have addressed this concern, and I think as Senator Chafee pointed out, if we really want to find the best provision, we ought to compare the two. We may not vote on the Pryor amendment tonight, I will decide how many amendments we vote on this evening. So we will have an opportunity to look at the language in both.

If you are looking for a political vote, we can have the political vote, but if you are looking for the best provision—it was worked out with Senator Cohen, Senator Snowe, Senator Chafee, and others on this side of the aisle. We think it is a pretty good provision. So I hope if we are interested in getting the best provision in the bill, we will do as Senator Domenici suggested: Wait until morning, have a vote, find out which is the superior provision, and then vote accordingly.

The PRESIDING OFFICER. The Chair apologizes. The Chair did not ask the Senator from Rhode Island if he would yield to the majority leader.

Mr. CHAFEE. Do I still have control of the time?

I would have been delighted to have yielded that time.

The PRESIDING OFFICER. I again apologize and give back 20 seconds.

Mr. CHAFEE. Was there another question, or does that satisfy everyone?

The PRESIDING OFFICER. There are 18 seconds left to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I ask Senator Cohen if he wants to say anything?

Mr. COHEN. I believe I will get 7 minutes to speak.

The PRESIDING OFFICER. There is no time left on the Democratic side.

Mr. EXON. Mr. President, I yield 2 minutes off the bill to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized for 2 minutes.

Mr. COHEN. Mr. President, let me specifically address the issue whether or not that is a political effort on the part of my colleague and friend from Arkansas, Senator Pryor.

We had a hearing this morning dealing with nursing home standards. I want to say, for the benefit of all who are here, I have been working with Senator Dole, Senator Chafee, Senator Snowe, and others, to try to make sure that the standards that were set in place by OBRA 1987 go back into place, that we have Federal standards and Federal enforcement of the nursing home rights, as such. Senator Dole has been most amenable to that.

I think Senator Chafee is correct that we have actually made some improvements in cutting back on some of the things that do not need to be there, that are costing money and are duplicative. One issue remaining in my mind is, in fact, the extension of the waiver, so-called, to the States that have higher standards than required by Federal law. I yield 2 minutes off the bill to Senator from Arkansas, Senator Pryor.

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The PRESIDING OFFICER. The Senator from Maine is recognized for 2 minutes.

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Senator SPECTER said. "If you would have a secret vote, 20 Republican Senators would not vote for the tax cut."

To say we are going to balance the budget, and then start with a tax cut, is like having a New Year's resolution to diet and start with a great big dessert.

Third, we take the CPI and reduce it by one-half of 1 percent. At the Finance Committee meeting, Senator DOLE said, in talking about looking at the CPI, "This is something we should have addressed years ago." This is still below what the special economist said should be a drop of between 0.7 to 2 points.

Third, we help the less fortunate in our society. Instead of a savings of $270 billion in Medicare, it is $168 billion. Instead of $187 billion in Medicaid, it is $83 billion. Welfare reform—there is $36 billion more for poor people. Discretionary spending, $79 billion more. Veterans programs are assisted. Agriculture programs are assisted. Student loan programs are helped.

This is not a balanced program that makes sense and it balances the budget in a prudent way. I hope we can move in this direction.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SIMON. I yield 2 minutes to the Senator from North Dakota, Mr. President.

Mr. CONRAD. I thank the Senator from Illinois. This is an amendment for those who disagree with cutting taxes by $245 billion at the very time we are adding $1.8 trillion to the national debt. This is the amendment for those who are concerned that the Medicare and Medicaid cuts are too severe. This is the amendment for those who oppose cuts in education. This is the amendment for those who want welfare to be work-oriented but protect the children. This is the amendment for those who are concerned that the raid on rural America contained in the underlying bill. This is the amendment for those who recognize that CPI overstates the cost of living. The advisory commission to the Finance Committee said it is overstated by .7 to 2.0. That means adding $60 billion to the national debt over the next 7 years.

Mr. President, I hope my colleagues will support this amendment to fairly balance the budget.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. How much time do I have on the amendment, and how much time do they have?

The PRESIDING OFFICER. The Senator from New Mexico has 5 minutes; the minority has 1 minute 50 seconds.

Mr. DOMENICI. Mr. President, let me remind Senators of a couple of things. First of all, the Consumer Price Index provides $115 billion of the money needed to balance the budget. In addition, Medicare is getting cut, or hit, or reformed $168 billion. So we are doing both Medicare and CPI. And then, third, and equally as important, the fiscal dividend that is not supposed to be there until you are in balance—that is how we thought it worked, that you get to balance and you get a fiscal dividend—they take the $170 billion fiscal dividend, before in balance, and put it in their balanced budget.

The PRESIDING OFFICER. The Chair cannot appeal to the Senator.

Mr. DOMENICI. I am pleased that the Chair is concerned, and I thank him. I want to close by saying that I really do not believe this is the kind of budget we want to adopt here tonight. I think it is a real chance to look through and go into detail, they would agree with the Senator from New Mexico.

I want to go through the three. You get $115 billion by changing the CPI by 5. I was wondering a little while ago—my friends on the Democrat side were concerned because we had not given them our amendments. Most are one page. We just got this one now, in case anybody wonders, which is all right. I am not complaining. It is just that we do not know very much about it. These few little facts are about the best I can do.

Mr. FORD. Now you know how we feel when we have 2,000 pages.

Mr. DOMENICI. Thank you for getting those pursuant to the rules. They were before you all. This was presented right here, tonight, to us. I do not want to take any more time. I will yield the remainder of my time.

Mr. SIMON. Mr. President, I yield 50 seconds to my colleague from Virginia.

Mr. ROBB. Mr. President, I thank my colleague and friend from Illinois. I will not make a full statement at this time. I will put one in the Record. Suffice it to say—I say this to my good friends on the other side of the aisle—this is where we ought to be going. This is a tough, fair, principled budget that reflects the kind of distribution that we ought to be looking toward if we are going to come up with a reasonable solution to the fiscal challenges that are facing the country today, and it does it without a $245 billion tax cut that we simply cannot afford and should not be giving under the circumstances.

