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Senate

The Senate met at 9 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Lord, the divine Potter of our lives, our days are in Your hands. Shape the clay as You have planned. May the day work out exactly as You have arranged it for Your glory and our growth. We say with the psalmist, "I delight to do Your will, O my God, and Your law is within my heart."—Psalm 40:8. We long to know what is best for our Nation. Now at the beginning of the day, we commit to You the challenges and decisions of this day. We desire to glorify You, so show us what You desire. With inspired intentionality, we put our relationship with You first and make our primary goal what is best for our Nation. In the name of the Way, the Truth, and the Life. Amen.

THE BALANCED BUDGET RECONCILIATION ACT OF 1995

The PRESIDENT pro tempore. The clerk will report the bill.

The assistant legislative clerk read as follows:

A bill (S. 1357) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996.

The Senate resumed consideration of the bill.

Pending:

Rockefeller motion to commit the bill to the Committee on Finance with instructions.

Brown modified amendment No. 2949 (to instructions of motion to commit), instructions that the committee should consider the findings of the trustees of the Federal Insurance Trust Fund.

Abraham amendment No. 2950, to establish beneficiary incentive programs to collect information on fraud and abuse against the Medicare Program and to collect information on program efficiency.

Harkin amendment No. 2957 (to amendment No. 2950), to strengthen efforts to combat Medicare waste, fraud, and abuse.

Bradley motion to commit the bill to the Committee on Finance with instructions.

Nickles/Brown amendment No. 2958 (to Bradley motion to commit the bill), to increase the earned income tax credit for families.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Minnesota.

MOTION TO COMMIT

Mr. WELLSTONE. Mr. President, I am proud to be an original cosponsor of the motion by Senator BRADLEY. Let me start out by saying, last night I think we had a good technical discussion and an important policy discussion. I must say, I think all of my colleagues are enormously impressed with Senator BRADLEY's mastery of the material.

Mr. President, what I would like to do today in the 5 minutes that I have, is to talk about this vote before us in a slightly different context. I say to my colleague from Wisconsin, my good friend, I have been thinking about the first class I will teach again at the college or university, community college, or University of Minnesota. In this class, which I hope to teach in 7 years from now, the first lecture is going to be about this week. It is going to start out with a definition of politics, and I am going to say politics is, in part, about values and what we all care about, and we can have honest disagreements.

The second part of the lecture I am going to give when I go back to teaching is going to be titled: Who decides? Who is asked to sacrifice? And how do these decisions take place? That really summarizes this motion that the Senator from New Jersey has offered, which I am so proud to be a cosponsor of.

A question: Who decides that we are going to have \$245 billion of tax giveaways to people already high-income and wealthy, least in need of those breaks? And whose parents, or whose children, go without adequate health care? It is that simple. Or, Mr. President—and this refers to some amendments that I will later on make sure that colleagues vote on—who decides that we are going to, essentially, leave untouched this area of corporate welfare, that if you have a \$5 million estate, you are going to get a tax cut, as my colleague from New Jersey pointed out last night, to the tune of \$1.7 million?

But at the same time that you have that kind of tax giveaway, at the same time you have special tax loopholes and breaks for oil companies, or insurance companies, or you have citizens who work abroad in other countries that do not have to pay any taxes on the first \$70,000 they make, or special breaks for pharmaceutical companies and, at the same time, Mr. President—and there is no better example—a \$5 million estate. How many people ever have that, and you get a \$1.7 million tax break.

Who decides that we are going to have that kind of tax giveaway to the wealthiest of the wealthiest citizens in this country, and not those whose children go hungry and whose children are not able to afford a higher education?

In the lecture that I give, when I teach again, I am going to continue to raise these questions. I will ask the question: Who decides that we are going to raise taxes for more than 200,000 people in Minnesota, families in Minnesota, with incomes under \$30,000 a year, hard-pressed people and, at the same time, we are going to let the one person in my State—or maybe two—with a \$5 million estate get \$1.7 million in a tax giveaway?

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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We make choices here, and these are the questions: Who decides? Who benefits? Who is asked to sacrifice?

In my State of Minnesota, I say to my colleague from New Jersey, we have an interesting situation where back in 1991 we decided that we would have a 15-percent EITC at the State level, tied to the Federal EITC. So working families in Minnesota get an added benefit.

The final point in my lecture: How did this decision get made? I would tell you that what we have going on here in the U.S. Senate is deficit reduction based on the path of least political resistance, deficit reduction in inverse relationship to economic justice. If you have the big bucks, if you have a \$5 million estate, you get the tax breaks. If you are low or moderate income, your taxes are raised, or you cannot afford health care, or you cannot afford to send your kid to college.

Mr. President, it is clear that the big givers are getting their way. The heavy hitters are getting their way. All these large financial institutions and corporations are not asked to tighten their belts at all. Mr. President, what we have here is decisionmaking, democracy for the few, not democracy for the many.

This motion brings back some fairness and justice to this process.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I yield 5 minutes to the senior Senator from Wisconsin.

Mr. KOHL. I thank the Senator. Mr. President, I rise today as a strong supporter and original cosponsor of Senator BRADLEY's motion. It presents a straightforward tradeoff to the Senate. It says restore the tax credit for lower income working families in exchange for cutting some of the tax breaks available to healthy corporations.

Before I get into the arguments for this motion, I want to say a brief word on this budget, in general.

Mr. President, like many of my colleagues, I cannot agree with the priorities established in the budget bill before us today. But what I find more disturbing than the bill itself is the partisan and destructive direction the debate over this budget has taken.

We have polarized in extreme political positions firing slogans and half-truths at each other. The two parties agree on many basic principles that could underpin a balanced budget plan. There are billions of dollars and miles of middle ground between the Democratic and Republican budget battle stations. Yet we have chosen to stay locked in our traditional partisan positions.

I want to use the few minutes I have today to talk about the ample room for compromise in the current budget debate. I want to remind my colleagues about the principles that bring us together as public servants—rather than those that drive us apart into our partisan political camps.

First, we believe in balancing the budget. This is a year in which a majority of the Senators voted for a balanced budget amendment to the Constitution and a vast majority voted for a 7-year balanced budget plan. Whether we talk about 7 or 10 years, most of us agree it is time to stop adding to our national debt. Whether we cut defense or domestic programs, most of us agree that Government should spend less.

Second, we believe that the growth of spending on Medicare and Medicaid must be restrained and doing so will involve difficult cuts. I have heard no one deny that the aging of our population and out-of-control health care costs have put into jeopardy these two basic health care programs. I do not think anyone is seriously suggesting that we can continue to let them grow at their current rates.

How much we cut this year, how much we put back into Medicare and Medicaid, how we make those cuts are all legitimate items for debate. Whether cuts need to occur at all is not debatable.

Third, we believe that our economy needs to grow and grow in a manner that rewards families who choose work over welfare. A huge majority of this Senate just voted for a welfare bill—a bill included in the budget before us—that radically changes welfare into a flexible program that moves people into jobs. A majority of those who have served in this and past Congresses have support the earned income tax credit, a tax incentive for families that work. Encouraging work—rewarding work—supporting working families. These ideas are not Democratic or Republican. They are American.

On these three points of agreement alone, we could build a credible balanced budget plan. And if we did that, this Congress would be praised for its responsibility, its leadership, and its service.

Furthermore, producing a bipartisan budget plan—without partisan bickering, without vetoes, without shutting the government, without press conference—would respond to what people outside the beltway are demanding. I strongly believe that Americans want to see us debate the budget, not use it to divide our country.

Americans are sickened by the hostile rhetoric, the blind partisanship, the misleading use of figures and facts. They are demanding some honesty, some comity, and some real attempts to craft a balanced budget that a huge majority of them and us can support.

That said, Mr. President, the budget before us is not the place to start a fruitful debate on balancing the budget. It has been written without the input of our party, the President, or any outside witnesses brought in for public hearings. It contains too many tradeoffs that I believe are unfair and unbalanced—and that I believe most Americans would believe are unfair and unbalanced.

Mr. President a report recently released by the Census Bureau showed

the gap between our wealthiest families and low-income families growing to the widest point recorded since the Bureau began taking such measurements in 1967. That income disparity is a cancer that is eating away at economic productivity and the standard of living in this country. Any responsible balanced budget plan would take it into account and would certainly not make it worse.

The budget before us makes it worse. The bottom 51 percent of tax filers—those with incomes of less than \$30,000—would be worse off under the Senate package than under current law, according to Joint Tax Committee data. Further, wealthy taxpayers—those with incomes above \$200,000—would gain an average of \$5,088 per taxpayer in the year 2000. How can I justify asking a sacrifice from so many while I myself would get a big tax break under this bill?

Mr. President, this basic unfairness—this basic unbalance—is the primary reason I will vote against this budget, and why I do not believe it can form the basis for the compromise we so sorely need. I can and will ask and stand for sacrifices for the common good as long as they are shared sacrifices. But I will not support a bill that imposes real pain on many to provide gain for a few.

Mr. President, I am afraid that we are missing an historic opportunity because of our focus on short-term political benefit. If we gave up our infatuation with sound bites and brinkmanship, we have the chance to pass a balanced budget, to undo the economic damage of the last decade. As this debate proceeds, I urge my colleagues on both sides to move toward the position most Americans have already taken: Stop tearing each other down and start building a future for this country with a bipartisan and fair balanced budget.

Mr. President, like many of my colleagues, I cannot agree with the priorities established in the budget bill before us today. But what I find more disturbing than the bill itself is the partisan and destructive direction the debate over this budget has taken. We have polarized in extreme political positions, firing slogans, and half-truths at each other. Americans are sick of the blind partisanship and misleading use of figures and facts. They are demanding some honesty, some cooperation, and some real attempts to craft a balanced budget that a huge majority of them and us can support.

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Our time is limited, so let me offer three brief arguments for the amendment on the earned income credit before us.

First, the amendment would make the balanced budget plan more fair. According to Joint Tax Committee data, the budget before us makes most taxpayers with incomes of \$30,000 or less worse off than they are under current law. Compare that with the top 1 percent of taxpayers—those with incomes above \$200,000—who would receive a tax break of an average of \$5,088 under this budget plan.

The primary reason for this imbalance is the cut in the earned income tax credit [EIC]—the only tax break targeted to low-income working families.

No one here would claim that balancing the budget is easy or can be done without sacrifices by many people. However, how can we ask a majority of the taxpayers to accept a balanced budget plan in which they lose and a small, wealthy minority wins? That is not balanced, and, once it is fully understood, I do not believe it will be supported by most Americans.

