

the budget agreement. There are funds in here for that area. There are more than enough funds in that area. In fact, I think there will be a struggle to find the best way to provide those funds to the people that want to have child health care.

So it will be a very, very bad change in the makeup of this legislation and could unravel the whole budget agreement, if the Kennedy amendment is approved today.

So I hope that we start off the day by having a fine discussion about what is in the bill, and what the alternative offered is. But we need also to recognize that is a substantial increase in what is provided in this particular area. It is totally different from what was in the budget agreement that the administration agreed to.

So I urge my colleagues to keep calm. Let's keep working. But let's not start passing amendments that will change the mix of the make up of this budget agreement.

I yield the floor at this time, Mr. President.

CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER (Mr. ENZI). The clerk will report the budget resolution.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 27) setting forth the congressional budget for the United States Government for fiscal years 1998, 1999, 2000, 2001, and 2002.

The Senate resumed consideration of the concurrent resolution.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Utah.

AMENDMENT NO. 297

(Purpose: To provide affordable health coverage for low- and moderate-income children and for additional deficit reduction, financed by an increase in the tobacco tax; in addition to the amounts included in the bipartisan budget agreement for one or both of the following: (1) Medicaid, including outreach activities to identify and enroll eligible children and providing 12-month continuous eligibility; and also to restore Medicaid for current disabled children losing SSI because of the new, more strict definition of childhood eligibility; and (2) a program of capped mandatory grants to States to finance health insurance coverage for uninsured children)

Mr. HATCH. I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The clerk read as follows:

The Senator from Utah [Mr. HATCH], for himself, and Mr. KENNEDY, proposes an amendment numbered 297.

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

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

The amendment is as follows:

On page 3, line 3, increase the amount by 6,000,000,000.

On page 3, line 4, increase the amount by 6,000,000,000.

On page 3, line 5, increase the amount by 6,000,000,000.

On page 3, line 6, increase the amount by 6,000,000,000.

On page 3, line 7, increase the amount by 6,000,000,000.

On page 3, line 11, increase the amount by 6,000,000,000.

On page 3, line 12, increase the amount by 6,000,000,000.

On page 3, line 13, increase the amount by 6,000,000,000.

On page 3, line 14, increase the amount by 6,000,000,000.

On page 3, line 15, increase the amount by 6,000,000,000.

On page 4, line 4, increase the amount by 3,000,000,000.

On page 4, line 5, increase the amount by 3,000,000,000.

On page 4, line 6, increase the amount by 4,000,000,000.

On page 4, line 7, increase the amount by 5,000,000,000.

On page 4, line 8, increase the amount by 5,000,000,000.

On page 4, line 12, increase the amount by 3,000,000,000.

On page 4, line 13, increase the amount by 3,000,000,000.

On page 4, line 14, increase the amount by 4,000,000,000.

On page 4, line 15, increase the amount by 5,000,000,000.

On page 4, line 16, increase the amount by 5,000,000,000.

On page 4, line 19, increase the amount by 3,000,000,000.

On page 4, line 20, increase the amount by 3,000,000,000.

On page 4, line 21, increase the amount by 2,000,000,000.

On page 4, line 22, increase the amount by 1,000,000,000.

On page 4, line 23, increase the amount by 1,000,000,000.

On page 5, line 1, increase the amount by 3,000,000,000.

On page 5, line 2, increase the amount by 6,000,000,000.

On page 5, line 3, increase the amount by 8,000,000,000.

On page 5, line 4, increase the amount by 9,000,000,000.

On page 5, line 5, increase the amount by 10,000,000,000.

On page 23, line 8, increase the amount by 3,000,000,000.

On page 23, line 9, increase the amount by 3,000,000,000.

On page 23, line 15, increase the amount by 3,000,000,000.

On page 23, line 16, increase the amount by 3,000,000,000.

On page 23, line 22, increase the amount by 4,000,000,000.

On page 23, line 23, increase the amount by 4,000,000,000.

On page 24, line 5, increase the amount by 5,000,000,000.

On page 24, line 6, increase the amount by 5,000,000,000.

On page 24, line 12, increase the amount by 5,000,000,000.

On page 24, line 13, increase the amount by 5,000,000,000.

On page 39, line 22, increase the amount by 500,000,000.

On page 39, line 23, increase the amount by 2,000,000,000.

On page 40, line 16, increase the amount by 4,500,000,000.

On page 40, line 17, increase the amount by 18,000,000,000.

On page 41, line 7, increase the amount by 6,000,000,000.

On page 41, line 8, increase the amount by 30,000,000,000.

Mr. HATCH. Mr. President, I ask unanimous consent that the time on this amendment be allocated to me as the prime sponsor of the amendment.

The PRESIDING OFFICER. That is the order.

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

Mr. HATCH. On the Senator's time.

Mr. FORD. I don't have any time.

Mr. HATCH. I will be glad to yield to the Senator.

Mr. FORD. I want to know if this amendment is similar to 525 and 526 that you had as health care for children and a tax bill that is now combined? They are basically the same?

Mr. HATCH. It is basically geared to get us to that point. Yes.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. DOMENICI. Mr. President, will the Senator yield for one observation on my time?

Mr. HATCH. I will.

Mr. DOMENICI. Mr. President, I want to make sure that the Senator, the prime sponsor, understands that in the unanimous-consent request following disposition of the Kennedy amendment, which I assume—

Mr. HATCH. This is not the Kennedy amendment. This is the Hatch-Kennedy amendment.

Mr. DOMENICI. That language does not preclude a second-degree amendment.

Mr. HATCH. That is correct.

Mr. DOMENICI. The Senator understands that.

Mr. HATCH. I understand that.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I sent this amendment to the desk on behalf of myself and Senator KENNEDY. This is well known as the Hatch-Kennedy amendment. I think everyone in the Senate ought to know that. It is an amendment that we have worked out over a 6-month period, or longer, and one that I think deserves consideration in every sense of that term.

The amendment that Senator KENNEDY and I offer today addresses what I consider to be a top priority of this Congress: making sure America's kids are healthy.

The Hatch-Kennedy amendment calls for an increase in the tobacco excise tax to fund additional spending for children's health insurance.

We have made enactment of a bipartisan children's health insurance bill a top priority this Congress, and plan to press forward at every opportunity if the Senate does not act in a responsible manner.

This amendment is the right thing to do, and I urge its adoption.

Specifically, our amendment would raise \$30 billion in revenues through a 43-cent tobacco excise tax increase.

Twenty billion dollars will be used for services to uninsured kids, and \$10 billion for deficit reduction.

We intend that the money be used for the same purposes as those outlined in the bipartisan budget agreement; that is, for Medicaid and for a mandatory capped State grant program to finance health insurance for uninsured children.

Under our amendment, \$18 billion in program funding will go to the Labor Committee, and \$2 billion to the Finance Committee, to be added to the \$16 billion already in the budget resolution. That means each committee will get \$18 billion to work on complementary programs to help the poor and near poor.

To pass this amendment—and this is an uphill battle we face—we need to have the will to do two things.

First, we must recognize that we need to help children from America's working families, as well as the poorest of the poor.

About 88 percent of uninsured children come from families where at least one parent is employed.

Don't forget that. Eighty-eight percent of these kids live in a family where one parent works, at least.

The majority of these kids will not be addressed by any Medicaid bill.

Second, in order to help these forgotten children, we need to have the courage to take on some very powerful special interests.

When we started this fight I knew that Big Tobacco would not just roll over and play dead. And they have not disappointed me.

If we demonstrate one thing by this vote today let it be this: we are sending a message today that Senator KENNEDY and I and the other supporters of this bill will stand up for children and against Big Tobacco.

Senators, who do you stand with? Joe Camel, or Joey? That is what it comes down to.

What the Senate must do today is decide whether we are going to protect Joe Camel, or whether we are going to protect Joey.

Let our votes today be the answer.

Now I am certain that those speaking in opposition to our amendment will offer a lot of complicated reasons why our amendment is deficient.

But as they talk, ask yourself who should be protected: Joey or Joe Camel?

Sometimes the logic of something is just so simple that no amount of obfuscation, legal mumbo-jumbo, technical economic jargon, and procedural objections can fool the American public.

I expect that some will come to the floor today and say that this budget resolution is the wrong time and place for this legislation.

One of their objections will be that the bill includes \$10 billion in deficit reduction. Some will argue that this is not needed in a balanced budget document.

Those who make that argument simply do not take into account the fact that the interest payments on the accumulated annual deficits—the \$6 tril-

lion national debt—now consume 15% of annual Federal spending. This is as much as we spend for our national defense.

Having managed the floor debate for the balanced budget amendment that fell 1 vote short of the 67 necessary votes, I have a special place in my heart for the "LD" part of the CHILD bill: lowering the deficit.

Once again, think of Joe Camel and Joey.

Frankly, as a conservative Republican I am proud to have convinced so many Democrats to cosponsor legislation that provides \$1 for deficit reduction for every \$2 devoted to program costs. If this model is adopted in other areas, not only will we more quickly reach the goal of a balanced budget, but we will also be better able to face the formidable challenges of entitlement reform and financing the national debt.

Our amendment has two very basic and extremely important goals.

The Hatch-Kennedy healthy kids amendment benefits American families, working families so that they can get health care. The healthy kids amendment helps reduce the deficit and reduce our debt service requirements.

Our amendment will help millions of kids get a healthy start in life. As it stands now, we know that too many American children do not get the benefits of health insurance.

The General Accounting Office recently made a number of important observations about this problem. In House testimony, the GAO said:

In summary, we have found that while most children have health insurance, almost 10 million children lack insurance. Between 1989 and 1995, the percentage of children with private coverage declined significantly—part of an overall decline in coverage of dependents through family health insurance policies.

The GAO concluded:

Had this decrease not occurred, nearly 5 million more children would have had private health insurance.

From these observations of GAO, I think it is fair to say that there is a big problem in the area of children's health insurance, and unless we do something about it, it is bound to get bigger.

Who are these 10 million children? These uninsured kids come from working families. At least 88 percent of those kids come from families where at least one parent is working. Many live in families whose income is just above the Medicaid limit, but they do not make enough money to provide health insurance for their kids.

Who are the Hatch-Kennedy kids? I will tell you who they are. They are, in large part, the children of good, hard-working families who make too much for Medicaid and not enough to buy their own health insurance.

This chart shows you that there is a pronounced spike in the number of uninsured Americans who live in that

\$20,000 to \$30,000 working-class income bracket. This is the family income range of many of these families who stand to benefit from the Hatch-Kennedy amendment.

It is clear to this Senator that there is a problem to be solved. These are uninsured Americans.

Some are saying we do not need this amendment. The budget negotiators did a good job, in my opinion, in including a significant amount of new spending for children's health—\$16 billion in this budget resolution. That is a good start, and I praised them for it. No question about it. But the fact is there are about 10 million kids in the United States without health insurance, and I believe that the budget resolution probably will not cover even half of them.

I think it is important that my colleagues understand the Congressional Budget Office is coming in with very conservative estimates on the number of children who will be served under various congressional proposals. For example, the CBO, Congressional Budget Office, has estimated that the Medicaid 12-month, continuous eligibility proposal would cost \$14 billion alone if implemented by every State. That alone is almost all of the money in this budget resolution. Or, if you look at it another way, the Federal share of Medicaid costs for a child is about \$860 on average this year. According to the Employee Benefit Research Institute, there are 4.7 million uninsured children whose parents make less than 125 percent of the Federal poverty level. That is \$19,500 for a family of four.

How can they afford insurance? By simple calculation, to cover those kids under Medicaid would cost \$4.2 billion, about \$1 billion more a year than is included in this budget resolution, and that is just the Medicaid kids. There are 7 million here who are not. And this would leave the vast majority of children of working parents under 125 percent of poverty level uncovered.

While I admit \$16 billion is a substantial start and I commend my colleagues on the Budget Committee, it is just not enough to do the whole job.

Many of us are also cosponsors of the Chafee-Rockefeller-Jeffords-Breaux CHIPS bill, which is estimated to cost at least \$15 billion, perhaps even more. This Medicaid bill is targeted to help 5 million kids, including the 3 million or so Medicaid-eligible children who are not enrolled because they do not know enough to get enrolled.

We see these two bills as compatible. The CHIPS bill improves basic Medicaid, and our bill would be added on top of that to take care of these uninsured kids who do not qualify. There obviously is a close connection between the two. That is why in our amendment we decided to divide the money equally between each of the two committees, Labor and Finance, and to work out an integrated approach.

Let me also take a few minutes to explain my views about using a tobacco

tax as the revenue source for our amendment. There can be no doubt that smoking and tobacco use are major public health problems. By any measure they are costly.

Smoking is our Nation's No. 1 preventable health cause of death. There are about 48 million Americans who smoke. About 2 million Americans use other tobacco products like chewing tobacco. There are 3 million kids who smoke.

Consider these smoking facts. Smoking causes cancer and is addictive. One out of five cancers is caused by smoking; four out of five lung cancers are caused by smoking; 3,000 kids are starting to smoke every day; 50 percent of all smokers begin before age 15, 90 percent before the age 18; 419,000 American smokers die annually. Just think about it. Of those 3,000 young Americans who start smoking every day, at least half of them are going to become nicotine addicts.

Tobacco accounts for more deaths than homicide, car and airplane accidents, alcohol, heroin, crack and AIDS combined. In fact, cigarettes are a major cause of fire fatalities in the United States. In 1990, cigarettes were responsible for about one-quarter of all deaths associated with residential fires. This represented over 1,000 deaths in our society.

Every day nearly 3,000 young Americans become regular smokers. Eventually, 1,000 will die early from tobacco-related diseases. Unfortunately, cigarette smoking is on the rise among the young. About 8 in 10 smokers begin to use tobacco before age 18 and about one-half of all smokers started at age 14 or earlier.

According to a 1994 CDC report, tobacco costs our society \$100 billion annually—\$50 billion in direct medical costs. Of 24 billion cigarette packs sold in 1993, \$2.06 per pack in medical care costs. Of this, 89 cents was paid by public sources; \$10 billion Medicare, \$5 billion Medicaid, \$4.75 billion other Federal, and \$16.75 billion higher insurance premiums. Just think about that.

The price of cigarettes devoted toward taxes has slipped over the last three decades and, even with the increase we propose today, will actually be lower proportionately once this bill is enacted than it was in 1964 when Surgeon General Luther Terry reported for the first time that smoking causes cancer.

As a conservative, I am generally opposed to tax increases. I firmly believe that the Federal Government should spend less and that the American people should keep more of their money that they earn in our economy. Yet the statistics about tobacco use and costs that I cited above, I believe, make the case that tobacco products are imposing external costs onto society that are not adequately reflected in the price of these inherently dangerous products. Simply stated, the producers and consumers of tobacco products are not paying for the full costs of this product.

When I balance the opportunity that we have in terms of helping to provide health insurance and services for children, coupled with the significant deficit reduction component against my natural aversion to raising taxes, I come down in favor of this financing mechanism with the tobacco tax or, as I call it, a user fee because only those who smoke are going to pay this tax. And 50 percent of them, according to the recent polls, are for this tax realizing that smoking causes a lot of detriment to society.

If we are going to commit ourselves to addressing the problem of adequate health care for children, then it is essential that we identify how this program is going to be funded.

I knew I was going to take the heat on this one, but I strongly believed that it was the fiscally responsible thing to do, and I still think this is the case.

Accordingly, let me pose to my colleagues this question. What do you believe is a better offset? From what program do you suggest we take the money? Now, I am willing to listen and discuss this issue but, quite frankly, I have not heard from anybody concerning a viable alternative financing source.

Let us get to the real issue here. Smoking is dangerous for our public health, and it is dangerous for our economy. It hurts the kids we are trying to help. That is the crux of our amendment here today.

Many of the critics of our proposal have seized on this amendment today to express concerns which were raised earlier about the Child Health Insurance and Lower Deficit Act. A lot of those charges against the bill are in error, as I am prepared to debate here today. But the fundamental question today is not should we pass the Hatch-Kennedy child bill. Rather, the more pertinent question before the body is should we do more for children's health?

The answer, totally clear to this Senator, is "most definitely." I consider children's health to be a top priority issue for this Congress. I think the American people expect that of us.

My colleagues may be interested in a Wall Street Journal-NBC News poll taken between April 26 and 28 of this year. The question was posed as follows:

Two Senators, a Republican and a Democrat, have proposed increasing cigarette taxes by 43 cents a pack and giving much of the money raised to help States provide health insurance for uninsured children. Based on this description, do you favor or oppose this plan?

The response was astounding. I ask unanimous consent that it be printed in the RECORD.

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

WALL STREET JOURNAL/NBC NEWS POLL,
APRIL 26-28, 1997

Question: Two Senators, a Republican and a Democrat, have proposed increasing ciga-

rette taxes by 43 cents a pack, and giving much of the money raised to help states provide health insurance for uninsured children. Based on this description, do you favor or oppose this plan?

	(In percent)		
	Favor	Oppose	Not sure
All adults	72	24	4
Men	67	30	3
Women	76	20	4
Northeast	73	20	7
Midwest	73	26	1
South	69	28	3
West	74	23	3
Whites	70	26	4
Blacks	80	16	4
Age 18 to 34	73	25	2
Age 35 to 49	74	23	3
Age 50 to 64	66	30	4
Age 65 and over	72	21	7
Under \$20,000 income	74	23	3
\$20,000 to \$30,000	76	21	3
\$30,000 to \$50,000	70	28	2
Over \$50,000	70	26	4
Urban	76	21	3
Suburb/towns	70	26	4
Rural	70	28	2
Registered voters	73	23	4
Non-Registered adults	65	32	3
Democrats	79	18	3
Republicans	67	29	4
Independents	69	27	4
Clinton voters	80	17	3
Dole voters	64	31	5
Liberals	79	19	2
Moderates	79	19	2
Conservatives	64	31	5
Professionals/Managers	76	21	3
White collar workers	77	20	3
Blue collar workers	62	35	3
High School or less	66	30	4
Some College	75	22	3
College graduates	75	21	4

Mr. HATCH. Mr. President, 72 percent of all adults responded that they favor this proposal and only 24 percent were opposed; 67 percent of all men approved of this proposal and 76 percent of all women were in favor. The results were remarkably consistent throughout each geographic region in the United States, across age groups and, indeed, income groups.

The point is simple. This is an idea whose time has come. So to those who believe there is a better way to go, I earnestly solicit your views. Indeed, I will make an offer to every Member in this body. I want to work with each of you and with our leadership to address this issue in a responsible way. If changes need to be made, if we need to move toward a middle ground in order to get a proposal enacted, I will be an advocate for these changes. It is for this reason that Senator KENNEDY and I initiated our discussions on this issue several months ago.

The fact is that Senator KENNEDY and I approach issues like these from vastly different ends of the political spectrum. That perhaps is what strengthens the product of our discussions on those issues, the fact that we can find common ground. I believe we desperately need to find that bipartisan common ground on an issue like child health insurance, an issue which matters to so many of all of our constituents.

I think one of the lessons we have learned in the last 18 months is that the American public believes Congress is unnecessarily politicizing issues and sandbagging legislation in areas which beg for action. Children's health is an obvious example. I caution my colleagues not to be ashamed to work in a

bipartisan manner. Working across the aisle and knitting together political coalitions in order to get things done is an element of leadership, and I think it is what the public expects of all of us. I think that our approach is a true bipartisan partnership. Public health leaders back this approach.

Six former Cabinet Secretaries of HHS or its predecessor, HEW, representing all Presidential administrations back to the Nixon administration support our amendment. I thank Secretaries Elliot Richardson, David Matthews, Joseph Califano, Richard Schweiker, Otis Bowen, and Louis Sullivan for their support and leadership in moving this legislation.

I also want my colleagues to know that former Surgeons General C. Everett Koop, Julius Richmond, Paul Erlich, and Jesse Steinfield are backing this effort.

Today is the time for we politicians to take the advice of these leaders in public health and vote to increase the tax on tobacco users in order to help children. Indeed, the budget compromise and the child bill plus the public's heightened sense of concern about the perils of tobacco are coming together to present a rare and historic opportunity for our society to help children get health insurance, further discourage tobacco use, especially among our young people, and target a sizable \$10 billion for deficit reduction.

This is a unique time, and we should make the most of it. I believe that we can and should strengthen Medicaid and create a new program for those children from working families who are not Medicaid eligible. That is what our amendment is intended to do.

I will not use up all our time. Let us just keep this simple. Vote for Joey, not for Joe Camel. I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts.

Mr. KENNEDY. I yield myself 10 minutes.

Mr. President, I ask unanimous consent that Lauren Ewers be given privileges of the Senate floor during the pending debate on the budget resolution.

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

Mr. KENNEDY. Mr. President, first of all, I commend my friend and colleague, Senator HATCH, for explaining the thrust of this legislation and the range of support that we have for it and the importance of it for working families. Let me just continue in the presentation.

Mr. President, I join Senator HATCH in offering this amendment to guarantee a healthy start in life for every American child. Our amendment to the budget poses a clear choice for every Senator. Whose interests do you care about—the interests of America's chil-

dren—or the interests of the big tobacco companies? Are you for Joe Camel and the Marlboro Man, or millions of children who lack adequate health care?

Our amendment will make the Hatch-Kennedy children's health insurance plan part of the budget. Our goal is to make health insurance accessible and affordable for every child. The plan is financed by an increase of 43 cents a pack in the cigarette tax. That increase has the additional important benefit of reducing smoking by children.

Our plan has broad bipartisan support—because health care for children is not a Republican issue or a Democratic issue. It is a human issue. Six former Secretaries of the Department of Health and Human Services and four former Surgeons General have endorsed the plan. These leaders served under Presidents Nixon, Ford, Carter, Reagan, and Bush. They all understand the importance of health insurance for children and decisive action to reduce smoking. They all understand that health care for children is an issue that should transcend political party and ideology.

We all know the crisis we are facing in children's health. Ten and a half million children in this country—1 child in every 7—have no health insurance. Over a 2 year period, 23 million children—1 child in every 3—are without health insurance for substantial periods of time.

Ninety percent of uninsured children are members of working families. Their families work hard—40 hours a week, 52 weeks a year—but all their hard work can't buy their children the health care they need, because they can't qualify for Medicaid and they can't afford to buy insurance on their own.

Too many children are left out and left behind because they are uninsured. Too many parents face a cruel choice between putting food on the table, paying the rent, and giving their children the health care they need.

For millions of children the only family doctor is the hospital emergency room. Each year 600,000 sick children do not receive any medical care, because they are uninsured. Each year, 400,000 children go without the medicine their doctors have prescribed because they have no insurance. Each year, 1½ million children go without the dental care they need, because they have no insurance. Each year, 600,000 uninsured children suffer from asthma and less than half see a physician even once.

Each month, 1 million uninsured children suffer from sore throats with high fever. If they have strep throats, it can lead to heart disease and kidney disease if it's not treated. Each year, 300,000 uninsured children have chronic, untreated ear infections. Uninsured children are 50 percent more likely to die in the hospital than other children because their parents couldn't afford the health insurance they needed.

We all know our country's shameful record on infant mortality—we rank behind 17 other industrialized countries.

The lack of health care for children plagues the education system too. Children who are sick can't study well in school. Children who cannot see the blackboard because they have no eyeglasses can't succeed in the classroom. Children who cannot hear the teacher are unlikely to learn. Children who do not get a healthy start in life are unlikely to have a healthy future. And without healthy children, our country won't have a healthy future either—because children are the country's future.

Passage of this amendment, combined with the money already included in the budget agreement, can end this crisis and make this the Congress in which we guarantee every child the opportunity for the healthy start in life that should be the birthright of every child.

A budget is about setting priorities. There is no more important priority than health care for our children.

The amendment provides the additional funds necessary to achieve our goal. It includes in the instructions to the Finance Committee the necessary adjustments to provide for a 43-cent-a-pack increase in the cigarette tax to finance the coverage. And it includes in the instructions to the Finance and Labor and Human Resources Committee the spending to implement this program.

The Hatch-Kennedy legislation includes provisions that were common to bills introduced two Congresses ago by Republicans and Democrats alike. It will make health insurance coverage more affordable for every working family with uninsured children. It does so without creating any new Government mandates—on the States, on the insurance industry, or on individuals. The program is purely voluntary.

Our legislation creates no new entitlement. Instead, it encourages family responsibility, by offering parents the help they need to purchase affordable health insurance for their children.

The bill does not create any new bureaucracies—either Federal or State. The Federal Government already collects tobacco taxes, and all States have agencies that run their Medicaid, public health, and children's health insurance programs.

Our legislation builds on what the States are already doing. Fourteen States have their own public programs on which our proposal is modeled. Another 17 States have private programs to subsidize the cost of child-only coverage for low-income families.

Finally, our proposal builds on the private insurance industry. States choosing to participate will contract with private insurers to provide child-only private coverage. Subsidies will be available to help families purchase the coverage for their children, or to participate in employment-based health plans.

Even families not eligible for the financial assistance will be helped by this plan, since children's health insurance policies will be widely available in all States as a result of this proposal.

Under our plan, \$20 billion over the next 5 years will be available to expand health insurance for children, and an additional \$10 billion will be available for deficit reduction beyond what is provided in the budget agreement.

Paying for this program by an increase in the cigarette tax is both logical and practical. The link between smoking and children's health is obvious. If we do nothing, 5 million of today's children will die from smoking-related illnesses.

For years, tobacco companies have cynically targeted the Nation's children. It is appropriate now to ask those companies and smokers to make a contribution to the cost of health insurance for children. By providing a specific financing source to cover the cost of the program we are doing the fiscally responsible thing.

Some will oppose this legislation on the grounds that the \$16 billion already included in the budget over the next 5 years is enough. But the fact is, the \$16 billion is barely enough to cover the 3 million uninsured children already eligible for Medicaid but not participating. In total, it will cover only 3.7 million children of the 10½ million who are uninsured. Let me repeat that: It will cover only 3.7 million children of the 10 million uninsured.

The budget agreement is an important step forward. But that improvement is not enough to help the seven million other children in hard-working families whose parents will still make too much to qualify for Medicaid but not enough to buy the health care their children need. The Hatch-Kennedy plan fills that large gap.

Some will oppose this legislation on the grounds that the budget agreement was designed to cut taxes, not increase them. But a cigarette tax increase is a user fee and affirmative step to improve health care. It is not like other taxes. If you don't smoke, you don't pay the tax. We all know the heavy costs that tobacco companies and smokers inflict on all taxpayers. The average pack of cigarettes sells for \$1.80 today—and it costs the Nation \$3.90 in smoking-related costs. This proposal helps in a modest way to offset those costs.

Every poll shows that, unlike other tax increases, raising the cigarette tax has overwhelming public support. The only people who don't like this increase are the tobacco companies and their lobbyists.

Some will claim that this program will displace existing private insurance coverage. But our bill has strong safeguards to prevent this from happening. In fact, it has not occurred in the States that have already acted to implement similar programs.

Some will argue that this program creates new mandates on States or new

entitlements. But anyone who reads the bill will see that it does not. Participation is voluntary for States. The requirements for participation are no greater than for other, typical Federal grants to States for health care. The bill states clearly that it creates no new individual entitlement.

Obviously, we are not voting today on the specific provisions of our legislation. There will be plenty of time for adjustment and improvement as it moves through Congress. But this vote on the budget resolution is the key vote that determines whether the overall budget will contain room for this program, financed by a tobacco tax increase, that will guarantee every family affordable coverage for their children.

Big tobacco opposes this legislation. They are powerful and well-funded, but they do not deserve to succeed in their effort to block our amendment. A vote for this amendment is a vote for children's health care and a vote against the insidious and shameful poisoning of generations of children by the tobacco industry. Enough is enough is enough.

An extraordinary 72 percent of the American people support this program. Republicans and Democrats, liberals and conservatives, low-income families and high-income families, North, South, East, and West—support is overwhelming. The question is whether democracy still works. The American people understand the choice we are making today—and Congress should listen to their views. How can any Senator say no?

I would like to close by telling my colleagues the story of the children in two families.

Sylvia Pierce of Everett, MA, didn't think twice about taking one of her four children to the doctor, when her husband was alive. The family medical bills were covered under her husband's health insurance that he got through his job. When one of the children needed a shot, Pierce took the child to the doctor; if the baby had an earache, Pierce got a prescription. "People don't realize what a luxury health insurance is," Pierce said. "I know I didn't. I took it for granted. I never thought about it; I never worried about it." That all changed October 6, 1993, when her husband was murdered. In an instant, Pierce's life was changed forever. Gone was the father of her children, the family's main breadwinner—and its health insurance, leaving her four children, 13-year-old Leonard, 8-year-old Brian, 6-year-old Alyssa, and the baby, Jillian, unprotected. "It was the middle of the winter, the worst time of year as far as kids and sickness are concerned," Pierce said. "The kids were always catching something at school, and the baby had earaches and needed to have her immunizations. I kept postponing her shots because I didn't have the money. It was a very anxious time."

"I didn't choose to be in this situation * * * We've got to take care of our

children. They can't speak for themselves so we have to speak for them."

Maria lives in California. Shortly after Maria entered a new school as a third grader, her progress reports indicated that she seemed to be performing far below her potential. A health examination arranged by her school revealed that Maria had suffered multiple ear infections—probably over a period of several years. Maria's father ran a small yard maintenance business, but was not able to afford health insurance for her. As a result, her parents were unable to obtain treatment for her ear infections. Without timely and thorough medical attention, scar tissue had built up, causing her to become deaf in one ear and have hearing loss in the other. Maria's inability to access affordable medical care affects not only her physical health but her educational development as well.

Every day we delay means more children like Maria and like Leonard and Brian and Alyssa and Jillian suffer. It is time to say, "enough." We have failed our children long enough.