I am pleased to join my fiscally responsible colleagues in offering an alternative that I think meets the test that this country is looking for us to meet.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SIMON. I yield myself the remainder of the time.

In terms of the fiscal dividends that Senator DOMENICI is talking about, we balance the budget also, so we have the same savings in interest.

In terms of the size of this—and I recognize this is not going to pass tonight—but I think this may be the basis for a compromise that we may or may not have to have, there is a lot of common sense in this.

In terms of the CPI, it is less than was recommended to the Finance Committee by the economic experts, and what it means for a person who is in the median on Social Security getting $300, it is a reduction of $3.65 for which that person gets more help on Medicare and Medicaid.

I think seniors would welcome this proposal.

Mr. NICKLES. Mr. President, I thank my colleague from New Mexico. I join him in opposition to this amendment.

Although I compliment the sponsors of the amendment for saying we should use an accurate CPI, they do not go as far as that was proposed by a group of economists that said we should use from 0.7 percent even and maybe above 1 percent. Whatever the percent is, it should be accurate, and estimates are that 0.5 percent, which would save something like $115 billion, is on the low side. So I compliment them for doing that.

I rise in opposition to their proposal because they want to spend $245 billion so we do not have to like to give taxpayers a break for $245 billion and reduce spending to pay for it. That is the difference between the two.

I compliment them for a very significant element of this package and hope that ultimately we will use an accurate CPI reflection in all of our cost-of-living adjustments.

Mr. DOLE. Mr. President, as I understand, all the amendments have been offered that will be offered this evening in tier 2. The committee amendment will be offered tomorrow morning.

I now ask unanimous consent that the votes scheduled to begin now be limited to 8 minutes after the first roll call vote, with 1 minute for explanation between each vote to be equally divided in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Let me persuade my colleagues we will have about 18 votes here. If we all stay in the Chamber we will probably save 20 or 30 minutes. There are not many places to go at 9:30 at night around here. They can watch the ball game right off the floor. Hopefully, we will accommodate one another by being here.

The first vote will be the normal 15 minutes plus 5 to give people time to come back from wherever they want to come back from.

The PRESIDING OFFICER. Does the request include 1 minute before the first vote?

Mr. DOLE. One minute before each vote equally divided in the usual form.

We will start tomorrow morning at 9 o'clock and we hope to have 75-minute votes after the first vote, so we ask all Senators to remain in the Chamber—not overnight but be back here.
The amendment (No. 2964) was agreed to.

The PRESIDING OFFICER. The amendment is numbered 2964 by Senator McCain and others; 1 minute, equally divided. Who yields time?

Mr. DOLE. I yield back the time.

The PRESIDING OFFICER. Is all time yielded back on this amendment? Does the Senator from Nebraska yield back the 30 seconds?

Mr. EXON. I yield back my time.

The PRESIDING OFFICER. All time is yielded back.

Mr. NICKLES. I ask for the yeas and nays.

The PRESIDING OFFICER. They have been ordered.

Mr. DOLE. Did we order the yeas and nays on all the amendments?

The PRESIDING OFFICER. Is there an objection for all the yeas and nays to be ordered at one time?

Is there a sufficient second?

The yeas and nays were ordered on all amendments that have been debated so far.

VOTE ON AMENDMENT NO. 2964

The PRESIDING OFFICER. The clerk will call the roll on amendment No. 2964.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, this amendment pretends that the Republican budget’s destructive plan for Medicare will preserve the senior citizen’s ability to get their care through fee for service and continue to see his or her own doctor.

Now, it is fine to pretend, so vote for the amendment. It is all right. It is not going to do any harm. Make no mistake. There is no guarantee of anything in the Helms amendment for seniors and their future ability to see their own doctor.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered on every amendment.

Mr. DOLE. Mr. President, this will be an 8-minute vote.

The PRESIDING OFFICER. This is an 8-minute vote.

Mr. DOLE. This is the test. If we all stay here, we may finish.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. SANTORUM). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 79, nays 20, as follows:

[Rollcall Vote No. 508 Leg.]

YEAS—79

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Akoun
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Biden
Boxer
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Brown
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Mr. DOMENICI. Mr. President, I yield to Senator COHEN.

Mr. COHEN. Mr. President, the anti-fraud provision of the Finance Committee measure has been the product of over 3 years of effort on my part. I have had to work with Justice, FBI, the White House, providers, consumers, and they support the provision as written.

I urge that we reject this amendment for a variety of reasons but, most of all, because it would make a last-minute change over something that is accepted by virtually everybody.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the pending amendment is not germane to the provisions of the reconciliation bill pursuant to section 305(b)(2). I raise a point of order against the pending amendment.

Mr. EXON. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable sections of that act for the consideration of the pending amendment, and I ask for the yeas and nays on the motion to waive.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yea and nays are ordered, and the clerk will call the roll.

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The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.
The PRESIDING OFFICER. On this vote, the yeas are 25, the nays are 74. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is well taken, and the amendment falls.

AMENDMENT NO. 2972

The PRESIDING OFFICER. The question occurs on amendment No. 2972 offered by the Senator from West Virginia.

Mr. EXON. I yield 30 seconds to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 30 seconds.

The Senate will please come to order.

Mr. BYRD. Mr. President, my amendment restores $712 million rescinded by the bill in 48 States in highway funds. The PRESIDING OFFICER. The Senator from West Virginia has 16 seconds remaining.

Mr. BYRD. Senators will find on their desks a detailed table which shows the reductions that were made in each of the 48 States.

I restore this money by closing a corporate loophole. The corporate loophole is closed by the House by a phaseout in 4 years; closed by the bill by a phaseout in 5 years. I say, let us go with the House, phase out the loophole in 4 years and restore $712 million in highway funds to the 48 States.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, for those who thought the highway demonstration programs were good programs and all the projects were good projects, obviously you ought to vote for this.