Second, the amendment before us keeps a bipartisan promise we made to working families. The EIC was enacted during the Ford administration and supported by every President since then. The EIC represents a bipartisan commitment to keeping low-income working families with children above the poverty line. In short, the EIC makes work pays better than welfare.

I have heard almost every Member of this body talk about the importance of moving people from welfare to work. And we need to do that in a manner that is not bureaucratic and not burdensome to business. The EIC does this. If we cannot agree in this body to keep our promise to working families by preserving the EIC, I am afraid there is going to be very little we can agree on.

Finally, the amendment before us cuts fat without cutting muscle. Some have characterized the EIC as a program plagued by uncontrolled growth and fraud. If that were the case, we should certainly cut it back dramatically. But that is not the case.

Only 5 percent of the cuts in the EIC proposed by the budget are related to fraud—and our amendment keeps those cuts intact. The rest of the cuts reductions in taxes that go directly to working families.

The average annual Federal tax hike proposed in this budget for the 262,000 Wisconsin families who get the EIC

would be \$457. No one, I hope, is claiming those families—many of whom make around \$12,000 a year—are defrauding the Government. No one, I hope, is suggesting that their one tax credit ought to be first on the budget chopping block.

Mr. President, we are all agreed that we have to balance the budget, and to do that, we have to reduce entitlement spending. But we have to do so in a way that makes sense and is fair. Cutting an established bipartisan tax credit that encourages work over welfare does not make sense. Cutting it while increasing tax breaks for corporations and the wealthy is not fair. I urge my colleagues to support the Bradley motion.

Ms. MIKULSKI. Mr. President, I rise today to speak out against the Republican proposal to raise taxes on working families and in support of the Democratic amendment. The Republican tax plan raises taxes on families making \$30,000 while give a big fat tax cut to people with \$5 million estates.

We talk a lot about getting people off welfare. But I believe if we are serious about moving people from welfare to work, then work must pay them enough to pay the bills. When mom or dad works 40 hours a week they should be able to pay the bills. They should be rewarded for working hard. The earned income tax credit does that, it rewards hard work by families. It allows these struggling families to have hope for a better future.

Yes, we talk a lot about welfare reform. We talk a lot about family values. But look what we do. I believe what we explicitly state as our values we should implicitly reflect in our public policy. What is our public policy? This Senate is already on record against even debating an increase in the minimum wage. And now this Senate is about to approve cutting a tax credit that helps these very same working men and women who depend on the minimum wage.

What are we saying to these families? We are saying even as you struggle and work hard, we are going to raise your taxes. And why? Is it because we want to balance the budget? That is what the Republicans say, but that is not the truth. The only reason we are raising taxes on working families and slashing Medicare is so that the Republicans can pass a big tax cut for people making \$100,000 or \$200,000 a year.

Mr. President. In order to fund a capital gains tax cut for the wealthy, the plan before us would cut the earned income tax credit by \$42 billion and call it reform. It would increase the tax deductions for capital gains by \$33 billion and call it fair.

The earned income tax credit is designed to reward work. For every dollar a low income worker earns at a job, he or she receives a tax credit. The size of the credit ranges from 7 cents to 36 cents per dollar, based on your family size. This credit is gradually phased-out as income rises so that there is al-

ways an incentive to earn more and work more. In short, the EITC helps to offset the heavy burden that taxes can place on a family that counts every single penny. It is tied only to income that is earned on a job. It provides a tax break to those who need it most, low-wage earners.

But all of this is being changed by this reconciliation bill. Single workers will be cut off. Families with one or two kids will have their credit reduced and their taxes increased.

And what does this mean? To the people of my State of Maryland it means tougher times. These cuts in the EITC mean that over 270,000 Maryland taxpayers will pay more while those at the top pay less. These cuts in the EITC mean that by 2002, people of my State will pay an average of \$345 more in taxes. It means that 120,000 Maryland families with two kids will have their tax bill go up by \$474 a year.

Lets talk about what this tax increase means to real people. For Rhonda Clark, a 26-year-old mother from Baltimore, it means that even though she has worked hard to get off welfare and to raise her two young kids, even though she has played by the rules, life is about to get harder. For Rhonda, this tax increase means she will have less money to pay for child care for her two young kids. Inflation will go up, but Rhonda's tax credit will be reduced in 1996 by \$367.

The EITC has a long history of bipartisan support. But that is about to change too. This tax credit has been endorsed and expanded by Presidents and Congresses of both parties. President Ronald Reagan called it, "The best antipoverty, the best profamily, the best job creation measure to come out of Congress." This credit rewards work. It is a bonus for the good guys because it is based on hard work. We should be praising it today. Not attacking it. Not cutting off workers, cutting off families, and cutting off hope.

Let us reflect in our public policy what we have stated as our values. Let us keep faith with working families by supporting the earned income tax credit.

Mr. KENNEDY. Mr. President, the earned income tax credit is a valuable tax credit for our working families. As enacted by the Congress in 1993, the EITC would provide a tax credit for over 21 million workers and their families this coming year. Working families with earnings of up to \$28,500 per year would be eligible. These are families who play by the rules and work hard each day to get by. These are the same families who are disproportionately affected by the Republican cuts in domestic spending.

The earned income tax credit is the result of a bipartisan effort to create a disincentive to people from remaining on public assistance rather than working at lower wage jobs, and was hopefully a major aspect of welfare reform. President Reagan called it the "best

antipoverty, the best pro-family, the best job creation measure to come out of Congress." Reagan proposed a significant expansion of the credit in the 1986 tax reform bill.

The House of Representatives has proposed a \$23 billion tax increase on these same families by repealing the 1993 earned income tax credit expansion for families with two or more children, and by denying the EITC to families without children. Fourteen million EITC recipients—nearly half of the EITC recipients with children—would be adversely affected. Families with two or more children would be hardest hit.

The proposal before the Senate makes even more severe cuts. The proposal would increase taxes on 17 million households to raise \$42 billion. A report by the Treasury Department shows that under the Senate proposal, 21 percent of families currently eligible for the EITC would lose their eligibility by the year 2005.

On a national level, the proposal will mean an immediate \$300 average tax increase. For the 7.4 million families with two or more children, a \$410 tax increase will occur. And the average tax increase will continue to go up over time, reaching \$644 by the year 2005. These families include 18.5 million children.

In Massachusetts, 194,000 working families would face an average tax increase of \$321 in the year 2002. For families with two or more children, the increase would reach \$440.

Two-thirds of the proposed tax increase in the EITC would be achieved by repealing the final phase of the 1993 expansion for families with two or more children—an expansion promoted by President Reagan in 1986 and President Bush in 1990.

Also included in the Republican bill is a proposal to tax social security payments received by approximately one million widowed, retired, and disabled taxpayers who care for about 2 million of their own children, grandchildren, or other children. These social security recipients would face an average increase of \$850.

The 1993 expansion was designed to keep a family of four with a parent working at the minimum wage above the poverty level, assuming the family also received food stamps. And we still haven't been able to achieve that.

The standard of living of working families has continued to deteriorate since 1979. In 1996, the real value of the minimum wage will decline to its lowest level in 40 years. Without an increase in the minimum wage, the EITC must do the job of raising the after tax incomes of working families.

We have heard too much rhetoric about the level of fraud and abuse. The facts do not bear out these accusations. Any fraud and abuse that had taken place has been largely eliminated through steps taken by the IRS to reduce erroneous claims. There is no more fraud and abuse with this credit

than there is in capital gains claims of the rich.

Other improvements to the credit have been made consistently over the past several years. Most recently, it was altered to deny eligibility to those with \$2,500 or more of taxable interest and dividends.

There has also been too much rhetoric about the fact that the rate of growth of the EITC is out of control. That is not the case. With the 1996 expansion, the CBO projects that the EITC will grow at less than 4.5 percent per year. This growth is due largely to inflation. As a percentage of gross domestic product, the cost of the EITC will decline after 1997.

Mr. LEAHY. Mr. President, I rise in strong support for the amendment offered by the distinguished Senator from New Jersey.

It restores \$43 billion in cuts over the next 7 years in the earned income tax credit in the Senate Republican reconciliation bill.

At a time when many working Americans are struggling to make ends meet, the Senate Republican budget would hike Federal taxes on low- and moderate-income working families. It would also raise some State taxes on these same working families.

This is a double whammy on working families.

This Federal tax increase will also raise taxes in seven States that have a State earned income tax credit tied to the Federal credit, including my home State of Vermont.

This bill will raise both State and Federal taxes on 27,000 Vermont working families earning less than \$28,500 a year.

As a result of this double tax jeopardy, working Vermonters will lose \$64 million in Federal earned income tax credit benefits and an additional \$16 million in State earned income tax credit benefits over the next 7 years.

On average, about 63 percent of Vermont taxpayers would see their taxes rise under this bill because of these earned income tax credit cuts.

Under the Senate bill, a Vermont family of four earning \$15,610 a year, the 1995 poverty line, would lose \$4,500 of earned income tax credit benefits over the next 7 years—\$3,600 cut in the Federal earned income tax credit and \$900 cut in the State earned income tax credit.

A Vermont family of four making \$22,000 a year would fare even worse—suffering a loss of \$1,208 in State earned income tax credit and a loss of \$4,831 in Federal earned income tax credit over the next 7 years.

It is very doubtful that the Vermont General Assembly can afford to increase the State earned income tax credit to make up this loss, with even more Federal cuts on the way.

Workers are treading water or worse against the rising tide of inflation and low wages. Now is not the time to cut a tax credit that will raise Federal and State taxes on low- and moderate-income families.

Instead, I urge my colleagues to support this amendment to restore the earned income tax credit.

Mr. AKAKA. Mr. President, as the Senate debates S. 1357, the fiscal year 1996 budget reconciliation bill, I am concerned that the tax changes and spending priorities put forward seek to balance the budget on the backs of senior citizens, working families, the working poor, and our Nation's children. The Republican proposal for a \$270 billion cut in Medicare, a \$182 billion reduction in Medicaid, and a \$43 million tax hike for families earning under \$30,000 a year to finance \$245 billion in tax giveaways—over half to individuals earning over \$100,000 annually—clearly outlines the number one priority of the Republican plan: tax relief for a privileged few.

The details of the legislation stand in stark contrast to the intended goal of reducing the Federal budget deficit. The fears I expressed during debate on the budget resolution have been confirmed; the brunt of deficit reduction in this bill comes at the expense of our responsibility to make work pay, the education and well-being of our youth, the retirement security of our parents, and our commitment to long-term investments in productivity, education, and job training. This approach is shortsighted and threatens to reverse progress made in genuine deficit reduction and tax fairness over the past years.