Children are the country's future. When we fail children, we also fail the country and its future. We all know what's at stake. For children, this vote is the most important vote we will cast in this entire Congress.

I reserve the remainder of my time.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I might just, first, ask that every Senator who is interested in this amendment and what it does, that they get a copy of the amendment. Look through it. Turn one sheet after another. See if you find mentioned in this document cigarette taxes. See if you see it in here.

There is no mention of cigarette taxes in this. The reason is, you cannot, in a budget resolution, carry out a mandate that a cigarette tax be imposed. Let me repeat. If this amendment is adopted, there is no assurance that a cigarette tax will be imposed because you cannot do that in a budget resolution. So let us look at it, page by page. There is no mention of a cigarette tax. I repeat to Senator HATCH, my very good friend, that there is absolutely no assurance and no way, in a budget resolution, that you can instruct the Finance Committee of the Senate of the United States to levy any kind of tax specifically.

You can change the total amount of taxation and say, "We sure hope, when you change that, that you will pass a cigarette tax." I tell you that because the budget resolution is not the place to argue about what a tax package is going to look like specifically, especially with reference to imposing a new one.

Second, for those who are interested in cutting taxes—I assume there are a whole bunch of people on our side who want to cut taxes, and I think there are

some on this side who want to cut taxes—if this amendment is adopted, while it does not mandate a cigarette tax, believe it or not, it cuts the taxes that you can cut by \$30 billion. So that will be a wonderful accomplishment, especially by conservative Senators on this side of the aisle, that essentially the only thing you are assured they accomplish is that there will be a tax cut for the American people that will be less than we expected when we got this budget resolution passed. That is just the arithmetic of an instruction to the committee—just plain arithmetic. Having said that, there should be no bones about it, because of what I have just said with reference to a tax cut and with reference to adding more money to programs, this is in violation of the bipartisan agreement.

Mr. President and fellow Senators, I do not know who is going to lobby this in behalf of the agreement. I do not know who is going to lobby from the White House or from the office of the minority leader. I do know Senator LOTT and I intend to defeat this. So we are not only going to be lobbying, we are going to be working to see that this agreement that we entered into is kept and not violated by this amendment or any other amendment. For, make no bones about it, if you adopt this amendment, this agreement is wide open, if you believe anybody on this side of the aisle or that side of the aisle who wants to live under this is going to sit by for a major change like this. Essentially, the principal change is to reduce the amount of money you can cut taxes by \$30 billion.

Let me also say, fellow Senators, and anyone listening here today, whatever the wonderful discussions by well-meaning Senators—and they are all well-meaning, I say that to my friend, Senator HATCH, looking right at him, wonderfully intentioned—the issue of covering children in America who are not covered by insurance, listen up, Americans: They are all covered in this agreement. The President claims victory in this agreement. And guess what he says, Senator KENNEDY, when he said this is a great agreement—5 million Americans, and he put up his hand with his 5 fingers like that—5 million Americans, young children, are going to be covered by health insurance because I made a deal to make sure that occurs.

So let us make sure that the speeches about covering children, trying, in this debate, to tie that to raising a cigarette tax—and another day, another place, another way, perhaps many Senators would vote for a cigarette tax increase. Perhaps.

Mr. KENNEDY. Will the Senator just yield on that point?

Mr. DOMENICI. I just want to finish this thought.

Mr. President, this cigarette tax is not needed. We need not break this agreement to cover children who are uncovered, in terms of health insurance, because they are covered. Let me

tell you how much they are covered by. There is \$16 billion—one-six—\$16 billion in new money in this agreement that is there specifically and singularly to cover children who do not have insurance. All 5 million are covered by the \$16 billion.

Let me suggest that the White House in these negotiations put before us a plan to cover the 5 million young people, 5 million young children in America. They put forth a plan and they said it is going to be very difficult to find out how to cover these young children because we do not have any experience in it. We do not have any insurance policies out there to cover them. But \$16 billion ought to do the job.

Mr. KENNEDY. Will the Senator yield on my time for 1 minute?

Mr. DOMENICI. Sure. I will be pleased to.

Mr. KENNEDY. Mr. President, just to make it clear, in the budget is some \$16 billion. The Medicaid costs are \$860 per person. If you work that out, that covers 3.7 million.

I think the President said “up to 5 million.” So, there is a major part of that group, particularly the working poor, who are not covered in that.

I strongly support the point that the Senator has made in that we are going to see progress, and it is important progress. I think we ought to at least have an understanding. We have \$16 billion and it costs \$860 to cover each child. If you do the math, it is 3.7 million. The President, I think, said up to 5 million. I think, frankly, if you do the math, it is a little closer to 3.7 million.

Mr. DOMENICI. Mr. President, fellow Senators, the truth of the matter is that nobody knows, nobody knows today how to cover these children who are uncovered in America. Nobody has a plan. Nobody knows which plan to use. Obviously, a very large number ought to be put under Medicaid. But they will not all fit under Medicaid, so another plan has to be developed for the rest of them. Frankly, this Senator is convinced that we can devise a plan in the Finance Committee of the U.S. Senate that will cover them all and will not even use the \$16 billion.

That is just as honest a statement as my friend from Massachusetts makes when he plucks a number, because we do not know what it is going to cost. Mr. President, do my fellow Senators know that if you went out 6 months ago across America and you said, “Let’s buy health insurance for some uninsured kids; let’s just go around to the insurance agencies and say, ‘How about giving us an insurance bid,’” there was no policy until about 2 months ago when a company decided to issue a policy. Nobody even knows, since it is the only one, whether its price is going to remain when they all start issuing them, for it is, indeed, not expensive to cover children; everybody knows that. One of the reasons given to cover them is it is not very expensive to cover them.

All I am suggesting is that the President of the United States, in this bipartisan agreement, made great, great emphasis to the American people that it was a good agreement for many reasons, and one of them was that we had covered the young people who are not covered with \$16 billion in new money.

I want to close on this point, and I will have a lot more to say, but essentially, this amendment in no way will cause a cigarette tax to be imposed if that is the wish of the sponsors, because you cannot do it in a budget resolution and you cannot find the words “cigarette tax” in the boundaries of their amendment, because there is no way to do that. They just have numbers plugged in and they wish the Finance Committee will use the numbers the way they are giving their speeches on the floor. They are hoping that they will do that, but the Finance Committee does not have to.

So what we are doing is, we are tying in kids’ coverage, which is already in the agreement, to a national issue on smoking cigarettes. And it is a national issue. It is a terribly tough issue, but, essentially, they are unrelated in terms of the budget resolution. So what we are doing is asking for more money for a program that is already covered, with no assurance that it will be spent for that program, and we are calling for a tax increase, with no assurance that it will be a cigarette tax, but a real assurance that you will have cut the \$85 billion that we are providing for net new taxes by \$30 billion, just the mathematical effect of the amendment.

I yield the floor at this time.

Mr. HELMS. Mr. President, Senator DOMENICI is absolutely correct. If the Senator from Massachusetts wants to render nugatory the work of all the Senators who labored so long to produce a budget, his amendment is the way to do it.

At stake, Mr. President, are the livelihoods of this country’s tobacco farm families as Senators KENNEDY and HATCH attempt to extract an additional \$30 billion tax increase from the American taxpayers by upping the existing 24-cent excise tax to 67 cents.

The impact of this proposal, if enacted, would not only devastate the Southeastern economy; it will harm the entire country. It will be harmful to the lives of thousands of farm families, to the manufacturing workers who stand to lose their jobs, to the retail-store owner and his employees, to the truck driver who delivers the product to market, to the farm implement dealer who supplies the tobacco farmer, to the schools financed by taxes levied on tobacco farmers, and on and on.

Mr. President, this tax increase will cost thousands of fine North Carolinians their jobs; it will effectively destroy the livelihoods of thousands of small family tobacco farmers.

According to American Economics Group, Inc., nearly 662,402 citizens are employed in the production, manufacturing, and marketing of tobacco. If

enacted, the 43-cent excise tax on tobacco products would abolish 43,000 jobs nationwide, and North Carolina alone would lose 17,849 jobs.

Furthermore, any increase in the cigarette excise tax will fall disproportionately on lower- and middle-income consumers—the citizens least able to pay it. Those earning less than \$30,000 annually already pay 5 times more in excise taxes than those earning \$60,000 or more. Those families earning less than \$30,000 pay a staggering 47 percent of all tobacco excise taxes, yet these families earn only 16 percent of national family income.

Make no mistake about it—the tobacco tax is not a user fee as so often claimed by the proponents of this amendment—it is a tax increase. We all know that when excise taxes are increased on any product, sales of that product decrease. If tobacco revenues fall short of projections—which will certainly be the case because there will be a substantially smaller tax base—how will the shortfall be made up? More taxes? What other group will be singled out to shoulder this financial burden?

Tobacco has been targeted for enormous tax increases because it is an easy way for this Government to take even more money out of the taxpayers' pockets. Smokers, tobacco farmers, and those who work in the tobacco industry should not be singled out to shoulder the burden of paying for the health care of uninsured children.

The anti smoking zealots have made clear that they are willing to do almost anything in order to tax tobacco right out of existence. They do not care about the 18,000 people in North Carolina alone who stand to lose their jobs. The proponents of this amendment talk about all the children they are trying to insure with the revenues from this tax. Well, I can guarantee that they'll be able to add more uninsured children to that list if this tax is enacted. There will be a number of folks without work, and a number of children who will suffer because of it.

Once we head down this road of using the taxing power of Government to discourage Americans from undertaking activities Congress and the White House find objectionable, or politically incorrect, where will it stop?

This tax discriminates against an entire region, an entire industry, and all people who use tobacco products.

Mr. FORD. Will the Senator yield me 10 minutes?

Mr. DOMENICI. I yield 10 minutes to Senator FORD.

Mr. FORD. I thank the Senator.

Mr. President, I am quite proud of the record I have established over the years in support of programs that help children. No one in this Chamber is going to suggest that this Senator, this grandfather of five, takes second place to anyone when it comes to priorities affecting children. I have supported expanding educational opportunities ever since I came to the Senate. Nothing is

more important for our children than education. I have supported full funding for Head Start and the WIC Program and expanding Medicaid coverage to poor children. I have supported child care programs. I have supported the expansion of the earned income tax credit. I have supported a child tax credit that will become, hopefully, a part of this budget. I have supported drug abuse funding to help children. I have supported reasonable environmental initiatives that improve the lives of our children. But this is not a debate about whether or not to provide funds for child health care.

The budget agreement already includes \$16 billion in additional funds for child health care. A vote for this budget agreement, as is, is a vote for this country's children. I support the budget agreement that was negotiated earlier because it strikes an important balance. It provides much-needed programs for children from education to health care. It provides much-needed tax relief for middle-income families, and it balances the budget by 2002. An enormous amount of what we spend in the Federal budget is about children, and I believe that is right because our children are the most important resource this country has.

We have to balance a lot of competing priorities. There is virtually no end to what we could spend on educating our children, for instance, if money were no object, but money is an object, because we have to balance the size—and I underscore size—of Government with the appetite of our constituents to pay taxes. I thought the budget arrangement announced earlier struck a pretty fair balance. It protected a number of national priorities while balancing the budget. As I have always said, it includes \$16 billion for children's health care over 5 years, an amount that we are told will cover approximately 5 million children.

The budget deal assumes that there will be \$135 billion in gross tax cuts offset by \$50 billion in new revenues already. Now we look at the Kennedy-Hatch proposal. No matter how you look at it, this proposal undercuts the budget deal by changing the balance reached in that agreement. It requires the Federal Government to be \$30 billion bigger in tax revenues and at least \$20 billion bigger in spending programs. Tax-and-spend.

So, with this amendment, there will only be \$55 billion in net tax cuts. That is not the agreement I agreed to, the White House signed off on last week, and it is not the agreement that the American public has been led to believe they are getting.

There are plenty of other problems with the substance of the Kennedy-Hatch amendment. I do not think the budget deal was about raising taxes. If this amendment is adopted, this budget deal will become more and more about raising taxes. Put another way, this amendment reduces the net tax cut in this bill by 35 percent, more than a

third. It requires a 60-percent increase in revenue raisers in this bill over the next 5 years. Tax increase, revenue raisers.

Let's quit talking about taxes a moment, and let's talk about the Kennedy-Hatch amendment. While it is true that States have the option of denying the new block grant under this amendment, once they decide to accept the money, several conditions and mandates—I underscore mandates—to the States apply.

The Kennedy-Hatch proposal contains 27 separate provisions which state that a State "shall" or a State "must" or a State "may not" do something. States have restrictions on how to write their plan to cover children. Who must approve the plan before they receive the funds? HHS. Which children are eligible for health insurance subsidies? What must be covered under the health insurance policy? You have told the insurance companies what they have to write, who they can contract with—think about that now, who a State can contract with for policies and how—how much they must pay out of State funds to receive this money; what percentage of administrative costs they must cover—mandates on the States.

Having been there and done that, I understand what a Governor has to do, but, if faced with a choice of stretching dollars, a Governor might prefer to provide a very basic policy but to cover more children. Under the Kennedy-Hatch amendment, the benefits that must be covered are specified in the bill.

What is the cost to the States? The Kennedy-Hatch amendment will cost the States up to \$5 billion in additional matching funds, requiring them to raise their money or their taxes. The Kennedy-Hatch amendment will cause cigarette consumption to decline by a minimum of 10 percent. This means that States could lose between \$4 and \$7 billion in excise taxes if they do not participate in the bill, meaning that even more money must be made up somewhere else.

For weeks and weeks and months and months, there has been a bill filed to get rid of Joe Camel, to get rid of Marlboro Man, to do away with advertising, to do all those things that FDA has regulated, and then just ask FDA to get out of adult choice. But people who will not help prevent youth from smoking are here with an issue, not solving the problem, they are here with an issue, because if they wanted to solve the problem, they had an opportunity months ago to get on a piece of legislation that would do exactly what FDA is now saying will be in regulations.

So, Mr. President, don't let anyone say that they want to solve the problem. They, by their own words, have let thousands upon thousands upon thousands of kids die because months and months and months ago, they would not get on a bill to help stop youth smoking. Now they have an issue: They

want to raise taxes in order to stop youth from smoking.

Well, it tells me something that they want the issue and not a solving of the problem.

I yield the floor, Mr. President.

Mr. KENNEDY. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, just for the benefit of the membership, this legislation is drafted in the historical, traditional way of amending the Budget Act. There should be no question as to exactly what this legislation is about. It is about providing health insurance for working families who cannot afford it. This is spelled out in the purpose of the amendment, which also states that it will be * * * "financed by an increase in the tobacco tax." What we are voting on ought to be very clear.

Second, Mr. President, I ask unanimous consent to have printed in the

RECORD a joint tax review that states that even with the decline in potential tobacco use, there still will be \$30 billion generated over the period of the next 5 years. This also takes into consideration the arguments of the Senator from Kentucky.

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

JOINT COMMITTEE ON TAXATION,
Washington, DC, May 19, 1997.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: This is a revenue estimate of your bill, S. 526, introduced with Senator Hatch.

Under present law, the excise tax rates on tobacco products are as follows: small cigarettes, \$12.00 per thousand; large cigarettes, \$25.20 per thousand; small cigars, \$1.125 per thousand; large cigars, 12.75 percent of wholesale price (but not more than \$30.00 per thousand); snuff, \$0.36 per pound; chewing tobacco, \$0.12 per pound; pipe tobacco, \$0.675 per pound; cigarette papers, \$0.0075 per book containing more than 25 papers (with no tax on books containing less than 25 papers); and

cigarette tubes, \$0.015 per 50 tubes. Under present law, there is no tax on fine cut (roll-your-own) tobacco.

Under the bill, the tax on small cigarettes would be increased by \$0.43 per pack to \$0.67 per pack. The excise taxes on other tobacco products are to be increased by the same percentage increase as the increase (179 percent) on small cigarettes except for the tax on snuff, which would be increased by 569 percent to \$2.41 per pound and chewing tobacco which would be increased by 4,975 percent to \$6.09 per pound. In addition, an excise tax is to be imposed on fine-cut tobacco equal to the tax on pipe tobacco.

The proposed tax increases for small cigarettes and other tobacco products would become effective on October 1, 1997, with floor stocks taxes levied on that date. However, a credit to be applied against the floor stocks tax liability equal to \$500 would be allowed every vendor responsible for the payment of floor stocks taxes. We estimate that the floor stocks tax credit would reduce fiscal year 1998 receipts by \$400 million from what they otherwise would be.

We estimate that this proposal would increase Federal fiscal year budget receipts are as follows:

(By fiscal years; in millions of dollars)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2002	1998-2007
Increase small cigarette tax by \$0.43 per pack	5,273	5,633	5,673	5,714	5,753	5,791	5,827	5,864	5,904	5,944	28,046	57,376
Increase other tobacco excise taxes by 179%:												
Large cigarettes	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)
Small cigars	3	3	3	3	3	3	3	3	3	3	13	30
Large cigars	58	61	61	59	58	57	56	55	54	53	297	573
Pipe	10	10	9	8	8	8	8	8	8	8	45	85
Fine cut	4	4	4	5	5	5	5	5	5	5	22	47
Papers	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1	(2)
Tubes	1	1	1	1	1	1	1	1	1	1	5	10
Increase tobacco excise taxes on chewing tobacco by 4,975%	93	94	92	90	89	88	87	86	85	84	458	888
Snuff by 569%	239	258	270	281	293	306	319	332	346	361	1,341	3,005
Totals	5,681	6,064	6,113	6,161	6,210	6,260	6,309	6,357	6,409	6,462	30,228	62,026

(1) Gain of less than \$500,000.
(2) Gain of less than \$5 million.
Note: Details may not add to totals due to rounding.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.
Sincerely,

KENNETH J. KIES.

Mr. KENNEDY. Mr. President, third, using the figures of the Senator from Kentucky, a reduction of about 10 percent is 4.5 million Americans. By and large, the greatest reductions will be among children, because they become addicted at the earliest age.

Finally, I want to address the issue as to whether this is consistent with the budget resolution. The budget resolution reduces the deficit. This program adds \$10 billion in terms of deficit reduction. It strengthens the agreement itself.

Second, it does not change spending with regard to potential capital gains, the estate taxes, the IRA's, the education programs—none of those will be altered or changed.

This is effectively a user fee for those who smoke, and it will provide comprehensive coverage for the millions of children who are not covered.

I pay tribute to my friend and colleague from Kentucky because he has been a champion of children the entire time he has been in the Senate, and no one in this Senate ought to doubt his strong commitment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 5 minutes.

I want to make a point again in a little different way. I am talking now to the U.S. Senate, but, obviously, there are people who pay attention who are not in the Senate.

So I would like to make sure that everybody that was part of this agreement—this agreement—the President of the United States signed it. I would like to make sure he somehow or other hears this next couple minutes.

Mr. President, fellow Senators, there can be no more frontal attack and violation of this agreement than this amendment. Now let me make it clear. It says that the tax cut to the American people is reduced by \$30 billion. And it says we will spend \$20 billion of that. So we are going to reduce the tax cut and spend more money. And we already cover the children in this agreement.

Mr. President, why would we work for 2 or 3 months—and in this instance I say, Mr. President, Mr. President Bill Clinton—why would we work for 3 months to shape an agreement that provides some items that Republicans want and some items that Democrats want, including the President, and

then come to the floor and have the President of the United States not fully aware that this throws the agreement away? Perhaps he is unaware of it this morning. But he ought to be aware of it soon.

I mean, the agreement is as much as a nullity if you are going to violate it to that extent with this amendment, which will not necessarily accomplish the purposes of its sponsors.

I repeat, look at the amendment. Read it line for line. And there is no mention, I say to Senator GORTON, of a cigarette tax in this because, as you know, you cannot do that in budget resolutions. They are just numbers. So there is no cigarette tax in here, and no cigarette tax assured under this.

So I hope everybody understands the significance of it. We can debate for quite some time. I was of the opinion we had an agreement. And I was of the opinion that it was Democrat, Republican, Presidential. And I think those who are proposing this amendment better think loud and clear and think carefully, do they want the agreement to disappear because of this amendment.

I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I understand well the procedural objections of the distinguished Senator from New Mexico to this amendment. He argues that there is no way to be absolutely certain that the Finance Committee will levy a tobacco tax. In a narrow legal sense that is certainly true. Well, to that assertion I simply respond that this is not some hinky-dinky little technical amendment. Everybody here knows what is involved here.

We are having one of the most important debates in this Congress. It may be the most important debate that occurs during this session of Congress. We are debating in public. We all know what the stakes are. It is our children versus Joe Camel, nobody doubts that, nobody has any problem with that. In fact, even in the purpose clause of the amendment, it says financed by an increase in the tobacco tax. So it is there. Make no mistake about it, the question is clear today. History can be made today if our amendment is agreed to.

The Finance Committee would have no practical other choice but to pass the cigarette tax to finance this. Of course, there is no legal requirement to bind their actions but sometimes political and moral forces cannot be resisted by mere legal technicalities.

If we prevail today, there is no political way to turn back. That is why so many people are so nervous today. This vote may be the most important vote we cast this year for the future of our children. Let us face it. The people out there are watching. And they are going to hold us accountable, especially those 72 percent of the public, according to the Wall Street Journal-NBC poll who support our bipartisan approach. It is Joey versus Joe Camel, and no procedural nicety can obscure this reality. And everybody here knows it. So that is what it is coming down to.

There are \$135 billion in total tax cuts, gross tax cuts in this budget agreement. And the fact is, that this is a public health vote much more than a tax vote. Tobacco is the No. 1 cause of premature death in this country. And that is costing our country literally tens of billions of dollars annually by our own Government estimates.

GAO is the one who has given us the figure of 10 million children here who do not have adequate health insurance, 3 million of whom do not even know they qualify for Medicaid. This money in this bill will help those 3 million children, perhaps. But I have to say, in order to get to \$16 billion they had to cut the DISH. That is going to be a loss to children. So we are talking about taking care of the other 7 million children that are involved according to the GAO.

My amendment does direct the Finance Committee to come up with \$30 billion more in revenues. We want this to be done with the tobacco tax in-

crease; and it is the only way it will be done. That is the only way you can adjust the budget to accommodate a tobacco tax increase. If the Finance Committee refuses to back the tax, then it will be they, not us, who have thwarted the will of 72 percent of the American people who support this amendment.

I would like to point out nothing in the bill binds any committee to adopt any policy. Many committees may consider changes we have not anticipated here today. We have to do the best by providing clear direction on the floor. And if that guidance is not followed we will have to deal with that with subsequent reconciliation and tax bills.

So this charge ignores the real issue. The proponents of our amendment, the Hatch-Kennedy amendment, are making a public choice to help kids at the expense of the tobacco industry. You can try to gild the lily any way you want, but that is the situation here. Big tobacco is fighting back. Who are we going to be with? Are we going to be with the kids or are we going to be with tobacco? That is strictly the issue.

I reserve the balance of my time.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. How much time does the Senator want?

Mr. LAUTENBERG. How much time does the Senator want, 10 minutes?

I yield 10 minutes to the Senator from Massachusetts off of the budget resolution.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I thank the Senator from New Jersey.

I am proud to rise to join Senator HATCH and Senator KENNEDY as a cosponsor of this, and to thank them for their leadership on it. Let me say first of all, that it is absolutely disingenuous to suggest to the U.S. Senate that this amendment ought to be voted against or is subject to criticism because it reduces the tax cut by \$30 billion.

Every U.S. Senator knows, by virtue of our experience here and the practice on the budget, that we are not allowed to specify the specific source of revenue. But every Senator also knows what the source of revenue would be if we decided to pass this legislation. There is no question about it.

There is no other place that the Finance Committee would go as a consequence of an overwhelming vote of the Senate to say that we should provide this care with the understanding of the sponsors and of all of those proposing that there is one source that we are directing our attention to for the revenue. So that is an entire smoke-screen. No Senator can hide their vote behind that kind of smokescreen today.

Second, it is absolutely false to suggest that the \$16 billion in the agreement is going to provide health care to even the 5 million children that it claims to, let alone the 10 million chil-

dren we know do not have coverage today. The math is ascertainable. And the math will tell you that you are only going to cover about 3.7 million children with the amount of money allocated.

The fact is, that last year when Senator KENNEDY and I and Senator ROCKEFELLER and others introduced legislation to provide health care for children, we thought we had an approach. And Senator HATCH and others could not find agreement with it. And there have been some changes since then. But let me tell you, Mr. President, what else has happened since then.

There are 750,000 additional children who have lost their private health insurance in this country in that year that we have not seen fit to do what Senator KENNEDY and Senator HATCH are asking us to do today—750,000 additional kids.

One kid every 35 seconds has lost their health insurance in this country. And the fact is, that most of those 10 million kids are the sons and daughters of parents who are working. Ninety percent of them are working. And the vast majority, about 68 or 69 percent, both parents are working and are working full time.

So why is this necessary, Mr. President? Let me just share with you a real-life story from Massachusetts. Jim and Sylvia Pierce were married in 1980. They lived in Everett, MA. Jim was a plumber. They had three children: Leonard, Brianna, and Alyssa.

In October 1993, Sylvia was pregnant with her fourth child when Jim was murdered on his way home from the store. In that one horrible moment, her life changed forever. She not only lost her husband, but, pregnant and alone, she lost her health insurance as well. Her survivor's benefits made her income too high to be able to qualify for long-term Medicaid but it was too low to be able to pay the \$400 a month premium that would have extended her husband's health plan so that it would have covered her children. Result—she lost her health insurance, pregnant, and with three children.

And she said, "I've always taken good care of my children. I feed them well; I take them to the doctors immediately when they need it. All of a sudden I couldn't do that anymore."

That is what this debate is about, Mr. President. It is about families like that that are trying to provide for their children. It is about teachers who will tell us again and again that children in a school who are disruptive in a class are often the children who have not even been diagnosed for an earache or for an eye problem. We are the only industrial country on this planet that does not provide health care to our children.

That is unacceptable in 1997. It is unacceptable when we are looking at 134 billion dollars' worth of gross tax cuts.

Mr. President, every person involved with children will tell us the value of

providing health care to those kids so that you can provide the long-term preventive care and diagnosis necessary to provide them with full participation in our society.

The Journal of the American Medical Association found that children with coverage gaps are more likely to lack a continuing and regular source of health care, so that if you just have a gap in your coverage, the greater likelihood is you are not going to be able to make it up and have any kind of long-term preventative care; and that even when factors, such as family income, chronic illness, and family mobility are factored out, numerous studies by university researchers and by Government agencies show that the uninsured are less likely to receive preventative care, such as immunizations, more likely to go to emergency rooms for their care, more likely to be hospitalized for conditions that could have been avoided with proper preventative care, and more likely to have longer hospital stays than individuals with health insurance.

So, in other words, the fact that we nickel and dime this and we refuse to give them coverage actually winds up costing us a lot more in the long run.

Mr. President, when you really consider the savings in this, this ought to be a no-brainer for Members of the Senate. And the fact is, the reason we are turning to cigarettes is because cigarettes are the greatest saver of all. You can leave aside the fact that the Wall Street Journal did a poll that suggested that 72 percent of Americans favor this 43-cent tax, but just think about it on the merits.

The fact is, the public supports this bill because they want children to have health insurance and they also understand the rationale for increasing the cigarette tax. The cigarette tax is a user fee. For three-quarters of Americans they are not going to pay anything additional. But for the one-quarter of Americans who do smoke, they wind up costing Americans an additional \$50 billion in direct costs, health care costs as a consequence of that smoking.

Mr. President, the tobacco taxes in the United States today are the lowest in the industrial world. And even if we passed this 43-cent tax in order to fund health care for children, we would still be far below the tax charged in most of those other countries today.

There is a rationale for doing this, a rationale that is overwhelming.

In the next 24 hours, 3,000 children are going to start smoking.

Every 30 seconds a child in the United States starts smoking. And the problem is getting worse because smoking among students in grades 9 to 12 increased by more than 26 percent from 1991 to 1995.

And although 419,000 smokers die each year of smoker-related diseases, the fact is that 89 percent of those who start to smoke by the age of 18 are going to be replaced today or the fact is those 419,000 are going to be replaced

by about 1 million new smokers, which means that you are going to have about 89 percent of those who are 18 will have started smoking before that.

Mr. President, the tobacco tax is known to weed out that early smoking. The tobacco tax, according to the American Cancer Institute, suggests that 835,000 children's lives would be saved. So that is really the choice we face in this vote today. We know that if you raise the taxes on cigarettes, the people with the least amount of disposable income, which are kids, are less accessible to cigarettes. The fact is, if 835,000 lives could be saved and we refuse to take the step today to do that, then ask yourself what the complicity is in those additional 835,000 smokers and deaths that would occur as a consequence.

Mr. President, this makes sense. This is important in terms of our rising to the standards of the rest of the countries in the world, industrial countries. It makes sense to save countless tax dollars that are spent for those people who die, the 419,000 each year, as a result of smoking-related disease. It makes sense because it provides children with the opportunity to have the diagnosis of preventative care that provides them with a full opportunity to participate in our society.

I think Senator HATCH and Senator KENNEDY are absolutely correct when they say this is one of the most important votes we will cast. This does not blow apart any agreement. Do not let any smokescreen to that effect cloud a vote here. This agreement can hold together because this amendment provides for revenue and it provides for making up the difference of what is taken away. In the end, this agreement could go forward, and America's children would benefit as a consequence of that.

I reserve the balance of my time.

Mr. GORTON. Mr. President, I yield 8 minutes to the distinguished Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. I thank my friend, the Senator from Washington.

Mr. President, we are indeed here for a budget resolution designed to ultimately lead to a tax decrease for Americans. Advocating the Kennedy-Hatch proposal is a \$30 billion tax increase for the American people.