They were never spread equally across the land. They had very significant preferential treatment, depending upon a lot of things. So I think the committee that decided to do this acted appropriately, especially since they applied the savings to a very good cause.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The yeas and nays have been ordered. The clerks will call the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced, yeas 46, nays 53, as follows:

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The PRESIDING OFFICER. Time has expired.

Mr. EXON. I yield 30 seconds to the Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, two excellent Senators are offering this amendment and trying to protect the basic Medicaid coverage for the very poorest, very oldest and disabled Americans.

I hope everybody will vote for it. But, again, you cannot turn a frog into a prince. The underlying bill would require 200 such amendments to make it agreeable. I hope people will support this.

The PRESIDING OFFICER. The time has expired.

Mr. DOMENICI. Do we not get to speak against it, since both sides were for it? There was no opposition.

Mr. DOLE. I would ask unanimous consent to proceed for 30 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

The majority leader.

Mr. DOLE. This is another infringement on the Governors. We are going to turn over to these programs, make them entitlements, and give them block grants, and make it impossible for Democrats or Republicans to administer the program.

We had this argument. We discussed it long and hard with the Senator from Rhode Island. I hope we will defeat this amendment. If you do not have any faith in your Governor, then vote the other way.

The PRESIDING OFFICER. The Senator's time has expired.

The question is on agreeing to amendment No. 2973.

The yeas and nays are ordered. The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 39, as follows:

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The PRESIDING OFFICER. The Senate is not in order.

The PRESIDING OFFICER. The Senator is correct.

The Senate will please come to order. Those Senators in front of the Chair, please take your conversations to the cloakroom.

Mr. CHAFEE. Do I start my 30 seconds over?

The PRESIDING OFFICER. The Senator has 16 seconds remaining.

Mr. CHAFEE. Mr. President, I am pleased to be joined in this amendment by Senators CONRAD and Frist. The reconciliation bill says States must cover the disabled but does not define who is disabled. This amendment adopts the same definition of "disabled" as we used in the welfare bill which we passed—

Mr. HARKIN. Point of order. The Senator is not in order.

The PRESIDING OFFICER. The Senator is correct.

The Senate will please come to order. Those Senators in front of the Chair, please take your conversations to the cloakroom.

Mr. CHAFEE. Well, I will start. This amendment adopts the same definition of "disabled" as we used in the welfare bill which we passed.

Mr. DOLE. The majority leader.

Mr. DOLE. This is another infringement on the Governors. We are going to turn over these programs, make them entitlements, and give them block grants, and make it impossible for Democrats or Republicans to administer the program.

We had this argument. We discussed it long and hard with the Senator from Rhode Island. I hope we will defeat this amendment. If you do not have any faith in your Governor, then vote the other way.

The PRESIDING OFFICER. The Senator's time has expired.

The question is on agreeing to amendment No. 2973.

The yeas and nays are ordered. The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 39, as follows:

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The result was announced—yeas 60, nays 39, as follows:

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October 26, 1995
So the amendment (No. 2975) was agreed to.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2963

The PRESIDING OFFICER. The question recurs on amendment No. 2963 offered by the Senator from Louisiana. A motion to table is pending on which the yeas and nays have been ordered. Who yields time?

Mr. EXON. I yield 30 seconds to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 30 seconds.

Mr. BREAUX. Mr. President, I say to my colleagues, I urge my Republican colleagues to vote for this tonight, because NEWT GINGRICH is going to do it in conference. You all are going to be on record voting against it. They are going to fix it in conference. I suggest to vote against tableling, because you can add 44 percent more children who will benefit from the child tax credit. Without this amendment, you are cutting off $31 million young-sters who will not benefit from the tax credit. It is that simple. Guess what? They are going to do it in conference. The PRESIDING OFFICER. The Senator’s time has expired.

Mr. DOMENICI. I yield my time to Senator NICKLES.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I urge my colleagues to vote against this amendment. This amendment would build another entitlement program, another brandnew entitlement program into the Tax Code. According to the Joint Tax Committee, the Breaux amendment would increase outlays by $37 billion over 7 years. I urge my colleagues to vote against it.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the Breaux amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senator in the Chamber desiring to vote?

The result was announced—yeas 35, nays 64, as follows:

[Rollcall Vote No. 514 Leg.]

YEAS—59

Abraham Feingold Lott
Ashcroft Cohen Gorton
Bennett Coverdell Gramm
Bond Craig Grams
Brown D’Amato Grasso
Burns DeWine Gregg
Campbell Doty Hatch
Chafee Domenici Hatfield
Coats Faircloth Helms

NAYS—46

Akaka Feinstein Lieberman
Biden Glenn Mikulski
Bingaman Graham Moseley-Braun
Boxer Harkin Moynihan
Bradley Hollings Nickles
Breaux Bryan O’Neill
Bumpers Johnston Poland
Byrd Kennedy Prager
Conrad Kerry Robb
Daschle Kerrey Rockefeller
Dodd Kohl Sarbanes
Dorgan Lautenberg Simon
Exon Leahy Wellstone
Feingold Levin

So the motion to lay on the table the amendment (No. 2963) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2975, AS MODIFIED

The PRESIDING OFFICER. The pending business is amendment No. 2975 offered by the Senator from Missouri (Mr. BOND). The Senator from Missouri has 30 seconds.

Mr. BOND. Mr. President, pursuant to a unanimous consent agreement when I offered the amendment, I send a modification to the desk. The PRESIDING OFFICER. The Senator has that right. The amendment is so modified.

The amendment (No. 2975), as modified, is as follows:

On page 1620 after line 1 insert:

SUBCHAPTER A—HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

SEC. 12201. INCREASE IN DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) INCREASE IN DEDUCTION.—Section 12201 is amended by—

(1) by striking “30 percent” in paragraph (1) and inserting “55 percent”;

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

Mr. BOND. Mr. President, when I raised the question of deductibility of health insurance, I said we were looking for another offset. I have been able to work with the managers and the majority leader. They have enabled us to eliminate the offsets which would have taken out the long-term care insurance, and we are able to raise the deductibility for self-employed individuals and small business people from 30 to 55 percent. I believe that this is something we can work with in conference.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BOND. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. They have already been ordered.