The tax increases contained in the reconciliation bill hit hardest on working American families. In particular, the \$43 billion reduction in the earned income tax credit [EITC] will raise taxes for 17 million working Americans and their families. The most effective way to improve the economic well-being of the middle class and working poor is to promote policies that reward work and lessen dependency. Resources should be focused on economic policies and public investments that enhance productivity, create well-paying, skilled private sector jobs, and restore economic mobility and prosperity to working Americans.

Yet the Republican plan cuts the earned income tax credit by \$43 billion over 7 years; reversing longstanding bipartisan support for policies that make work pay. The earned income tax credit helps low-and-middle-income working families who have seen their wages decline since the 1980s and serves as a safety net for middle-class families confronted with a sudden loss of income. The EITC helps these families through economic difficulties and encourages policies that make work pay.

Mr. President, despite the tremendous number of new jobs created last year and the 2-year decline in the national unemployment rate, the earnings of many Americans have remained stagnant. In fact, over the last decade most working families have seen their standard of living erode. People are working harder and longer to make ends meet. The number of working

poor families and individuals living at or below the poverty line continues to grow.

The 1993 expansion of the EITC was designed to lift a family of four, in which a parent works full-time, year-round at the minimum wage, to the poverty line. This \$43 billion tax increase on millions of working families—many just above the poverty line who are struggling to work, raise their families, and avoid welfare, will destroy an important incentive that encourages work and self-sufficiency. The proposed cut in the EITC would increase Federal income taxes on millions of low-income working families with children. The Treasury Department estimates that 17 million low-income American taxpayers will see an immediate tax increase averaging \$281 per year under the Republican proposal. When fully implemented, the Republican proposal would boost the average tax bill for working taxpayers by \$457 per year.

In 1996, working families with more than one child will see their EITC reduced by \$270. A working family with two children earning \$20,000 or less would see a \$372 tax hike. Working poor families with one child and taxpayers without children also will see a tax increase under the GOP plan. The elderly, disabled, and retired who receive Social Security and have an average income under \$10,000 will see their taxes climb by an average of \$859 under the Republican plan. Over 1 million low-income working families—and over 2 million children—would suffer as a direct result of this proposal.

Working families with children that have low and moderate incomes face three strikes under this bill. The reduction in the earned income tax credit, cuts in Medicaid, and ineligibility for the \$500 per child tax credit will hit millions of working families and millions of children hard. Over 30 million children, 44 percent of our Nation's young people, would receive no benefit or only partial credit and not the full \$500 provided.

Mr. President, what message are we sending to working men and women? By raising income taxes on millions of Americans struggling to make ends meet and committed to work over welfare and making tax breaks paramount, the Republican reconciliation plan establishes disincentives to hard work and threatens the economic security of millions of American families.

I urge the defeat of S. 1357.

Mr. BRADLEY. Mr. President, I yield 4 minutes to the distinguished Senator from Washington State.

Mrs. MURRAY. Thank you, Mr. President. It is always a pleasure to be working with my colleague from New Jersey, Senator BRADLEY. It is unfortunate, though, today, that what we are trying to do is to fix the Republican budget and attempt to restore the earned income tax credit.

Mr. President, this Republican budget will cut \$43 billion from the earned

income tax credit, and in so doing, this budget will be raising taxes on those earning less than \$30,000 a year.

I have to tell you, this is totally incomprehensible to me that while the Republicans are touting this budget and all the glory of its tax cuts, they are raising taxes on hard-working American families.

Where is the logic in this? As one of my colleagues recently stated, this is nothing more than reverse Robin Hood—taking from the poor in order to pay for tax breaks for the most wealthy in America.

The impact of this proposal is astounding. The numbers are staggering. This budget will raise taxes on 17 million families across America. In my home State, low-income working families with two children will see a \$452 tax increase in 2002 and a \$522 tax increase in 2005.

What kind of message does this proposal send to our hard-working families? Does it provide security and hope? Or does it tell them they are on their own? Does it tell these families that are working to stay above the poverty line that we no longer reward hard work and support their efforts?

Mr. President, the EITC has always received bipartisan support because it is a commonsense tax credit. It rewards work. It provides a real incentive. It gives people the means to move from the welfare rolls to the work force.

As we all know, in 1986, Ronald Reagan praised the EITC. I remember him saying, "It is the best antipoverty, best profamily, best job creation measure to come out of Congress."

As in President Reagan's day, many of today's hard-working American families are trying to make ends meet, send their kids to school and provide some hope for the future. Average Americans are worried today about their jobs. They are anxious about their cost of education. And there is genuine concern out there about the costs of health care. It is astounding that the other side has chosen this time to reduce the EITC.

Mr. President, this tax increase is not a big deal to some of our colleagues here in the Senate, but, believe me, these are real increases to average Americans.

As I have said many times throughout this budget process—I will say it again now—this budget has no conscience nor provides any hope. It hurts the little guy, those who need help, those who are struggling to make a living and provide for their children, and it rewards the rich.

Taking away this tax credit adds insult to injury. The EITC keeps people off welfare. It offsets other forms of formal assistance. It gives American parents the security they need to enter the work force.

We cannot balance the budget on our working poor, our elderly and our children, and we cannot justify cutting taxes for the wealthy while increasing

taxes on the poor. We should put things back in perspective and help those who really need our help.

Mr. President, I urge my colleagues to support this amendment. It tells working families we are in their corner. It says we are against increasing their taxes and we are for insuring their financial security.

I commend my colleague from New Jersey and urge all of our colleagues to support this sound, commonsense amendment.

Mr. BRADLEY. Mr. President, in 1993, Congress decided to give a 3-year tax cut to families earning under \$30,000 a year. That is the earned income tax credit.

What the other side attempted to do is to say, "Do not give these working families earning under \$30,000 a year the third year of their tax cut." That is essentially what this debate is about.

As I said last night, I would oppose their effort to raise taxes on families earning under \$30,000 a year if it was a free-standing amendment; but in the context of this debate it is virtually unconscionable because of the estate tax provision in this bill. I have not heard anyone on the other side defend this provision. If you have a \$5 million estate you pay \$1.7 million less in estate tax because of the changes in this bill. I have not heard one person on the other side of the aisle stand up and credibly defend why we should give less than one-tenth of 1 percent of the estates in this country a \$1.7 million tax cut while we are raising taxes on families earning under \$30,000 a year. I have not heard that defense. Maybe it exists. I have not heard it.

The distinguished Senator from New Mexico read a letter from the Joint Tax Committee, as if the letter clinched the case. And the letter of course says that 72 percent of the tax benefits in this bill go to families earning under \$75,000 a year. That is true. One does not dispute that. But that is not a refutation of the fact that taxes are increased on families earning under \$30,000 a year. It means that the tax cut for those with incomes between \$30,000 and \$75,000 is large enough to offset the tax increase for those earning under \$30,000.

Then, finally, there was this nice phrase here in the letter from the Joint Tax Committee, "Only 1.5 percent of all households will have an income tax increase;" an income tax increase.

Mr. President, people who earned under \$30,000 a year last year paid \$114 billion in Federal taxes. Guess how much of the \$114 billion was income tax? It was \$12 billion. Mr. President \$12 billion out of the \$114 billion was income tax.

What other taxes do they pay? They are working people. They pay Social Security taxes. For years we heard from the other side that the cruelest tax of all is the tax on working Americans, the Social Security tax. What they are doing is essentially raising the effect of the Social Security tax on

those working people, because the earned income tax credit offsets Social Security taxes and income taxes and excise taxes paid by families earning under \$30,000 a year. And the Joint Tax Committee did not refute that. The letter refers only to income taxes, not Social Security taxes.

So let us be clear here. Let us be clear. There has not been one refutation of the fact that the earned income tax credit offsets Social Security taxes. And when you repeal it, you are essentially raising Social Security taxes on families earning under \$30,000 a year. Why do this in the context of a bill where estates of \$5 million get a \$1.7 million tax cut? Tell me how is that good policy.

Then, of course, we are going to see a chart later, the famous growth chart, that will show that the earned income tax credit has increased dramatically in the last 3 years, how it is exploding since 1986. Every time, Mr. President, every time we hear that argument about the earned income tax credit exploding, remember, Mr. and Mrs. America, what they are saying is that working families are getting a bigger and bigger tax cut and they do not like it. Republicans want to reduce their tax cut. They want to raise taxes on working families.

So when you see that chart going up, that is not a chart of the growth of the earned income tax credit. That is a chart of taxes going down for working families in this country.

So when the distinguished Senator from Oklahoma puts that chart up—and I hope he puts that chart up at some point today—remember those bars that go higher and higher: Lower taxes on working families in America.

Mr. President, this is one of those moments that is so clearly defining that it really is even reachable by my own rhetorical skills. You do not have to be a great speaker when you have all the facts on your side, when you have no refutation on the other side, and when the choice is so clear—a \$1.7 million tax cut for estates of \$5 million? That is less than one-tenth of 1 percent of the estates in this country in any given year. So the contrast is clear: a tax cut of \$1.7 million for estates versus a tax increase on working families.

The other side says, "We did not increase it on families. We only increased it on single people earning under \$30,000." Well it is true that single people are clearly getting a tax increase. That is true. But I can also give you plenty of examples of where you increased taxes on working families. Anybody who is single under 30, yes, you get a big tax increase—a big tax increase. Not a small one, a big one. And for many families, it is also true.

Mr. President, this is an issue that I think bears a very strong vote in support of our effort to protect this tax cut for working families. Mr. President, I am prepared to yield 3 minutes to the distinguished Senator from West

Virginia, who is on the floor now in support of this amendment.

Mr. ROCKEFELLER. The distinguished Senator from New Jersey is kind as always.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I am going to be on the floor again today because the Republican rhetoric is not matching the reality and the Republican rhetoric is that the children's tax credit will help families.

In reality, too many families will be excluded from this credit because it is not refundable.

In fact, over 20 million children will not receive the full benefit. And these children are in families earning less than \$30,000, families that need tax relief the most to make ends meet on a tight family budget.

To add insult to injury, not only do Republicans deny the credit to such hard working, low-wage families, Republicans are paying for it by imposing a tax increase on them with a \$43 billion cut from the earned income tax credit [EITC].

The Republican leadership continues to claim that their tax package helps middle-class American families. And this sounds good, but I want to know how they define the middle class?

In my State of West Virginia, we believe that parents who go to work every day, and struggle to raise their children are middle class, admirable, and deserving of support and encouragement. Over 65 percent of our taxpayers are working hard but earn less than \$30,000. For such families they will lose, not gain under this bill.