Mr. President, that is not exactly what I thought a Republican Congress had in mind in negotiating with the President of the United States to reach a balanced budget agreement. All of a sudden we throw that out right here in the second day of debate and suggest that we raise taxes \$30 billion on the American people.

Now, which people are we suggesting the taxes ought to be raised upon, Mr. President? This is a regressive tax against low-income Americans. All of my colleagues on the left of the political spectrum here are advocating a low-income tax increase of substantial

significance all across America. It seems to me the worst way, even if the Kennedy-Hatch proposal were otherwise something that ought to be supported, the worst possible way to finance it by putting a tax on low-income Americans. So not only is this a new tax in a budget resolution designed to give us an opportunity to lower taxes on the American people, it is a tax directed at low-income Americans.

In addition to that, Mr. President, this is a tax that is targeted at a region of the country. It is no secret that tobacco production is largely confined to the southeastern part of the United States of America. No one, as far as I know, is suggesting that cigarette smoking or the production of tobacco be made illegal. Controversial though it may be, no one is suggesting it be made illegal.

So we have in my State over 60,000 tobacco producers engaged in the raising of a legal crop for American citizens. The average tobacco grower, Mr. President, used to have in Kentucky about three-quarters of an acre. It is a little bit higher than that now. The typical tobacco producer in my State is a part-time farmer. He probably has a job in a factory. His wife probably works in an apparel or cut-and-sew plant, as we call them. They raise this tobacco on their own. They cut it and strip it on their own. They sell it at auction in November and December, and it provides Christmas money, or, for many families, a lot more than Christmas. It may be the opportunity to send their kids to college. Frequently, these kids going to college are the first in the families to have that opportunity.

Mr. President, 60,000 tobacco producers all across Kentucky are being singled out as they raise a legal crop, being singled out to pay for a children's health insurance proposal in this budget resolution, and I am told by the chairman of the Budget Committee, we have already taken care of that. There is \$16 billion for children's health insurance in this budget proposal already. So what is going on here is, you will have a whopping new tax increase on low-income Americans that whacks the Southeastern part of the United States the hardest in order to get after cigarette smoking.

Mr. President, I do not smoke. I do not advocate it. I think we need to do a better job of keeping cigarettes out of the hands of people who are underage. But why in the world should we, in this budget resolution, designed, among other things, to give tax relief to the American people, whack low-income Americans with a \$30 billion tax increase is simply beyond my understanding.

Now, looking at it from a job-loss point of view, Mr. President, from a Kentucky jobs point of view, estimates are that there are 78,000 Kentucky residents who have jobs in sectors linked to the production, distribution, and retailing of tobacco products. By increasing the Federal excise tax on cigarettes

by 43 cents per pack, we estimate we would lose 43,000 of those jobs and 2,000 of them would be the Kentucky farmers. The total payroll loss would be \$70 million in my State. Due to declining cigarette sales, total State cigarette tax revenues would also drop by just under \$7 million.

So not only does this proposal advocate a huge tax increase on low-income Americans, it is also going to lose a significant number of jobs in my State and a number of other States across the Southeast all, allegedly, to go after a habit that many Americans have, which is not a healthy habit, a habit that I do not participate in, but a habit that adults are entitled to engage in if they so choose.

Now, Mr. President, this is a very, very serious proposal before the Senate. It will do great harm to my State and other States across the Southeast. We do not need to enact this proposal to provide additional health insurance for children. That is already provided in the budget agreement before the Senate.

Mr. President, I strongly urge the Senate not to adopt this amendment. It is a huge tax increase. It is a tax increase against low-income people. It is a tax increase targeted at a region of the country. It will have devastating effects on the economy of my State. I strongly urge the Senate not to approve this proposal.

To reiterate, Mr. President, I support this budget's constructive advancement of child health care, but I strongly object to the proposed amendment's destructive impact on child welfare in my home State of Kentucky.

This budget makes an up-front commitment to address the needs of child health because it is the right thing to do. But it does not place the welfare of children at risk in order to score political points against Joe Camel. I believe that my colleagues believe that no child should be discriminated against in order to benefit another. But the Hatch-Kennedy amendment takes this course openly. This amendment makes it acceptable to reduce a farm family to abject poverty in order to provide a limited health care benefit. This choice is not necessary. This budget supports the health care of children without destroying the foundation of their family and community.

As I have mentioned on this floor before, leading tobacco States like Kentucky, North Carolina, and Virginia are not the only States whose economies benefit from tobacco. Tobacco is grown on over 124,000 farms in 22 States and in Puerto Rico. Tobacco provides jobs to countless Americans. The hundreds of thousands of people involved in the tobacco industry buy cars built in Michigan, refrigerators built in Iowa, computers from California, and insurance from New York companies.

The smokeless tobacco industry includes thousands of small farmers in States like Kentucky, Tennessee, Wisconsin, Pennsylvania, and Virginia. In

many cases, tobacco provides the cash margin that sustains a diversified family farm operation. Smokeless tobacco companies employ workers in States like Kentucky, Connecticut, Wisconsin, New Jersey, West Virginia, Tennessee, and Illinois. Many tobacco product distributors are in States like Texas and Georgia. With the inevitable loss of those jobs, the economic harm will be far-reaching throughout the larger farm and rural communities associated with tobacco.

The billions of tax dollars supplied by the many facets of the tobacco industry support schools, pay for roads—help build America. Where will these funds come from now? Whose taxes are you going to raise next?

This amendment will raise excise taxes on all tobacco products including cigarettes, chewing tobacco, and snuff. This represents a 179-percent increase from the current 24 cents per pack Federal tax on cigarettes; a 569-percent increase on chewing tobacco from 36 cents to \$2.41 per pound; and a 4,975-percent increase on snuff from 12 cents to \$6.09 per pound. I am unaware of any other product that has been subjected to such outrageous tax increases. The economic repercussions of these taxes are far-reaching in terms of the severe economic disruption they will cause.

Excise taxes are regressive and discriminatory. Regressive, because the burden of paying them falls heaviest on low-income Americans. In 1987, the Congressional Budget Office [CBO] called consumer excise taxes the most regressive type of tax. CBO singles out tobacco excise taxes as the most regressive of all estimating that lower income persons pay 15 times more in tobacco taxes as a percentage of income than upper income individuals. A 1993 study by the Council of State Governments calls tobacco a worn-out tax source.

The tax on these products will be devastating to those Americans whose household income is less than \$30,000.

Thousands of American jobs will be affected with such increased taxes in the form of lost wages and reduced spending, for example, local banks, farm equipment dealers, seed and feed stores, gas stations, grocery stores, and clothing stores.

A 43-cent-per-pack increase in the Federal excise tax increases the total Federal excise tax to 67 cents per pack and boosts the total Federal, State, and local excise tax to around \$1 per pack. A 50-cent-per-pack increase for cigarettes would cause cigarette consumption to decline by about 11 percent. A decline of this magnitude would reduce total burley consumption in the United States by about 40 million pounds. Kentucky produced about 420 million pounds last year. Last year the average price per pound was about \$1.90 per pound, this would result in a loss of \$76 million in farm income.

The American Economics Group, Inc. [AEG] estimates that 78,280 Kentucky residents have jobs in sectors linked to

the production, distribution, and retailing of tobacco products. By increasing the Federal excise tax on cigarettes by 43 cents per pack approximately 4,310 of these jobs would be lost, 2,019 would be farmers. Total payroll loss would be \$70 million. Due to declining cigarette sales, total State cigarette tax revenues will drop by \$6.7 million.

Tens of thousands of Kentuckians earn a living from the growing, harvesting, manufacturing, and marketing of tobacco products. Additionally, nearly \$130 million of Kentucky's tax revenue relates to tobacco production, and local governments receive approximately \$5.5 million in property taxes from the value of the quota system alone. Where will this tax revenue come from when Kentucky farmers are taxed out of existence?

Mr. President, if this tax increase is passed, who is going to pay their bills, provide them with job opportunities, and pay their health care? Who? If this tax increase is passed, you will see a ripple effect that will be devastating to rural communities in Kentucky.

Supporters of the Hatch-Kennedy amendment have spoken often of the health care needs of America's children. For Kentucky families, the health of their children is not limited to an insurance benefit. The health of our communities and our families is directly related to the health of our children. For Kentucky's rural towns and counties, tobacco is their lifeblood.

This amendment will dramatically impact the ability of Kentucky farmers to provide a living for their families. The tremendous loss of income will affect whole communities. Most tobacco farmers operate on borrowed money from the local bank. Where farmers have been in a position to diversify, they have done so but they have borrowed the money and use tobacco income to pay back the loans. Land values will decline. Bankers are going to be less likely to make loans. Rural communities will be decimated.

Mr. President, the farmers in my State of Kentucky and across the country are real people, people with feelings, and people who are hard working. The income they generate does not go toward a lavish lifestyle. The money is used to put food on the table, pay the mortgage, keep the car running, support the church, educate their children, and makes Santa Claus real at Christmas.

For over 200 years, tobacco has played an integral role in Kentucky's history and economy. More burley tobacco is grown in Kentucky than anywhere in the world. The average farmer grows less than three acres of tobacco, and there is no other crop which provides the income tobacco does on such small acreage. The economics of this intensively managed crop do not transfer to planting soybeans, peanuts, or corn. There have been attempts to replace tobacco production with other crops; however, almost none are economically sustaining.

In eastern Kentucky the impact will be particularly devastating. These are proud, and hardworking families with few alternatives. Their farms are small and tobacco is their only form of income.

Tobacco is one of the most economically productive crops for the type of soil we have in Kentucky, and researchers have yet been unable to find a viable alternative.

Tobacco is a traditional crop for my home State, but Kentuckians do not grow it simply to keep a tradition alive. Tobacco is a hard, labor intensive crop. Imagine the strength and sweat it takes to cut and spear a pound plant in the heat and humidity of a southern August day. Now imagine repeating that effort until—pounds of tobacco are cut, hauled, and hung in the barn for curing. Kentuckians grow tobacco because no other crop provides the same level of economic return.

Forcing farmers to leave tobacco for an unsuitable crop is irresponsible and will cause irreparable damage to thousands of Kentuckians.

We have too many big-picture economists and self-appointed experts who say farmers can find something else to grow, few have ever been to a tobacco farm to even know what it looks like. If they would go with me to Morgan, Owsley, or Wolfe Counties, where over three-fourths of their farm income comes from tobacco, it becomes very clear why I say there are not many alternatives. Twenty-three counties, all in eastern Kentucky, rely on tobacco for more than one-half of their farm income.

Owsley County—88 percent of farm income is from tobacco.

Wolfe County—80 percent of farm income is from tobacco.

Morgan County—75 percent of farm income is from tobacco.

If they could diversify they would. In western Kentucky, where the land is flat, they are growing tomatoes and peppers. In central Kentucky, they have beef and dairy cattle. But in eastern Kentucky, the choices are coal, tobacco, or welfare. The options simply are not there, no matter what the experts say.

Beyond the farm gate, tobacco farming is immensely important to hundreds of small rural communities. Without the tobacco program the value of farmland would fall dramatically, local tax bases would be wiped out, and the loss of income from leasing the tobacco quota or growing the crop would reduce the standard of living dramatically across my State.

The real travesty of an excise tax increase would be the impact on family farmers who have been helping to stabilize and revitalize our rural communities. In Bath County nearly 50 percent of all personal income comes from tobacco sales. That means it keeps a steady flow of money going into the community.

If this tax goes through, how are tobacco farmers going to pay the local

truck dealership, church, the farm equipment store, the seed and fertilizer store, the local independent bank, and all the other important elements in the community.

There is just no disputing the fact that Kentucky burley brings in far more money than any other crop raised in the State.

The average Kentucky tobacco farmer gets about \$3,500 in revenue from an acre of tobacco, but that same acre generates nearly \$37,500 in excise taxes for Federal, State, and local governments.

Other sectors will be impacted by this outrageous tax increase such as convenience stores. The convenience store industry is concerned that the large tax increase on tobacco products will invite substantial tax evasion, and concurrently, expand the underground market for tobacco products. They are also very concerned about the increase of security risks for convenience stores and other tobacco retailers.

In many retail formats, including convenience stores the value of tobacco inventory will dramatically increase. Cigarettes are already being locked up in grocery stores because of the shrinkage and theft risk that they pose.

In fact, the convenience store industry has already seen many cases in which, because the amount of money in the cash register is kept low, an armed robber has opted to rob cigarettes. With such increased excise taxes, a carton of cigarettes will be the most expensive item in any convenience store. This poses serious security concerns.

Mr. President, and colleagues, I do not use tobacco products. However, the proposed increased excise tax on tobacco products will impact me and every nonsmoker across the country. The excise taxes on tobacco products, as proposed will have a dramatic impact: jobs will be lost, sales and income tax revenues to the local, State, and Federal governments will be lost, unemployment will increase, businesses will shut down, and family farmers will go bankrupt. The men and women who grow tobacco, who rely on the money from tobacco, cannot bear this unfair tax.

I do not believe it is fair or equitable to single out one industry or region to finance such a proposal.

Mr. President, I urge my colleagues to oppose this amendment.

Mr. KENNEDY of Massachusetts. Mr. President, I yield a minute off the bill and 4 minutes from our time to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I thank the Senator from Massachusetts. A couple of quick points that ought to be made. This amendment, the amendment of Senator KENNEDY and Senator HATCH, reduces the budget deficit. I hope that point has been made. It does reduce it by \$10 billion. That is specifically the amount. It does not change a single spending cut or tax cut that has been

proposed in the budget agreement. It does none of that whatever, and it is consistent with what is already in the budget agreement. It would help children that do not have health insurance. It is very complementary to the budget resolution.

Let me say this. When I went to West Virginia 33 years ago, I went as something called a VISTA volunteer, sort of an untrained social worker trying to do good in West Virginia. I worked in a small coal mining community, and my life at that point was involved entirely with children who did not have any health insurance, or any education, for that matter, because the schoolbus would not come to pick them up.

Something that has stayed with me forever, since I was a VISTA volunteer, which I have acted on in terms of moral angst and fervor since then, has been the condition of children, particularly regarding health care. I have to report that the children of the children with whom I was a VISTA volunteer do not have health insurance. In fact, 12 percent of our children in West Virginia do not have any health insurance.

We talk about the most industrialized nation in the world, and that is true, but when you think of certain situations on a case-by-case basis, how can it be that, as a society that has our resources and our capacity, that takes 10 million children, and says they cannot have health insurance even though the majority of their parents are working, it is not fair. America and democracy are based like the progressive income tax, on a concept of fairness. To take 10 million children, most of whom have a parent or parents working, playing by the rules, paying taxes, and saying you cannot have health insurance because the person for whom your parent works does not provide health insurance and you, on your own, cannot afford it, and therefore you—this particular child—are not going to have health insurance, is fundamentally morally repugnant. I think every Senator, in fact, would agree with that.

So here we have a marvelous opportunity to help them, and not only to help them in this amendment, but to help them in the budget agreement.

Mr. President, if your heart does not persuade you to this position, your head ought to. That point has been made. That is, we are talking about preventive medicine for the budget in the future, as well as preventive medicine for children in our immediate time. How can we expect these children to excel at school; how can we expect them to perform at school and learn the skills they need if they do not have basic health insurance?

Between 1987 and 1995 the percentage of children with job-based insurance actually declined from 67 to 50 percent. Every minute that goes by, another child loses his or her private insurance.

This is the year that can make history for Republicans and Democrats alike. It can be the year remembered as the one we prove that we can do something, together, about a problem we all

acknowledge, we all know doesn't make sense, and we all say needs a response.

I want to congratulate the Hatch-Kennedy amendment because it takes the next step. Senators HATCH and KENNEDY once again have paved the way for true bipartisan, common sense action in an area where Americans are very clear. Children count. Even better news is that this partnership of two Senators reflects broadening support and momentum that now must build into real results. The budget resolution before us includes \$16 billion to expand health care. Money that can fund the Medicaid-based bill that Senator CHAFEE and I have proposed to expand coverage for children, with the bipartisan support of many of our colleagues.

This amendment should pass. The Hatch-Kennedy amendment takes the next step, with the money to make it possible to get most or all uninsured children the health care they need.

I am in the leadership on the Democratic side over here, and I am voting against virtually all amendments to protect the integrity of the budget agreement. But this amendment, as Senator HATCH said, is a big daddy. It is a big, big daddy. We are discussing health care, again, on the Senate floor, and we are discussing it for children, which is the place where we ought to be beginning.

I have spent too many years in a State that I love, in a country that I love, as president of the National Commission on Children, going around this country, going around my State, seeing children who do not have health insurance, seeing what happens to them, to not be extremely supportive of an opportunity to pass an amendment and to cure that problem.

Mr. DOMENICI. Mr. President, I want to yield to Senator FAIRCLOTH such time as he needs. I yield up to 10 minutes.

Parliamentary inquiry, how much time does each side have on the amendment itself?

The PRESIDING OFFICER. On the amendment, the Senator from New Mexico has 28 minutes and 52 seconds, and the Senator from Utah has 20 minutes.

Mr. DOMENICI. We do intend on our side to use time off the bill in further debate so Senators should not be concerned on our side about the 28 minutes. I will yield off the bill.

We should be debating back and forth, and when it is our turn again, I ask unanimous consent that Senator JUDD GREGG be recognized to speak next and he be given up to 15 minutes.

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

The Senator from North Carolina.

Mr. FAIRCLOTH. Mr. President, I rise to voice strong opposition to this amendment because it simply is another tax on the American family. It is a tax increase, Mr. President, nothing more.

This is a \$30 billion solution to a far less expensive problem. The budget agreement already sets aside \$16 billion over 5 years for children's health insurance. That will extend coverage to 5 million uninsured children.

Further, there are 3 million children that are now covered under Medicaid who, quite simply, have not yet been signed up. There are estimates of 2 million more uninsured children, and, of course, they can be covered for far less than \$30 billion. Consequently, Mr. President, this \$30 billion tax package is nothing more than an old-fashioned tax increase.

We sit here and we hear it is a great opportunity. However, Mr. President, has there ever been a tax increase that was not an opportunity to further gouge the working people of this country? Sure, it is always good politics to give a speech about tobacco, and the cameras love it. But this vote is not about tobacco, Mr. President, it is about a tax increase. It is not about children, Mr. President, it is about another tax increase on the American people.

I remember sitting in the House Chamber at President Clinton's State of the Union Address in 1995. He said that "the era of big Government is over." The President campaigned for a middle-class tax cut in 1992 and 1996.

I recall that we insisted that Government live within its means. I remember that the people wanted less Government, not more. That is what the election was about. We told them we would balance the budget and cut taxes.

Mr. President, nobody campaigned on a \$30 billion tax increase, but we did campaign to cut taxes. The President did, too. This tax increase would reduce the net tax cut to \$55 billion. That is not the tax cut that we promised the American people. We promised to do better, and we can do better. The American people deserve better than a watered down tax cut. We give with one hand and we take with the other.

This \$30 billion tax increase is not the sole cost to the American people of this bill. No, Mr. President, the costs go farther. Tobacco is used in the calculation of the Consumer Price Index. Since the tax will increase the cost of tobacco, the Consumer Price Index will rise, too. A portion of the Federal budget is based upon the Consumer Price Index. This will have an impact of \$4 billion over 5 years. This is \$1.4 billion over 5 years in lost Federal tax revenue, lost revenue, and another \$2.6 billion over 5 years in increased expenditures due to the CPI rise.

This is a plan that attaches a \$30 billion tax increase to an unfunded mandate no less. It will force additional costs upon the States. Not only will it cost the States more money, it is going to dry up one of their major sources of revenue, tobacco tax revenues. This \$30 billion tax increase will reduce sales, and that drop will reduce the tax revenues to the States by \$6.5 billion.

The first bill we passed in 1995 was the Unfunded Mandate Reform Act. It

passed the Senate with 86 votes. But this is simply an unfunded mandate coming around the backside disguised as something else.

It is like all of these new programs that come out of Washington. At first the Federal Government picks up a major portion of it. However, when the costs of the new program rise, the States will be responsible for the ever-growing difference between the Federal Government share and the program costs.

The entire proposal is just another unfunded mandate, a new law thrust upon the States, and one not paid for in Washington.

This amendment places more than 30 new mandates on participating States. Thirty new mandates. It requires all State plans to be approved by the Department of Health and Human Services. This means more big Government, more bureaucracy. If States fund abortions through their Medicaid Program, for example, this will force them to pay for abortions for teenagers that come in under this new program. The States cannot set up two different sets of benefits.

Like every other Federal program, the costs will go through the roof, and the taxpayers will be left holding the bag to pay the bill.

Why? So we can run back home and tell people we stood up against tobacco. We will not go back and tell them that we levied a \$30 billion new tax on them and drove some farmers from the land. We were strong. We stood up against tobacco.

But this is the type of unfunded mandate that we were supposed to stop with S. 1 in 1995. But just 2 years after we passed it, here we go around the back to pass another mandate on the States. And that is simply what this is.

Mr. President, I also hear some grumbling about the small tax cuts in this budget package. I think the tax cuts are too small for working families, of course, but some of the grumbling comes from Senators who are concerned about the "distribution" of the tax cut. Mr. President, the cigarette tax is the most regressive tax on the Federal books.

Families making under \$30,000 per year earn 16 percent of the national family income. They pay slightly over 1 percent of the Federal income taxes. But they pay 47 percent of the tobacco excise tax. This bill increase taxes on families making less than \$30,000. We are going to increase their taxes by \$230 a year.

If we were thinking about putting a tax increase on families making less than \$30,000 a year from any other source than tobacco, the Senate would rise up in righteous revolution. Yet, under the guise of getting the tobacco farmers, so many of them acquiesced.

These taxes are so regressive that high- and low-income families pay almost exactly the same amount of tax rather than the same rate of tax.

This is the most regressive tax on the books. I find it odd that some of the

biggest supporters are the same people preaching equity in the tax relief package. If ever there was an inequitable tax, this is it, but I don't hear their complaints.

Mr. President, we have a plan that raises taxes by \$30 billion, and changes the Consumer Price Index to result in \$1.4 billion in lost Federal revenues, and \$2.6 billion in increased Federal spending. It reduces State tax revenues by \$6.5 billion, and it wipes out 30,000 jobs, which means hardship and pain for families across the South.

So, in an attempt to insure 2 million children, we are looking at a \$40 billion package.

I support efforts to bring coverage to these children, but this is not the right approach, and the taxpayers deserve a seat at the table here.

I ran for the Senate and promised the people of my State that I would not vote for any tax increase under any circumstances at any time for anything. I intend to live by my commitment and to oppose this massive tax increase and assault on North Carolina farm families with all the strength within me.

Mr. President, I yield the floor.

Mrs. MURRAY addressed the Chair.

Mr. LAUTENBERG. Mr. President, I yield 5 minutes to the Senator from Washington off the resolution.

The PRESIDING OFFICER. The Senator from Washington is recognized for 5 minutes.

Mrs. MURRAY. Thank you, Mr. President.

Mr. President, I rise today in strong support of the pending amendment. I am pleased to join with the Senators from Utah and Massachusetts in supporting this bipartisan effort to launch one of the most important health initiatives since the creation of Medicare in 1965.

At the start of the 105th Congress both the Democratic and Republican leadership included comprehensive children's health insurance legislation on their agendas for action. I applauded this decision and believe that the amendment before us today moves us closer to enacting universal children's health care legislation.

Mr. President, as a member of the Budget Committee I have been actively involved in the negotiations and difficult decision, that resulted in this bipartisan balanced budget agreement which will control spending, encourage economic development and balance the budget in 2002. And I have been an adamant proponent of Medicaid and the need to maintain the health safety net for millions of children, pregnant women, the disabled, and senior citizens. Because of my role in the development of this agreement I recognize the fact that there is little room in the current confines of the budget to significantly expand Medicaid or other health discretionary programs to serve the 10½ million children who today lack any health care coverage. We cannot simply turn our backs on these children and their working parents. If

children are truly our priority, we must be more creative in finding appropriate solutions.

The amendment before us will do just that. It will allow for an increase in the cigarette tax to fund a program that helps working parents purchase health insurance for their children or offset the cost of premiums, copayments or deductible for employer provided health insurance. It does not create a new Federal entitlement program—it relies on the private insurance market as opposed to a Government run plan. In many ways it is very similar to the structure of the Medicare Program which we all know is one of the most successful public/private programs currently administered by the Federal Government.

This amendment will not hinder the enactment of a balanced budget plan. It does not add one dime to the deficit, as it is entirely funded through the cigarette tax. It is fiscally responsible and does not violate any part of the bipartisan balanced budget agreement.

Some are arguing that we do not need to enact this act as the agreement will provide an additional coverage for 5 million children. While this is an important first step, who wants to tell those other 5½ million children that they will lose in this agreement? These are real children who are in our classrooms, in our homes, in our streets, and in our communities.

Today, we have the chance to provide real security for working families and to make a positive step forward for all children in our country. I believe we have a moral obligation as adults to address the growing health care crisis facing these 10½ million children, children who have no direct access to quality comprehensive health care, children whose only exposure to health care is the emergency room. In town hall meetings and community meetings across my State, the people I represent have told me that children and their future must be our priority.

Mr. President, I think it is important for us to realize that, if enacted, this proposal would actually have a more positive impact on the deficit than will ever be scored by CBO. A sick child cannot succeed in the classroom and becomes an unhealthy adult with few economic opportunities. As we learned a long time ago from the WIC Program, a little prevention goes a long way. Providing affordable comprehensive health insurance coverage for millions of children will pay huge dividends in the future. It does little good to help communities develop the classroom of the 21st century when children are suffering from diseases and illnesses of the 19th century.

I hope all of my colleagues will support this amendment so that we can move one step closer to ensuring that no child goes without necessary medical treatment and that every parent who works hard can provide health security for their children.

Today, let us make the same commitment to our children that we have

made to senior citizens by protecting the solvency of the Medicare system. I urge adoption of this important amendment.

Mr. GREGG addressed the Chair.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from New Hampshire.

Mr. GREGG. How much time remains?

The PRESIDING OFFICER. The Senator from Utah has 20 minutes; the Senator from New Mexico has 17 minutes.

Mr. GREGG. I yield myself such time as I may consume off the underlying bill.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, I rise in opposition to the proposal that has been brought forward by the Senator from Utah and the Senator from Massachusetts. I oppose it on a variety of different levels, and let me talk about them.

First off, let us go back to where we stand here. We have before us a budget agreement, a bipartisan budget agreement that was worked out in negotiations, extensive negotiations, between the White House, the Republican leadership of the House and Senate, and the Democratic leadership of the House and Senate, at least relative to the Budget Committee, and that agreement included in it language to address the issue of uncovered children who are of a low income. Let us define the size of this issue for a second because there has been a lot of misrepresentation on this so far on this floor.

There are about 9.8 million kids who it is believed do not have insurance, or about 13.8 percent of the child population of the country. Of that group, 3.7 million are qualified to be covered by Medicaid. In other words, under the law that we presently have, they really do have insurance; they just have not been brought in under Medicaid. So we do not need a new law to cover those kids. And of that number, that 9.8, we have reduced it now by 3.7 and you are down to 6.1. Of that 6.1 that is left, about 2.9 million are over 200 percent of poverty—over 200 percent of poverty—which means that the family has an income of some ability and for some reason they are not using that income to cover those children.

So the number of kids that are under 200 percent of poverty who are uncovered by Medicaid is really 3.2 million. So that is the population we are talking about.

Now, in this bill, the bipartisan agreement that was reached, approximately \$16 billion was set aside to cover children of low income who are not covered. That is a very significant commitment and certainly more than enough money to pick up 2.9 million children—to pick up the 3.2 million children who are uncovered today and to also make sure that in the Medicaid accounts we can pick up those children

who are covered today under Medicaid but have not been brought in under Medicaid.

So this bill as it is proposed, as it was brought forward, the bipartisan agreement as it was brought forward already had in it a very substantial commitment to children who do not have health insurance who are in low-income families.

What else would you expect? Essentially, one of the great insults of this amendment, one of the great insults of this amendment is it is saying that the President of the United States, who reached this agreement on this budget, does not care about children, does not care about uninsured children. Essentially, that is what one of the underlying tones of this amendment is. Or I suspect some of the authors of this amendment feel this way anyway, that the Republicans do not care about uncovered children, which I would argue is totally inaccurate and inappropriate but maybe from a partisan standpoint is a point made.

It is ironic that one of the elements of this proposal is a representation that the bipartisan budget package, which has in it \$16 billion specifically directed at children who are not presently receiving health care insurance and who are in low-income families, is not enough, that the President did not know what he was doing; that he does not care; therefore, we have to have this brand new layer placed on top of the package.

It really is a position which is hard to defend just on its face. But on the face of its indefensibility let us go into the substance of it because the substance of this proposal is totally indefensible.

There has been a representation made that this is a discretionary program. If this is a discretionary program, my golf game is the same as Tiger Woods'. They are about as closely related. The fact is that this is not a discretionary program or anywhere near in the ballpark of discretionary programs. This is a mandatory unfunded mandate on the States. It is a mandatory program on the Federal Government. It is a program which is grossly underestimated in its cost because of the impact it will have on the marketplace in taking kids who are already in the private-sector insurance realm and moving them onto the public-sector realm.

It is a classic big Government solution to a problem which ironically the bipartisan budget agreement has addressed not only with dollars but with initiatives to try to give the States the creativity to take this issue on and which the States are today actually taking on and resolving. And I will get into that in a second.

But let us go back to this complete red herring, that this is some sort of discretionary program. Now, the proposal as it comes to us is in vague terms so we have to go back to the bill that was introduced by the Senators

who are the authors of this agreement in order to find the underlying language which defines the program. That bill is not included but it is obviously assumed, and if you go back to section 2802 of that bill, this sets up the new entitlement. In the bill in this section a State must—it does not say “may.” “May” is a discretionary word. “Shall” is not a discretionary word.