Mr. PRYOR. Mr. President, I am the cosponsor of this side of the Bond amendment. I strongly support this amendment. We hoped, originally, that we would be able to permit the self-employed to deduct 100 percent of their insurance premiums, and this looks like they are going to take about 55 percent. This is the best we could do, but it is better than in the past.

Mr. WELLSTONE. Can I ask what the offset is?

Mr. DOMENICI. Mr. President, the time has expired.

Mr. DOLE. We did not need an offset. We found another area where they overestimated or underestimated, or whatever it is.

Mr. DOMENICI. Mr. President, I wonder, will the Senator withdraw the yeas and nays?

Mr. BOND. We would like the yeas and nays because everybody is here.

Mr. DOMENICI. OK.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 515 Leg.]

YEAS—99

Abraham Feingold Lott
Akaka Feinstein Lugar
Ashcroft Ford Mack
Baucus Frist McCain
Bennett Glenn McConnell
Biden Gorton Mikulski
Bingaman Graham Moseley-Braun
Boxer Harkin Moynihan
Bradley Grassley Murray
Breaux Gregg Nickles
Bryan Hatch Nunziat
Byrd Hollings Pello
Campbell Hollings Robb
Chafee Hutchison Rockefeller
Coats Inhofe Roth
Cochran Inouye Simon
Cohen Jeffords Sarbanes
Conrad Johnston Shelby
Cooper Keating Simon
Craig Kerkhove Simpson
D’Amato Kennedy Smith
Daschle Kerrey Snowe
DeWine Kerry Specter
Dodd Kohl Stevens
Dole Kyle Thomas
Domenici Lautenberg Thompson
Dorgan Leahy Thurmond
Eckstein Levin Warner
Faircloth Lieberman Wellstone

So the amendment (No. 2975), as modified, was agreed to.

BIDEN MOTION TO COMMIT

The PRESIDING OFFICER. The question is on agreeing to the motion to commit with instructions offered by the Senator from Delaware.

The Senator from Delaware is recognized for 30 seconds.

Mr. BIDEN. Mr. President, one thing all Americans say they care about is to get a college education for their children.
This amendment will allow it costs $35 billion, roughly $5 billion a year, and it would allow a $10,000 per year deduction—maximum deduction—for the cost of college tuition for couples making up to $120,000, or individuals up to $90,000.

This is a genuine benefit for the middle class and we do exactly what the Republican bill does. The way in which we get the money is restrict the growth of tax expenditures.

Mr. DOMENICI. Mr. President, has there been a motion to table?

The PRESIDING OFFICER. No.

Mr. DOMENICI. I yield back any time I have. I move to table the Biden amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced, yeas 55, nays 44, as follows:

[Rollcall Vote No. 516 Leg.]

YEAS—55

Abraham Gorton McConnell
Ashcroft Gramm Mikulski
Bennett Grassley Murkowski
Bond Grassley Nickles
Brown Greggs Pressler
Burns Harkin Robb
Campbell Hatfield Roth
Chafee Helms Santorum
Coats Helms Santorum
Coast Hutchison Shelby
Coverdell Inhofe Smith
Craig Jeffords Smith
D'Amato Kassebaum Snowe
DeWine Kempthorne Stevens
Dole Kyi Thomas
Domenici Lott Thompson
Faircloth Lott Thurmond
Feingold Mack Warner
Frist McCain

NAYS—44

Akaka Exon Levin
Baucus Feinstein Lieberman
Biden Frist Lugar
Bingaman Glenn Moynihan
Boxer Graham Murray
Bradley Harkin Nunn
Breaux Hollings Pell
Bryant Inouye Pryor
Bumpers Johnston Reid
Byrd Kennedy Rockefeller
Cohen Kerrey Sarbanes
Conrad Kerry Simon
Daschle Kohl Snowe
Dodd Lautenberg Stemmler
Dorgan LeahyWelstone

So, the motion to lay on the table the motion to commit was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2976

The PRESIDING OFFICER. The question occurs on amendment No. 2976 offered by the Senator from Maine, Ms. Snowe, on which the yeas and nays have been ordered.

The Senator from Maine. Ms. SNOWE. I thank the Chair. First of all, I would like to say that this amendment is cosponsored by Senators D’AMATO, SHELBY, BIDEN, MACK, MURKOWSKI, HUTCHISON, GRAMM, COHEN, and J. EFFORDS.

This amendment is a sense of the Senate to that would provide coverage under Medicare for breast and prostate cancer.

When changes were made in Medicare back in 1993, there was an inadvertent omission whereby oral drug treatment was not covered under Medicare for breast and prostate cancer. It is a cost-saving measure.

Mr. President, I will ask unanimous consent to vitiate the yeas and nays and ask for a voice vote.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

The Senator from Nebraska.

Mr. EXON. I yield my time back.

The amendment (No. 2976) was agreed to.

AMENDMENT NO. 2977

The PRESIDING OFFICER. The question occurs on amendment No. 2977 offered by the Senator from North Dakota.

The Senator from North Dakota is recognized for 30 seconds.

Mr. EXON. Mr. President, I yield 30 seconds to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, it is an extraordinarily simple amendment. We have in the Tax Code of the United States an incentive, a tax break, a tax deduction for somebody who closes their plant in this country and moves the jobs overseas to a tax haven, produces the same product with foreign workers, then ships the product back to the United States.

This simply gets rid of the tax break for companies that move the jobs overseas. If we cannot close this tax loophole, we cannot close any tax loophole. I would hope we will have an affirmative vote on this amendment.

The PRESIDING OFFICER. The Senator’s time has expired.

Mr. DOMENICI. Mr. President, I yield back my time.

This amendment contains extraneous material and is not germane and therefore subject to a point of order under the Budget Act.