West Virginians have a basic sense of fairness and common sense. They will know that this package and its claim of middle class tax relief are false when they fill out their tax forms in April 1997.

Just 2 years ago, these working families were promised tax relief. Now Republicans are reneging on that deal and raising taxes on families earning less than \$30,000. For families with two or more children, their taxes will go up an average \$483. For families with one child, taxes will go up an average of \$410. This will hit over 77,000 families with children in my State of West Virginia alone.

But such numbers can be numbing. Let us get beyond the rhetoric, and look at real families.

A real family, like the Helmick family of New Milton, West Virginia, will be worse off, not better. The Helmick family has 6 children, ranging in age from 15 to 4. Mr. Helmick works full-time as a truck driver for a local construction company, and Mrs. Helmick is a full-time homemaker. In the past, they have used their EITC to buy baby furniture and to buy a used truck so Mr. Helmick has reliable transportation to get to work. Mr. Helmick will not get to claim the full tax credit for his children, and he will lose EITC benefits under the Republican plan.

This is a real working family that will be hurt, not helped.

And families like the Helmicks who can not claim the child credit and are hurt by the cuts in EITC, probably will not be claiming capital gains tax breaks either. For them, this package does little more than renew their cynicism since it reneges on promises made just 2 years ago when we told families to play by rules, go to work instead of welfare and we will offset your payroll taxes so that you do not have to raise your children in poverty.

I feel badly for 65 percent of families in West Virginia who will be hurt rather than helped by the Republican tax proposal.

I thank the distinguished Senator from New Jersey.

Mr. BRADLEY. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from New Jersey has 3 minutes and 18 seconds remaining.

Mr. BRADLEY. Mr. President, I have one final point.

The purpose of the earned income credit was to offset income taxes that working families pay—working people—and Social Security taxes that working families pay, and excise taxes that working families pay. That is the purpose of it.

The other side has said this proposal that they have offered does not increase income taxes on 98 percent of the people.

What about Social Security taxes? What about excise taxes? Are they saying those are not taxes? Are they not saying that a working family at the end of the month has less money in their pockets because they paid those taxes? A working family has less in their pockets after this proposal passes because of the Social Security taxes that they do not have offset, and the excise taxes that they do not have offset. And if you are a working single person, forget it. You are going to have a serious increase in taxes. Those are the facts. Those are the facts.

One repeat of a statistic: Of the \$114 billion in Federal taxes paid by families and individuals earning under \$30,000 a year, only \$12 billion of the \$114 billion are income taxes. We offset all the others. They offset only the \$12 billion.

In the context of a tax bill, where an estate of \$5 million gets a tax cut of \$1.7 million, I really want to hear the other side defend that estate tax provision.

I want to hear them make the argument about the family farm because I will have an amendment later that will protect the family farm, and it will cost \$700 million as opposed to \$3 billion over 5 years. Then we will be able to see the difference between the two parties. Even on that issue, one wants to protect the family farm, and the other, of course, wants to give a little bit more benefit to business corporations, and not only the family farm. I can understand why that is good politics for some. It certainly is not good

politics. And it is certainly not good policy in the context of a bill that raises taxes on working families that deserve a tax cut, not a tax increase.

Mr. WELLSTONE. Mr. President, is there any time left?

The PRESIDING OFFICER. There are 27 seconds remaining.

Mr. WELLSTONE. If I could amplify a point made by the Senator from New Jersey, it is not good politics either because people in the country—in case anybody has not noticed—yearn for a political process that they can believe in, a political process where they think they are represented. This does not look like such a process. This looks like something good for big players, heavy hitters, those who have all of the influence, with the vast majority of the people shut out. This is not a regular person's standard with this kind of break.

Mr. EXON. Mr. President, for the record, I would like to have the Chair advise the Senate of the time remaining on both sides overall.

The PRESIDING OFFICER. There are 3 hours left for the Senator from New Mexico, and there are 4 hours and 45 minutes remaining for the Senator from Nebraska.

Mr. EXON. I thank the Chair. As I understand it, we have now used up all time and completed debate on the amendment offered by the Senator from New Jersey. As I understand it, we are about then, per the previous agreement, ready to take up an amendment that I understand is to be offered by the Senator from Florida who I believe is in or near the Chamber with regard to Medicaid funding.

Is that the understanding that has been tentatively agreed to as far as the other side is concerned?

Mr. ABRAHAM. It is my understanding that Senator NICKLES reserved 10 minutes of time to speak on this topic. I am trying to ascertain whether he intends to use it.

Mr. EXON. On the EITC issue.

Mr. ABRAHAM. That is correct.

Mr. EXON. Then we would go to the Medicaid amendment.

Mr. ABRAHAM. That is my understanding.

Mr. EXON. I thank my colleague.

Mr. ABRAHAM. We are trying to determine if that reserved 10 minutes will be used or not.

Mr. EXON. Since Senator NICKLES is not here, in order to conserve time, could we temporarily set that aside and allow the Senator from Florida to proceed with his presentation?

Mr. ABRAHAM. We would be happy to enter into a unanimous-consent agreement, and we wish to reserve the 10 minutes of time for Senator NICKLES for whatever time later that he might be available.

I move that we temporarily lay aside the EITC motion so that we might proceed to the next motion, I believe it is, while reserving 10 minutes of debate on our side for the EITC.

The PRESIDING OFFICER. Is there objection?

Mr. BRADLEY. Mr. President, reserving the right to object, what was the request on the EITC?

Mr. ABRAHAM. I do not think it is a request, simply a confirmation of an agreement reached last night for 10 minutes reserved for Senator NICKLES to comment further on the motion that the Senator from New Jersey has offered.

Mr. BRADLEY. There was a motion made last night? I do not think there was a motion last night relating to any time allotted to the other side.

Mr. ABRAHAM. The motion I believe is the motion of the Senator from New Jersey. I believe the agreement with regard to time on that motion is 10 minutes had been reserved.

Mr. BRADLEY. Reserving my right to object, my understanding is Senator NICKLES' amendment was on a second-degree amendment, and Senator NICKLES chose to withdraw his second-degree amendment. I do not think there was ever an agreement on time.

Mr. ABRAHAM. Mr. President, I propose to have Senator GRAHAM proceed. If he chooses to take time off the bill, we will for Senator NICKLES.

Mr. BRADLEY. Mr. President, I have no objection to time off the bill.

Mr. EXON. Mr. President, we can then proceed at this time in the usual fashion. I am pleased to yield 1 hour off the bill of time to be controlled by the Senator from Florida who wishes to address the matter, and I hope the Chair will recognize the Senator from Florida at this time.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, could I ask the ranking member a question? Is the 1 hour under the control of the Senator from Florida, or is it 1 hour equally divided?

Mr. EXON. Under the usual procedures, there is 1 hour under the control of the minority. I have just yielded that 1 hour to the Senator from Florida, and, of course, there is also 1 hour for the Senator from Georgia.

The PRESIDING OFFICER. The Chair would inform the Members of the Senate that, since this is a motion, it is 1 hour equally divided between the sides. That would be 1 hour equally divided between the proponents of the motion, Senator GRAHAM, and 1 hour for the opponents under the control of the Senator from Michigan.

Mr. GRAHAM. Thank you, Mr. President.

Mr. President, in light of the limitations under which we will debate this matter, I will make a few opening comments, and then yield 5 minutes to my colleague from Minnesota.

Mr. President, one of the most significant but not adequately focused upon aspects of this debate is the impact which this reconciliation will have on the most important Federal-State partnership in existence, which is the Medicaid program. This program represents for most States—

The PRESIDING OFFICER. The Chair would inquire: Has the Senator sent the motion to the desk?

Mr. GRAHAM. I have not but I shall in a moment.

This represents for most States 40 percent, or more, of all of their Federal grant in aid programs for highways, education, and law enforcement. Forty percent of all of the funds which come from the Federal Government to assist States in providing services to their people come through this one program of Medicaid.

It is the safety net under our entire health care system. While it represents well under 10 percent of health care spending in terms of the Federal commitment to Medicaid, it represents the safety net for virtually 100 percent of our health care system.

Yesterday, I heard some speakers talk about the fact that we are involved in this reform not just because we need to balance the Federal budget, which many of us, including this Senator, strongly support and have voted consistently for measures that will move toward the balanced budget and are very pleased at the report yesterday that for the third consecutive year we have reduced the degree of the Federal deficit, but beyond that goal of balancing the Federal budget, we need to rid ourselves of failures, of programs that were not functioning, that in some cases were even counterproductive.

Mr. President, while I will suggest some areas in which I believe the Medicaid Program can be improved, I will state emphatically this program is by no definition a failure. In one very dramatic area, infant mortality, this program has contributed substantially to a dramatic reduction in infant mortality in virtually every State. It has resulted in more babies being born at term, at full birthweight, fully able to begin the developmental process, and then it has helped poor mothers to be able to continue the health care for those babies after they were birthed.

This program is a program which has had flexibility to respond to changing circumstances which range in every degree from changes in population to changes in economic circumstances to natural disasters that impose unanticipated burdens upon a particular State.

I will talk later about my concern of the proposals in this reconciliation bill for the severe cuts in the Medicaid program, cuts which will reduce the annual average increase to 1.4 percent in comparison to the private sector's estimate that over this 7 years, private sector health care will increase at 7.1 percent per American citizen over each of the next 7 years; that that kind of disparity represents not a fine tuning of the Medicaid Program but, frankly, a collapse of the Medicaid Program and its ability to serve as the safety net. And finally, that the allocation of funds among the 50 States in the rigid block grant formula is inequitable, perpetuating inequities in distribution

which exist in the current law as well as rendering the program unable to respond to changes in circumstances among our 50 States.

MOTION TO COMMIT

Mr. GRAHAM. Mr. President, with those introductory comments, I send to the desk a motion to commit with instructions.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] moves to commit the bill S. 1357 to the Committee on Finance with instructions: to report the bill back to the Senate within 3 days (not to include any day the Senate is not in session) making changes in legislation within that Committee's jurisdiction to eliminate reductions in the Medicaid program over the seven year period beyond \$62,000,000,000 and reduce revenue reductions for upper-income taxpayers by the amount necessary to ensure deficit neutrality. In addition, the Committee is instructed to achieve the Medicaid savings through implementation of a Medicaid per capita cap with continued coverage protections and quality assurance provisions for low-income children, pregnant women, disabled, and elderly Americans instead of through implementation of a Medicaid block grant.

Mr. GRAHAM. Thank you, Mr. President. I yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair. I thank my colleague from Florida. I rise to support this motion and ask unanimous consent to be included as an original cosponsor.