It says, “The States shall guarantee issuance of Medicaid level benefits to all eligible children.” And not only do they say “shall,” they cover that “shall” with all sorts of restrictions; 39 times in this bill the States are told what to do. They shall do this, they shall do that, they shall do this. Every time it says that, every time it says that in the bill, it is a mandate, and every time it says it in the bill it is a major cost. Section 2803 is where the shalls begin.

Now, not only are the folks who drafted this bill not satisfied with creating a mandate on the States—and I will get into the unfunded aspect in a second—not only are they unsatisfied with creating a mandate on the States, they decided let's create a new mandate. Let's do it the old-fashioned way. Let's not only mandate what the States have to do. Let's mandate the private sector at the same time.

This bill includes a private-sector mandate that says essentially, depending on how a State defines its Medicaid eligibility rules, every private employer in the State must supply health care benefits at the same level as Medicaid to children.

Wow. This is a big-time, old-fashioned Government proposal. This is right out of the old 1960's school of Lyndon Johnson, how you make Government gigantic and how you make Government not work, I would point out, because one of the things we found out is that when we create one of these massive new entitlements that absorbs a whole area of activity under Federal control—and this entitlement does exactly that, basically giving unbelievable authority to HHS, eliminating waivers for Medicaid, grandfathering the HHS regulatory structure. When you do that, what happens is that you create major Federal programs which fail.

Why do they fail? Because all the knowledge does not happen to come out of Washington. And what is happening in the States today is that you are seeing a tremendous amount of creative initiative to try to cover these kids who need to be covered.

There is no argument about coverage here. The bipartisan budget agreement states there will be coverage. The argument is about whether or not you are going to do it with a massive new federally dominated, directed, controlled and managed program or whether you are going to do it by allowing the States the flexibility of initiating programs and addressing the issue of the concerns of these kids.

This bill creates a brandnew, major Federal entitlement. It is not only a

Federal entitlement in the classic sense of an entitlement on the States; as I mentioned, it is an entitlement that forces the private employer to take action, and that is a mandate, an unfunded mandate.

Of course, the first action which this Congress took when the Republicans took control of it was to say that we were not going to create unfunded mandates anymore. At least, if we were, we were going to require a supermajority. So this bill should be subject to a supermajority if it ever came up for a vote. But whether it is or not, it undermines the intent, which was to stop putting mandates on the States that are unfunded.

Now, why is this unfunded? Because, of course, there is this dollar figure that is attached to this. It is an additional \$20 billion which is paid for by the cigarette tax—which is not the issue I am addressing, the cigarette tax. It is unfunded because of the way it is structured. It guarantees that the cost of this health care package will exceed the amount of money that is in the proposal—guarantees it. All we need to do is look at history. All we need to do is look at the CBO estimations of what would happen if you applied Medicaid coverage to a full group, to this targeted population. We know that the practical effect of that will be to exceed \$20 billion by who knows how much, but it will be a heck of a lot.

So what you have created is an unfunded mandate. You have created a cap that says, all right, States, the Federal Government will require you to pay this money. We know it is not enough money, but we are going to require you to pay it. Then when we go over the amount of money that we are going to put into the package, well, you have to pay it yourself. You have to pay the difference. Unfunded mandate. And some will say, well, that cannot be.

Why would that be any different? If that is the case, doesn't the present budget agreement understate the amount of money that is necessary to cover these children? Well, the difference here is in the insidiousness of this agreement, of this proposal in its ability to draw people into a Federal program. Because the way this proposal is drafted, it absolutely guarantees for all intents and purposes that people will be moving out of private-sector coverage and into the public-sector coverage, that a lot of children who are today being covered by their employers, by their parents' employers are going to end up moving over to be covered by the Government.

Why is that? Because it is requiring a one-size-fits-all health care package be applied to all children, all children who fall in this income category, but, even more importantly, under the way this bill is drafted and interpreted, applying that same package could be required upon all employers within a State. So you are going to have a dramatic, what

is known as woodwork effect, where people move from the private sector coverage into the public sector coverage. It is just going to be overwhelming.

What employer in their right mind is going to say, "OK, I am going to continue covering this parent's children," when the employer is already paying a huge tax burden and the Government is being told that they must cover this child if this child is not covered by the employer. Very few will be so altruistic. For all intents and purposes, what we are doing is federalizing the health care system—nationalizing the health care system, not federalizing; this is no Federal program, this is a national program—nationalizing the health care system for all children, for all intents and purposes, who fall into this category, the majority of whom, today—the majority of whom, today, are covered by private-sector insurance. So, the open-ended cost of this program is absolutely staggering—staggering. And the concept that the costs will be controlled to \$20 billion is absurd on its face, equal in absurdity only to the claim that this is some sort of discretionary program.

How does our bipartisan budget agreement, which the President has signed on to and which tries to address these children's concerns, approach this issue? Essentially, what it does is acknowledge the fact that in the States there are some things going on that are working. Take my State of New Hampshire, for example. There are 33 States, I believe, that are pursuing this type of approach. Recognizing we have a targeted uncovered population that needs to be covered, we have set up this program called Healthy Kids. This is a partnership between the private-sector insurers and the State. In fact, at the present time it is hardly costing the State anything because it has gotten the private-sector insurers to come in and cover these children.

In the targeted area where they are doing the demonstration program, 50 percent of the kids who would fall into the uninsured categories which this bill alleges it is trying to cover are being covered at essentially no additional cost to the taxpayer—50 percent. It is a darned successful program. It would not be able to continue under this bill. All 33 States that have initiated creative programs to address children's health insurance would have their programs wiped out because we in Washington have decided to take over the issue, to nationalize the issue with this proposal put forward by our colleagues. So, a program which is insuring 50 percent of these kids at no cost to the taxpayers will be replaced by a program that will draw a whole new group of kids out of the private sector into the public sector to be covered and will, in the process, drive up costs dramatically and increase the taxpayers' costs dramatically, and, I would point out, for that 50 percent of the kids who presently have coverage under the

Healthy Kids Program, will have almost no impact on their quality of health care.

So, what our bipartisan budget proposal puts forward—not ours, the one put forward by the President and the leadership of the Senate and the House—is to allow these types of initiatives to proceed; not with as much flexibility as I like, and I may offer an amendment to give these States more flexibility, but with a heck of a lot more flexibility than is proposed by this straitjacket of mandated unfunded mandates in this bill that is the underlying essence of this proposal.

So, why not let the States try to do it? Why not say to the States: All right, there is a population out there that is not covered. See what sort of programs you can come up with to cover them and meet these limited criteria, criteria that they have to be covered under a certain health care structure. It is working, working in 33 States, but it will not work after this bill is passed.

Let me read part of a letter I received from the deputy commissioner of health and human services in New Hampshire, who is a professional. She is not a political appointee. She is a professional. She was looking at this question of how we address these kids who are in need, and thinking of the Healthy Kids programs that we have in New Hampshire and evaluating the various programs. Here is what she stated was the core of the need, in the way the Congress should approach this issue. She says:

Consideration must be given to balancing the financial incentives provided in the States to implement health care expansion while retaining sufficient flexibility for innovation. There are multiple [multiple, a word which appears to have escaped the concept of this bill] multiple strategies to extend health care coverage to the uninsured, including preventive, catastrophic coverage options. Please recognize the efforts that are currently underway in many States across this Nation and their value in promoting our common goal, extending health care to those that currently have none.

Basically, what she is saying is what I suspect every administrator of health care at every State agency of health and human services would say if you asked them. It is their goal to cover the kids who are not covered. What the bipartisan budget agreement does is fund that ability. What the proposal before us does is deny that ability, relative to flexibility at the State level, and to take out of the hands of the States the ability to manage this issue in any way, shape or manner, and to nationalize the health care delivery of—essentially all children who fall within this income category, but potentially even a dramatically larger group of people, if the bill is applied to private employers, as I happen to believe it will end up being under its present language.

So, this bill—which is brought forward to us as some sort of proposal that is a discretionary program just

meant to help kids who do not have coverage—will, in my opinion, have the practical effect of not only not accomplishing its goal, because it is certainly not discretionary—and I do not think it is going to help any more kids than would be helped under the bipartisan budget agreement structure as is proposed—but it would create a massive new entitlement, a massive new unfunded mandate, a massive new federally directed regulatory structure, and would essentially emasculate the private sector's efforts to respond to this area, and private insurance as it presently covers these children.

I can't think of any program which would be more counterproductive and, put in the context of the history of other nationalization efforts, will be less successful than that. I mean, essentially we have been down this road. We have been down this road and we found this type of approach to solving national problems does not work. Having the Federal Government come in and take things over does not work. This budget agreement attempts to address this issue constructively. It funds, at the level of \$16 billion, children who do not have health insurance coverage, yet it leaves some modicum of flexibility with the States to address the issue. So, I find this proposal to be not only not compelling, but to be extraordinarily counterproductive to its underlying goal, which is to obtain fiscal responsibility and to cover children who do not have health insurance.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I yield 10 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I see Senator MIKULSKI and Senator REED, who have been very patient and want to address the Senate on this issue. But I see my friend and colleague and principal sponsor, Senator HATCH, on the floor. I would like to take maybe 2 minutes in response to the Senator from New Hampshire, but I will be glad to yield to the Senator from Utah.

Mr. HATCH. Mr. President, I thank my colleague from Massachusetts, and also the vice chairman of the Budget Committee.

I was very interested listening to the Senator from New Hampshire, his journey from 10.5 million unfunded children, down to the 3.2 million he says are truly uninsured. First off, the Senator says that 3.7 million are Medicaid eligible.

The PRESIDING OFFICER. Is the Senator from Utah speaking on his time?

Mr. HATCH. I am speaking on Senator KENNEDY's time.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. First of all he says he's down to 3.2 million that he says they are truly uninsured. First off, the Senator says the 3.7 million are Medicaid

eligible. That's what he said. But here is what the CBO said: 10.5 million uninsured kids, 3 million Medicaid—let me just read it right out of there. Here is what the CBO says:

According to widely quoted estimates, about 10.5 million children through the age of 18, or 14 percent, are uninsured. At least 3 million of them are thought to be eligible for Medicaid.

That is the CBO. That is what we rely upon around here. So my friend from New Hampshire is using numbers somewhat different from the CBO. I still do not understand how anyone can seriously believe that \$16 billion is adequate to take care of 10.5 million uninsured kids. I will go into that for just a minute, but let me just say this.

First of all, the amendment we filed is not a bill, it is strictly numbers. A bill will have to be formed from it. The question is whether we should fund beyond the \$16 billion provided for in this bill—which I praise, but which is totally inadequate to do what many of us in this body would like to do, including many on this side. Over time, I think that will be the case.

Let me just make this case. By the way, talking about mandates, that is not part of our amendment. It was not part of our bill either. I might add, it is pretty tough to call a block grant to the States with the States setting eligibility standards a great big bunch of new Federal bureaucratic Lyndon Johnson type things. We fought very hard to get to a block grant status.

I remember the same type of arguments I went through on child care a number of years ago, until it passed unanimously on the floor here. The reason it did is because it was right and it did what was right. And our goals here are right. And they do what is right. And it is time for people to wake up and pay attention and do something about these problems.

Let me just talk about the Medicaid cuts in the budget. It makes sense that the \$16 billion children's health initiative in the budget will be put back into the lowest income children. I commend the Budget Committee for that, particularly those eligible for Medicaid, since the budget agreement cuts \$14 billion out of Medicaid.

Much of the \$14 billion is expected to come from cuts to the disproportionate share of hospital payments, or DISH, which are funds to States to reimburse those hospitals which serve a disproportionate share of Medicaid and other low-income patients.

So the loss to children, where they have taken from DISH to get \$16 billion, is somewhere between \$7 billion to \$10 billion. So it is not a full \$16 billion. We are robbing Peter to pay Paul. That may be justified. I still commend the Budget Committee for trying to do something here, but it certainly does not cover the problems that some are saying it covers.

These cuts are taking away money that the States currently have to ensure that children, the elderly and the

disabled are cared for in the hospitals. Reducing these funds, as I have mentioned, will likely hurt children if additional funding is not put back into the Medicaid Program to care for these children.

Without the additional funding in the Medicaid Program, States will be forced, or may be forced, to cut back on services to children, and I estimate that to be \$7 billion to \$10 billion. It may be more.

The Budget Committee made a good start by allotting \$3.2 billion a year over the next 5 years to the Finance Committee to cover children's health, to cover those eligible for Medicaid and to strengthen Medicaid. Let's be realistic what the \$3.2 billion a year can and cannot do.

I think it is important my colleagues understand the Congressional Budget Office is coming in with very conservative estimates on the number of children who will be served under various congressional proposals. For example, CBO estimated the Medicaid 12-month, continuous eligibility proposal will cost \$14 billion if implemented by every State. That alone is almost all of the money in the budget resolution. CBO has also told us they estimate the cost for a child-only insurance policy to be somewhere between \$1,000 and \$1,200 a year. If true, the average \$3.2 billion a year in the budget would only cover about 3 million kids, far short of the 5 million targeted in the resolution and still 5 million short of those who need to be taken care of.

Or, if you look at it another way, the Federal share of Medicaid costs for a child is about \$860 on average this year. According to the Employee Benefit Research Institute, there are 4.7 million uninsured children whose parents make less than 125 percent of the Federal poverty level. That is \$19,500 for a family of four. We, who make \$134,000, continually complain about how hard it is to maintain two homes here and there and pay for all the things we pay for. Can you imagine what a family making less than \$20,000 can do?

By simple calculation, to cover those kids under Medicaid would cost \$4.2 billion, about \$1 billion more a year than is included in the budget resolution, and that is just some of the kids. This still would leave the vast majority of children of working parents above the 125 percent of poverty level uncovered.

While \$16 billion is a substantial start, and I commend my colleagues, as I have just shown, it is just not enough to do the whole job.

Some will point out our original bill called for \$20 billion in spending. They will ask, why is more than an additional \$4 billion needed? Are you saying that this is a \$36 billion problem, and, if that is so, why didn't you ask for that originally?

These are fair questions. Let me answer them.

The short answer to this concern is that we need these resources to help the next generation of Americans to be

healthy adults. The fact is that the \$16 billion in the budget resolution is not enough. When Senator KENNEDY and I originally introduced the CHILD bill, we set a spending limit of \$20 billion for services and \$10 billion for deficit reduction. We hoped to target up to 5 million families not on Medicaid—I said not on Medicaid—and that is important.

We are also cosponsors of the Chafee-Rockefeller-Jeffords CHIPS bill, which is estimated to cost at least \$15 billion, perhaps even more. This Medicaid bill is targeted to help 5 million kids, although there are already about 3 million of Medicaid-eligible children who are not enrolled. So we see these two bills as compatible—the CHIPS bill improves basic Medicaid, and our bill would be added on top of that.

There is, obviously, a close connection between the two. That is why, in our amendment, we decided to divide the money equally between each of the two committees, Labor and Finance, to work out an integrated approach. So to make wild comments that this bill is going to mandate this, mandate that, take away the powers of the States, when the original Hatch-Kennedy bill does not do that, is irrelevant to this debate, because if we adopt the Hatch-Kennedy amendment, we will have enough money to make a real dent in these problems.

The fact is that \$16 billion is a good start, but let's not kid ourselves, it is not enough, especially combined with the Medicaid cuts in the resolution, and that is why our amendment should be adopted.

I understand that the Senator from New Hampshire and others are opposed to my CHILD bill. Most of his reasoning is wrong, though, but we will debate that at a more appropriate time when we actually get to fleshing out a CHILD bill.

This is not a vote on the CHILD bill. Our amendment intends that the money be used for the same purposes as those outlined in the bipartisan budget agreement. That is, for one or both of the following: Medicaid, including outreach activities providing continuous 12-month eligibility, restoring eligibility for disabled children losing SSI under the welfare bill, and, this is also part of the budget resolution, a mandatory capped State grant program to finance health insurance for uninsured children. That grant program will be designed by the Labor and Finance Committees. We hope it will be like the CHILD bill, but it may not be. But we are going to work to try and make it what we said we would do.

Under our amendment, \$18 billion in program funding will go to the Labor Committee. Will the Senator yield me 1 more minute?

Mr. KENNEDY. I want to yield to two other Senators and make a brief comment myself. I do not know where we are on time. I want to take 1 minute to respond to the Senator from New Hampshire and then yield to my colleagues.

Mr. HATCH. May I have 1 more minute to finish my remarks?

Mr. LAUTENBERG. I yield 5 minutes more to the Senator from Massachusetts.

Mr. KENNEDY. I yield another 2 minutes, and I will take the last 3 minutes and yield to my colleagues.

Mr. HATCH. Mr. President, under our amendment, \$18 billion in program funding will go to the Labor Committee and \$2 billion to the Finance Committee to be added to the \$16 billion already in the budget resolution. That means that each committee will get \$18 billion to work on complementary programs to help the poor and the near poor. We will have to work out the legislative language. I hope it will be like the CHILD bill that we have worked so long and hard to make a possibility. But what we are voting on today, if and when we do, is the right to have enough funding moneys to take care of these kids who are the poorest of the poor families not on Medicaid who cannot do it otherwise.

Of all the criticisms of our bill, I am perhaps most dismayed by the charge that this bill creates an entitlement. In sharp contrast to last year's Kennedy-Kerry bill which was an entitlement, I succeeded in persuading my cosponsor TED KENNEDY, one of the most liberal Members of the Senate, to agree to the following provision:

NONENTITLEMENT.—Nothing in this title shall be construed as providing an individual with an entitlement to assistance under this title.

Don't words mean anything anymore?

Moreover, not only does this bill make clear it is not an individual entitlement program, participation is clearly voluntary on the part of the States. In fact, even if an individual is eligible under the State's own eligibility criteria, section 2822(d) of the bill ensures that there is not a requirement for any subsidy to the individual should there be insufficient program funds available. This can be contrasted with programs such as Medicare or Medicaid, which guarantee we will pay for the services of every eligible beneficiary. In fact, the bill states specifically that.

Some have interpreted the language that states:

Shall ensure that children's policies are available to all eligible children in the State and that each eligible child has the opportunity to enroll for coverage under such policies.

as an entitlement.

It is true that a State that chooses to participate by negotiating a contract with one or more insurers must make sure that children in the State can get that policy. What good is health insurance availability if those who need it don't have at least the opportunity to get it? However, there is no requirement that the State subsidize that policy in any way unless the State chooses to do so by the eligibility criteria it sets. And there is no requirement that

the insurance policy be available to nonsubsidized children at the price negotiated by the State for the subsidy program.

To be fair, some may object to this provision, but it is in no way an entitlement. Again, the State chooses whether or not to participate, as does any individual insurer.

Finally, the point has been made that the bill would increase Federal mandatory spending by \$20 billion over the next 5 years. That is true. This provision was inserted to make certain that the revenues generated by the companion legislation (S. 526) which increases the tobacco excise tax would be used to fund the CHILD bill and not for some other program. If there is a better way to write that language to make clear it is not an entitlement, I am open to suggestions.

I find it curious that many of my colleagues have been arguing against the fact that my bill calls for mandatory spending, calling the mandatory nature of that spending the equivalent of an entitlement.

Yet, the budget resolution we debate today includes funding for a mandatory capped grant program to States.

If "mandatory" equals "entitlement"—which I believe it does not—then the bipartisan budget agreement establishes a new entitlement.

But we all know that is not the case.

Mr. KENNEDY. Mr. President, I yield myself 3 minutes.

The Senator from New Hampshire is my friend and my colleague. However, as is sometimes seen around here, someone misstates what is in the bill and then differs with it. That is what has happened here.

When I was listening to the Senator from New Hampshire describe the bill, I did not recognize it, because this is not an entitlement. No individual will ever be able to receive any kind of benefit on the basis of an entitlement. Participation is voluntary for the States and it is authorized for just 5 years. It is completely funded, and it provides the kind of flexibility to the States that will allow them to build on what they are currently doing.

Let us not lose sight of what the issue is before the Senate this afternoon: Will we support the Hatch-Kennedy bill that will provide the resources to ensure the sons and daughters of working families in this country? That is the issue. You can talk about other kinds of issues all you want, but every American understands this one. When you come right down to it, this is the issue.

We are providing the opportunity. We are saying, "Let us stand up for the children of working families and pay for it with a tobacco tax, which is basically a user fee." That is the way to address this issue, by building upon the agreement that has been spelled out here. Covering the Medicaid children will make a difference, but let's build on that and cover the children of working families.

I yield to the Senator from Rhode Island. I see that he wants to speak about this issue.

The PRESIDING OFFICER. The Senator from Massachusetts has 2 minutes remaining.

Mr. LAUTENBERG. I will yield 5 minutes to the Senator from Rhode Island.

Mr. DOMENICI. Mr. President, it is our turn.

Mr. LAUTENBERG. I stand corrected.

Mr. DOMENICI. Senator HAGEL has been waiting for a while.

Mr. LAUTENBERG. No problem. The understanding is Senator DOMENICI has the time next.

Mr. DOMENICI. Can I inquire, how much time is left on the amendment?

The PRESIDING OFFICER. The Senator from Utah has 20 minutes remaining; the Senator from New Mexico has 17 minutes remaining.

Mr. DOMENICI. How much time would the Senator like?

Mr. HAGEL. Five minutes.

Mr. DOMENICI. I yield up to 10 minutes to the Senator from Nebraska, and I want to take that off the resolution, Mr. President.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 10 minutes.

Mr. HAGEL. Mr. President, I rise today to voice my strong support for Senate Concurrent Resolution 27. I want to begin by applauding the dedication of the Budget chairman and all those who have worked so diligently over the last few months to craft a budget that makes some sense and for bringing this balanced budget to the floor.

I want to speak in more global terms about this budget issue. I have not been around here very long. It seems to me that if we continue this "what if" theory and "one more amendment" theory to budgeting, we will never get there.

The fact is, at least in this humble freshman Senator's opinion, that the real challenge to this country over the next few years, well into the next century, is like this: It is the prioritization of our resources. If we are going to do that, then we are going to have to have some framework that makes some sense, that disciplines this Congress, disciplines this body. We have been an undisciplined Congress for 30 years, and what Chairman DOMENICI and the President and the leadership on the Democratic and Republican sides in the House and the Senate, and all those who have been part of this process have brought to this floor is something that makes sense.

This is a historic budget. We have not been able to craft this kind of a budget for more than 30 years. We should not forget this point as we debate this budget.

Is this a perfect budget? No. I think it is a good budget. Over the years, Mr. President, like many of my colleagues and most Americans, I was running my

own business and paying taxes. Like most Americans, I was doubting whether this Congress had the will and the discipline to ever balance the budget. Now we have an opportunity to do what many thought would never happen, and that is to pass a balanced budget.

What also makes this budget significant is it cuts taxes. I, like many of my colleagues, know how difficult it was to craft such a budget. I also know, like in my campaign last year and the campaigns of others, that people said you can't cut taxes, you can't cut spending and balance the budget. Well, we can. That is what this is about.

Mr. President, there is a reason that more Americans believe in Santa Claus than believe we can actually balance the budget. We are at a crossroads in governance. We are at a crossroads in leadership. If we allow the further erosion of confidence of the American public in this body, this Congress, trust and confidence to do the right thing, to balance the budget, then it may be some time in getting it back.

I don't doubt the sincerity of my colleagues, Senators HATCH, KENNEDY, and others. I applaud what they are doing. But if we continue to proceed with amendment after amendment after amendment, I don't know what we would do at the end of the day. These are issues that should be debated in the appropriate forums. If we are not careful, we will undo a very delicate balance in coming to this budget agreement.

I will support this budget, but I will not support any of the amendments that are being offered. This budget is too important to our Nation and the future of our children to place it at risk with various amendments, regardless of how well-intentioned.

I urge my colleagues to defeat the amendments offered today and to support this balanced budget that so many people have worked so hard to craft and make work. This does include tax relief, spending cuts, and balancing the budget, putting this country on a responsible fiscal plane over the next few years. Until we bring some stability to our financial responsibilities and our fiscal responsibilities starting right here, then we will pay consequences for that.

I urge my colleagues to support Senate Concurrent Resolution 27.

I yield the remainder of my time.

Thank you, Mr. President.

The PRESIDING OFFICER. Who seeks time?

Mr. LAUTENBERG. Mr. President, I yield 5 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Thank you, Mr. President.

I want to thank the Senator from New Jersey for yielding me time.

I want to commend Senator KENNEDY and Senator HATCH for their leadership on this critical issue. I rise in support of their amendment.

Let us be very clear. What we are talking about today is providing health

care for the children of the working families of this country. And despite the budget agreement's impressive commitment of resources to Medicaid, particularly for children's health care, it is not sufficient to cover all the children in this country. The Senator from Utah was very eloquent and accurate in describing the vast gap that is still left despite the resources being made available to Medicaid.

And why is it important that we provide health care for all of our children? Because every day we learn from medical science the critical—the critical—role of good health care in the development of children. Prenatal care, early infant care from zero to 3, and continuous health care for children are critical factors in providing for the intellectual and social development of children.

If children do not have that health care, if we do not allow these young people access to high quality health care, we are incurring a huge cost to society and a huge limitation on their potential and their ability to contribute to society.

Just last week, we celebrated the passage of the IDEA, the Individuals with Disabilities Education Act. Part of it was a further commitment of significant Federal resources for special education. I wonder how much we could save in that account if we had a fully funded comprehensive health care program for all the children in this country. I think it would be significant.

There is something else that is also very clear, and it is why this bill is so compelling in its logic. It is very clear that smoking is the No. 1 public health threat to this country.

One out of five deaths in this society are attributed to smoking. And, sadly, 3,000 teenagers a day are turning to that habit. This legislation, the proposed amendment, recognizes the need for good health care for all of our children, and the way to fund that health care is through an increase in the tax on cigarettes.

It is sound fiscal policy. It represents a pay-as-you-go strategy. Also, it represents a further deficit reduction because part of these funds will be applied to reducing the deficit. In effect, it is consistent with the very, very core of what we are about here today—providing access to good health care, sound policies for public health, and being fiscally responsible by reducing the deficit.

And there is something else worth pointing out today. Many of the opponents of this legislation will point to the dire consequences of increasing the tax on cigarettes to the tobacco industry and certain regions of the country. But let me share with you what the cigarette companies themselves are contemplating.

Weeks ago, when there was discussion of a possible settlement for some of the liability claims, most financial analysts conceded that the companies would routinely raise the price of cigarettes by 50 cents a pack, causing a

slight decline in their number of customers—which some would consider a sound business decision. And I do not think there can be anyone on the floor of this body claiming an increase in the price of cigarettes by the companies as an unfortunate tax on low-income Americans. In effect, this tax is not only sound policy for funding this particular program, but also would not lead to the horrendous consequences which are being conjured up on this floor.

One of the opponents said that it is a regressive tax, because the richest smoker in America would pay the same as the poorest smoker in America. I can guarantee you, the richest smoker in America has a health insurance policy. I cannot make that same guarantee for the children of this country.

I urge my colleagues to support this amendment. It is sound public health policy. It recognizes that we must make an investment in our children for our own productivity as a Nation and for their own ability to seize all the opportunities of this country. The amendment also is sound fiscal policy because the cigarette tax pays for the program and reduces the deficit. I do not think we can ask for more in this budget.

I yield back the balance of my time.

Mr. McCAIN. Mr. President, I share the deep concern of my colleagues for the approximately 10 million children in our country who are currently lacking health insurance coverage. It is distressing that such a large number of our children lack access to primary and preventative care. I find it even more disconcerting that recent reports indicate that about 3 million of these children are Medicaid eligible, but are not enrolled in this program.

However, after spending a considerable amount of time reviewing the proposal by my colleagues, Senators HATCH and KENNEDY, I sincerely believe that it is not the best solution.

There are several fundamental reasons why I can not support this proposal. First, I can not support a measure which would impose new unfunded mandates on the States and will place unfair burdens and excessive costs on our State governments. Second, I can not endorse a proposal which is creating another highly bureaucratic federal entitlement program.

Also while I do have some concerns about provisions contained in the balanced budget agreement and I am continuing to review this plan, I believe that if enacted, many portions are worthwhile and will be beneficial to the American people, particular in providing tax relief and imposing spending controls. However, I believe the Hatch-Kennedy proposal would jeopardize some of the most valuable parts of this piece.

The Republican leadership has worked hard to ensure that this agreement contains an appropriate amount

of tax relief for America's working families. The Kennedy-Hatch proposal shatters this agreement by lowering the net tax cut in the budget agreement from \$85 billion to \$55 billion over the next 5 years.

This proposal also fails to recognize that the budget agreement provides \$16 billion for expanding health care insurance for low-income insured children. These additional funds will allow us to provide grants to the States to finance health care services to approximately 5 million children who currently lack coverage. Thus, about 5 million of the approximately 10 million children who are currently lacking coverage will now have access to health care under the bipartisan balanced budget proposal.

Now, my colleagues may argue this still leaves approximately 5 million children without coverage. However, we must remember that about 3 million of these children already qualify for Medicaid services but are not enrolled in this program. Therefore, I believe that we should first focus our efforts toward a bipartisan solution for developing innovative outreach programs to reach these 3 million children and their families, educate them about the Medicaid program, and get these children access to health care. This is an achievable goal for the near-term which we all agree should and can be achieved in the near future.

I have written the General Accounting Office and requested that they conduct a thorough analysis of the 3 million Medicaid eligible children who are not enrolled in this program. This analysis should provide Congress with a thorough profile of who these kids are, where they are located geographically and what their family environment is like. This detailed study will enable Congress with the necessary tools to develop the appropriate community outreach strategies and national education programs which will address this problem and assist in getting these children enrolled in the program and finally having access to very important health care services.