Mr. EXON. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable sections of that act for the consideration of the amendment, and I ask for the yeas and nays on the motion to waive.

The yeas and nays were ordered.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. This will be the last vote this evening, and we will start voting tomorrow morning at 9:15. The first vote will be on the amendment by—

Mr. FORD. Mr. President, may we have order, please.

The PRESIDING OFFICER. The Senator from Kentucky is correct. The Senator will please come to order.

This is the last vote. Senators will please listen.

Mr. DOLE. Senator GRAMM of Texas. The first vote will come on his amendment, and the first vote will be 20 minutes in length. Then we will go back to our 8 minutes after the first vote. We have had 20 votes today. I wish to thank my colleagues.

Mr. FORD. Mr. President, will the Senator yield? Are we going tomorrow by the schedule of amendments offered, and then we go down that line and then we are on, will be on the last ones?

Mr. DOLE. Right. We are going to go down—that is right, yes.

Mr. FORD. We go as introduced.

Mr. DOLE. Then we go to tier three.

Mr. FORD. I thank the Senator.

Mr. DOLE. Then tier four and tier five.

Mr. FORD. Ten. The PRESIDING OFFICER. The question is on agreeing to the motion to waive the budget act. The yeas and nays are ordered. The clerk will call the roll.

The legislative clerk called the roll. The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 47, nays 52, as follows:

[Rollcall Vote No. 517 Leg.]

YEAS—47

Akaka Feinstein Lieberman
Biden Glenn Moseley-Braun
Boxer Graham Medicare
Bradley Harkin Murray
Breaux Hollings Pell
Bryant Inouye Pryor
Bumpers Johnston Reid
Byrd Kerrey Rockefeller
Cohen Kerrey Sarbanes
Conrad Kerry Simon
Daschle Kohl Snowe
Dodd Lautenberg Stemmler
Dorgan LeahyWelstone
Feingold Levin

NAYS—52

Abraham Dole Kassebaum
Ashcroft Baucus Kyl
Bennett Frist Lott
Bond Gore Lugar
Brown Gramm Mack
Burns Grams McCain
Campbell Grassley McConnell
Chafee Greggs Monahan
Coats Hatch Nickles
Cooper Hatfield Pressler
Craig Ikea Roemer
Coverdell Helms Roth
D'Amato Inhofe Santorum
DeWine Jeffords Shelby

October 26, 1995

CONGRESSIONAL RECORD — SENATE
S 15831
The PRESIDING OFFICER. On this vote, the yeas are 47, the nays are 52. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The amendment falls.

Mr. GRAMS. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. ROTH. I move that motion on the table.

The motion to lay on the table was agreed to.

LIST OF EXTRANEOUS MATTER (THE BYRD RULE)

Mr. DOMENICI. Mr. President, pursuant to section 313(c) of the Budget Act of 1995, I submit a list of material considered to be extraneous under subsections 313(b)(1)(A), (b)(1)(B), and (b)(1)(E) on behalf of the Committee on the Budget.

Section 313(c) of the Budget Act states:

The inclusion or the exclusion of a provision shall not constitute a determination of extraneousness by the Presiding Officer of the Senate.

In addition, this list does not represent the Budget Committee's position on the program or policies represented in these provisions or a waiver of a point of order against these provisions. The Budget Act requires the committee to simply identify potential violations under three components of the Byrd rule and the committee has complied with the law.

That a provision appears on this list does not mean it will automatically be deleted from the bill. A Senator must raise a point of order against the provision and the Presiding Officer must sustain the point of order. The Byrd rule may be waived in the Senate by an affirmative vote of 60 Senators.

This list is a compilation of items identified by both the majority and minority staff of the Senate Budget Committee. The staffs did not agree on every item, but the differences were small when one considers the controversial and comprehensive nature of this bill. I want to thank the staff for their work. The Byrd rule has evolved over the past 10 years and identifying those provisions that violate the rule is a very difficult exercise.

Mr. President, I ask unanimous consent that the list be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

BALANCED BUDGET RECONCILIATION ACT OF 1995—POSSIBLE EXTRANEOUS PROVISIONS; SENATE BILL

(The Republic of the People's Staff of the U.S. Senate Budget Committee, October 1995)

EXTRANEOUS PROVISIONS—SENATE BILL

Provision Comments/Violation

Sec. 1123(a)(4), 1123(c), and (e) (2) Clarification on peanut pool and sale, lease, or transfer of farm poundage quota for 1991 through 2000 crops of peanuts and allows non-quota peanuts to become available if market price exceeds 120 percent of loan rate; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 1125 Savings adjustments; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 1128 Sense of the Senate regarding tax provisions relating to ethanol; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Agriculture, Nutrition, and Forestry

Sec. 2; Sec. 7421a(f) Requirements on Elk Hills production until sale is completed; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 2; Sec. 7421a(h) Explicated procedures for Congressional consideration of a resolution of approval of the sale; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 2; Sec. 7421a(i) Notice to Congress of noncompliance with the sale; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 2; Sec. 7421a(m) Requirement that GAO monitor DOE sale and report to Congress; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Naval Oil Shale Reserve Sale

Sec. 2; Sec. 7421a(b) Application of Sec. 7421a(h), (i), (j), (l), (m) to the Oil Shale Reserve sale; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 3023 Explicated procedures for considering the sale by DOE of the Oil Shale Reserve sale; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 3001(d) Application of Sec. 7421a(h), (i), (j), (l), (m) to the Oil Shale Reserve sale; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Commerce, Science, and Transportation

Sec. 4001(a)(c), beginning on p. 207, line 1 with "unless" through "1998" on line 23. Byrd rule (b)(1)(A): Produces no change in outlays or revenues. Section 4001 directs the FCC to allocate spectrum to applicants by auction spectrum, but exempts certain parts of the spectrum from being sold at auction. Section 4001(a)(c) lists as one of the exemptions the spectrum to be used for advanced digital television, with a qualification. That is, the FCC cannot auction digital TV unless the FCC submits within six months a new proposal for allocating this spectrum by auction and the Congress "takes action to approve the plan" (i.e., enacts a law after the President's signature). Because the prohibition on auctioning spectrum for digital TV stands on its own and is not affected by the possibility that Congress could come back later and change the law, the language telling the FCC to do a new plan that would have to be approved by Congress has no impact on the receipts yielded by the auctions that are authorized in this bill, and therefore that language is extraneous.