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

Mr. WELLSTONE. Mr. President, I say to my colleague from Florida, I do not have much confidence about this 2,000 pages plus and what it is going to mean for people in my State of Minnesota that I represent.

The other day in the Chamber of the Senate I had an amendment. I did not mean for it to be symbolic. I thought there would be 100 votes for it. My amendment said that if by virtue of action we take in this reconciliation bill there are fewer children with medical coverage, also more children that are hungry, then we will revisit what we have done over the next year and we will take action to correct this damage. I could not get votes for that. I received 45 votes.

I come from a State with 425,000 Medicaid—we say medical assistance—beneficiaries, projected to be, I say to my colleague from Florida, 535,000 by the year 2002. My State of Minnesota does not have the slightest idea what in the world we are going to do in response to anywhere from \$2.5 billion to \$3.5 billion—we do not even know yet—of cuts in medical assistance. And I can tell you right now, in all due respect to my wonderful colleagues, in my not so humble opinion, I come from the greatest State in the United States of America. We have done some wonderful things. We are a compassionate State,

and we will not walk away from the most vulnerable citizens.

So this a shell game for Minnesota, and for all too many of our States it is a shell game.

Mr. President, 300,000 children are medical assistance beneficiaries in my State of Minnesota, many of them in working families. We will not walk away from those children. So the counties are going to have to pick up the cost. It will be the property tax, Minnesotans.

In my State of Minnesota, we have done some wonderful things to make sure that people in the developmental disabilities community can keep their children at home, do not have to become indigent and poor to get assistance; that people with developmental disabilities may live lives with dignity. But I will tell you what is going to happen. With draconian cuts in medical assistance, my State will not walk away from this community. It all gets put back on the State, all gets put back on the counties. This is nothing but a shell game.

In my State of Minnesota, 60 percent—60 percent—of our medical assistance payments go to our nursing homes. I have been to a lot of those nursing homes, and a lot of the people who are the care givers ask the following question: Senator, what are we going to do with these reductions? We cannot live with these reductions and live up to standards. Are we going to let staff go? Are we going to redefine eligibility? Are there going to be fewer benefits?

This is not just the elderly. These are the children and the grandchildren as well.

This amendment really cuts right to the heart and soul of what we are about here. I was in a debate earlier. We have an estate relief tax break. For those Minnesotans who have \$5 million in an estate, they are going to get a tax break. I say to my colleague from North Dakota, of \$1.7 million. Those are the kinds of giveaways we have. But at the same time we have draconian cuts in medical assistance for people with disabilities, for children and for elderly citizens. And in many ways, I say to my colleague from Florida, I think these reductions are perhaps the most problematical for the States we represent, the most problematical, the most awful, the most god-awful for the counties and local communities that we represent, because in my State of Minnesota we are not going to walk away from the citizens. Somebody is going to have to pay the bill. We are going to have to do it out of the local property tax, and that is going to be the most difficult way of all.

This makes no sense at all. This is, as I have said 1,000 times in the Chamber of the Senate, a rush to recklessness. This is a fast track to foolishness, and I wish my colleagues would look at their language and look at their statistics and look at their charts and read their sentences and understand what

the consequences are going to be for the lives of the people we represent.

Let us have deficit reduction, but let us go after some other folks that can tighten their belts. Let us look at the subsidies to the oil companies, coal companies, pharmaceutical companies, insurance companies, estate breaks, and all the rest.

Let us not cut medical assistance to the point where we are denying quality health care for the people we represent. This is an extremely important motion. It is about fairness. It is about economic justice. And I say to my colleagues, it is also about good health care policy. The numbers should drive the policy. We need to have deficit reduction, but we cannot be reckless with the lives of the people we are here to represent.

The PRESIDING OFFICER (Mr. THOMAS). Who yields time?

Mr. GRAHAM. Mr. President, I yield 2 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Thank you, Mr. President.

I rise in strong support of the Democratic leadership amendment, the Graham motion. My Republican colleagues constantly remind us of how important family values are. And I think family values are fantastic, especially the one that says, "Honor thy father and thy mother." I think it is not only a good commandment to live by, I think it is a good public policy to implement.

I believe when we say, "Honor thy father and thy mother," we should have this in our Medicare Program and in our Medicaid Program. A substantial part of the Medicaid Program goes to services to the elderly who are in nursing homes. We have watched this program grow. And it is an important safety net to the American middle-class families. We must preserve Medicaid to be a safety net for the people who have no other resources for long-term care and also for those who are disabled, disabled Americans who rely on Medicaid because they cannot get private health insurance.

My dear father died of Alzheimer's. I could not reverse the tide of him dying one brain cell at a time, but I vowed I would devote my life to fighting for a long-term care policy. That is what the Spousal Impoverishment Act was, a protection, and what we passed in 1988. I am glad that we do not repeal spousal impoverishment. And I hope it does not erode.

I regret that we are now going to cancel out the protections of nursing home grants that looked out for people who were in nursing homes, who were too sick to be able to protect themselves, the laws that prevent restraints and the laws that prevent abuse, that mandates standards, so that when people who have Alzheimer's or Parkinson's or other dementia diseases where we need long-term care, even though we cannot change the course of the disease, we can ensure that they are in a

safe, secure environment. We can be sure of a lot of things if we pass the Graham motion.

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

Mr. GRAHAM. I yield 5 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, it is entirely appropriate that today we focus on the other real aspect of the Medicare debate, and that is Medicaid. Medicare reduces the support for our seniors by 22 percent. The Medicaid legislation reduces it by some 30 percent. Today I want to talk for just a few moments about the children who are going to be adversely impacted by the current legislation that is before the Senate, unless the Graham amendment is passed.

Among the children—in 1993—9.5 million were uninsured. The best estimate is that, under current law, the number of uninsured children will increase to 12.6 million in the year 2002. Under the Republican proposal, 4.4 million additional children will be uninsured in 2002 for a total of 17 million. Even under current law, there will be an upward flow in the number of children who lack health insurance coverage, but the Republican plan makes it even worse.

Just 2 years ago, on a bipartisan basis, under the leadership of Senator ROCKEFELLER, Senator RIEGLE, and others, the Finance Committee passed a program to provide comprehensive health services for children up to the age of 18 who were at or below 185 percent of poverty. We have one intervening election and look what happens? We basically pull the rug out from underneath the children of this country. Eighteen million of them now have coverage under Medicaid. Ninety percent of those children are in families that are in the work force, either full time or part time. These are hard-working men and women at the lower level of the economic ladder that absolutely depend on this program for the range of health services that are provided under the Medicaid Program. And effectively, under the Republican proposal that is before us today, we are saying, "No longer will there be the guarantees of the prescreening services, no longer will there be the range of different health services for the children in this country." And why are we doing it? To provide tax breaks for the wealthiest companies and corporations in this country and the wealthiest individuals in this country.

Not only are we pulling out the rug from underneath the children in this country, but, again, we are pulling out the rug from underneath the seniors by eliminating Federal standards in nursing homes. I was here in 1987 during the time that Congress held some of the most shocking hearings that we have ever had in the U.S. Senate, when we found out what was happening to our parents in nursing homes across this

country. We found that there were shocking conditions. And Republicans and Democrats got together and passed minimal standards in order to make sure that our seniors were going to be able to live in nursing homes with some peace and dignity and quality care.

Under this Republican proposal, effectively, we are taking out those guarantees and taking out those standards and at the same time failing to provide the assurance for those seniors and those parents that there will be decent, quality care in the nursing homes of this country.

Mr. President, this makes no sense for the same reasons that the cuts in Medicare make no sense. The Republicans are taking the funds out of the protections for children and out of the protections for the seniors of this country, and using it for tax breaks for the wealthy individuals and corporations of this country. And, Mr. President, in order to remedy that, we should embrace the Graham motion. That amendment offers us the best opportunity to do so.

Medicaid is the companion program to Medicare, and the Republican assault on Medicaid is even more cruel and unfair than their assault on Medicare. The Republican plan would cut Medicaid by \$187 billion over the next 7 years.

The country is up in arms over Medicare cuts that would mean a 22-percent reduction a year by the end of the budget period. By the end of that same period, Medicaid will be cut by a staggering 30 percent a year.

In large measure, the Republican cuts in Medicaid will strike another blow at the same groups hurt by the Republican cuts in Medicare—senior citizens and the disabled. Ten million elderly and disabled Americans are enrolled in Medicaid. Twenty-three percent of them—nearly one in every four—will lose their coverage. Seventy percent of all Medicaid spending under the program is for these two groups—the elderly and disabled—and much of it is for long-term nursing home care.

But there is also another group who will be especially injured by the Republican cuts—America's children. Seventy percent of Medicare spending is on the aged and disabled—but 70 percent of the people rely on Medicaid are children and their parents—a total of 18 million children and 8.1 million parents.

Every child deserves a healthy start in life. But under the Republican program, millions of families who have adequate medical care today will be forced to go without such care tomorrow. One in every five children in America depends on Medicaid. One in every three children born in this country depends on Medicaid to cover their prenatal care and the cost of delivery. These children are also guaranteed prenatal care, immunizations, regular check-ups, and developmental screenings. And, they are guaranteed

the physician care and hospital care they need.

The vast majority of Medicaid-covered children—90 percent—are in families with working parents. Most of these parents work full time—40 hours a week, 52 weeks a year. But all their hard work does not buy them health care for their children, because their employers don't provide it and they can't afford it on their own. Even Medicaid fills only part of the gaps. Over 9 million other children are uninsured, and each day the number rises. Soon, less than half of all children will be covered by employer-based health insurance.

We tried to address this problem last year, but Republicans said no. Now, they are trying to undermine the only place where families without employer-provided coverage can turn for health care.

The Republican cuts in Medicaid will add 4 to 6 million more children to the ranks of the uninsured. When they are done—one in four American children will have no insurance at all.

These cuts will drastically increase the number of uninsured children. They will eliminate all the standards of quality that protect children today. The guarantee of prenatal care is gone. The guarantee of physician care is gone. The guarantee of hospital care is gone.

Under the Republican plan, senior citizens and the disabled are on the receiving end of a deadly one-two punch. Deep Medicare cuts, and even deeper cuts in Medicaid. Not only will one in four lose their Medicaid coverage, but they will be victimized by one of the cruellest aspects of the cuts—the elimination of any Federal quality standards for nursing homes.

Strong Federal quality standards for nursing homes were enacted by Congress with solid bipartisan support in 1987, after a series of investigations revealed appalling conditions in nursing homes throughout the Nation and shocking abuse of senior citizens and the disabled.