Providing access to health care for uninsured children has been a priority for me since coming to the Senate. In fact, I offered legislation in the 103d Congress which attempted to address this problem and provide access to health care for many of our Nation's uninsured children. This issue still remains a high priority for me in the 105th Congress. Currently, I am developing legislation which will concentrate on developing new innovative, strategic outreach programs to educate qualifying families about the current Medicaid program. In addition, it will incorporate creative solutions for creating an environment which provides low and moderate income families with access to health care for their children.

I sincerely believe that we must continue to work together to develop a bipartisan solution to this problem and find a way to provide access to health

care for our Nation's uninsured children. I look forward to working with my colleagues in developing an affordable and equitable solution to this problem. However, I simply can not support this extremely expensive plan, which unravels the tax cut agreement between the administration and Congress, and creates another highly bureaucratic Federal entitlement program.

Mr. CHAFEE. Mr. President, I intend to vote for the Hatch-Kennedy amendment. It is paid for by a 43-cent-per-pack increase in the Federal excise tax on cigarettes. We must do everything we can to discourage smoking and to advance good health policy. In my view, this does both.

However, in doing so, I want to be very clear about my order of priorities in terms of addressing the children's health crisis in this country. If the Hatch-Kennedy amendment fails, and we do not get any additional spending for children's health initiatives above and beyond the \$16.8 billion already included in this budget resolution, I intend to place all of my energies behind strengthening the very cornerstone of our Federal efforts to provide health insurance to poor children—the Medicaid Program.

My first priority will be to work in the Finance Committee to enact the Chafee-Rockefeller-Jeffords-Breaux bill which provide incentives—not mandates—to encourage States to expand their Medicaid programs to cover all children aged 18 and under, up to 150 percent of poverty. Through this voluntary Medicaid expansion, which now has the support of a majority of the members of the Senate Finance Committee, we can strengthen the system already in place across the country to reach up to 5 million more children. This is the most cost-effective way to proceed, does not create any new entitlement programs, and is a known quantity in every State.

What am I saying here? Let us strengthen the foundation before we build the building. In an environment of scarce resources, we must first work to reach the very neediest children through the Medicaid Program before we create other programs with potentially overlapping objectives. I would have a very different view if we had unlimited resources, but we do not.

I would now like to recognize Senators ROCKEFELLER and JEFFORDS to get an indication of their priorities.

Mr. ROCKEFELLER. Mr. President, as a cosponsor of the Hatch-Kennedy bill, I am extremely hopeful that this amendment will pass. If this amendment passes it will enable us to come very close to achieving universal coverage for all of America's children.

However, like Senator CHAFEE, if the Hatch-Kennedy amendment fails, then we simply must target our efforts in the Finance Committee at strengthening the Medicaid Program to achieve health care coverage for the children who should be our most urgent pri-

ority. The Medicaid Program has a proven track record in providing cost effective care and it has served as a vital safety net for millions of working families. Because of past bipartisan legislation that delinked the Medicaid Program from the welfare program, the vast majority of children on Medicaid have at least one working parent. In other words, these are children in families who are struggling to avoid welfare, play by the rule, pay taxes—but they are the ones who don't get health insurance for their children through their jobs and cannot afford it on incomes where ends barely meet.

So I look forward to working with Senator CHAFEE, Senator JEFFORDS, Senator BREAUX, and the majority of my colleagues on the Finance Committee who have already signed on to our bill, to expand coverage for millions of children in the most cost-effective, targeted way possible through the Medicaid Program.

Mr. JEFFORDS. Mr. President, the children of America need our help. Nearly 10 million children have no health insurance. Many of these children live in families with working parents who simply do not make enough money to afford health insurance.

In order to help address this national problem, I have cosponsored both the Hatch-Kennedy CHILD Act and the Children's Health Insurance Provides Security [CHIPS] Act. The CHILD Act would establish a State health insurance grant program and the CHIPS Act encourages States to provide uniform Medicaid coverage up to 150 percent of poverty for children of all ages. The combination of these two bills provides an integrated approach to ensuring that our Nation's uninsured children have health care coverage and does so in a way that is completely consistent with the policy language in the budget agreement.

I have serious concerns, however, that \$16 billion is an insufficient amount to meet the health insurance needs of the 10 million uninsured children. I, therefore, will support raising an additional \$20 billion through a cigarette tax. I believe using an increased cigarette tax as the revenue source is especially appropriate since it will have the added health benefit of helping to deter children from starting to smoke in the first place.

If the Hatch-Kennedy amendment does not pass, I will continue to work with my colleagues to develop a multifaceted approach that has as its first priority the strengthening of the existing Medicaid Program.

Mr. ROTH. Mr. President, of the 71 million children in our country some 86 percent have health coverage provided by private insurance or Medicaid. This is an impressive statistic. But it masks a problem. There are some 3.2 million children in families whose incomes are too high to qualify for Medicaid and too low to afford private insurance.

This is a problem that ought to be fixed. No child should be without

health care because his family can't afford to purchase coverage.

The basic task we face in fixing this problem is to provide health insurance to these currently uninsured children without jeopardizing the private insurance system that provides care to the rest of our children. The Finance Committee has the responsibility of deciding how to do this. As chairman of that committee I intend to report legislation that will address this problem.

The issue before us is how much money to dedicate to this activity. The budget agreement allocates some \$16 billion to solve this problem. President Clinton supports this amount. The House of Representatives supports this amount. I believe this is the right place to start.

This budget agreement before us is a delicate compromise of many competing interests. I think it would be unwise for us to jeopardize this agreement by asking for more.

Mr. KOHL. Mr. President, I support the Hatch-Kennedy Child Health Insurance bill, but I reluctantly must oppose their budget amendment.

I am pleased that the President has secured over \$16 billion to address the serious problem of children who lack health insurance coverage in this Nation. I believe that the funding allotted under the budget resolution for child health can and should be applied for the Hatch-Kennedy child health bill.

Mr. President, as a member of the Senate centrist budget group, I realize how difficult it can be to work across party lines to craft a budget plan. I was pleased to be a member of the Chafee-Breaux centrist group that crafted a fair and balanced budget plan. The budget plan that the centrists put together again this year is very similar to the bipartisan budget resolution we are considering today. I support this budget resolution and am concerned that the Hatch-Kennedy amendment would put the entire budget plan in doubt.

Although I will vote against this amendment, I believe we must enact legislation this Congress that expands health insurance coverage for children. The Hatch-Kennedy Child Health Insurance and Lower Deficit Act is at the forefront of the proposals that Congress should pursue.

The growing problem of children who lack health coverage is extremely troubling. A recent study drawn from U.S. Census Bureau data show that during 1995-96, there were 23 million children who did not have health insurance for all or part of the period. Surprisingly, 9 out of 10 of these children lived in households where one or both parents worked. Although Wisconsin has the second best rate of insurance for our children, 23 percent, or over 330,000 kids were uninsured for at least 1 month over the 2-year period. This situation is unacceptable.

Helping families obtain health insurance coverage for their children is the next logical step to build on the suc-

cess of the recent Health Insurance Portability and Accountability Act. It is an effort that is long overdue. The Hatch-Kennedy bill should serve as the model for the plan crafted during the remaining budget process and I will support Senator HATCH and Senator KENNEDY in their efforts.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, how much time remains on both sides on the amendment itself?

The PRESIDING OFFICER. At the present time, there are 20 minutes remaining in regard to the Senator from Utah; and the Senator from New Mexico has 17 minutes.

Mr. HATCH. Mr. President, I know there are some others who would like to speak on our side. But I really think everybody knows what is involved here. I am prepared to yield back the balance of my time if the other side is and go to a vote, let this thing be resolved at this particular juncture any way Senators decide to do it.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, both Senator MIKULSKI and Senator WELLSTONE are on the floor and want to address this issue. But I want to join in the observation of the Senator from Utah that I would hope that after they had a chance to speak on this that we might move ahead.

This is an important issue. We want the Senate to be able to express itself. We would like to move ahead if we have that opportunity. But we will not do that, I guess, at this time.

Mr. HATCH. I am prepared to yield back.

Mr. DOMENICI. I do not think we are going to do it at this point.

It is our turn for a speaker. We get a chance to speak on our side now. That is correct, is it not, I say to Senator LAUTENBERG?

How much time would the Senator like?

I yield 5 minutes off the resolution to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. GORTON. Mr. President, yesterday afternoon, less than 24 hours ago, in introducing this resolution, the distinguished minority manager of the bill, the Senator from New Jersey, had behind him a long and detailed chart from which he read all of the initiatives of his party, all of the spending programs of his party, that were a part of this budget resolution and were the justification for Members of his party who favored those spending programs to vote for and to support this resolution.

Mr. President, some of those proposals were also Republican proposals with which a number of us on this side of the aisle agree. Many of them however were not. Many of them represent Government spending with which we

disagree, which we think is wasteful, money that we think ought to be returned to the people of the United States. Nevertheless, we support the budget resolution and those spending programs because this resolution also provides tax relief for the American people and does overall reduce the rate of growth in Government spending.

As a consequence, Mr. President, this is not a Republican budget resolution here today. This is a resolution the outlines of which were agreed to by the Republican leadership in both Houses, by the Democratic leadership in this body and the President of the United States. We have before us an amendment, however, that totally and completely breaches that set of agreements. It adds \$30 billion in taxes on the backs of the American people. It adds \$20 billion in spending programs on to the backs of the American people, in spite of the fact that the resolution itself includes \$16 billion for health care for young people in our society.

I have a copy of the amendment, Mr. President. Nothing in the amendment talks about tobacco taxes or child health care. It simply is three pages of increased spending and increased taxes—nothing more and nothing less.

It is a total breach of the agreement made by the Democratic leadership, a total breach of the agreement made by the President of the United States. And bluntly, Mr. President, those of us on this side of the aisle, who felt constrained to agree to this budget agreement because it was bipartisan, expect the support for the resolution in its original form without increased taxes and without increased spending to be supported as eloquently and as strongly on the other side of the aisle as it is on this side of the aisle.

The PRESIDING OFFICER. Who seeks time?

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Ms. MIKULSKI. I believe the Senator from New Jersey was prepared to yield me 5 minutes.

The PRESIDING OFFICER. If there is no objection.

Mr. DOMENICI. We have no objection.

The PRESIDING OFFICER. The Senator is recognized for 5 minutes.

Ms. MIKULSKI. Thank you very much, Mr. President.

I wish to rise to express my strong support for the Kennedy-Hatch amendment on children's health. I cannot think of any more important issue that faces our country. The health of our children must be a national priority. This amendment will make sure that that happens. It will expand health insurance to cover America's uninsured children. Our country has failed to meet the health care needs of these children. And we all know the statistics. More than 10 million children do not have health insurance; that is one out of every seven children.

In my own home State of Maryland, I am deeply concerned about what the situation is. One in five children is uninsured. Almost 200,000 children in Maryland alone lack health insurance.

Most of the uninsured children are from families with parents who get up and work every day. These are families who are doing the right thing to be able to support their family and yet they also want to be able to ensure that their children have health care, where parents are working 40 hours a week, often at what I call the varicose-vein jobs. They get up, they stand on their feet, they are the checkout woman at a grocery store, clerk, or they are some man out there working as a part-time landscaper assistant, sweating, breaking his back, and in very difficult circumstances, to put food on the table, a roof over their heads. But they live in fear every time one of their children has the sniffles, that those sniffles could lead to pneumonia and they do not have health care.

I have had grown men who were veterans, who were so upset that they had health care and their children did not. They support veterans' health care, and so do I. But those very same dads would say, "Let me be a dad. And let me be able to support my own children."

I am reminded of a case in southern Maryland where the dad is a self-employed carpenter. His youngest child has a heart disease. He is making \$40,000 a year. But in order to get health insurance, it will cost \$9,000 a year. That is almost one-fourth of their family income. The wife stays at home to care for this child, to be the backup, to make sure that that health condition does not deteriorate into a permanent cardiac disability. Should they go without health insurance? Should the mom go back to work? They should not have these melancholy choices to make.

That is why we support health insurance for our children, and not only for the children who are acutely ill but we want to have health insurance for children so they can be immunized by the time they are two, have early detection and screening as they get ready to go into kindergarten or elementary school to make sure they are learning ready, that they know whether they need eyeglasses or they need hearing aids or whether they have undetected juvenile diabetes, all these kinds of things.

I can think of no more important health investment than to have a healthy start for children. And I want to bring to the attention of my colleagues, at the fantastic, bipartisan President's summit on voluntarism, one of the goals established by Colin Powell, one of the five goals to get our kids ready for the future is to make sure they have a healthy start.

I say to my colleagues, this amendment would be a very important step in being able to do that.

I thank the Senate for its attention.

I yield back such time as I might not have consumed.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. How much time does the Senator want?

Mr. NICKLES. Eight minutes.

Mr. DOMENICI. I yield 10 minutes to the Senator from Oklahoma.

Mr. NICKLES. Mr. President, first, let me compliment my colleague from New Mexico for his leadership in putting this budget together. And I will make a speech a little later about the entire budget package. But I have a strong feeling, if this amendment should pass, we are not going to have a budget package. Maybe I will not have to give that speech.

I was going to compliment my colleagues from New Mexico and from New Jersey and the majority leader of the Senate and the minority leader of the Senate, because they worked for hours, for weeks, they worked for a long time with the administration to put together a budget package.

I will tell you I do not think everything in this budget package is perfect, but I am absolutely certain if we pass an amendment that increases taxes \$30 billion and increases spending \$20 billion over what is already in this package, we do not have a deal. We just killed the budget. There will not be a budget agreement. I believe that very strongly. I will be involved with several people trying to make sure that we do not do it.

This deal is not very good from many people's perspective because it does not cut taxes very much. A net tax cut of \$85 billion when we have total taxes in that period of time of over \$9 trillion is not much. I argue it is better than nothing, but \$85 billion of almost \$10 trillion is not much. You reduce that to \$55 billion, and I will say it is not worth it.

I am a little bit bothered by my colleagues when I hear there is bipartisan agreement. Yesterday, we had an amendment on the floor to increase spending and taxes by \$15 billion, again, breaking the budget deal. We had eight Democrats vote for that or vote to sustain the budget package. Everybody else said, "No we want another \$15 billion more in spending and \$15 billion in more taxes."

Now it looks like almost all the Democrats are going to jump on and say we want more money for this program. Senator HATCH and Senator KENNEDY put together a good program. We do not care that the Budget Committee and the negotiators put in \$16 billion; we are going to double it. We want \$20 billion on top of it. It does not matter what you already did; we want more. It is like whatever that program is, hey, we are for more. The original bill that Senator HATCH and Senator KENNEDY had only had \$20 billion. The committee put in \$16 billion. I do not know why they did not high five each other and say, "Hey, we won," and I would probably be on the sideline saying,

"Yes, they did. They got 80 percent of what they are looking for." I will say I lost because I do not think we should have a new mandate.

This is mandatory. It is mandatory under the Hatch-Kennedy bill, too. I heard people say it is not. I will be happy to read the language, and I know we are not adopting the Hatch-Kennedy bill, but we are debating it. We already have \$16 billion, and now we are coming along with an amendment that says put another \$20 billion on top, adding to it so now we will have \$36 billion for this program. No one in their wildest dream would have said we should have \$36 billion to try to solve this problem, which I will be happy to debate.

Do we want to make sure that kids have insurance? Make sure they have access to health care? You bet. I have four kids. I want to make sure my kids have health care. I want to make sure your kids have health care. Is the solution a Federal mandate? I want to make sure kids have plenty to eat. Are we going to mandate a Federal program for that? I want to make sure kids have a warm home. Are we going to mandate everything? Government is big enough to give you everything you want. It is big enough to take everything you have. We are approaching that.

A young child born today is already inheriting a debt of about \$20,000. If we do not change the way we are doing our business now, a young person born today will spend 84 percent of their lifetime earnings paying taxes and paying for entitlements, working for Government—84 percent, if we do not start living within our means and start balancing the budget.

So, first thing right out of the hopper—we have a budget bill that purportedly is to balance the budget within a few years; it has some fiscal discipline—the first thing we do, we had an amendment yesterday to increase spending another \$15 billion and increase taxes \$15 billion. Almost all the Democrats voted for it despite the so-called bipartisan budget, and now we have an amendment that says increase taxes \$30 billion, increase taxes \$20 billion, and I understand we are only going to get maybe a few Democrats who will vote against that amendment. Just break the deal. What deal?

I absolutely tell you, Mr. President, if this amendment passes, there are going to be other amendments that say, "Hey, if taxes are on the table, maybe this \$85 billion is not sacrosanct. I do not think that is enough."

Last Congress we had \$245 billion that we passed and we balanced the budget. I thought that was a lot better tax package. We had real things in there for American families and it helped the economy. I would like it to be bigger than \$85 billion. I will not be satisfied with \$55 billion. My guess is there will not be a majority in this body satisfied with \$55 billion, so if people want to kill this budget package

in the name of saying, "Hey, no matter what you did, Budget Committee, in putting \$16 billion in, we will double it because we are for kids and against tobacco." I do not care that much about tobacco. Somebody wants a different tax, a different time, do it on the Finance Committee when we have the reconciliation bill before us, and they can say, "I do not like this, raise the tobacco tax." They can have that amendment. It can be in order, and then you are playing with real bullets, then you are talking about something that is real.

All this is, this budget resolution, if one turns to the budget resolution, all that says is we want to spend \$2 billion more in the Finance Committee, \$18 billion more in the Labor Committee, and we want to raise taxes \$30 billion. That is all it says, and it directly violates the so-called budget deal.

So we will find out before too long, are we for a budget package? Do we want to balance the budget? Or do we want to play games, and say, "I do not care, I am more for kids than you, so I want to increase it."

How much is needed? We have heard the statistics. There are 10 million kids uninsured. How long are they uninsured? A study was done that found that the majority of kids had insurance within 4 months. Well, we just eliminated half of the problem. Most of the kids have insurance within 4 months. People change jobs, people move, people have different reasons, but for whatever reason, a lot of those kids will have insurance within a short period of time. Of that 9.8 million group, about a third, over 3 million, already are eligible for insurance, they just have not signed up. Does that mean they will not get health care? No, my guess is, if they have an accident, they might go to Children's Hospital or something, they will be covered, and they already have vaccinations and so on, but for whatever reason, there is a program and now we come up with a bigger program, but they are already eligible.

What about the group above 200 percent of poverty? For that group, a family of four that makes over \$32,000 a year, they make enough money to provide kid care, health care for their children, they are just not doing it. We will make them do it? We will come up with big subsidies? What about the 3 million people that maybe are between the 100 percent of poverty and 200 percent of poverty? About 3.5 million kids fall in that category. Half of them will have insurance within 4 months. But you still have maybe 2 million children that are chronically uninsured. Mr. President, \$16 billion is more than adequate to cover that chronically uninsured child, more than adequate.

Yet we are saying \$16 billion is not enough, make it \$36 billion. We will match you and double it, so now we have \$36 billion. If you look at the cost of kid care, in many cases it is \$600, \$700, \$800, up to \$1,000. A population of

children between 100 percent of poverty and 200 percent of poverty, 3.5 million, most have insurance within 4 months, so you are only talking a couple million. You can do that for a couple billion a year. We have more than that in the \$16 billion. Yet, no, we are coming up now with \$36 billion. No, I do not think so. I do not think that is a solution. It may be good politics.

Looking a little bit at the substance, we do not have the legislative language of the Hatch-Kennedy bill, but the Hatch-Kennedy bill, if someone reads it, one, they will find out it is a mandate. It mandates the Federal Government shall give money to the States. That is not optional. It is a mandate. Then looking at the subsidy, the subsidy for the group of nearly poor, not the Medicaid poor, the subsidy for this group is much more generous from the Federal Government standpoint than it is for Medicaid. Now, if we revamp and improve this program, we have Medicaid—Medicaid is a Federal-State program. It is supposed to be 50-50 cost shared, but in some cases the Federal Government is up to 70 percent or more. Under the Hatch-Kennedy bill, the Federal contribution is only 40 percent of whatever the State was putting in. If the State put in 50 percent, the State's share would be 25 percent. In many States the Federal share would be 90 percent. You have a lot of States right now that are only paying like 22 percent of Medicaid costs. The Federal Government is picking up 75 percent. Under the Hatch-Kennedy bill in a lot of States the Federal Government would be paying 90 percent. So we will have greater subsidies for the income eligibility between 100 percent and 200 and 300 percent, a greater share of Federal for the lowest income. That absolutely makes no sense, absolutely makes no sense whatever.

Then to say you can do this in the Finance Committee, and then we will come up and double the program in the Labor Committee absolutely makes no sense. It is like, wait, we do not work together so we will have the Finance Committee solve this problem and then we will come over here and have the Labor Committee solve this problem and give both committees enough money to solve it. That makes no sense.

Mr. President, I hope we will have colleagues on both sides who will be fiscally responsible and say let's work to balance the budget and work for America's kids. We are not solving America's children's problems by saddling them with another great big, open-ended, expensive entitlement program that can only explode in the future, wreck the budget deal, and totally destroy the budget package. I do not think that is good for kids. I think it is a disaster for children. I think if this amendment should pass, we will not have a budget deal and the real losers will be America's children.

Mr. LAUTENBERG. Mr. President, I yield 5 minutes to the Senator from Oregon.

Mr. WYDEN. Mr. President, I think it is clear what some of the opponents of the Kennedy-Hatch legislation are trying to offer the Senate. They are saying that the Kennedy-Hatch bill, a health insurance program for vulnerable kids that pays for itself, is a bad idea. I submit that even Joe Camel would have a tough time selling that proposition. The fact of the matter is this is a program that pays for itself, that is fiscally disciplined.

In my State, close to 100,000 kids without health insurance are going to be in a position to get help as a result of this tobacco tax. I think it is important that the record be set clear on this.

Now, this morning, Mr. President, the New York Times carried an article that said that the States are going to lose revenue as a result of the Kennedy-Hatch legislation and that this should be opposed on the grounds that the States need this revenue. The fact of the matter is that attorneys general across this country are rushing to file lawsuits on behalf of their States in order to recoup some of the costs to State coffers for health care costs. That is the reality. The fact of the matter is States are losing vast sums right now as a result of our current policies.

Without the Hatch-Kennedy legislation, I am of the view we are going to have children grow up sicker, they will be sicker adults, they are going to die sooner, and health costs in America are going to increase. This is an important piece of bipartisan legislation.

Mr. President, I close by paying a special compliment to my colleague from Oregon, Senator SMITH. He has been subjected to very intense criticism at home by the tobacco lobby. I know a bit about what it is like to be attacked by them. They sued me personally when I was a Member of the House subcommittee that investigated their practices.

I want to make sure that people know that Senator SMITH has hung in there on behalf of better health care for America's youngsters.

This proposal is right. It is fiscally responsible. It is compatible with a balanced budget approach.

I hope my colleagues will reject the arguments that have been advanced against this legislation.

As I said earlier, I think even Joe Camel might have some difficulty selling the argument that a fully funded proposal that will help our kids is a bad idea.

Mr. President, I yield the floor.

Mr. DOMENICI. Mr. President, I yield 5 minutes to Senator CRAIG.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 5 minutes.

Mr. CRAIG. Mr. President, I thank my chairman for yielding.

Mr. President, I join what I hope is a majority of the Senators on this floor in opposing Hatch-Kennedy. I am not going to argue the merits of it one way

or the other. I don't think that is the issue this morning. The issue is that a budget deal gets broken—a budget deal that has been woven together in a bipartisan format that gives both sides some recognized need and that produces a budget that is good for the American people.

All of us are concerned about child health care, or there wouldn't be \$16 billion in this budget agreement for children without health care. Therein lies the issue.

I think it is important to note that, while my colleague from Oregon just talked about an analysis that said States would lose money, it is very likely they would lose money, and that is, in fact, one of the analyses. It could cost them up to \$6.5 billion over 5 years.

Again, it is against the very direction that we want to head in; that is, empowering the States to take care of their own needs instead of handing them a new Federal mandate and a new program from the top down, telling them what to do and how to do it. We do that, in essence, by stealing away from them the very revenue base that they have been using for these purposes.

This would directly hurt the health and educational programs in 16 States that earmarked part of their tobacco tax for this purpose.

This doesn't include the cost of the mandate included in the amendment that will be added on. According to the whip's office, there are 30 State mandates in the proposal.

Therein is a substantial basis for the objection.

This Congress has in a bipartisan manner expressed its desire and concern about the health needs of the uninsured young people of this country. That is what the debate ought to be about.

My guess is that this Congress will work its will as the courts will work their will when it comes to the question of tobacco, when it comes to the question of: Should it be limited, and in what form ought it be limited? But let us not break a budget deal. For this is exactly what will happen with this issue.

So I hope that we will resolve it in staying with our agreement. We think it is a good one and that this one simply disrupts what is an extremely valuable part of the total program.

If we are moving toward empowering the States and the individuals to care for their own and their citizens, then Hatch-Kennedy goes directly against that thrust and prescribes again another very large, federally controlled, mandated program that is cross-grain or cross-directional to what we have been attempting to do all along.

So when you look at all of the aspects that are incorporated in this legislation, it is not precedent setting. It is returning to the past. It is stepping backwards into a large, federally controlled bureaucracy that in the end

probably doesn't produce the kind of health care that our citizens would want or that our citizens would expect of their way of life or their system of government.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I yield 4 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 4 minutes.

Mr. WELLSTONE. Mr. President, I thank the Senator from New Jersey.

Mr. President, in 4 minutes it is difficult to really make a major argument on the floor of the Senate. Let me just try to pick up on a couple of comments that I heard made in the last 15 minutes of the debate.

One of my colleagues has argued that we have to think about the future and we have to think about reducing the debt to our children in the future. I think all of us agree with that.

Then another colleague talked about the budget agreement—the budget agreement that “is a deal, is a deal, is a deal.” The debate seems a little bit too abstract for me as a Senator from Minnesota.

I would like to ask colleagues to confront the fierce urgency of now. The fierce urgency of now for too many children in our country is as follows: A child with poor vision, with no health care coverage and not able to get any assistance cannot see the blackboard and, in all likelihood, will not be able to do well in school and have a chance.

The fierce urgency of now is that a child who is suffering from asthma and spending too much time in the emergency room—I have met children like this in Minnesota—though we have done a good job of covering many children with our own separate health care plan, a child who suffers from asthma with extreme attacks, unable to be able to see a physician, winding up in the emergency room too often, misses too much time from school, and he or she will not have the same chance to do well as all of our children.

In the fierce urgency of now, I think that we ought to look at, as opposed to all of these abstractions, a child who has an abscessed tooth coming to school because her family can't afford dental care. I have met children like this. That child who is in so much pain and discomfort cannot do well in school. She doesn't have the same chance as our children.

This budget agreement has been much lauded, and Senators have worked hard on it. But the fact of the matter is, using a conservative estimate, we are only covering half the children who are without health care coverage.

This amendment is the right thing to do.

I will not talk about the tobacco industry. I will not talk about why the

tax makes good public-policy sense to me. But I want to say the fierce urgency of now is that this is compelling, and, if it is so compelling that our children should have the coverage, and, if it is so compelling that all the children in our country should have good health care coverage, it seems to me then that it doesn't make a lot of sense to applaud and celebrate a budget agreement that only covers half those children.

This bipartisan effort of Senator HATCH and Senator KENNEDY is so important. This speaks to the goodness of our country. There is nothing that we could do that would be more important than to support this amendment.

I hope my colleagues will do so.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I yield 4 minutes to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 4 minutes.

Mr. BUMPERS. Mr. President, first of all, I want to compliment my good friends and colleagues, Senators HATCH and KENNEDY, for producing what I think is a very good solution to an increasing, growing problem. I confess that I intended to offer legislation similar to this in the early part of the year, but I like this better than the idea for my own bill.

We can debate and make all kinds of sophisticated arguments about why this is wrong and the impact on the budget and so on. I remind my colleagues that Winston Churchill once said that you can tell more about a nation by the way they treat their elderly and the conditions of their prisons than any other two things. He should have added children to that.

I went to the dedication of a new \$51 million Federal prison in my State this past Monday. All I could think about was the \$16 million annual cost of that which would, indeed, produce a lot of jobs. But I also thought about how early intervention would have saved every one of those youngsters in that prison. Our priorities are so skewed. If we had that \$51 million, or if we had that \$16 million a year we spend on every inmate, if we had it spent on children at the ages of zero to 3, or zero to 50, whatever age you take, you can send people to Harvard for what we pay to keep people in prison. It is because of our neglect. If you ask the ordinary citizen on the street, “What do you think is most important for your children?” the first thing is education and the second thing is their health care. Anybody who doesn't understand that in this body is out of touch with America.

I remember as a poor country lawyer in a town of 1,200 people—this is a personal story—my daughter had a condition that was very rare and could have

been fatal—would have been fatal. We just happened to have a pediatrician who knew the greatest pediatric neurosurgeon in the world at Boston General Hospital. I had just made a \$22,000 fee. So Betty and I were able to go. She had complications. We spent 6 weeks in Boston and used up my \$22,000. But during the course of that, having her in the hands of the best pediatric neurosurgeon in the world, Betty asked me one day, "What do poor people do?" I said, "I will tell you what they do. They watch their children die."

Here is an opportunity for the Senate to do itself proud, for the Congress to do itself proud. You can make all the arguments you want to against this because this "t" is not crossed and the "i" isn't dotted. If we picked out some little flaw in every bill we voted on, we would never pass anything.

There are a couple of things in this bill that are not terribly pleasing to me. But providing health care for 10 million children in this country who do not have it, you can't find a more noble undertaking by a political body.

Mr. President, children without health care was, is, and will remain the shame of this great Nation until we deal with it.