CBO scores no impact from communicatoin fees; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Earmarked ARMED SERVICES

Sec. 3002 Application of Sec. 7421a(h), (i), (j), (l), (m) to the Oil Shale Reserve sale; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7401(d) Explicated procedures for considering the sale by DOE of the Oil Shale Reserve sale; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 1202(b)(3) Special areas reporting requirement to Congress; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 5207(d) second sentence Special Areas reporting requirement to Congress; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 5215(b) Reporting requirements (beginning with line 12 on page 48 through line 2 on page 49); Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 5410 second sentence of subsection (2) Hetch Hetchy dam authorizations for Yosemite operations; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 5300(a)(3) Authorization of appropriations; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 5305(b)(2) second sentence Reporting requirement to Congress; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Subtitle D—Park Entrance Fees

Sec. 5920 CBO scores no impact from communicatoin fees; Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1895R (c) ................................................................... Report on the temporary certification of coordinated care plans. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 1895R (f) ................................................................... Partial capitation demonstration Byrd rule (b)(1)(B): Increases the deficit and committee fails to meet its reconciliation instructions.

Sec. 7032 (c) ................................................................... Reporting on program demonstrations. Byrd rule (b)(1)(B): Increases the deficit and committee fails to meet its reconciliation instructions.

Sec. 7037 ....................................................................... Report by Prospective Payment Assessment Commission. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7050 ....................................................................... Supervision of Nurse Anesthetists. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7056 ....................................................................... Treatment of assisted suicide. Byrd rule (b)(2)(A): Produces no change in outlays or revenues.

Sec. 7057 (a) ................................................................... Nothing in this Act shall be construed to mean that a State shall be liable under the Social Security Act to pay benefits on account of the death of a beneficiary on the basis of a pre-existing condition. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7061 (a) ................................................................... (C) Share of Savings— Bonus payments to home health agencies. Byrd rule (b)(1)(B): Increases the deficit and committee fails to meet its reconciliation instructions.

Sec. 7064 (c) ................................................................... Reimbursement to State health plans. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7074 ....................................................................... Study & report of physician fee schedule. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7075 ....................................................................... Super-block grant. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7076 ....................................................................... Demonstration projects to promote telemedicine. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7077 ....................................................................... Report on the Graduate Medical Education program. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.


Sec. 7079 ....................................................................... Study of Medicare program. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7080 ....................................................................... Deadweight Medicare beneficiaries. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7081 ....................................................................... Medicare savings. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7092 ....................................................................... Establishment of the Medicare program for the elderly. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7095 ....................................................................... Limitations on use of funds. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7098 ....................................................................... Federal Medical Assistance. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7101 ....................................................................... Health Care Fraud & Abuse. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7110 ....................................................................... Inpatient hospitals. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7112 ....................................................................... Minimum exclusion period for individuals. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7113 (d) ................................................................... The Medicaid program. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7123 ....................................................................... Establishment of the health care fraud and abuse data collection program. Byrd rule (b)(1)(B): Increases the deficit and committee fails to meet its reconciliation instructions.

Sec. 7134 ....................................................................... Injunction relief relating to federal health care offenses. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7136 ....................................................................... Exclusion of providers. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

Sec. 7137 ....................................................................... Laundering of monetary instruments. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.


Sec. 7173 ....................................................................... Transfers of certain I Savings to HI trust fund. (i.e. medicare lockbox) Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Mr. EXON. Mr. President, the chairman of the Budget Committee was kind enough to discuss with me in advance the list that he just submitted for the RECORD. I, in turn, have shared with him my view of which items in the bill violate the Byrd rule against extraneous matter in reconciliation.

There is a great deal of agreement on these two lists, but some differences persist. To make the RECORD more complete, I submit my list of extraneous provisions and ask unanimous consent that it be printed in the RECORD.

At the close of debate on the bill, after Senators and the Parliamentarian have had a full, fair chance to review these lists, I intend to raise an omnibus point of order under the Byrd rule against a large number of provisions that we have determined to be extraneous. I ask unanimous consent that my list be printed in the RECORD to give Senators the maximum amount of notice as to which provisions are under review for that purpose.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LIST OF BYRD RULE VIOLATIONS TO THE BALANCED BUDGET RECONCILIATION ACT OF 1995

(Prepared by the Democratic Staff of the Senate Budget Committee, October 25, 1995)
Subtitle E, Water Projects

Subtitle F, Federal Oil and Gas Royalties

Subtitle H, Mining:

Section 6002(c) .................................. Rescission of appropriated demonstration projects .

Chap. 3: Provisions Relating to Part B

Chap. 6: Health Care Fraud and Abuse Prevention

Chap. 7: Other Provisions for Trust Fund Solvency

5510 .............................................. Royalty Simplification ... Extraneous, no budgetary impact. Requires Secretary to streamline royalty management requirements.

1895A(b)(1)(B) ............................... Medical savings accounts ......................................... ... Creates Medical Savings Accounts. Increases the deficit by $3.5 billion over 7 years.

1895A(c)(2)(B) ............................... Special rule for end-stage renal disease .................. 313(b)(1)(A) ...................................... Produces no change in outlays or revenues.

1895R(c) ........................................ Report on the temporary certification of coordinated care plans.

7037 .............................................. Report by Prospective Payment Commission ............. 313(b)(1)(A) ... Requires ProPAC to submit a report on SNF services. Produces no change in outlays or revenues.

7038 .............................................. Medical review process .............................................. ... Requires HHS to establish a medical review process to examine effects of provisions on extended care services. According to CBG, produces no change in outlays or revenues.