Elderly patients were often allowed to go uncleaned for days, lying in their own excrement. They were tied to wheelchairs and beds under conditions that would not be tolerated in any prison in America. Deliberate abuse and violence were used against helpless senior citizens by callous or sadistic attendants. Painful, untreated, and completely avoidable bedsores were found widespread. Patients had been scalded to death in hot baths and showers, or sedated to the point of unconsciousness, or isolated from all aspects of normal life by fly-by-night nursing home operators bent on profiteering from the misery of their patients.

These conditions, once revealed, shocked the conscience of the Nation. The Federal standards enacted by Congress ended much of this unconscionable abuse and achieved substantial improvements in the quality of care for nursing home residents.

Yet the Republican Medicaid cuts eliminate these Federal standards. It does not modify them. This bill does not reform them. It eliminates them. The House bill even repeals the nursing home ombudsman program that provides an independent check on conditions in nursing homes.

In addition, the cuts in Medicaid are so deep that even conscientious nursing home operators who want to maintain high quality care will be hard-pressed to afford the staff and equipment necessary to provide it.

It is difficult to believe that anyone, no matter how extreme their ideology, would take us back to the harsh nursing home conditions before 1987. But that is exactly what the Republican plan will do.

The Republican plan for Medicaid is an outrage. It says that society does not care about the most vulnerable groups in our country—senior citizens, children and people with disabilities.

In a very real way, Medicare and Medicaid is a lifeline for tens of millions of Americans who have nowhere else to turn. Without access to Medicare and Medicaid, many healthy children and many senior citizens will become sick and many will die. This bill can fairly be called The Sick Child and Dead Senior Citizen Act of 1995.

It is wrong, deeply wrong, to put millions of our citizens at much greater risk of illness and death in order to pay for tax breaks and special favors for the wealthy and powerful. Greed is not a family value. Republicans in Congress who intend to vote for these harsh and extreme cuts should think again before they wash their hands of their responsibility for the consequences of their votes.

These Republican proposals are too harsh and too extreme. They are not what the American people voted for last November. They should be rejected out of hand by Congress.

I withhold the balance of my time and yield it to the Senator from Florida.

The PRESIDING OFFICER. Who yields time?

Mr. ABRAHAM. Mr. President, at this time I would yield 10 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, thank you very much.

I think it is important to put the reforms that are proposed by the majority into context here and to try and speak about those reforms in rational language, instead of the panic and paranoia that has been expressed regarding those reforms.

It has been represented on the floor of the Senate today that the block grant program for Medicaid as proposed would be a collapse of the Medicaid system. I think that is an overstatement by a substantial amount.

Let me just address the issue of what kind of collapse could happen in the event we were to have the block grant

program. We began in the State of Missouri, my home State, in which I had the privilege of serving as attorney general for 8 years and Governor for 8 years, a total of 16 years. During that timeframe we began to use managed care under a special waiver from the Federal Government to deal with the needs of those who needed assistance in regard to their medical needs.

And as a result of our experience with that, we have come up with some idea of how much we could do if we were given a block grant compared to what we were able to do under the Federal system of bureaucratic intermeddling and a one-size-fits-all Washingtonian Medicaid Program.

Now, it should be noted after I left the Governor's office almost 3 years ago now, my successor, who is a Democrat, maintained largely the same set of professionals to run the program, so that the individuals who will talk about the program from that experience are not partisan individuals. Earlier this year, the director of the program in the State of Missouri indicated if they had a block grant, they could increase the number of individuals covered from 600,000 under the Federal plan, to 900,000 if they had the flexibility of doing with the funds what a State could do under the flexibility of a block grant.

Now, I do not call the extension of medical services to an additional 50 percent a collapse of the system. I call this an empowerment of State and local governments to be able to do something that they may or may not deem necessary. It gives them the flexibility to meet the needs of the indigent rather than to define this in terms of a collapse.

I was interested with the statement, particularly because it was now a statement from an individual in a Democratic administration of a Midwestern State. And after it appeared in the newspapers around my State last January, I inquired of the individual who came to my office to talk about these proposals in the summer. And I asked him point blank, "Is this the fact that you could increase the coverage from 600,000 people to 900,000 people if you were absent the redtape, if you had the same amount of money on a block grant?" His direct testimony was "yes."

Now, that is not a collapse of the system. Now, it may be politically expedient to talk about scare tactics and to talk about collapses, but the truth of the matter is, we are not going to provide the basis for a collapse. We are going to provide the basis for meeting needs, and meeting them effectively. And just a few moments after we had the collapse theory expressed on the floor here today, we had the we would not have the slightest idea of what to do theory expressed on the floor today.

I cannot believe that a State as profoundly well disposed as Minnesota would not have the slightest idea in terms of how to meet the needs of their

citizens. It is stunning to me. As a matter of fact, they could look to the State of Missouri, or a number of other States, to find out.

Let me just tell you some of the Missouri experience. As a matter of fact, even if we do not have this major reform, Missouri is going to try and continue to expand its ability to serve through managed care. Next year, Missouri would have half of all of its recipients on managed care.

What does the system look like? What does the system look like if States have the right to design the system, because they have been given a partial right in my home State? Here is what it looks like in St. Louis.

Last year, they decided to offer to Medicaid individuals the option for managed care. They asked companies that can provide that managed care to provide proposals. There were eight or nine companies that competed to provide proposals. Seven of them were authorized as a menu so that the people who have needs could get those needs met in a managed care system.

People choose the HMO. People choose the provider system that they want. Nine out of every ten recipients of the program make a choice. The other 10 percent have to be assigned by the State. They do not have enough interest in their medical care to even make their own choice, but they are assigned.

What is interesting to me is this: That at the end of every year, including our pilot program in Kansas City and St. Louis, individuals have a right to switch from one system to another.

If this were a draconian system, if this were an abusive system, if this were a system where there was lots of dissatisfaction, you would expect to see a lot of people switching at the end of every year. You would expect to see people trying to find a better way, looking for a different company, finding a different provider. You would expect to see a tremendous outpouring of rejection of the system of managed care that the block grant would really endow every State with the capacity to implement.

Do you know what? Do you know what the rate of changing providers is every year at the end of the year in the State of Missouri? The rate is 1 percent. There is a 1-percent dissatisfaction rate, individuals—well, they may not be dissatisfied, they may just try something else or they may move to a different part of the city so a different provider would be more convenient for them.

A 1-percent—1 percent—change rate does not indicate a system which is in collapse. It does not indicate a system which is in chaos. You do not have a 1-percent change rate if your system is one where they do not have the slightest idea about how to meet the needs. When you have a 1-percent change rate, you are really doing well.

I cannot imagine a federally operated system where 99 percent of the people

were lauding the system and endorsing it by their sticking with the program, in spite of the fact they had six or eight other options from which to choose.

It has been said this is a shell game. Well, Mr. President, I say to my colleagues, it is a shell game all right to propose that this is chaos or this is collapse. We are not talking about reducing our commitment to individuals who are medically needy. We are talking about our ability to provide for ways of meeting their needs more substantially. If in Missouri we could expand from 600,000 to 900,000, just with ripping out the red tape, it is a shell game to say that we want to keep the old system.

Forty percent growth over the next 7 years in the resources—and if you could have a 50-percent increase in the number of recipients with the current amount of funds and you provide a 40-percent growth, this is empowerment, this is not shell, this is not collapse, this is not chaos, this is compassion, and I mean that seriously.

I just want to say that when we hear these arguments indicating that, "Oh, we're not going to be doing enough; there are children that are going to"—we have a system which is in collapse. We have a system which is in chaos. It says if to endow States with the capacity to correct the errors is going to promote collapse or chaos, we have collapse and chaos. That is what has happened in the welfare system of the United States. It not only collapsed financially, it has collapsed in terms of its humanity, and it is wasting resources. It is supporting in my State 600,000 people when the same resource could be supporting 900,000 people for medical care.

I might add that in the State of Missouri, this is not a State where we have to spend a whole lot of money to get the 99-percent satisfaction rate. Missouri is far below the national average when it comes to the kind of resources that are required to meet the needs of the medically needy.

So let us just try to set the record straight for a moment. Giving States the right and the opportunity to have cost reduction does not mean they are going to reduce the services. It may mean we are going to improve. It has in the State of Missouri, and I think it can in every other State.

Asking States to exercise their ingenuity in their capacity to rescue a failed system from the Federal Government does not mean we do not have the slightest idea about how we can meet the needs of individuals. I think that is an overstatement, even for Minnesota. I believe they will have a good idea, and I believe they can make it work.

This is an opportunity we have to change a failed system and to move from a failed system to a system that can succeed. It is not a tightfisted opportunity. It is not an opportunity that does not recognize that there will be additional needs. It is a system which

provides for reasonable growth, but not unbridled expansion.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. GRAHAM. Mr. President, I yield 2 minutes to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I thank the distinguished Senator from Florida, and I certainly support his motion to commit.

Mr. President, what happens to parents who are struggling to try to balance the raising of children and, at the same time, caring for aging parents under the Republican proposal? If a working family gets a new child tax credit but loses Medicaid nursing home coverage for an aging parent, what is the overall effect on that family? The child tax credit is \$500 for some families. Not in West Virginia where two-thirds of our families would not get it.

Let us say for some families it is \$500 a year, but the loss of Medicaid nursing home coverage in West Virginia would cost from \$25,000 to \$35,000 per family, because that is what a nursing home costs if you have to pay it yourself.

An example, Julie Sayers of Charleston, WV, cares for her mother who, as the Senator from Maryland was talking about, suffers from Alzheimer's disease, and she cared for her as long as she could at home, as children want to do, but when it came to the point that she could not care any longer, she had to take her mother to a nursing home.

Julie in this case gets a partial child tax credit, much less than \$500 under the Republican package, but she cannot get Medicaid coverage for her mother in the nursing home. So what good is it, the child tax credit? What damage does the Medicaid cut do—\$182 billion, \$187 billion for a tax break for the wealthy.

Julie and her family are going to be a lot worse off under the Republican proposal, not better off, but worse off, and this is a real person caring for a real mother with Alzheimer's in West Virginia today.

Mr. President, I understand Medicaid needs reform, and Senator GRAHAM recognizes that there are responsible ways to reduce the rate of growth in Medicaid spending, but we really should not get down to the business of throwing seniors out of nursing homes. We really should not do that. That, in my judgment, is what the Republican amendment does.

The PRESIDING OFFICER. The time of the Senator has expired.

The PRESIDING OFFICER. Who yields time?

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, parliamentary inquiry. How much time remains?

The PRESIDING OFFICER. The Senator from Michigan has 20 minutes.