So I plead with my colleagues in the Senate to please America and do something that is really noble and laudable and worthwhile and will pay the richest dividends we have ever received.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I noted—since we have all been engaged in such a serious conversation—a little article from "The Hill" about polling and budgets. It might interest Senators. If I shared it with them, they might be reassured. For those who believe in politics, however, this fact may be very interesting. Seventy-four percent of the people polled think that news about the budget deal is more interesting than news of Donald Trump's marital failures. Only 10 percent responded that they were more interested in Donald Trump's marriage failures.

So we have a winner here.

Mr. President, I would like very much to ask my friend, Senator LAUTENBERG, if he is prepared to yield back time on the amendment. I will then be prepared to yield and offer a second-degree amendment.

Mr. LAUTENBERG. We are prepared to yield any time that remains on the amendment.

Mr. HATCH. I understand that we still have 20 minutes.

The PRESIDING OFFICER. The Senator from Utah now has 18 minutes remaining on his time.

Mr. HATCH. Could we make a few closing remarks?

Mr. DOMENICI. There is going to be plenty of time for remarks. But if the Senator would like to do that, fine.

Mr. KENNEDY. Mr. President, I appreciate the views of the chairman of the Budget Committee. He obviously has available to him other kinds of measures that he intends to pursue. What I would like to do is take a final 3 minutes, and then I would welcome the possibility of yielding remaining time, if that is agreeable.

Mr. DOMENICI. How much does the Senator from Utah want?

Mr. KENNEDY. If we have the 20 minutes, I would like to speak very briefly. We have the 20 minutes. Then I will speak then we will yield the time.

The PRESIDING OFFICER. The Chair observes that the Senator from Utah has 18 minutes.

Does the Senator from Utah yield time to the distinguished Senator from Massachusetts?

Mr. HATCH. I yield 5 minutes.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 5 minutes.

Mr. KENNEDY. Mr. President, we find that we have had a good discussion and a debate about this measure.

Those of us who favor this measure have been trying to convince the Members of the Senate what the great majority of the American people already understand. This is a proposal that will cover the sons and daughters of working families that are on the lower two or three rungs of the economic ladder. This is something that the American people overwhelmingly support, and we pay for it with a modest increase in the tobacco tax of 43 cents per pack of cigarettes. This is supported across the country—North, South, East, West, Republicans, Democrats, independents. A majority of smokers all across the country favor this proposal. Rarely have we seen an issue that has such support. We have given life to that proposal with this amendment to the Budget Act.

There have been comments about how this is drafted. This is drafted as other amendments have been drafted over the history of budget acts. It is consistent with our objective.

We have placed in the RECORD the Joint Tax Committee report that justifies our proposal in recognizing that more than \$30 billion will be raised. We have allocated \$20 billion to go to the States, effectively as a block grant, to provide for those children whose parents are working and who need this kind of coverage because they are making \$18,000, \$19,000, \$20,000, or \$25,000 and they are unable to afford coverage for their children. We commend the fact that the budget agreement adds some \$16 billion for children. But we also recognize that Medicaid has been cut \$14 billion. Half of all those who are in Medicaid are children. We are not prepared to say that half of those cuts, dollar for dollar will necessarily affect children, but that \$16 billion that is supposed to go for children is going to be diminished significantly given these cuts. We believe there will be more than 3 million children who currently

have no health care who will be covered by the \$16 billion, but we are still not reaching the core group of children who are the sons and daughters of working families.

This is the issue before us. We know there are parliamentary measures that will be taken, and parliamentary issues raised to prevent us from having a straight up-and-down vote on the proposal.

Every Member of the Senate understands this proposal. The American Academy of Pediatrics understands this proposal. "America's pediatricians strongly urge support for the Hatch-Kennedy budget amendment to increase tobacco taxes to help finance children's health care."

The American Association of Retired Persons understands this proposal. They care about their grandchildren: "AARP believes that the Hatch-Kennedy proposal is an important step in improving access to health care for children."

The National Council of the Churches of Christ in the U.S.A., comprised of the 33 national member communions of the National Council of Churches support it. They write, "We in the religious community will continue to hold Congress to a high standard as to what is required for the common good. Providing for the health care of children is simply basic social morality."

The list goes on; 150 organizations including the Parent-Teachers Association, and many others support this measure.

Mr. President, this is ultimately a choice and a decision about whether we are going to support covering children who are uninsured or whether we are going to be for big tobacco. That is the issue. We have chosen the tobacco tax for health reasons, Mr. President. If you increase that kind of tax, you are going to discourage children from smoking and you are going to close a gateway to drug use and other kinds of substance abuse.

Second, we want to make sure that that industry and the users of tobacco are going to pay their fair share of the health care costs; \$68 billion a year, according to OTA, is paid by the common taxpayers because of smoking.

We are saying that the tobacco industry ought to bear its fair share in covering poor children. That is the issue.

Finally, Mr. President, we heard a great deal yesterday about the American Medical Association. Here is the letter from the American Medical Association that says:

On behalf of 300,000 physician and medical students members of the American Medical Association, I am writing to express our support of your and Senator Orrin HATCH's efforts, as well as those of other Congressional leaders, to improve the health of American children. We also commend you for financing your legislation by a 43-cent increase in the Federal cigarette tax. The AMA is committed to eradicating the public health crisis caused by smoking and our House of Delegates policy strongly supports increasing the

Federal tobacco excise tax for health care needs.

Mr. President, from a medical standpoint, this is right. It is right in terms of fairness and equity. There is not a parent in this country, not a single parent in this country, who does not believe that all children ought to have a healthy start. That is what our amendment does, and I hope it will be accepted.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Mr. President, I have not felt really great about taking on some of my colleagues and irritating people on my side of the aisle. I always try to support the leadership in everything. And, I think I have a very good reputation for doing that.

But there occurs in all of our lives—at times—issues that transcend the everyday important issues we face in the Senate on a daily basis, and this is one of them. Regardless of what happens here today, this issue is not going to go away. I think it is time for people to wake up and say, hey, look, this is an idea whose time has come.

We must take care of these kids who cannot take care of themselves. The problem in this body, and the problem with the Federal Government, is that oftentimes we provide programs for all kinds of people who can take care of themselves, but will not. Yet, we do not take care of people who truly cannot take care of themselves, but would if they could.

Children's health care should not be a political issue. This is not a Democrat issue. It is not a Republican issue. I admit that when I first read the Kennedy-Kerry bill, I could not support that bill as drafted. The bill provided a new Federal bureaucracy along with \$50 billion in new entitlement spending.

That bill provided extensive Federal mandates along with extensive Federal accountability and review provisions imposed on the States. It was simply unacceptable and provided far too much Federal intervention.

I do not mean to find fault with my colleague, the Senator from Massachusetts, because he too has taken a stand on this issue and has been willing to come to the center in a bipartisan way to work with me to resolve these problems. But that bill was totally unacceptable to me and I know it would have not garnished nearly the support my bill has received.

My bill is substantially different than the Kennedy-Kerry bill. My bill provides a block grant funding mechanism to the States which are given maximum flexibility to administer the program. The States set their own eligibility standards. And, the program is strictly voluntary. No new massive Federal or for that matter State bureaucracy is necessary since my bill builds on existing State programs or private sector initiatives.

There is no funding mechanism because we already have a system in

place to collect the excise tax on tobacco products. We would make those tax revenues available to the States much like we make matching funds available to the States through the Medicaid program. States would not have to hire massive new numbers of bureaucrats. The States basically operate the program in a manner consistent with existing children's programs or in ways that best meet the needs of the citizens.

States will have the flexibility to contract with health insurance companies to develop new and innovative insurance products for children. In spite of some of the comments that have been made by those who oppose my bill, States can contract with private health insurers and/or health care providers such as community health centers to carry out the mission of this program.

I want to give States even more flexibility in implementing the CHILD bill. I am open to further suggestions and refinements in the bill. In that respect, I have challenged my colleagues on both sides of the aisle along with the Nation's Governors to help me in that effort. If there is a better way of doing this, then I am willing to discuss other proposals and make construction changes to the bill.

My willingness to improve my bill extends to the funding mechanism as well. I ask my colleagues to show me a better way of funding this program. I cannot think of a more just way of funding the program than with an increase of 43 cents on the tobacco tax. In 1955, a pack of cigarettes cost 23 cents. The excise tax was 8 cents or 34 percent. Today a pack of cigarettes costs \$1.80 to \$2.30. The excise tax today is 24 cents, under 10 percent.

Does it not seem fair and reasonable to ask the tobacco industry to help finance this program particularly in view of the health implications of tobacco use? The fact of the matter is that tobacco use is the single largest preventable cause of death. It is the largest preventable cause of illness in our society.

Four out of five lung cancer victims in our country get cancer due to smoking. There are 51 million smokers in our country, 3 million of whom are teenagers. And, everyday 3,000 more teenagers begin to smoke, half of whom will become nicotine addicts by the time they are 18 years of age.

As my colleagues know, currently the so-called global settlement negotiations are on-going between the tobacco companies and the States regarding the litigation against tobacco manufacturers. I have had the opportunity to review the arguments on both sides of the issue and I note that arguments have been made against any increases in tobacco prices on the belief that States will lose revenues.

It seems to be that we should be spending more time worrying about the health of our citizens than the tobacco revenues going into State treasuries

particularly when these revenues are marginal in comparison to health care costs States assume from smoking related illnesses.

Now, look, we can put this issue off and we can play procedural games, but this issue is not going to go away. I think virtually everybody in the Senate has strong feelings about this issue although there are legitimate differences of viewpoint.

Of all the arguments made against my bill, I think the one that is particularly false is that my bill creates a new entitlement. I am perhaps more dismayed by that charge because my bill specifically states that no new entitlement is establish by this legislation.

I succeeded in persuading my cosponsor, Senator KENNEDY, to agree to the nonentitlement provision in this bill which clearly states that: Nothing in this title shall be construed as providing an individual with an entitlement to assistance under this title. Moreover, State participation is totally voluntary.

There is nothing in the bill that would establish an entitlement to the CHILD Program, but yet that has been one of the principal arguments against the measure. I guess any bill that has real winning power could be called an entitlement program. Any good program that actually works I guess should be called an entitlement even though these programs have to face the authorization and appropriations process which the CHILD bill is also subject to face.

It is unbelievable this these kinds of arguments have been made. This is a voluntary program designed to be attractive to States. Does that make it an entitlement program? Does that somehow convert it into an entitlement program? It seems to me there are legal and programmatic distinctions between entitlement programs such as Medicare and the child development block grant program.

I remember when the Child Development Block Grant Program came before the Senate. Many Senators including those in my party were opposed to it. Ironically, that bill passed the Senate unanimously and almost everybody claims credit for it because it has been a successful block grant program for the States. The States set their own standards which is precisely what my bill provides. I think we ought to wake up and do what is right here.

Look, it is a fair characterization to say that this is a choice between Joe Camel and Joey. I am not just saying that because it is cute and gimmicky. I say that because it is true.

I think the industry that causes much of the illnesses has an obligation to be of some help here. This is not a broad-based tax. The only people who pay this tax are those who smoke cigarettes and use tobacco products.

In all candor, I trust my colleagues will keep this in mind. This issue is not going to go away. I understand that the leadership is going to file an amendment to my amendment. Fine. We will

look at their amendment and see what it is. I hope it is a constructive amendment that will get us to what we are trying to do.

However, these arguments that \$16 billion is all that is needed are simply inaccurate. My bill is something we ought to do. These are the children who come from families of the working poor. It is very difficult for them to help themselves. I think of the billions of dollars we spend on people who can help themselves but will not. If we cannot do this, then what can we do?

I am prepared to yield back the remainder of my time.

Mr. FORD. Mr. President, will the Senator yield me 2 minutes?

Mr. HATCH. I reserve the remainder of my time.

Mr. DOMENICI. I have a Senator who wants to speak.

Mr. FORD. I just need 2 minutes.

Mr. DOMENICI. I yield 2 minutes to the Senator.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER (Mr. GREGG). The Senator from Kentucky.

Mr. FORD. Mr. President, let me just make a couple of points if I may.

Under the previous bills, not in this bill but I understand are included in this, they sunset the program at the end of 5 years. Now, in the budget program 5 years is fine which when you get in reconciliation is 10, and under the 5-year program the reason they sunset it is because they run out of money. The cost is greater than the income. So this is a budget buster in more ways than one. The cost goes well beyond the income. So it is a budget buster.

You talk about whether this is an entitlement or not. All you have to do is read what the distinguished Senator from New Hampshire was trying to explain here this morning. It is section 2802. If the State accepts, they shall, they shall, they shall, they shall. And every child in the State shall have. You shall contract with an insurer that says certain things. So I hope States understand it is in the cover of children. I hope my record is as good as the next one.

I hope we can work this out—I understand what is coming next—but, after today, at least we can keep a budget together that we agreed on. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield off the bill as much time as the majority leader desires.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, I thank the distinguished chairman of the committee for yielding this time and for the outstanding work he has been doing.

We have before us a budget resolution that has been in the making for 4 months. A lot of hard work went into it, a lot of give-and-take. It is truly a bipartisan agreement. It is not a Demo-

cratic package, and it is certainly not a Republican package. It is one that we came to agreement on. There are provisions in it that I don't agree with. There are changes that I wanted to make until the very end, and some I would like to make at this very moment. But we entered into an agreement, House and Senate, Republican and Democratic leadership, working with the Budget Committee leaders and the administration, specifically the President of the United States. We came to a budget agreement. We shook hands. Now we have this budget resolution to implement that agreement.

The House spent a very long day yesterday and they stuck with their commitment. They kept the faith. They passed the budget resolution that will carry out the budget agreement. It took them until 3:30 this morning. One amendment that was offered, which was very attractive, was one that I would like to vote for, to put more money in transportation. I think we should take more money out of the highway trust fund and put it in the roads and bridges of America, and so do many of the leaders in the House on the Republican side. But, no, they fought off a very powerful, very important chairman by a vote of 216 to 214. The amendment was defeated. They kept their word. The leadership worked all night to keep their word, to stick with the agreement. And they did it and they passed a budget resolution.

Just yesterday, here in the Senate, I worked with Senator DASCHLE, Senator DOMENICI worked with Senator LAUTENBERG, and we resisted amendments that would break us out of the agreement. Senator DODD from Connecticut had an amendment he felt compelled to offer and was very serious about. But with some nine Democrats and most Republicans, we defeated that amendment.

Senator ALLARD, the Senator from Colorado, had an amendment. I voted against his amendment. I didn't want to. I am proud of this new, fine Senator from Colorado, and I agreed with what he was trying to do. But, no, I kept my word. I kept the faith.

Now, my colleagues, this is a showstopper. This takes us outside the budget agreement. Remember, in the agreement is \$16 billion for child health care. I thought that was excessive, but we came to an agreement. We do need to make sure that, for some children who are not covered in America, there is a way for them to be covered. We said: Finance Committee, here is \$16 billion to address this problem, and we believe there are ways that can be found to get that done.

I care about children in America. I am a parent. I am from a State where there are children who are not covered and should be. But we have a program here that we have agreed to, \$16 billion, and the committee will work with that, and I hope and think they will come up with many innovative ideas of how we can make sure these children are covered.

That is why we are here now. We have an agreement we are committed to, that addresses this problem. Now we have an amendment that will take us, clearly, outside the parameters of the agreement. We must defeat this amendment. We must have bipartisan support against this amendment, or how am I going to be able to stand up here and vote against some of the amendments that will be offered from my side of the aisle that will take some of the spending out of our agreement and put it in more tax cuts? I would like to do that. I want to do that. The American people are overtaxed and overworked, for what they get back, in terms of being able to keep their own money. But I am prepared to say no, we have to stick with this agreement.

Paragraph 3 of the bipartisan agreement between the President and the leadership of the Congress reads:

Agreed upon budget levels are shown in the tables included in this agreement, including deficit reduction levels, major category levels of discretionary, mandatory, and tax receipt levels.

This amendment would change those agreed-to budget levels. Like yesterday's amendment by Senator DODD of Connecticut, the pending amendment would break our bipartisan agreement with the President by increasing spending and taxes beyond the levels in this agreement.

By the way, I thought the original Kennedy-Hatch bill just provided for \$20 billion. We have \$16 billion in this package. If you add \$20 billion on top of that, now it is \$36 billion. The Kennedy-Hatch amendment would create \$20 billion of new entitlement spending above and beyond what is already in this resolution.

The sponsors of the amendment claim the amendment would increase the tobacco tax. That is not true. It is false. The budget resolution cannot tell the Finance Committee which taxes to raise and which to cut. The practical effect of this amendment on taxes is not to raise a specific tax. It is, instead, to reduce the size of the net tax cut by \$30 billion, to only \$55 billion over 5 years. That is not enough to do what we have committed to do—some tax credits for families with children, some capital gains tax rate cuts for Americans who are entitled to it and deserve that opportunity, some modification of the estate taxes. And it puts an additional squeeze on the President's education program. We cannot do what we have committed to do with this change.

I am a party to the bipartisan agreement with the President that we entered into and we outlined in paragraph 2 of the agreement. I am going to keep the faith on this amendment and other amendments. We are going to stick with our budget resolution agreement. I have talked to the President, because the President is in on this. He has made it clear he supports the concept of Kennedy-Hatch. But he is also committed to me that he is going to

work to try to get Democrat votes for our second-degree amendment and against making this change in the budget resolution. That is what I have been told by the President of the United States. If anybody doubts that here on the floor or in the news media, call the White House and check it.

I signed in on the deal and I have taken criticism for it. The President signed in on the deal, and he is going to take some criticism for it. He already has. But this is clearly a deal-buster. If this amendment should be adopted right at the gate, the wheels will come off of this thing. They will come off. And I only have two options: One, offer second-degree amendments, and if we have to, we may go through a series of them, and let me assure you, each one will get hairier and more difficult for Senators to vote against, more uncomfortable.

Or the other one is to say, look, we had a deal. Is the deal off? We can pull this down. We have a little work we can do. We can go back to the comptime-flextime bill, to give the working men and women of America an opportunity to make some decisions, taking time to be with their children. We can go onto the chemical weapons implementing legislation. Maybe we can go to other bills, like product liability. That is pending. We could take that up. Or national missile defense. We have other things we could be doing.

But we should, instead, vote for the second-degree amendment. It is a very responsible and reasonable amendment. I urge Senators on both sides, vote for the second-degree amendment we are going to offer. Let us move on and complete our work on this today, on this whole resolution, so we can get to conference, meet tomorrow, and pass this budget resolution on Thursday or Friday.

The amendment we will offer as a second-degree amendment will allow us to adhere to our bipartisan budget agreement with respect to health care for our children. This amendment accomplishes this by wiping out the increases and decreases in the dollar amounts which have been proposed by our colleagues in the Kennedy-Hatch amendment. It allows us to stick with the balanced budget plan now before us and to provide health care for kids.

I think that is the responsible thing to do. I would prefer to even give some direction, maybe even have a vote like they did in the committee, saying what we should do is having 100 percent deductibility of the self-employed. That would be a major help. There are all sorts of things we can do. But we should not break out of the agreement here. We should not mandate a new program at this point, on the budget resolution. We should not raise taxes when there are other options that are as good or better.

So, my friends, I just want to sum up by saying I think we have come a long way. A lot of time has been invested in

this, a lot of effort. We need to be able to get this budget resolution done so we can go on to the reconciliation bill and the appropriations bills. If we do not defeat this amendment and if we do not pass this budget resolution today or tomorrow, in our effort to get a balanced budget, with spending restraint and some tax relief for working Americans, and some reform in Medicare that will save the program on out well after the turn of the century, we will have made a terrible mistake today.

So I urge my colleagues, when we get to the vote, that we vote for the second-degree amendment and we move on to other issues in this area.

Several Senators addressed the Chair.

Mr. KENNEDY. Would the Senator yield? Can I ask the majority leader a brief question?

Mr. LOTT. Surely.

Mr. KENNEDY. I just ask the majority leader whether he will permit us to have an opportunity to vote on the children's insurance program? Is it the position of the majority leader that we will not be able to have a vote on the children's insurance program? Is that the thought?

Mr. LOTT. It is my intention that this amendment not be added to the budget resolution. Now, there are a lot of different ways we can do that. We can have second-degree amendments adopted, or we can defeat the Senator's amendment on a straight up-or-down vote. But I would have to have assurances from your leadership and from the White House, from the President, that in fact it is going to be defeated. If that does not occur, then our only other option would be to pull down this budget resolution and move on to other issues.

You know, the Senator has made his case here today.

Mr. KENNEDY. Right.

Mr. LOTT. I knew he would take the opportunity, the first opportunity that came along, to do that. That is fine. But I think he has to understand this is a very carefully crafted budget agreement which we really spent 4½ months putting together. We cannot allow this amendment in this form to be added to the budget resolution. So we will find a way, hopefully, to accomplish that.

Mr. KENNEDY. I just had two just quick questions. It is going to be an interesting meeting here, because I listened to the Senator, our majority leader, speak about how the President is supporting his position when the Vice President is on his way up here to vote for our position. So, sometime they might get together.

Mr. LOTT. Maybe they will get together someday; and this would be a good day for them to be together.

Mr. KENNEDY. I just want to say this. When the amendment is offered by the majority leader, we are going to urge everyone on our side to support it. Because we, as right from the beginning, have supported the \$16 billion to take care of those needy children on

Medicaid. So I would certainly urge all of our supporters to support it. Then I hope we will have an opportunity to come back on and have a vote on what we have offered here, to build on that. So that makes it—if the Senator wants to have a reaffirmation for that which has been agreed on, I hope we could get to an early vote on it, because we would have every intention, then, to come back in and have a vote on our particular measure.

Mr. LOTT. Mr. President, if I can reclaim our time, I would certainly like to have a reaffirmation of our support of what was in the budget agreement, that we worked through very carefully. I agreed to what was in there reluctantly.

If we then come along and vote for the Senator's amendment, we have undercut, we have broken out of the agreement, and we will reverse the affirmation we just voted on. That does not make any sense.

So, I yield the floor at this time so the second-degree amendment can be offered.

The PRESIDING OFFICER. Who yields time?

Mr. DASCHLE. Mr. President, I rise to address the concerns that have been raised today on the floor. This is not the first time we have had differences of interpretation on this agreement, and it will not be the last.

This has not been an easy process for anybody on either side of the aisle. I know that the majority leader and I have attempted to work through disagreements dispassionately, to keep our cool, and to recognize there are going to be honest differences of opinion on how we should proceed. I just hope we have learned some lessons from the way this budget agreement was handled, and Republicans and Democrats will make a commitment to not repeat this kind of process so we can avoid the pitfalls we are now experiencing.

The fact is, when this agreement was negotiated, we had a handful of Senators in a room making decisions for the rest of us. While I agree with the end product, I have no qualms about disagreeing with the way we got there.

Now we have to make decisions with regard to whether or not amendments are consistent with this budget agreement. The terms of the agreement call for the leaders to seek to produce support for the agreement by a majority of Democrats and Republicans and to pursue remedial action against provisions deemed to be inconsistent. The agreement says, in other words, that we are going to support this agreement and try to encourage a majority of our colleagues on both sides of the aisle to support it and to oppose amendments that are inconsistent with it.

Yesterday, on a couple of occasions, I joined with the majority leader to oppose what I considered to be inconsistent amendments. I am told we have over 25 Democratic amendments. As I review those Democratic amendments,

almost all of them, in my view, are inconsistent. But that issue is, obviously, going to be subject to debate and disagreement for as long as this resolution is on the floor.

I believe that this amendment is consistent with the budget agreement for three reasons. First, it deals with an issue that is already addressed in the budget. Expanded health coverage for children is in this resolution. The budget negotiators acknowledged on policy grounds the value of extending child coverage and this budget includes funding to cover 5 million uninsured children. How is it inconsistent to say we are going to add additional children to the ranks of children to whom we have already committed in this budget agreement?

Second, the Kennedy-Hatch amendment would alter the revenue numbers by raising a fee on tobacco, but it would not remove one single tax proposal agreed to by the negotiators and memorialized in the letter from the majority leadership.

Those elements of the budget agreement are untouched: the higher education deduction; the HOPE scholarship credit; the capital gains tax reduction; estate tax reform; the \$500-per-child tax credit—every one of those initiatives are still in the budget. This amendment doesn't affect any of those measures.

It should be noted that the details of the tax provisions were kept intentionally vague, oftentimes at Republican insistence. They didn't want to specify the details of the proposals. As vague as those provisions are, they are not affected at all by this amendment.

Third, the Kennedy-Hatch amendment does not worsen the deficit. In fact, it helps to reduce it.

So, Mr. President, based on deficit reduction, based upon how this amendment affects the tax package, based upon the fact that this policy is already incorporated in the budget, I find it very difficult to understand how this amendment is inconsistent with the budget agreement. It happens to be entirely consistent with 1 of the 10 leadership bills that I proposed on the very first day of Congress. It happens to be a piece of legislation that the entire caucus feels very, very strongly about.

I hope we can find a way to work through this disagreement, but I will tell you this: If it means bringing down the budget resolution, as some of our colleagues have threatened, then so be it—so be it. That isn't my first choice. I would like to find a way not to avoid these kinds of confrontations. I would like to find a way to resolve this dispute. But if it means dropping this agreement, then let's do it, let's go back to the drawing board, or let's figure out another way to do this. But I have to tell you, again, this debate highlights the point I have been trying to make about the problems with the process that produced this budget agreement.

I hope we can find a way, in spite of our differences on this amendment, to

keep the budget agreement intact and to resolve to find a better way to get these kind of agreements in the future. Whatever we do, let us remember how important this matter is, not just to Democrats, not just to some Republicans, but to a lot of children who are counting on this legislation passing sometime this Congress.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Has time been yielded back on their side?

The PRESIDING OFFICER. Both sides have time remaining.

Mr. DOMENICI. I did not hear the Chair.

The PRESIDING OFFICER. Both sides have time remaining.

Mr. DOMENICI. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from New Mexico has 15 minutes, 14 seconds.

Mr. DOMENICI. I would like to use 3 minutes and then yield back the remainder of my time, if that is satisfactory.

Mr. HATCH. How much time do we have?

The PRESIDING OFFICER. The Senator from Utah has 2 minutes, 46 seconds.

Mr. DOMENICI. I am prepared to yield back my time. Is the Senator prepared to yield back his time? I am prepared to yield back mine, but I won't yield back mine until he yields his and I have the floor.

Mr. HATCH. I am prepared to yield back my time. I might add, I am prepared to accept the Senator's amendment.

Mr. DOMENICI. I did not hear the Senator.

Mr. HATCH. I am prepared to accept the Senator's amendment.

Mr. DOMENICI. I understand that; I heard that statement made by our colleague.

I yield back the remainder of my time.

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

AMENDMENT NO. 307 TO AMENDMENT NO. 297

(Purpose: The Bipartisan Budget Agreement of May 15, 1997, as implemented in this resolution, would spend \$16 billion over five years (to provide up to 5 million additional children with health insurance coverage by 2002). The funding could be used for one or both of the following, and for other possibilities if mutually agreeable: (1) Medicaid, including outreach activities to identify and enroll eligible children and providing 12-month continuous eligibility; and also to restore Medicaid for current disabled children losing SSI because of a new, more strict definition of childhood eligibility; and (2) A program of capped mandatory grants to States to finance health insurance coverage for uninsured children. The resources will be used in the most cost-effective manner possible to expand coverage and services for low-income and uninsured children with a goal of up to 5 million currently uninsured children being served)

Mr. DOMENICI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI] proposes an amendment numbered 307 to amendment No. 297.

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

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

The amendment is as follows:

On page 3, line 3, increase the amount by 0.
 On page 3, line 4, increase the amount by 0.
 On page 3, line 5, increase the amount by 0.
 On page 3, line 6, increase the amount by 0.
 On page 3, line 7, increase the amount by 0.
 On page 3, line 11, increase the amount by 0.
 On page 3, line 12, increase the amount by 0.
 On page 3, line 13, increase the amount by 0.
 On page 3, line 14, increase the amount by 0.
 On page 3, line 15, increase the amount by 0.
 On page 4, line 4, increase the amount by 0.
 On page 4, line 5, increase the amount by 0.
 On page 4, line 6, increase the amount by 0.
 On page 4, line 7, increase the amount by 0.
 On page 4, line 8, increase the amount by 0.
 On page 4, line 12, increase the amount by 0.
 On page 4, line 13, increase the amount by 0.
 On page 4, line 14, increase the amount by 0.
 On page 4, line 15, increase the amount by 0.
 On page 4, line 16, increase the amount by 0.
 On page 4, line 19, increase the amount by 0.
 On page 4, line 20, increase the amount by 0.
 On page 4, line 21, increase the amount by 0.
 On page 4, line 22, increase the amount by 0.
 On page 4, line 23, increase the amount by 0.
 On page 5, line 1, reduce the amount by 0.
 On page 5, line 2, reduce the amount by 0.
 On page 5, line 3, reduce the amount by 0.
 On page 5, line 4, reduce the amount by 0.
 On page 5, line 5, reduce the amount by 0.
 On page 23, line 8, increase the amount by 0.
 On page 23, line 9, increase the amount by 0.
 On page 23, line 15, increase the amount by 0.
 On page 23, line 16, increase the amount by 0.
 On page 23, line 22, increase the amount by 0.
 On page 23, line 23, increase the amount by 0.
 On page 24, line 5, increase the amount by 0.
 On page 24, line 6, increase the amount by 0.
 On page 24, line 12, increase the amount by 0.
 On page 24, line 13, increase the amount by 0.
 On page 39, line 22, reduce the amount by 0.
 On page 39, line 23, reduce the amount by 0.
 On page 40, line 16, reduce the amount by 0.
 On page 40, line 17, reduce the amount by 0.