7039 .............................................. Physician supervision of nurse anesthetists ............. ... Requires HHS to revise regulations on anesthesia services. Produces no change in outlays or revenues.

7072 .............................................. Medicare rural hospital flexibility program ............... 313(b)(1)(B) ...................................... Designates critical access hospitals in rural areas. Costs $0.2 billion over 7-years.

7076 .............................................. Demonstration projects for telemedicine ................... ... Authorization for demonstration project grants for Telemedicine. Produces no change in outlays or revenues.

7077 .............................................. ProPAC recommendations on urban Medicare de- 

7079 .............................................. Transfers of B to Part A ............................................ ... Transfers premium and deductible savings to Part-A trust fund. Produces no change in outlays or revenues.

2104 .............................................. Description of Process for Medicaid Plan Develop-

2102(a) .......................................... Purpose ....................................................................... 313(b)(1)(A) ...................................... Extraneous; no budgetary impact. Statement of purpose.

2102(b) .......................................... Special Rules .................................................. 313(b)(1)(A) ...................................... Extraneous; no budgetary impact. Lay out requirements for state plans including: (1) general description; (2) objectives and performance goals relating to childhood immunizations, infant mortality and standards of care; (3) factors states might consider in specifying objectives and goals; (4) performance measures.

2102(c) .......................................... Annual reports .................................................. 313(b)(1)(A) ...................................... Extraneous; no budgetary impact. States are required to submit reports which include summaries of expenditures and beneficiaries; utilization of performance goals; program evaluations, fraud and abuse and quality control activities; administrative roles, and responsibilities, including organizational charts, costs of interstate compacts, and citations to state statutes, and inpatient hospital payments.

2103 .............................................. Periodic, Independent Evaluations .......................... 313(b)(1)(A) ...................................... Extraneous; no budgetary impact. Defines general categories of beneficiaries for use in State plans and reports.

2104 .............................................. Description of Process for Medicaid Plan Develop-

2105(a) .......................................... Consultation in Medicaid Plan Development ............... 313(b)(1)(A) ...................................... Extraneous; no budgetary impact. Requires states to establish and maintain at least 1 advisory committee. Specialized issues on which states consult with the advisory committee, and the geographic diversity of the advisory committee.

2105(b) .......................................... Advisory Committee ............................................ 313(b)(1)(A) ...................................... Extraneous; no budgetary impact. State plans must have an independent entity evaluate their Medicaid plan every three years.

2106 .............................................. Medicaid Task Force .......................................... 313(b)(1)(A) ...................................... Extraneous; no budgetary impact. State plans must have an independent entity evaluate their Medicaid plan every three years. The membership of the advisory group is specified.

2111(a) .......................................... Eligibility and Benefits ........................................... 313(b)(1)(A) ...................................... Extraneous; no budgetary impact. State plans must have an independent entity evaluate their Medicaid plan every three years. The membership of the advisory group is specified.
ExTRANEOUS; no budgetary impact. Plans are required to describe limitations on eligibility; eligibility standards; methods of establishing and continuing eligibility and enrollment; the eligibility standards that protect the income and resources of a married individual who is living in the community and whose spouse is residing in an institution in order to prevent the impoverishment of a community spouse.

Description of General Elements

Describe the amount, duration and scope of health care services and items covered including differences among population groups; delivery methods; under what circumstance fee-for-service benefits are furnished; cost-sharing if any; and utilization incentives.

Support for Certain Hospitals

ExTRANEOUS; no budgetary impact. Sets forth criteria for hospitals that are to be eligible for disproportionate share hospital (DSH) payments.

Immunizations for Children

ExTRANEOUS; no budgetary impact. Requires plans to provide medical assistance for immunizations for children eligible for medical assistance in accordance with a schedule for immunizations established by the Health Department of the State.

Family Planning Services

ExTRANEOUS; no budgetary impact. States shall provide preconception planning services and supplies as required by States.

Mental Health Services

ExTRANEOUS; no budgetary impact. A Medicaid plan shall not impose treatment limits or financial requirements on mental illness services which are not imposed on services for other illnesses or disabilities. The plan may require pre-admission screening, prior authorization of services, or other mechanisms limiting coverage of mental illness services to services that are reasonable and necessary.

Set-asides For Population Groups

ExTRANEOUS; no budgetary impact. State plans are required to provide 5% of amount spent in FY 1995 on low-income families, low-income elderly, and low-income disabled people. Excludes assistance provided to certain aliens. Includes DSIs.

Use of Residual Funds

ExTRANEOUS; no budgetary impact. Any funds not required to be expended under the set-asides may only be used for approved special projects or programs, such as medically-related services and administration.

Premiums and Cost-sharing

ExTRANEOUS; no budgetary impact. States may not impose cost-sharing on pregnant women and children under 100 percent of poverty for primary or preventive care under the Medicaid plan, unless the charge is nominal. States may impose cost-sharing to discourage the inappropriate use of emergency medical services. States may impose premiums and cost-sharing differentially.

Description of Process for Developing Capitation Payment Rates.

ExTRANEOUS; no budgetary impact. If a state plans to contract with a capitated health care organization, the plan must contain a description of the actuarial science that will be used to analyze health care expenditures and other data, the general qualifications required by the state, how data will be disseminated to contractors, and how enrollees will be identified. States must provide notice about capitalization rates until the information is designated as proprietary and seek public comment. This section also contains definitions.

Construction

ExTRANEOUS; no budgetary impact. Outlines state flexibility in benefits, provider payments, geographical coverage and selection of providers. States that do not have any specific responsibility to beneficiaries or providers for particular services or payments or for consistent benefits throughout a state. Provides flexibility for contracting with managed care providers or case management services.

Causes of Action

ExTRANEOUS; no budgetary impact. States that do not apply, beneficiaries, providers or health care plans that have a right to sue if a State fails to comply with this law with the provisions of the Medicaid plan. Provides that no person shall be excluded from participation in any program funded under this title on the ground of sex or religion. Outlines procedures when State is found to discriminate. States that anything in this title may be construed as affecting any actions brought under State law.