The Senator from Florida has 13 minutes.

Mr. ABRAHAM. Thank you, Mr. President.

At this time, I will yield 10 minutes to the Senator from Tennessee, Senator FRIST.

Mr. FRIST. Mr. President, I rise to speak against the amendment and in support of the underlying bill before us. I wish to take a few minutes to outline where we are going with Medicaid today. I have had the opportunity to spend some time in the private sector on Medicaid, and we have huge challenges there—challenges before me as a physician, before hospitals, before the beneficiaries and groups of people that, all too often, could fall through a safety net, and, in fact, today are falling through safety nets. Why? Because of excessive and burdensome regulations we put on the States that prevent the States from carrying out their mandate to provide that safety net through this joint Federal and State program called Medicaid.

The program is not working today. In fact, as most people know, only about half of the people under the poverty level are served by Medicaid today. It was Gov. Bill Clinton speaking before the House Operations Committee, in December of 1990, who said it, laid it out, clearly—as clearly as any of us could today. He said, "Medicaid used to be a program with a lot of options and few mandates. Now it is just the opposite."

The problem is that a well-intentioned program—once again, now 30 years old—has layered mandate upon mandate, regulation upon regulation, where we have tied the hands of our regulators, State governments, where they cannot carry out this important goal of serving people who are in need, or who cannot provide for themselves otherwise. The problem is crystal clear.

Again, it is one of these problems which has been laid out before us, which our Governors have told us about, which anybody who has participated in the system at a doctor-patient level, or at a level this Congress could recognize or should recognize. This underlying Republican plan will go a long way toward resolving that problem. The problem is that Federal spending has doubled over the last 5 years. It has doubled the amount of money that is put in from the Federal Government, without any observable improvement in services delivered.

The problem at the State level is that 20 percent, on average, of a State budget now goes to a Medicaid program, and that 20 percent is growing faster and faster and crowding out other State responsibilities.

Third, and probably most important, is the excessive regulation we impose by running this program and micromanaging this program out of Washington, DC, which results in waste, which some resources could be translated into very effective care for populations in need.

Now, the Republican Medicaid plan basically does one thing. It says we cannot micromanage the health care for the populations that have been defined out of Washington, DC. We have failed. We have not been able to control costs, and are only serving about 50 percent of the people under the poverty level.

What we have said overall in this bill is that we are going to give that responsibility to the States, to the people who are closer to home, who can identify the individual needs, strip away the thousands and thousands of regulations which tie the State's hands, and say you address the problem in the way that you see fit. But there are certain ramifications and certain general, broad areas that we say it is important to target.

In this bill we have said that 85 percent of current spending levels for mandatory services are for three distinct populations: One, families with pregnant women or children; two, individuals with disabilities; and, three, the indigent seniors.

The transformation of Medicaid will be, again, very simple. If we compare the old Medicaid to the new Medicaid program, in the past Medicaid has had an open-ended entitlement. Under the new Medicaid, we will move toward this concept of block grants, allowing States to control their dollars. Under the old Medicaid, we had Federal mandates with micromanagement, coming out of the beltway, out of the bureaucracy here in Washington. And under new Medicaid, we give States the flexibility to design the types of plans they think best identify the needs and meet the needs of their citizens.

Under the old Medicaid, it is expenditure-driven, increasing at a rate of about 17 percent a year, again and again. Under the new Medicaid, it will be needs-driven. Under the old Medicaid, there have been unlimited growth rates.

In my State of Tennessee, Medicaid grew by 40 percent just 3 years ago. There is no tax base that can keep up with 40-percent growth. Under the new Medicaid, Medicaid will continue to grow—continue to grow on a base year of 1995, in our particular plan, and grow at a rate of 7 percent next year, and then it will vary thereafter, according to formulas developed by the States.

Again, looking to my own State of Tennessee, what is one of the fundamental problems? On this chart is the Medicaid expenditure growth from 1986 out to 1993. You can see that, on average, as illustrated by the red going across, the growth in Tennessee has been about 22 percent. And remember, this growth of 20 percent is competing in a State budget for other issues, whether it is infrastructure or education; it is crowding out other State expenditures. In 1992, you can see, in one State we had growth rates in Medicaid of 44 percent. It was about 14 percent in fiscal year 1993.

Well, in Tennessee, we looked at three solutions: No. 1, raise taxes again and again and again. That is what we have done a number of times over the last decade. The American people have said, "We do not want to have our taxes raised again and again."

Second, we can go through massive health care reductions. In Tennessee, we said "no." Or we can undergo fundamental change. Tennessee is one of six States who got a waiver from HCFA in order to carry out a plan. The plan has had mixed results. Let me show you what the results have been overall. It was a program called TennCare.

Given the flexibility we want to give all 50 States—and only 6 have it today—there were 12 competing managed care organizations who, through a total demonstration project, assumed the care for about 1 million people in Tennessee. Primary care access has been improving over time under the program compared to the old Medicaid system. Nonemergency use of emergency rooms has gone down over time. The number of in-patient hospital days has gone down over time. And the overall budgetary expenditures have been met. In fact, growth there has been flat. But the exciting thing is that the quality of care has increased by overall objective standards and, not only that, the number of people covered has been markedly increased.

In 1993, before this reform plan, if you took the overall population of Tennessee, coverage was 89 percent. By using those Federal dollars sent to the State more wisely, more effectively, with all of the Government regulations stripped away, we were able to improve our overall coverage for all people across Tennessee from 89 percent to 94 percent.

So when you hear that by giving States more flexibility we are, in some way, decreasing access, you can look to Tennessee and say that we are one State that had regulations stripped away and were given that freedom to carry out a program that they thought best identified and covered the needs, and we were able to improve access across the State from 89 percent to 94 percent.

If we look at overall expenditures by allowing one State the flexibility to carry out their program, stripped away of the Federal regulations, we can see, when you compare Medicaid versus the new program called TennCare, which is in yellow here, the overall Medicaid projections growing at 20 percent a year, which are in the color red. The year is along the axis here. Starting from 1987, 1995 to 1998, we can see we have had this progressive growth up to 1995. If we had done nothing in Tennessee, the growth would have continued at 20 percent a year. But having an element of coordinated care, growth has been restrained over time. This is translated into savings for the American people, again, with good quality of care, and expanded coverage, in terms of the number of people covered.

So the final question is: Why can everybody not do what Tennessee did? Well, Oregon might want a different type of system; Hawaii might want another type of system; Missouri might want another system. Let us let people closer to home decide that, but we have to strip away the regulations.

In addition, the other comment might be, well, why cannot people get waivers like Tennessee did—and I participated in that process so I can tell you it is a huge burden to get the waiver.

In fact, on September 22, in a letter sent to the commissioner of the department of finance and administration in Nashville, TN, there are another 9 pages of terms and conditions for Tennessee to try to adhere under. We would do away with those regulations under the Medicaid proposal.

For all these reasons, I support the underlying bill and speak against the proposed amendment.

Mr. GRAHAM. I yield 2 minutes to the Senator from California.

Mrs. BOXER. Mr. President, I cleared it with the managers that I can have 2 minutes off bill debate time and I ask unanimous consent that I be allowed to do that.

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

Mrs. BOXER. Thank you, Mr. President. I will speak to this issue for 4 minutes.

Mr. President, today we learned on the news that America is finally getting it. Mr. President, 57 percent of the people in the latest national poll say that the Republicans are gutting Medicare to pay for a tax cut for the rich.

It has taken awhile for the message to come through but people are waking up to the truth. The Republicans are gutting Medicare. They are gutting Medicaid. They are raising taxes on those who earn less than \$30,000 a year to help fund a tax break for the wealthiest Americans. Those who earn over \$350,000 a year do just great.

By the way, if you are one of those lucky people to have a \$5 million estate, pop open that champagne because unless we Democrats prevail you are going to get millions of dollars back.

Today, the Senator from Florida is giving all Members a chance to modify this radical and extreme budget as it relates to Medicaid.

I have listened very carefully to Senator FRIST, to Senator ASHCROFT, and neither of them address the main issue addressed in this amendment, which is the devastating nature of these cuts, the very size of these cuts.

Let me put it into perspective. In America today, the Medicaid Program costs \$90 billion a year. The Republicans want to cut \$187 billion out of that. That is 2 years—more than 2 years of expenditures of the Medicaid program over a 7-year period. They are cutting 2 years of Medicaid out of 7 years.

I ask, as a person who works for a living, over a 7-year period, could you afford to be unemployed for 2 years?

Could you afford to lose that much income and pull your family together? I think it is clear that the answer is no.

Do you know what the cuts mean to California? Mr. President, \$18 billion. Millions of children will not be served. Millions of working poor will not be served. Emergency rooms will close. Trauma centers will close.

My friends say, oh, there is so much room to be more efficient. California is the most efficient in the Nation. How do we get more efficiency out of a system that is already the most efficient?

The answer is that people will be kicked off the program. Who are these people who are on Medicaid? We should look at them. Who are these people on Medicaid? They are the most disabled people among us, the most disabled children among us—children with spina bifida, children with cystic fibrosis. They are the working poor who cannot get insurance. They are the down and out who maybe lost their job and need help.

By the way, they are the seniors. Two-thirds of the seniors in nursing homes are on Medicaid. I do not know if you have been to a nursing home lately, but buried in this bill is a provision to repeal national standards for nursing homes.

We are not only cutting all of this, we are gutting the standards.

Now, I heard Senator ROTH, the distinguished chairman of the Finance Committee, on the radio this morning saying, "These Democrats, they do not want change. They want the same old thing."

I want to respond to that. We Democrats want change, but there is a difference. We want good change. We want change that is good for America.

President Clinton has a record of change—more jobs, less unemployment, AmeriCorps, lower deficit for the first time 3 years in a row since Harry Truman. That is good change.

This is evil change. This is bad change. This is greedy change. Support our friend from Florida.

Mr. ASHCROFT. Mr. President, the Senator from California spoke as if there were going to be decreases in the amount of funding.

I think it is important to just call to the attention of the American people that when we refer to cuts here in Washington we are referring to cuts in the amount of increase. We are not going to take 2 years out of the funding of the next 7 years. We are going to reduce the level of increase. We will still have a 40-percent increase in the amount of resource available.

It is important that we define the situation in terms that the American people would normally use. In that respect, we have a 40-percent increase in funding.

Mrs. BOXER. Will the Senator yield on that point?

Mr. ASHCROFT. Your comment referred to my argument and I choose not to yield.

The second thing that the Senator from California said, how can you get a

system more efficient? I think it is clear, we allow States to develop the efficiencies that provide for as much as a 50 percent increase in the delivery of services.