On page 41, line 7, reduce the amount by 0.
On page 41, line 8, reduce the amount by 0.

Mr. DOMENICI. Mr. President, first, parliamentary inquiry. Under the rules prevailing for this bill, each side has a half hour on this amendment, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. I thank the Chair. I yield myself 5 minutes.

Mr. President, let me just read this amendment:

The Bipartisan Budget Agreement of May 15, 1997, as implemented in the resolution, would spend \$16 billion over five years (to provide up to 5 million additional children with health insurance coverage by 2002). The funding could be used for one or both of the following, and for other possibilities if mutually agreeable: (1) Medicaid, including outreach activities to identify and enroll eligible children and providing 12-month continuous eligibility; and also to restore Medicaid for current disabled children losing SSI because of a new, more strict definition of childhood eligibility; (2) A program of capped mandatory grants to States to finance health insurance coverage for uninsured children. The resources will be used in the most cost-effective manner possible to expand coverage and services for low-income and uninsured children with a goal of up to 5 million currently uninsured children being served.

The remainder of the amendment strikes the additions and subtractions from the resolution that are included in the Hatch-Kennedy amendment.

Mr. President, let me just speak for a couple of minutes. First, I listened attentively, I say to my fellow Senators, to the explanation of the minority leader of the Kennedy-Hatch amendment. Frankly, I normally I have great, great esteem for the leader, and I respect him almost every time he speaks on the floor. But let me suggest, I would be willing to submit to arbitration by any three intelligent people that you want to pick, and ask them if this amendment, the amendment that I have just tried to modify, the Hatch-Kennedy amendment, does not violate the agreement.

The parties to the agreement agreed that they would fight against amendments that are inconsistent with the agreement. Mind you, what do you think we argued for 3 months over? We argued one thing: What is the level of net new tax cuts that are going to be available? We compromised and the President compromised. The distinguished minority leader now comes along and tells the Senate, "It's not inconsistent to take \$30 billion of that \$85 billion." Now, I am not good enough with percentages, but could somebody figure that out—

Mr. GORTON. More than a third.

Mr. DOMENICI. More than a third, and just whack it out of there and say, "That's not inconsistent"? I cannot believe there could be anything more inconsistent with the agreement than that.

If that is not enough, let's take the next one. We agreed in this agreement that many of the things the President

wanted he would not get and many of the things he wanted he would get, and the one thing he wanted, and most Republicans wanted, was to cover children that are not covered. So we agreed, I say to my fellow Senators, on \$16 billion, and I just read to you, not the budget resolution because it can't do that, but the agreement between the President of the United States and the leaders and what it said about covering children, and \$16 billion that was not in any program was put in the budget in compromise with the President of the United States.

I do not think it matters much whether something is so patently inconsistent as that. It is not going to change any votes, but I do not want the record of this Senate to go by with even such a distinguished Senator as the minority leader suggesting that this amendment is not inconsistent with the budget agreement. It is impossible that anybody could get any dictionary and look up the word "inconsistent" and apply it to these two sets of facts and not conclude that this is inconsistent.

There is nothing precluding these two distinguished Senators and their cosponsors from offering inconsistent amendments, and when I am finished they are probably going to stand up and say they didn't agree not to submit inconsistent amendments, unless they want to try to continue on with some illogical idea that it is not inconsistent.

But the point of it is not what their rights and privileges are, the point of it is what we agreed to after all those months. I suggest, Senator KENNEDY has already told us—I yield 5 additional minutes—that perhaps the Vice President is standing by to come up here and vote. I hope not, I say to the leader. I hope not. I have no idea whether he is or is not. But, frankly, had I the slightest suspicion that the Vice President himself would come here and vote inconsistent with the agreement that the President signed, I would have asked that the Vice President sign the agreement. That is what we should have done, for he feels not bound by it, I assume.

He can come up here and vote absolutely inconsistent with it and break a tie, if that occurs, and I doubt that that is going to occur. He can feel comfortable and the President can say—I don't know what. Maybe he will say, "I don't control the Vice President." Do you think he might say that, I say to the leader? Maybe that is what he will say. Or maybe he will say, "I'm sorry, Senator HATCH and Senator KENNEDY have more sway over me than you do, Mr. President, for you're telling us that you support our position." What is the Vice President saying? You support the President? The President signed this agreement. This is not just some little piece of paper floating around.

Anybody that knows about this Senator, I have been through so many budgets, so many that I am hoping this

is the last one, I say to the leader, because it might be balanced. But I tell you, never have we worked harder to get something bipartisan that is supported by the President of the United States.

Let me tell you, this language that the distinguished minority leader read from that is included in this agreement—there are 10 covenants. I say to my good friend, Senator GORTON, at one point there were 20. So it is not as if they were just all of a sudden agreed to. There were 20.

We said, "You know, that's too many agreements. It's too hard to enforce an agreement with so many covenants." We spent 3 days arguing about those. In fact, one time the majority leader said, "Why don't you go and solve that and don't bother me." We did. So we left, and in a couple days we came back and got it boiled down to 10 covenants as part of this agreement. It clearly says things inconsistent with this, the President and the Democratic leadership will use everything within their power to see that those kinds of amendments are defeated.

I am going to take another 3 or 4 minutes beyond the time I have just reserved and talk about a couple of other things.

My good friend, Senator HATCH, I say to the Senator, if you desire to raise taxes on cigarettes—what is the amount you would like to do it in your bill?

Mr. HATCH. Forty-three cents.

Mr. DOMENICI. If you would like do raise it—

Mr. HATCH. Plus the equivalent for others.

Mr. DOMENICI. Thirty, forty, sixty cents, you go to the Finance Committee. You are a distinguished member. You sit very, very high up in seniority on that Finance Committee. There is nothing in this budget agreement—nothing—that says you cannot try to raise cigarette taxes in that committee. You just propose it. You can raise cigarette taxes right there in that committee. You do not need very many votes. There is nothing that precludes you from it.

Let me tell you, the irony of it all is that if the Kennedy-Hatch amendment passes, you will have the exact same difficulty getting the cigarette tax through as if you did not have this thing, because there is nothing in this amendment that you propose here today that says the Finance Committee of the United States is bound to vote in a cigarette tax—nothing.

I said once—I will say it again—cigarette taxes are not mentioned in the amendment. The distinguished Senator from Massachusetts got up and said, we have drawn it like amendments have been drawn forever. You are right. And the interpretation and the efficacy is as it has exactly been forever. That foreverness has meant it is not binding, it is not binding on anyone. To the extent that you want to put a statement with this, it is hortatory. It is giving your

views and talking to the American people about what you would like to see happen. But it is not binding, never has been binding. We have never had this kind of situation where you could make it binding.

Now, having said that, I do not believe anybody in this country should believe that the President of the United States, the Democrats who were at the table with him, his three negotiators, Senator DOMENICI, FRANK LAUTENBERG, JOHN KASICH, and JOHN SPRATT—Members of the House, the last two—I do not think anybody should believe that we ignored a need in our society, to wit: to cover young children who are not covered. We did not. I can say with as much certainty and integrity and sincerity as Senator HATCH has said, we intend to cover them. We intend to cover those who are in need. We said it in disagreement; and there is \$16 billion in there.

Incidentally, for Members who might be interested how this money gets spent—and I draw no inferences from it—but the distinguished Senator, Senator KENNEDY, does not sit on the Finance Committee. All the \$16 billion that is in this agreement goes to the Finance Committee because they have Medicaid, which is one of the major programs. It is interesting, with the amendment, the committee that the distinguished Senator from Massachusetts sits on will get \$18 billion to spend. So now we will split the responsibility, \$18 billion to his committee, to the committee he serves on, and \$18 billion for the Finance Committee. And, again, it seems to me there is little need for that.

So I close by saying I have offered an amendment that clearly says and unequivocally says we have provided for the children who do not have insurance in this country, and how we provided it is contained in the budget resolution.

I believe any Senator voting for that ought to be held to saying, "We voted for it. That's what we are getting. That's what the agreement says. And we are not going to vote to turn right around and destroy the very agreement that created that right."

I want to assure everyone, if this budget agreement falls apart, and I know on this one—I think I know what I am talking about—there is little assurance that this body is going to approve \$16 billion for child health care, little assurance, because clearly there are all kinds of ideas on how we ought to do it, and it will take a few years for those to pan out. We said, "OK, Mr. President, even though you don't know how you're going to do it, we'll put it in there for you." That is the very truth about the \$16 billion.

Mr. President, I want everyone to know—and I want to state for the other side—at the expiration of the time on this amendment, I will claim the floor back as the floor manager, and unless you intend to let us vote on the Domenici substitute, I will perfect the tree with another amendment, so we

will get a vote on it, and we will get a vote on it before anything else happens here in the Senate in terms of this budget resolution.

I yield the floor at this point.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. HATCH. Will the distinguished minority manager yield me time?

Mr. LAUTENBERG. I yield such time as the Senator from Utah needs to make his presentation.

Mr. HATCH. I thank my colleague.

I think that the Democratic leader has made a very compelling case. The amendment we are offering does not break the budget agreement.

He summarized three points basically.

No. 1, our amendment, just like the Domenici amendment, embodies no new health care program but builds on the existing monies in the budget resolution.

No. 2, although our amendment alters the revenue numbers by raising the tax on tobacco there is no excise tax in the body of the text. It is my understanding that such language would not be in order. I think it would also raise serious constitutional questions about a tax originating in the Senate. I think my colleagues understand that point.

No. 3, as I am pleased to recognize, as Senator DASCHLE has noted, our amendment does not worsen the deficit. In fact, it lowers the deficit.

You would think that my colleagues on both sides of the aisle would be interested in doing supporting this language, especially on a balanced budget resolution. Keep in mind, although this budget resolution claims to balance the budget, the U.S. Government will still have a \$6 trillion national debt. The Hatch-Kennedy amendment would reduce that debt by \$10 billion more over the next 5 years.

Frankly, for these reasons I believe that our amendment is fully consistent with the budget resolution as described by the distinguished Budget Committee chairman.

Let us not use as an excuse to avoid an important vote on a major public health problem that we are somehow trying to break the agreement on the budget resolution. My amendment helps the budget. And, in the end, we will be helping 10 million uninsured children who otherwise will not have the help we can provide them today.

Let me also be very candid here with respect to the strategy. We all know that if we do pass this amendment, it will probably have to be included in the reconciliation bill. If we do not pass the Hatch-Kennedy amendment today, I understand—and I believe it is probably accurate—that it will take 60 votes to do it on a reconciliation bill. I am not saying we cannot get the 60

votes, but naturally we would like to be able to have it in the budget resolution so that we do not have to have that hurdle.

If I have some advice for my colleagues on my side of the aisle, I would suggest you acknowledge that \$16 billion is not enough, especially when you, in a sense, rob Peter to pay Paul. We will end-up taking DSH moneys that were to be used for the poor and using many of them for a new program of children's health.

At that, the \$16 billion will not take care of more than what the Chafee-Rockefeller-Jeffords-Breaux bill provides. It will take care of maybe 3 million kids who are eligible for Medicaid but are not enrolled, but it does not take care of the 7 million kids who are not eligible for Medicaid but can't afford health insurance.

So those who believe that they are doing the right thing by upholding this so-called budget agreement when, in fact, my amendment does not break the agreement, may be making it even more difficult to pass legislation that would help poor children in working families.

One of my colleagues said, you have won Senator HATCH because you got \$16 billion in the budget resolution. I admit that I am very pleased with this result and that it is a step in the right direction. And, in fact, that money would probably not be there in the budget resolution had it not been for the efforts of those Senators who support the CHILD legislation as well as other proposals.

I commend my colleagues on the Budget Committee for doing providing the \$16 billion. Unfortunately, that amount will not provide the necessary financial commitment needed to ensure those children most in need.

Senator DOMENICI's substitute amendment to my amendment essentially strikes out all the moneys raised in my bill for children. In effect, the substitute amendment is what is already contained in the budget resolution for children's health—and nothing more.

Frankly, if you look at that amendment, basically it says on page 3, line 3, where we had increased the amount by \$16 billion, it strikes out \$16 billion; page 3, line 4, it strikes out the money; there on page 3, line 5, it strikes out the money; there on page 3, line 6, it strikes out the money there, right on down through the whole amendment.

So all they are saying is they are going to limit new spending for children's health to \$16 billion, whether that is adequate or not. I think we have made better than a good case that it is inadequate. I think we made a case that every Senator in this Chamber ought to be able to support.

It is time to resolve this problem. We are going to have to resolve it. You know, the odds have been very heavily against us from the start on this thing in the budget context. But I hope that those who are supporters of the Hatch-

Kennedy bill will stand up, and I hope that there are others who may be supporters who will think this through and realize that it is a good amendment to support.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY addressed the Chair.

Mr. LAUTENBERG. Mr. President, I yield 10 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, with all due respect, I think the position of the chairman of the Budget Committee is to deny us an opportunity to get a vote on our particular measure.

I listened with great interest to what he said. He said that, "I think three mature adults would be able to look at this amendment and make a judgment that it's inconsistent with the budget agreement." We have more than that number here that are prepared to vote on that issue. We think that at least 100 adults ought to be able to vote on that issue and make a judgment. We have tried to address the concerns that were raised concerning the consistency of our amendment with the overall budget agreement, and we did address them earlier.

I want to point out that the budget resolution is the right vehicle for this measure and I am sure that the Members are aware of this. I listened and watched how the Senator from New Mexico was looking over at the Senator from Utah saying with great fanfare, "You can raise these issues at any time. You're a member of the Finance Committee." Of course, as the Senator from New Mexico knows, measures dealing with raising a tax must begin in the House of Representatives, not in the Senate Finance Committee.

So to raise the tobacco tax, we need to amend the revenue bill. The Constitution requires tax bills to originate in the House, the reconciliation bill created by the budget resolution will probably be the only revenue measure considered this year.

We ought to understand substance of this debate. This is not a case where we will be able to address this tomorrow, next week or 2 months from now—this is it. For the parents of children that need health insurance, this is the opportunity. Now is the moment. Today is the day in the U.S. Senate. Unless we provide for the tax in the budget resolution, we will not have an opportunity to offer the amendment later. This budget is not only the right place for this amendment, it is the only place for this amendment. That is why this debate is so important.

We were prepared to vote a few moments ago, and we are prepared to move now to reach some conclusion.

Given the reasons I outlined, I urge that we support the Domenici amendment. What that will do is restate what is in the budget agreement, which is the \$16 billion in the restoration in

terms of Medicaid. We agree with that. We would not council our Members not to vote for that. We agree with that. We hope we will have an opportunity after that amendment is completed to vote on our amendment.

As I understand, the Senator from New Mexico will ask for recognition and he will put in another amendment. He can do that. That amendment will be accepted and we will be right back to a point where we can offer our amendment again. We can do that again and again and again and again and again. The question then becomes, why can we not have the vote on this particular measure? Why can we not go ahead and have the vote on this measure? We believe very sincerely that it is not inconsistent with the budget resolution.

The Senator from New Mexico has not told us about how this would reduce the possibility of a capital gains tax. He has not stated that our amendment will eliminate the possibility of increasing the estate tax exemption. He has not said it will compromise our opportunity to do something about IRA's or the education tax. He has not said this will cut back on the issue of spending cuts, because, as he knows, the final amount as mentioned in the reported \$138 billion, will be included in the first downpayment and installation. None of this is altered or changed by our amendment.

Mr. President, we have to come back to the issue here. The issue is whether the Senate of the United States will go on record this afternoon in saying we will provide a very modest increase in the cost of cigarettes, 43 cents a pack, that will convey direct health benefits to millions and millions of children discouraging them from smoking and providing \$20 billion over the next 5 years to help States pay for children's health coverage. States can then make the decision as to whether or not they want to participate. It will also provide a \$10 billion deficit reduction.

That does not do violence to the budget agreement. This is not an amendment that says we want this coverage, now you find the revenues. We are not taking the revenue out of any particular area. This amendment is self-funded. It is probably one of the few, or only, self funded initiatives that will be offered this session. Maybe others will come down.

That is the issue. I hope the leadership would not deny us the opportunity for the Senate to express its will. It is 10 minutes to 2:00. We were scheduled to debate from 9:30 to 11:30. We had speakers ready to speak and we were ready to vote at 11:30, and now at 10 minutes to 2 o'clock we are told we will have one underlying vote and maybe another. I think the message that will come out of this debate is that the Republican leadership refuses to let the Senate of the United States vote on a children's health care issue. I think that would be very unfortunate—unfortunate to the children and unfortunate to the parents.

I do not see why we should be denied the opportunity to let the Senate work its will. We are completely within our rights in offering it. We are within our rights to expect we would have a resolution. This is a matter of enormous importance and it has overwhelming support of the American people.

Mr. HATCH. Will the Senator yield?

Mr. KENNEDY. I am happy to yield to the Senator.

Mr. HATCH. I have been listening to the Senator and I think anybody who understands the parliamentary situation knows we can get a vote. It may take a few days, but we can get a vote. I do not want to have that kind of a confrontation, but if that is the way it is, then that is the way it is. I am prepared to accept the Domenici amendment and probably some of the future amendments, and I am prepared to vote.

That still does not resolve the problem that the distinguished Senator and I have been trying to solve, am I right?

Mr. KENNEDY. The Senator is absolutely correct. We have made our case. We have strong support on both sides of the aisle. All we want to do is get the Senate to work its will on an issue involving the coverage of health care for children which will be paid for with a cigarette tax.

Mr. HATCH. May I ask my colleague another question? Is it not correct that all we are saying here is that we would like to have a vote, win or lose, on our amendment today? If we win, that makes it easier for us to go through the process. Naturally, any good legislator should want to do that if you really believe in what you are doing. I have to say both of us believe in what we are doing.

That is true, is it not?

Mr. KENNEDY. The Senator is correct. This will be the most important vote in this Congress on children's issues. This vote we are about to either have an opportunity to conduct or be denied that opportunity, will be the most important vote in this Congress. There is no question about that.

Mr. HATCH. Will the Senator yield?

Mr. KENNEDY. I am happy to yield to the Senator.

Mr. HATCH. I normally would not get this argumentative, but, to be honest with you, I have heard some of the worst arguments against this bill that I have ever heard in any Senate proceeding.

This morning I read a New York Times article, "Citing Lost Cigarette Revenue, GOP Fights Child Insurance." I could not believe what I read:

Republican senators today attacked a children's health insurance bill, saying the higher Federal tax it would put on tobacco would cost the states more than \$1 billion in revenue annually by cutting cigarette sales.

The measure, proposed by Senators Orrin G. Hatch, Republican of Utah, and Edward M. Kennedy, Democrat of Massachusetts, calls for raising the current 24-cents-a-pack Federal tax to 67 cents to pay for subsidized insurance for children of the working poor. The sponsors of the bill intend to offer it on

Wednesday as an amendment to the budget resolution.

Here is where it is interesting:

The Republican Policy Committee, an arm of the leadership, today called the sponsoring Senators' intentions "admirable" but misguided, "because states depend to a great degree on excise tax revenue." The committee estimated that decreased smoking resulting from the tax increase would cost states and localities \$6.5 billion over five years.

"Even if one believes that decreased demand for tobacco is positive from a societal view, it still has negative fiscal aspects for the States," the committee said.

Let me tell you, that is really something. I had just heard about this recent policy analysis put out by the Republican Policy Committee about the "unforeseen effects" of the tobacco tax. I was not exactly proud to be a Republican under those circumstances. I am sure some of my colleagues wish I were not today.

But I am going to be because I believe in the Republican Party and I believe in what we stand for and I believe in taking care of kids. I believe in helping those who cannot help themselves.

Let's start taking the money away from those that can but won't help themselves.

As my colleagues may be aware, on April 23, the Republican Policy Committee issued a report entitled, "The Complex Problem of Insuring Uninsured Children." This report, revised on May 1, noted that this is the first in a series of RPC papers devoted to this issue. We can only hope that this most recent May 16 piece of tortured logic is the last of this series unless more compelling analyses are forthcoming.

Here is the point that is entirely missed. It would be a great thing for the public health of this country and particularly for the health of young Americans if tobacco tax revenues dropped substantially because tobacco is the single greatest preventable threat to our Nation's public health.

No one should be so protective of lower tobacco taxes because the taxes might raise more revenues, any more than the public would support appointing Dr. Kevorkian as a Surgeon General in an attempt to achieve Medicare savings.

I look forward to economists studying in detail the analyses of the May 16 RPC paper. It seems to me that the tobacco companies would have liked to have been able to have included this somewhat mysterious line of reasoning in their public comments to the FDA rules pertaining to the regulation of tobacco sales to minors.

I wonder how much of the supposed \$6.5 billion in lost revenues to States that they say will happen comes in the form of illegal sales that are quite literally poisoning and hooking our youth. I also want to know what Governors publicly take the position that State tobacco revenues are more important than the public health. I doubt many of the 20-plus attorneys general involved in lawsuits to recover State

Medicaid funds attributable to tobacco-related illnesses would agree that a decrease in tobacco consumption is a bad idea.

It seems to me that the title of the May 16 report, "Unforeseen Effects of the Much-Touted Tobacco Tax Should Be Changed," frankly, it would be better titled, "The World Turned Upside Down." I will be interested to know what the experts on the Joint Tax Committee and other groups, how they will view this RPC analysis.

If I were not just a humble country lawyer from out West, I would almost get the feeling that somebody told the analysts at the RPC to trash the tobacco tax in any way possible. I have been around here for 20 years, better than 20 years. I have been trashed by more gifted analyses than this.

Let me close this portion of my thoughts by saying that if I could get a list of Senators who are withholding support of our amendment due to the reasoning contained in the RPC document, I would immediately enter into discussions with my cosponsors. I think it is probably safe to say that if this is what it takes to attract more supporters to our measure, we can probably shift some of the funds marked for Federal deficit reduction to indemnify the States from potential revenue losses to any decrease in tobacco uses.

Who are these Senators? Senator KENNEDY and I would like to talk to you.

Now the Republican Policy Committee is implying that it is more important to preserve tobacco excise taxes than the health of our children because we will get people, especially children, to quit smoking in the process. We know that every time smoking goes up 10 percent, 7 percent of the kids will never touch a cigarette.

Are we to sacrifice people's health and lives to preserve tobacco excise taxes? Would we rather have excise taxes than healthy citizens in our States? Those who argue this way seem to want to maintain big tobacco revenues at the expense of the life and health of our citizens.

Now, I find this appalling because all Senator KENNEDY and I are offering is legislation that will result in good health for smokers and which will help children. The arguments of the opponents are logically flawed. Their interest in maintaining State tax revenues at a certain level is more important to them than the health and welfare of the citizens in our States.

When it gets to the point that we are so ideologically constipated that we place the preservation of State tobacco revenues above the welfare of our American citizens, then we need to rethink our philosophy. I have to say I would have been willing to sit down and discuss this matter with anybody, reasonably, on how to handle this.

I have to admit that I am probably irritating everybody around here. But I am irritated, too. If you want to play

this game, we can just have one vote after another from here on in until the end of the process, and we will finally get our vote. If it means day and night, I will be here. I have done it before. I can do it again.

All I want is some consideration for our side. In all honesty, I don't think we have had much. We are talking about kids here. We are talking about the poorest of the poor kids not on Medicaid, and about Medicaid kids, too. We are talking about doing something right—doing something for people who cannot help themselves and doing it by raising money from the industry that is causing a lot of the troubles.

I also have to tell you that 72 percent of all adults in this country think this is the right thing to do. And even 50 percent of all smokers think it is the right thing to do.

There isn't a better tax cutter in this body or one more zealously devoted to it than ORRIN HATCH. Don't tell me about raising taxes, or cutting taxes.

I have been for every tax cut I can get. I was one of the few who voted against the 1986 tax increase in the Reagan years and the Bush tax increase when it came up. I voted against that even though I was brought down to the White House and asked to vote for it. I sincerely told the President I couldn't do it.

So I have the credentials on tax cutting. I was one of the original supply-side proponents and went all over this country to 36 States for then-Governor Reagan arguing for tax cuts.

Here we have something that could be done to rectify some of the problems of our society without a cost to 80 percent of American taxpayers—only about 20 percent would pay this—and you would think the whole world was coming to an end.

I really believe that if big tobacco were smart, they would come and say we ought to do this. People out there would respect them, and there would be more of an interest in trying to work out their difficulties with them.

I have to say that I am getting a little frustrated. This is an important issue. It shouldn't be treated trivially.

So we will just see what happens. Unless I can be shown some better way of getting this amendment considered and having an up or down vote on it, then we are just going to keep fighting this battle until we get that vote.

I am open to the suggestions of my colleagues. I am open to sitting down with them to talk to them and see what can be done. But until then, this is the way it is going to be here.

We may lose here today. But, if we do, it won't be for the lack of trying, and it won't be the last time we try either. It isn't going to end, even if it is right up to the end of the Congress. I just want to notify everybody now. I do not want any arguments next year that somebody is going to be hurt by this debate because I have notified this body that I plan to press the issue.

I want to thank my colleague from Massachusetts for yielding to me.

I yield back to my friend from Massachusetts.

The PRESIDING OFFICER (Mr. HELMS). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I will take maybe 3 minutes.

Mr. LAUTENBERG. Mr. President, how much time do we have?

The PRESIDING OFFICER. The Senator from Massachusetts has 1 minute 40 seconds remaining on the amendment.

Mr. LAUTENBERG. I yield the time to the Senator from Massachusetts.

Mr. KENNEDY. Three minutes from the bill.

Mr. LAUTENBERG. I yield 3 minutes from the bill.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I just want to commend my friend from Utah for presenting what is the real issue before the U.S. Senate at this moment, and for making such a convincing case in support of this amendment which will provide health insurance for children.

Mr. President, I am having trouble understanding why our majority leader is not willing to let us vote on health insurance for children financed by a cigarette tax. I am just wondering why he is hesitating. What are we afraid of? Why can't the Senate decide by a majority vote whether our national priority is to children or to tobacco companies? Why can't we vote on whether the Senate stands with children or with Joe Camel and the Marlboro Man?

I think we ought to move ahead and have a vote. That is what the regular order would be. We don't take any satisfaction in just urging the Senate to accept the amendment of the Senator of New Mexico. The only thing we are trying to do is get a vote on our particular amendment. I certainly hope that cooler heads of leadership will at least permit us the opportunity to do so.

Mr. President, my time has expired. I urge all of my colleagues to vote in favor of the amendment of the Senator from New Mexico because it is a restatement of what is in the budget resolution bill—\$16 billion for needy children. We are in strong support of that proposal.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. I ask unanimous consent that I be allowed 30 seconds.

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

Mr. HATCH. Mr. President, I also suggest that everybody vote for this amendment. That is fine with me. We will just vote for it. I am prepared to take it, but if not, then let's vote, and we will go from there.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, could you tell me the time on the Domenici second-degree amendment?

The PRESIDING OFFICER. The time for the sponsor is 16 minutes 51 seconds.

Mr. DOMENICI. I yield myself up to 5 minutes.

The PRESIDING OFFICER. Five minutes is yielded to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I would like to make just two arguments.

The first one is somewhat in response to my friend, Senator HATCH, for whom I have great respect.

Mr. President, I think it is inconsistent with the facts of the agreement between the President and the Congress for any Senator to stand up here on the floor and talk to the American people as if their proposal is the only one that is going to take care of children in America. That is not true, whether it come from my distinguished friend, the senior Senator, Senator HATCH, or from whomever. The statement should be that they think they have another way to do it. But to try to look out there and say to America this is a serious issue, it is about kids, as if to say the agreement we made with the President isn't about kids.

So we are not going to stand here and let that occur without telling the American people that that just isn't so, no matter how or under what circumstance my good friend, Senator HATCH, desires, or speaks it on the floor of the Senate. We are just as much about kids as his proposal is. For him to stand here and imply that that isn't the case is just not fair.

We believe in the agreement with the President, although we would do it a different way. We wouldn't send the money to the Labor and Health and Human Services Committee. We would send it to the Finance Committee. But we believe we took care of the kids who are going to be uninsured during the next 5 years of this budget agreement.

So I just want in my first observation to say, yes, this is about kids. Yes, it is about uninsured kids in America. And, yes, we cover them. If we want to talk about another issue, a cigarette tax, which this amendment does not guarantee—in fact, there is every reason to believe that, if you adopt it, the Finance Committee of the U.S. Senate and the Ways and Means Committee of the U.S. House need not adopt it.

So to make like that is the issue, like something in this amendment is going to get you cigarette taxes—which I am not against, incidentally, I am not against them—but that just isn't what the amendment does. You can talk about some bill you have in mind, but this is a budget, not a bill.

My last point is this. I defy anyone—and I urge my good friends who would like to take the position that this amendment is not inconsistent with this agreement. I would like them to do just one thing. I ask my friend, Senator HATCH, to do just one thing: Just get the bipartisan agreement when you have a moment. Look at item No. 1. I

will read it to you. "The elements of this bipartisan agreement provide for deficit reduction amounts that are estimated to be the result in the balanced budget by 2002."

It proceeds then to say that there is a tax—a summary of the agreement. It is in a chart form. The agreement then proceeds to say that the majority leader, the minority leader, the President of the United States—as I indicated, maybe not the Vice President, because maybe he is not bound by the President—but it says that this agreement, as contained in this piece of paper, these numbers, governs and that anything that will be offered that is inconsistent will be opposed.

I say to Senator HATCH that his amendment takes this agreement, this one right here, and it changes two of the numbers right off the bat—the \$85 billion on the tax cuts is changed by his amendment. In fact, it is reduced by \$30 billion. Excuse me. The Presidential initiatives, a line here, \$31 billion, you have altered that by adding \$20 billion.