Treatment of Income and Resources

ExTRANEOUS; no budgetary impact. Spousal impoverishment. Includes definitions.

Treatment of Income and Resources Resources of States

ExTRANEOUS; no budgetary impact. Costs. This section outlines procedures for determining a state's allotment. It provides for allowing states to draw down future allotments or carry over 1996 funds. It sets out procedures for notifying state of their allotments and calls for a GAO review of the allotments. This section also contains definitions.

Payments to States

ExTRANEOUS; no budgetary impact. Sets forth payments to States for medical assistance, medically related services, and administrative expenses. Requires States to adopt and maintain fiscal controls, accounting procedures, and data processing safeguards which are consistent with generally accepted accounting principles.

Limitation on Payment for Abortions

ExTRANEOUS; no budgetary impact. No funds are to be made to a State for any amount expended to pay for any abortion or to assist in the purchase of whole or in part of health benefit coverage that includes abortion coverage or abortion. Does not apply in the case of rape or incest or if the woman's life is in danger.

Treatment of Assisted Suicide

ExTRANEOUS; no budgetary impact. No payments made to pay for or assist in the purchase of whole or in part of health benefit coverage which includes payment for any drug, biological product or service which was furnished for the purpose of causing, or assisting in causing, the death, suicide, euthanasia, or mercy killing of a person.

Unauthorized Use of Funds

ExTRANEOUS; no budgetary impact. No payments shall be used to purchase or improve land or construct or remodel buildings, to pay room and board except when provided as part of a temporary, respite care, to provide educational services without regard to income, or to provide vocational rehabilitation or other employment and training services available through other programs, to remodel buildings, to pay room and board except when provided as part of a temporary, respite care, to provide educational services without regard to income, or to provide vocational rehabilitation or other employment and training services available through other programs.

Grant Program for Community Health Centers and Rural Health Clinics.

ExTRANEOUS; no budgetary impact. The Secretary is to set aside 1% of the pool amount to be used for grants for primary and preventive health care services at rural health clinics and Federal qualified health centers.

Use of Audits to Achieve Fiscal Integrity

ExTRANEOUS; no budgetary impact. Requires annual audits of State expenditures. Requires States to adopt and maintain fiscal controls, accounting procedures, and data processing safeguards which are consistent with generally accepted accounting principles.

Fraud Prevention Program

ExTRANEOUS; no budgetary impact. States are required to have programs to detect and prevent fraud and abuse. Includes program requirements. Requires States to report information about providers excluded from program to the Secretary and State medical licensing boards.

Information Concerning Sanctions Taken by State Licensing Authorities Against Health Care Practitioners

ExTRANEOUS; no budgetary impact. States are required to have reporting systems about proceedings against providers.

Medicaid Fraud Control Units

ExTRANEOUS; no budgetary impact. States are required to have Medicaid fraud units. Organization of unit is specified. It is to provide for collection of overpayments.

Recoveries from Third Parties and Providers

ExTRANEOUS; no budgetary impact. Each State plan shall take reasonable steps to ascertain the legal liability of third parties to pay for care and services under the plan. Provides protections to beneficiaries. Provides penalties in the form of reductions of payments to a person who violates this section.

Required Laws Relating to Medical Child Support...

ExTRANEOUS; no budgetary impact. States are required to have laws that prohibit insurers from denying enrollment of a child under the health coverage of a parent on the ground that the child was born out-of-wedlock, is not claimed on the parent's income tax return, or does not reside with the parent or the insurer's service area. Requires States to report information about providers excluded from program to the Secretary and State medical licensing boards.

Estate Recoveries and Liens permitted

ExTRANEOUS; no budgetary impact. States may take appropriate action to recover from an individual or estate any amounts paid as medical assistance to or on behalf of the individual under the plan including through the imposition of liens against property or the estate. A state may not impose a lien on the principal residence of moderate value of the family farm owned by the individual as a condition of the spouse of that individual receiving long term care.
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**Extraneous:** no budgetary impact. May require a condition of eligibility that individuals assign to the State any rights to payment for medical care from any third party, cooperate in establishing liability if the person is a child born out of wedlock and in obtaining support for himself and such a child unless the individual is a pregnant woman or is found to have good cause for refusing.
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<td>Extraneous; no cost impact. Requires Secretary to rank States on the basis of out-of-wedlock rates relative to live births and changes in the out-of-wedlock ratio.</td>
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<td>7442</td>
<td>Sense of the Senate on Legislative Accountability for unfunded Mandates.</td>
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</tr>
<tr>
<td>7443</td>
<td>Sense of the Senate Regarding Enforcement of Statutory Rape Laws.</td>
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<td>7444</td>
<td>Sanctioning for Testing Positive for Controlled Substances.</td>
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MORNING BUSINESS

Mr. GRAMS. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for up to 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. THOMAS. Mr. President, I am honored to serve as a member of the Advisory Commission on Intergovernmental Relations [ACIR]. In this era of “new federalism,” the government must create a partnership with state and local governments that is based on balanced, decentralized decision making. These governments have been the laboratories for change for the last 20 years. A streamlined and more flexible intergovernmental system will offer significant opportunities for state and local governments to develop more innovative and cost effective methods of delivering programs and services. State and local governments are now ready to rise to the challenges of this new era in history—the Information Age—where experimentation and local control are needed.

For example, as this Congress moves to balance the budget and restore fiscal responsibility and accountability at the federal level, it cannot do so on the backs of state and local governments.

My involvement in drafting Public Law 104-4, the Unfunded Mandates Reform Law, was an effort to relieve this burden. As a former Wyandotte County legislator, I am well aware of the hardships the federal government places on states and localities.

I look forward to working with the other members of the ACIR in implementing the unfunded mandates reform law and sharing with my Senate colleagues the effects of federal policy making on state and local governments. Together, we can usher in a new era of government and restore federalism as the founding fathers intended over 200 years ago.