The fact of the matter is, that is what has been shown in the pilot projects in Missouri. Our director of Medicaid says that if he could just get rid of the Federal regs he could move from 600,000 people to 900,000 people with the same amount of money. That is how you get more efficient—take the onerous one-size-fits-all Federal Government out of the picture.

I yield 6 minutes of our remaining time to the Senator from Wyoming.

The PRESIDING OFFICER (Mr. FRIST). The Senator from Wyoming.

Mr. THOMAS. Mr. President, would it not be interesting to be some kind of out-of-touch observer and walk out and listen to the last day or so, the conversation. It is not a debate. It is posturing conversation.

I just walked in and listened. It would be pretty hard to follow. It would be pretty hard to try and establish from listening here what the goals were and what the purpose was, particularly from our friends on the other side of the aisle.

I think you have to conclude certainly we are not all coming from the same base of facts. I think you have to conclude that in some cases there is not even any clearly defined goals that are being pursued on that side of the aisle.

I think you would have to conclude there is quite a different philosophy—a philosophy of maintaining the status quo, of attacking the proposals without any particular plan, to continue the growth of Government and the size of spending. That would have to be the goal that you would assume from the conversation.

You would be confused when you hear constantly time after time this idea that you are reducing Medicare so that we can increase tax cuts.

The fact of the matter is that part A of Medicare is financed by withholding from wages. It goes into a trust fund. You have two choices when it is growing at 10.5 percent. You can either do something about the cost and reduce that rate of growth or you can add more to the withholding.

I do not hear that proposition being done. Those are the choices. It has nothing to do with balancing the budget. If the balanced budget was not in the picture, you would be talking about how do you take care of part A in Medicare. You do not hear that. That is a fact. That is a fact.

You can probably balance the budget if we stop using all the charts that we have out here, for one thing.

We do have a plan. The Republicans do have a plan. The plan is to balance the budget instead of more debt. A responsible thing we need to do for our kids as we go into another century, we have a plan to have some middle-class

tax cuts instead of increasing—the largest increase we ever had—like last year.

I hope we get on into this earned-income tax credit, this 50 percent of people's taxes going up. That is just not the case. You might be reducing some of the payments that have been going under earned-income taxes—it is not increasing taxes. We know that.

We ought to be talking about Medicare solvency. That is what our purpose is. We ought to be talking about jobs and opportunity, instead of welfare dependency. That is what we are talking about here, making some changes that have not been made for years. My friends start by saying yes, we need changes, and then resist them. That has become the pattern here.

Let me tell you just a little bit about Medicaid in Wyoming. Republicans surely have taken a historic approach to it. In Wyoming, spending will rise on Medicaid from \$110 million in 1996 to \$168 million in the year 2002. That is not really a cut, is it? On an individual basis, the average Federal grant for each person in poverty will grow from \$2,188 to \$3,263, hardly a cut.

Certainly we need more flexibility. We have heard from some of the former Governors. We heard, of course, from the Governors in the States who say give us more flexibility and we can take these dollars and more effectively run the program. The Governors have asked for more flexibility. The Republican bill mandates benefits for low-income pregnant women, children up to 12, elderly and disabled as defined by the State—those are mandates that are there that, indeed, some of the Governors are objecting to.

Medicaid, as the Senator from Tennessee indicated, has exploded in terms of its growth rate; an annual rate of 19.1 percent between 1989 and 1994. You cannot sustain that kind of growth. So you need to look for ways to deliver the system, to deal with the core problems and that is helping to reduce the costs by giving more flexibility to States to shape their programs. The program in Wyoming for the delivery of Medicaid needs to be quite different than the program in West Virginia or Massachusetts, and we need the flexibility to do that.

So, Mr. President, we have talked about the benefits. States will meet a minimum spending level of Medicaid. For low-income pregnant women, children up to 12, elderly and disabled as defined by the State, States will be required to spend at least 85 percent of the amount they spend in 1995. They will be allowed to put together programs like AFDC and Food Stamps if they choose, to put together a package of benefits.

Regarding nursing home standards, the committee responded to the Governors' requests by granting them authority to write standards under Federal guidelines. States must establish and maintain standards for quality care, which must be promulgated

through their State legislatures—people, I suppose, who have no caring for the elderly. I do not believe that. Most of you have served in State legislatures. Do not tell me the States do not care. I cannot believe what I hear from time to time about that.

So, we do need to make changes if we want to continue to have a program that delivers services. That is what it is all about. I think we ought to take a little look at the long-term goals and the breadth of the goals that are in this bill. They have to do with balancing the budget. They have to do with job opportunities. They have to do with dealing with some of the problems which have brought us to where we are.

I really wish we could talk just a little bit more about the facts. For instance, this tax business that we hear every time someone stands up. Tell me a little bit about part A of Medicare and how that gives a tax offset. I would like to know more about that.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. THOMPSON. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRAHAM. Mr. President, I yield 90 seconds to the Senator from Alabama.

Mr. HEFLIN. Mr. President, I want to make a few remarks about the effects of the proposal to reduce projected Medicaid expenditures by over \$186 billion over 7 years on those in Alabama—poor mothers and children, the disabled, and the elderly—who count on Medicaid for their medical and long-term care.

First, and most importantly, the Republican proposal, if adopted, would immediately place the Alabama Medicaid Program in a state of utter chaos. It would place a gun to the head of the Governor and State legislature. They would be forced to make immediate, savage cuts—about 21 percent—in the program. These cuts, over \$386 million, would have to be imposed the current fiscal year, starting in the second quarter of the year.

Let me be very clear about this. These cuts would be imposed on the Medicaid budget that has been in effect since October 1, 1995. The only alternative available to these cuts would be an immediate major increase in taxes on the people of Alabama. This would not happen given the “no new taxes” pledge of our Republican Governor.

My second observation is that this sudden cut is only part of the almost \$3 billion hit the Republican bill would impose on Alabama. I know the other side claims that Alabama and other States can easily handle these cuts by achieving greater efficiencies in the program. Well, sure they can, and I can tell you how. They can cut poor people off the program by restricting eligibility. For those who remain, access to care can be cut by simply reducing payments to providers, doctors, hospitals, and nursing homes, below the costs of their services. At that point,

these services will no longer be available.

Finally, Mr. President, our Republican colleagues repeatedly assert that all of these cuts are not real, they are simply reductions in the rate of increase. However, as we have finally had an opportunity to examine the details of the bill, we find that in some important instances this is simply not the case. For example, the Medicaid proposal cuts funds going to hospitals that care for a disproportionate share of patients that do not have insurance or other means to pay for their care as reduced immediately by 56 percent. I repeat, this is a real cut of \$185 million. According to Dr. Claude Bennett, President of UAB, almost 30 percent of Alabamians are medically indigent and responsibility for providing care to them falls largely upon their University Hospital. Dr. Bennett is correctly concerned that it can continue to shoulder this burden which will surely increase in the face of these cuts.

Now, I know, Mr. President, that in the backrooms the majority is continuing to cut deals in an effort to fix up this disaster. States are pitted against States. If Alabama gets its situation improved, which it must, the poor in some other States will suffer. The bottom line is this—these Medicaid cuts are simply too much, too soon. Our State will not be able to cope without hurting people. We must rethink what we are doing.

REAL FAMILIES VERSUS REPUBLICAN RHETORIC

Mr. ROCKEFELLER. Mr. President, Republican rhetoric is that working families will be helped, but I question if this will be true for real families in West Virginia.

This Republican package seeks to cut Medicaid funding by a whopping \$187 billion over 7 years. But people deserve to understand what such harsh cuts mean. Medicaid covers poor children, pregnant women, the disabled, and low-income seniors who need nursing home care. What happens to these people and their families when we slash Medicaid funding?

Coming from West Virginia, when I think of a family, I think about the children, parents, and grandparents. What happens to parents struggling to balance raising children and caring for aging parents?

If a working family gets a new child tax credit but loses Medicaid nursing home coverage for an aging parent, what is the overall effect on that family? The child tax credit is \$500 a year for some families lucky enough to qualify, but the loss of Medicaid nursing home coverage will cost those same families \$16,000 to \$30,000 a year.

For example, Julie Sayres of Charleston, WV cared for her mother who suffers with Alzheimer's disease as long as she could at home. But as her mother's illness got worse, she had to move to a local nursing home where Julie can

visit her daily. Julie may get a partial child tax credit of \$500 under this package, but if she cannot get Medicaid coverage for her mother in the nursing home when her mother's meager savings are exhausted, Julie and her family will be much, much worse off. That child tax credit will not cover even a month of nursing home care for her mother.

This is real story about a family hurt, not helped by this package.

In my State of West Virginia, over 21 percent of our residents rely on Medicaid, and I worry about what will happen to them and the health care system in my State as it tries to absorb more than \$4 billion in cuts—West Virginia simply cannot afford this.

A headline from the Charleston Daily Mail last week reads: “[Medicaid] Cuts May Affect Infant Mortality.”

This catches one's attention. It demands closer scrutiny and careful thought. The article reports:

With the help of Medicaid-funded programs, West Virginia's infant mortality death rate decreased from 18.4 deaths per 1,000 in 1975 to 6.2 deaths per 1,000 in 1994, better than the national rate of 8.0 deaths per 1,000 births.

Medicaid has greatly increased poor women's opportunities to get medical care, said Phil Edwards, the administrative assistant for the Bureau of Public Health's Division of Women's Services. “By making them eligible, they go in for prenatal care earlier than they would otherwise,” he said. “Every dollar you spend on this side in prevention, you save four on the other side where you don't have to treat an at-risk patient,” Diane Kopcial of the state maternal and child health office said.

Mr. President, I believe this article should make us all stop and think before we impose such cuts in Medicaid. Do we really want to jeopardize nursing home care for seniors? Do we really want to slide backward on infant mortality?

I do not want to go backward. I understand that Medicaid needs reform and our amendment recognizes that there are responsible ways to reduce the rate of growth in Medicaid spending. But we should not throw seniors out of nursing homes, deny poor mothers access to prenatal care and possibly return to times when our infant mortality rate rivals some Third World countries, or turn our backs on the disabled.

We should think about the real families in West Virginia and cross this country who depend on Medicaid for basic, vital health care.

Mr. President, I ask unanimous consent that the full article from the Charleston Daily Mail, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Charleston Daily Mail, Oct. 20, 1995]

CUTS MAY AFFECT INFANT MORTALITY

The state Medicaid Crisis Panel began wrapping up its work as health officials expressed concern that federal cuts in the program could reverse progress the state has made reducing infant deaths.