So now I don't believe anybody ought to be taking the point that the majority leader of the U.S. Senate, or minority, or our whip, or myself as chairman, that when we say this does break the agreement, I cannot conceive how anybody could say that they have another interpretation that says it doesn't. That makes it a very important event.

Would Senator NICKLES like to speak for a few moments?

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I want to echo the comments made by my colleague from New Mexico. This is even more important than the budget agreement.

You are only, in the Senate, as good as your word. There is a document that says we are going to have net tax cuts of 85. This makes net tax cuts 55. There is an addendum that says there is going to be a kid care initiative that costs 16. This amendment makes that kid care initiative 36.

This is not the agreement. If people on the other side are now saying this is consistent with the agreement, that is not the case. And it really does unravel this deal. It is beyond me.

I would like to think that people would have more credibility in their word and would say, "I will always tell you the truth." If people are going to say this doesn't break the deal and the Vice President is going to come down and say this is consistent with the deal, then we don't have a deal. Some people are just evidently quite happy to break it up and make sure that we don't have a deal.

I will go further to say that this is consistent with the deal. I can certainly have an amendment to cut discretionary spending by \$20 billion and increase the tax cut by \$30 billion. I would like to offer that amendment. Tell the majority leader, I would like

to offer that amendment. I think we spent too much money on the discretionary side, and I think we didn't cut taxes enough. It wasn't my intention to offer that amendment because it would be inconsistent with the deal.

I want a balanced budget. I want some tax relief. But this amendment, if it passes, tells me there won't be a budget. It tells me that people who "negotiated in good faith" can say that this is consistent. Frankly, that bothers me more than the amendment. It bothers me a lot. You have to be as good as your word.

There is a package here that says here is the agreement. It says kid care, \$16 billion. It didn't say 36. It said net tax cuts 85. It didn't say net tax cuts 55. I do not want to go to my constituents and say it was going to be 85 but now it turned out to be 55. But, boy, we got gypped. We didn't do what we said we were going to do.

We ought to at least try to do what we said we were going to do, but yet we have not been here 1 day and people are undermining this agreement and, frankly, making allegations that this is consistent with the package when it absolutely is not.

If this amendment should pass, this is one Senator who will not be supportive of this package. And it bothers me because I want to balance the budget. I want to provide some tax relief. I want us to help save Medicare, and I think the net result is the passage of this amendment says there will be no budget package this year.

I hope people are aware of this when they cast this vote. I hope they do not think this is just a free vote. I hope they do not think the rest of the people are going to run over on this side and put this budget resolution together and pass a net tax cut of 55. I do not think that will be the case. I do not think it will happen. So I hope people will recognize we are not talking about trivial, little things, that we have legislation in here that encompasses the Hatch-Kennedy bill, but we do have language that says we are going to have a net tax cut of 55. There is a \$30 billion tax increase.

If somebody wants to raise taxes—and I hear my colleagues talk about this—if they want to raise taxes on tobacco, very easily they can wait until the reconciliation bill comes in the Chamber. The reconciliation bill, consistent with the budget package, will have a net tax cut of \$85 billion. If they want to have an amendment to that tax cut that says they want to raise cigarette taxes and cut other taxes, that is consistent with the package; they can do that. They cannot come in and say, we want to spend an extra \$20 billion in kid care that is not consistent with the package, but they could do that. And then they will be playing with the real bill. They are talking about real bullets. They are talking about taxes.

If they want to raise cigarette taxes and cut other taxes, I might support

them. I might help them draft it. But they cannot come in and say, hey, we are going to change the net side of this tax cut as this amendment proposes to do from 85 to 55. They cannot do it. It is not consistent. It is a deal-breaker. This says the agreement is not worth the paper it is written on. And if the President is going to come down here and endorse it by his vote, or his effort, his presence, that means we have a real credibility problem. We have a real credibility problem.

This amendment is not consistent with the agreement, and I do not think anybody should make that allegation. This is a budget-breaker. This amendment basically says we do not want a budget this year.

Mr. President, I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. If the Senator from New Jersey will yield 3 or 4 minutes, 5 minutes.

Mr. LAUTENBERG. I yield 5 minutes to the Senator from Massachusetts from the resolution itself.

The PRESIDING OFFICER. The Senator is yielded 5 minutes.

Mr. KENNEDY. As Senator HATCH and I have pointed out, this is basically budget neutral. I included earlier in the RECORD the assessment of the Joint Economic Committee, and what we have demonstrated is that the expenditures that will be used in order to pay for the program will be raised by the increase in the cigarette tax.

The opponents of this amendment cannot have it both ways. You cannot spend half the morning saying we are against the increase in the cigarette tax and then in the afternoon say, well, this is going to somehow diminish the whole budget agreement in terms of revenue.

That is what they have been saying. That is what opponents have been saying.

The fact is, as everyone in this body understands, this is revenue neutral. This is revenue neutral. I have said if they can come in and find out where our amendment is going to reduce the capability of the Finance Committee and the Ways and Means Committee to affect the estate taxes, capital gains, IRA's, student assistance, let them make that case. You cannot do it. You cannot do it. I listened to the rhetoric, and it still does not stand.

Mr. President, the real issue I think is whether we in the Senate, on the one vehicle that can make the difference, are going to have an increase in the tobacco tax and have a children's health insurance program. That is what we are talking about. That is what we are talking about.

I have increasing frustration with why the majority leader and the chairman of the Budget Committee are refusing to let us do so. We can make up our own minds. The case has been set. People have listened to the debate. Let them make up their own minds on it.

It is our position that when it says in this budget agreement if bills, resolutions or conference reports are deemed to be consistent—I think our minority leader had indicated how it is consistent, because the budget points out we are taking \$16 billion to look at the Medicaid. We are looking at those individuals who are just above the Medicaid, the working poor, looking at those children. A child is a child. We should not say, OK, it is all right, it is consistent with that. If you are going to be below a certain level of poverty, it will be 85 percent above the poverty, and say, well, that is completely inconsistent. The American people are not going to buy that. The American people are not buying that. That is an absolute phony, fake argument.

This is consistent because it is looking after needy, poor children—that is the issue—paid for by a cigarette tax. If you do not want that and want to oppose it, at least say let us go ahead and vote and take that position. But we have been on it now since 9:30 this morning. It is 2:30. We are denied the opportunity to let the overwhelming majority of the American people have a vote on it.

Seventy-five percent of the American people support this. And if they are watching television today, they are saying, why can't the Senate of the United States at least vote it yes or no? We are being denied that. Quite frankly, the children who have been denied that health insurance, unable to get it, have been very patient. Their parents have been very patient. They are very patient every single night when they are concerned about those children. They are spending all night, all day, every day. We can certainly be patient, too, if the parliamentary process is going to deny us that opportunity. The majority has the right of recognition, and they can put on another amendment; we are supporting this. Then they put on another. But eventually that slot is going to open up and Senator HATCH and I are going to be here to fill it.

That is where we are, Mr. President. We just cannot understand why here, after all these hours, with this issue and debate, somehow some Members on that side are saying, if you pass a small health insurance program for needy children, 10 million children, that is paid for, it is going to end the whole budget deal. That is what they are saying. They are saying, if you provide enough money for 10 million children, the world is going to come to an end. We are ending the budget deal. We will never get to a balanced budget.

Mr. President, they cannot be such strong defenders of Joe Camel.

That is where we are, Mr. President. I hope we can move ahead. We are going to try to point this out all the way along the line, but I hope we can move ahead and get to some judgment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. How much time would the Senator like?

Mr. GRAMM. Why not give me 5 minutes.

Mr. DOMENICI. I yield up to 10 minutes to the Senator off the bill.

The PRESIDING OFFICER. The Senator from Texas is yielded up to 10 minutes.

Mr. GRAMM. Mr. President, in all of this passion, in all of our efforts to vilify cigarettes and talk about taxing them, I think we have really forgotten a fundamental fact, and that is that we already have more money in this budget than we need to buy an insurance policy for every child in America for whom we are seeking to provide health coverage.

Let me go back and try to remind people of what this whole debate is about. What this whole debate is about is that the President, after looking at various statistical estimates, concluded that if you look at every family in America with income up to 300 percent of the poverty level, and I remind you, for a family of four that is \$48,000 a year of income—I say to our distinguished majority leader from Mississippi, that is higher than the per capita income and family income of his State—that if you look at families up to 300 percent of poverty, there are as many as 10 million children in America who are not covered by either Medicaid or private health insurance.

Now, what the President has done is set the goal, recognizing that 3.3 million of these children already are or will be qualified for Medicaid—they just had not signed up—the President set out a goal of coming up with a program that helps 5 million more children to get private health insurance.

I would like to remind my colleagues that the cost of a private health policy for a child, looking at various data that is available, averages about \$500 per child for a fairly standard policy—lower with a higher deductible, higher with a much lower deductible, but basically \$500 per child. We could go out and buy an insurance policy for all 5 million children in America that we want to cover, and we could do it for less than the \$16 billion that is in this bill.

So why should we pass an amendment—unless we just get some pleasure from spending money, why should we pass an amendment to raise it up to \$36 billion, which would allow us to buy three policies for every child in America that we are trying to help. What could possibly be the purpose of such an amendment? What is the purpose of the Kennedy amendment when he started out saying we need \$20 billion? The President started out with a program that was less than \$10 billion. We ended up with a budget that was \$16 billion. But the amendment does not say we will take it to \$20 billion. The amendment says take it to \$36 billion.

Now, is there no limit on the amount of money that we want to spend? If we already have in the budget enough

money to buy an insurance policy for every child in America that we are trying to target here, even up to families that make \$48,000 a year, where 82 percent of those families already have private health insurance policies that cover their children, is that not enough? Isn't one insurance policy enough? Why should we have in this bill enough money to buy three insurance policies?

That is what the debate here is about. If we simply want to say how much we want to deal with this problem, maybe this amendment has some relevance. But the plain, honest-to-God truth is, it is going to be hard in any rational manner to spend the \$16 billion we have already provided. If we just simply went out and bought every child in America that qualifies in this 5 million children problem that the President has defined, we have more than enough money already to do it.

Why do we want to add \$20 billion more? Could we not use that money for some better purpose? Could we not let families keep the money and invest it in their own children and their own future?

So I just want to remind people, in all of this passion about how we want to pound our chest and say how much we care about children, we have already have enough money in this resolution to buy an insurance policy for all 5 million of the children that the President has targeted and that we have agreed to. We clearly could do the job for much less than we have already committed to spend. But the point is, why spend three times as much as is required to simply buy the insurance policies? There is no logical reason for doing it. All we are doing is bidding with each other for spending money.

I would like to note, finally, two additional things. No. 1, I am not for this budget agreement, and I am going to be in the Chamber when this amendment is disposed of telling people why I am not for it. But I am not going to vote for the Kennedy amendment to try to kill this budget agreement. And I hope there is nobody on our side of the aisle, if this vote turns out to be very close, who is going to cast a vote for the Kennedy amendment thinking, by doing that, they are going to kill all the bad things in this budget agreement that we are not for. I have never found that I was smart enough to game the system and end up where I wanted to be on that basis.

So we are going to have an opportunity on final passage to vote "no" if we are going to be against it. I am going to offer amendments that present another vision. But what I want to urge my colleagues to do is to look at this amendment and see we already have more than enough money to buy the children's insurance policies that we need. So let us stay with the amount we have in the bill. As chairman of the subcommittee that is going to be instrumental in trying to put the bill together, I would attest that we

can cover all 5 million children with the \$16 billion we have.

Finally, let me say that it is discouraging to see a budget deal that commits to \$16 billion of brand new programs, little baby elephants that are just going to grow, and we cannot pay the bills we already have in Medicare and Medicaid and Social Security. But, even for many of our Members, the \$16 billion is not enough. The ink is not even dry on the budget deal and here we are, talking about busting it big time. It has to be very discouraging.

Defeating this amendment, it seems to me, is the reasonable thing to do, unless you really believe that it is just important that you be able to say to people: Not only did I want to insure people, but I wanted enough money to do it several times over so we can do it just as inefficiently as we wanted to and still reach everybody. Unless that gets you something at home, don't waste this \$20 billion. Don't vote to raise taxes and spend this money. We already provide the funds necessary to serve the children we seek to serve.

I yield the floor.

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

Mr. DOMENICI. I yield off the bill as much time as the distinguished majority leader desires.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, I thank the Senator for yielding me that time. We don't want to go over everything that has been said two or three times this afternoon, but let me again make it very clear, if the Kennedy health care proposal had been in this budget agreement, I would never have agreed to it. I would have never signed on to it. This is a new entitlement program. It is money on top of what is in the budget agreement. As a matter of fact, I agree with the Senator from Texas, what he just said, the \$16 billion was more than I thought was necessary. But it is in the agreement and the Finance Committee is already working, I am sure, on ways to deal with those children that might, in fact, be uninsured or not covered. They have the opportunity to do that. And there is enough money in here to do it.

But, now the Senator comes in here and makes all kinds of threats about how we will go on and on and on today, until we get a vote—I guess he presumes to put this in there. And then the argument is made that this does not change the agreement.

Would it change the agreement if an amendment is offered to cut spending, which I think should happen—there is not enough spending restraint in this agreement—and add it to tax cuts? I would be inclined to vote for that, want to vote for that. That would be the right thing to do. But that would clearly change the makeup of this agreement.

So, to now say that this does not change it, that it is revenue neutral, when in fact it adds a tremendous

amount of money to the area of child health care—the Senator from Massachusetts wants a Government takeover in this area. That is what really is at stake here. He knows this clearly is beyond what was included in the agreement and it would completely unravel it. What will come out of this is we will reach a point where we will not have a budget resolution. I think that would be a real tragedy. But I want to make it clear, I am opposed to this amendment, No. 1, because I think it violates what we agreed to, but, also, I am opposed to the Kennedy-Hatch approach here. I think it costs too much money. I don't think it is the answer to the problem.

The Finance Committee can work on this and come up with solutions that will get the job done for those children who do in fact have a problem. So I do not think it is fair to imply we are not concerned about this area and we cannot deal with this problem. It is just the Kennedy-Hatch proposal is not the be-all and end-all. There are other proposals out there: 100 percent deductibility or 80 percent deductibility of the cost of this health care is one way to go, with more flexibility for the States. Why, the States are already using that flexibility to make sure children are covered. In the State of Utah already the Governor, with limited flexibility, has been able to make sure that a third of the children that were not covered are in fact covered. That was pointed out in a Wall Street Journal article in April of this year.

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

Mr. LOTT. I am glad to yield.

Mr. GREGG. The Senator points out the State of Utah already has a program where they are attempting to cover uncovered children, as do 32 other States.

Mr. LOTT. Yes.

Mr. GREGG. Under the language in the bill presented by the Senator from Utah and the Senator from Massachusetts, that program would essentially be overridden. That program would no longer exist, because the eligibility requirements are strict, those required under the Kennedy bill are so strict that the Utah program would no longer fit in it and therefore could no longer function.

This bill would eliminate that Utah program, along with 33 other States. Is the Senator aware of that?

Mr. GRAMM. Including New York.

Mr. LOTT. I was not aware that it was actually that restrictive, but I know the Senator, who is a former Governor, knows what the States already have been doing and is familiar with the specifics of this proposal and how it would make it even more difficult to provide the coverage that is needed.

Mr. HATCH. Will the distinguished majority leader yield?

Mr. LOTT. I will yield, yes.

Mr. HATCH. I think it should be pointed out to the majority leader that

our bill does not interfere with the innovative programs in Utah and many other States which are doing so much to help children get health care.

I think it is important to underscore that even with the great Caring program, there are still 56,000 kids in Utah who are not covered. This is in spite of the Utah Governor's substantial efforts as well. And I might add that throughout the country similar efforts are occurring.

If the Senators believe that the language of my bill is not clear on this point, I am open to suggestions on what we can do here.

But I think that a much larger point bears repeating. The budget includes a reduction in spending of about \$14 billion for Medicaid. Clearly, everyone recognizes that most of the reductions will probably come from the disproportionate share program, or DSH. There are not many other offsets within the Finance Committee.

At the same time, the budget includes \$16 billion in new money for children's health care initiatives. It seems reasonable to assume that the Medicaid reductions will come from DSH—which, after all, is a program for the poor—and the increase will be given back to the poor in the form of Medicaid improvements or a mandatory grant program.

So it looks to me like a fairly good percentage of the \$16 billion in new money will end up being taken from another program serving poor children and seniors.

Don't get me wrong. I think it is a wonderful thing for the budget to include the \$16 billion.

But if you analyze the numbers, you will see that that amount probably will cover the 3 million kids who currently qualify for Medicaid but are not enrolled, and maybe even a few more. But I doubt it will even cover 5 million in a meaningful way, as the budget document suggests.

And that still leaves 5, 6, or 7 million kids who are not covered.

All I am saying is this. We are not interfering with any of those 33 State programs. This bill does not interfere with them. In fact, it builds on existing State efforts.

Mr. LOTT. Mr. President, if I could regain my time—

Mr. HATCH. If I may just finish? I apologize for taking so much time, but let me make this point, since my State was mentioned and since I think the statements were not completely accurate.

Under our bill—which as Senator NICKLES pointed out earlier is not even the subject of our amendment today—participating States would use Federal grants to help working parents with incomes too high for Medicaid buy private health insurance or purchase care through a Community Health Center for their children.

So Utah could use the Federal funds under the CHILDD bill to supplement the current privately supported Blue

Cross/Blue Shield Caring program for children, which serves over 1,000 children. This program provides a base on which to greatly expand subsidized private health insurance coverage.

And I know this is true, because I am one of those who helped get that program up and running.

I might also add, just for my good friends and colleagues, the distinguished majority leader and the Senator from New Hampshire, the Utah program has endorsed the Hatch-Kennedy bill. I think that is just something that needs to be said.

Mr. LOTT. What the Senator from Utah is trying to do, along with the Senator from Massachusetts, is mandate how this problem should be addressed and add more money beyond what is needed to get the job done, and to put it in the budget resolution. We had lengthy discussion about how to deal with this. Meeting with the President's representatives, talking with the President, we came up with what we thought was a reasonable compromise in terms of the amount of money, \$16 billion, without the Government takeover provisions, without the Federal mandates. I have information here that indicates there are five new major Federal mandates included in this bill, which will, in fact, complicate the job of insuring the children.

We have an adequate amount of money. We are saying to the Finance Committee and the Members of the Senate, in a subsequent vote that we will have on a reconciliation bill, that there is an area where we need to help children who are not covered. We have the funds to do it. And for them to come up with proposals.

They will be able to do that. But, no, the Senator is saying: Do it our way and do it with an additional \$20 billion. Clearly, this is not going to get through the process. It just cannot, because we will not have a budget agreement if this is included in there. I do not mean that as any sort of threat. I just mean, if we start down that trail there are going to be other amendments offered that then—look, if the agreement we shook hands on is going to be wiped out here with this amendment, where does it stop? There are other amendments pending out there. There are amendments I would like to vote for. I intended, on our side, to oppose them because they were not part of the agreement. I would like us to have a disaster fund set up in advance. The Senator from Texas has an amendment on that. I do not think there are adequate tax cuts in this agreement. I think we should have more.

If we are going to start doing that, we will wind up with at great big mess on our hands and no budget agreement. That is what is at stake here. Over the insistence that we do it the way the Senator from Massachusetts says, to add another \$20 billion above what we agreed to and what is necessary, we are going to threaten to take down a multitrillion-dollar budget agreement

that gets us to a balanced budget, that has some reforms in it, some restraint on spending—not nearly enough—and some tax cuts, and not nearly enough in that area either. I don't think it is worth jeopardizing a multitrillion-dollar agreement that the President signed on to.

If he has changed his mind, if he has walked away from this, I think he owes me, you know, the right to know if that is the case. I expect that before the day is out we are going to have some votes. We are going to see whether the Democrats are going to live up to holding this package to the way we agreed to it or not. If you are not, then how am I going to be able to do that?

I have taken the flak, I have kept my word. This clearly will defeat the whole purpose of the agreement and what has already been approved in the House of Representatives last night in the wee hours of this morning, and what came out of the Budget Committee on a 17-to-4 vote.

Now we are going to rewrite it here on the floor, mandating it has to be done this way. I just think it is absolutely the wrong thing to do, Mr. President, and we intend to resist it all the way.

Mr. KENNEDY. Will the Senator yield 5 minutes on the bill?

Mr. LAUTENBERG. I will yield 5 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, this debate is reaching the ridiculous. To say that one-third of 1 percent—that is what we are talking about in the total budget agreement—the majority leader—this is going to take the budget deal down. We are talking about one-third of 1 percent spending, over the next 5 years; over one-third of 1 percent, paid for.

They say "Oh, that is going to bring it down because it is inconsistent with the budget agreement."

Look, Mr. President, I am reading from the budget agreement under "children's health, paragraph 2." The funding that is in the program here can be used for this purpose:

A program of capped, mandatory grants to States to finance health insurance coverage for uninsured children.

That is what our bill is. That is what our bill is. It is a capped grant to the States for uninsured children. It could not be any more specific than what is included in the budget agreement. That is what some of the \$16 billion could be for. So we say: Well, let us add it for some of those who are the sons and daughters of working families that do not make sufficient kind of income to be able to do it. Now, when the majority leader gets up—all we are looking for is a vote. We are voting. It is quarter to 3 now, and we are being denied a chance to vote on this issue. He refuses. He says if this goes through, this one-third of 1 percent on an issue that

relates to a grant to States to finance coverage for uninsured children—that is a good statement of what our bill is all about, included in the budget agreement, and he is trying to say this is so far removed—it is difficult for me to be able to accept.

Finally, just on this point, I listened to my friend from Texas talk about the problems, how easy it is to cover all of these children. It is interesting, Texas has 1.4 million uninsured children 18 years of age or younger; nearly 1 in 4 children, 23 percent, is uninsured. It is the second-highest percentage and the second-highest total number in the country. Texas would receive, under our legislation, \$2.6 billion to insure uninsured children with this particular program, an average of \$655 million a year for the uninsured children.

This is supported by close to three-quarters, 74 percent, of the State of Texas.

I respect my colleague from Texas saying, "Well, there really isn't a problem out there," but there is a problem out there. There is a problem across the country. All we are saying, all Senator HATCH is saying, is this is paid for; it is an issue of covering children which is paid for with a tobacco tax.

Can we not in the U.S. Senate say, let us, on this issue, go forward with a vote? Evidently, we are being denied this. It is suggested that if we dare to go forward with a vote and we possibly are able to convince Republicans, as well as Democrats, that this is a national priority, a priority for families in America to provide insurance for uninsured children of the neediest families, that suddenly the whole economy and the Nation is in danger. This is a simple choice between children and the tobacco industry, Mr. President. That is what we are faced with. It seems to me we ought to be able to decide on children this afternoon.

Mr. GREGG addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. How much time does the Senator from Illinois—do we want to alternate?

Mr. DOMENICI. I would like to alternate. How much time does the Senator want?

Mr. GREGG. Ten minutes.

Mr. DOMENICI. I yield 10 minutes off the resolution to Senator GREGG.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for up to 10 minutes.

Mr. GREGG. Mr. President, I rise again to recall some of the comments I made earlier, but also to address a couple of other issues that have been raised here.

First off, I think it is good that the Senator from Massachusetts has finally admitted—I suspect maybe over the active opposition of his colleague from Utah—that this is a mandated program. He calls it a "capped mandated program," I call it an unfunded mandated program, but the fact is, we finally got it out in the open. This is a

brand new major entitlement, and it is a mandated entitlement. There is nothing discretionary about this, nothing at all discretionary about this.

As I said earlier, if this is discretionary, this has the same relationship of being discretionary as my golf game has to Tiger Woods'. The simple fact is, it has no relationship to discretionary.

Let's talk about a couple specific events that occurred relative to the States that get stuck with this program, because they are all going to get stuck with this program. Under section 2802, States lose almost all flexibility in designing health care programs for kids—almost all flexibility. Under section 2802, programs like the one we have in New Hampshire, which I described earlier which is covering in its demonstration period up to 50 percent of the kids we are trying to target without additional public costs, and we will get to the 100 percent as we develop a plan under the proposal in this budget agreement, which gives us the additional money to do that, but that plan will be wiped out. And there are 33 other States in this country that have initiatives going forward to address these targeted youth, targeted children, which programs would be put at dramatic risk, if not be wiped out.

I suggest the interpretation of the amendment of the Senator from Utah is inconsistent with the amendment's language itself. The amendment states very clearly—very clearly—that States must comply with the Medicaid criteria for supplying health care, and almost in every State, these initiatives that are going forward do not comply exactly with the Medicaid criteria as for insurance purposes. So flexibility is denied.

Not only does that happen, as I mentioned earlier, this amendment is just the ultimate in the Federal Government coming in and taking over an entire sector of health care. It is a nationalization of health care for, basically, kids and, thus, creating a tremendous movement from the private sector to the public sector with costs, as kids will move out of private-sector coverage on to public coverage.

Not only does that occur, but this amendment specifically states that waivers are rejected now. I have to tell you, as a former Governor, it is hard to get waivers, but one of the good things that this President has done is that he has loosened up the waiver process, and Secretary Shalala has been receptive to States that come forward with ideas relative to Medicaid and have asked for waivers. I suspect Utah and I suspect Massachusetts—I know Massachusetts, and I know New Hampshire and New Mexico have all participated in this waiver process to try to deliver better health care using imaginative and creative ideas that the State health agencies develop. But do you know what this amendment says? It says, "Tough luck, States. From here on out, we give no waivers at all"—the ultimate regulatory dictatorial action; the ultimate

excess of the Federal regulatory structure.

This is a power grab, pure and simple, an attempt to move the issue of how you finance health care for kids in America to the Federal level and, as a result, it is an outrageous—an outrageous—new mandated program. It is nice we finally have an admission of that after all the denial we heard earlier, which I found incredible, but finally we have an admission that this is a mandated program.

The practical effect of creating this program will be it is going to cost an additional \$20 billion on top of the \$16 billion already in the budget for this targeted population which can be taken care of, as so appropriately presented by the Senator from Texas, with the \$16 billion, which obviously can be taken care of because the President signed on to it and it is his No. 1 priority. This is such an insult to the President to bring this forward in this manner, because they are essentially saying the President didn't know what he was talking about when he said he could take care of this problem with \$16 billion.

They are saying we need \$36 billion to do it. The reason they need \$36 billion, and \$36 billion is an extraordinarily low estimate, is because they have a nationalization plan. That is what they are planning, they are planning to have all the kids today who are in working families who have low incomes but who happen to be covered by health insurance moving off that private sector on to the public sector. There will be a stampede of employers essentially saying, "We're no longer going to cover you, you have to be covered by the public sector." That is why the price is going up. That is why they need all this extra money.

It is not going to give any child any more coverage of any significant nature. All it is going to do is allow the Federal Government to take over the program and allow the taxpayers to pick up a large percentage of the costs which is presently being picked up by the employer.

It is truly an outrage for us—after we have been down this road for the last 40 years of seeing Federal programs that have not worked when the Federal Government has federalized them, programs where the States have been delivering services, and suddenly the Federal Government comes in and federalizes it and we see they do not work, and in an attempt to address that just a year ago, we tried to reverse the situation with welfare, for example, and move the programs back to the States—for us to have proposed before us a program which says essentially the Federal Government knows best, States are going to be written out of the process, and we are going to create a huge new cost to the taxpayers of this country so that some bureaucrats here in Washington can control the definition of how kids are delivered health care and in the process wipe out the

coverage that is occurring in the private sector and the capacity of States to have flexibility, it is just a public policy initiative which is totally inconsistent with what has been the flow of events in this country from a standpoint of knowing what works and what does not work in the last few years.

We have this one other issue that keeps being thrown in our face: We have a choice between tobacco and children. That is not the choice. The choice is between whether or not we want to nationalize health care or whether we want to let the States continue to participate in the process. There is no choice on coverage here. The President has demanded, and we have put in because we believe it is appropriate, \$16 billion to cover kids, to cover the targeted population. That is a fait accompli; it is done. The extra \$20 billion demanded in this amendment, which is going to be paid for by a tobacco tax increase, has nothing to do with coverage. What it has to do with is federalization, nationalization of a program. So this does not have anything to do with a choice between kids and tobacco. The kids have already won. We have already in this bill taken care of that issue.

Now, if the other side were honest about this, they would allow us to divide the question. They would allow us to divide the question, and let's have a vote on the tobacco tax increase, independent of this brand new major entitlement. But they are not going to let us divide the question. I will move to divide the question. It will be objected to.

I am happy to have an up-or-down vote on tobacco tax increases. As Governor, I increased tobacco taxes. I do think it is an area we should leave to the States, because I do think it is a revenue source most States like to use. I know my State of New Hampshire right now has another tobacco tax proposal on the table to pay for kindergarten. If this goes through, I suspect the projected income from that tax increase to pay for the kindergarten program will be severely restrained.

These two have been joined together in order for somebody to have a nice little phrase they can put on television at night, but it has no relationship to reality, substance or the manner in which this bill is structured and the way it will deliver services, because we have, in the bipartisan budget agreement—well, the President has in the bipartisan budget agreement, with the support of the leadership of the Congress, committed to caring for these kids and making sure they have insurance.

All this plan does is create a brand new huge bureaucracy which is going to, once again, federalize the system, write the States out of the process, eliminate the private sector effort in the area and give a Federal bureaucracy new lateral control over an element of the economy or an area of the economy where the States are making

progress and where with the underlying budget proposal problem will be generally solved.

So it is about as misdirected a proposal as I have seen in recent times, probably not since the Clinton health care plan have I seen a more misdirected proposal, and I believe that was appropriately rejected and I hope this proposal will be appropriately rejected.

I yield back my time.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. Mr. President, I yield the Senator from Illinois 5 minutes.

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

Mr. DURBIN. Mr. President, I have been listening to this debate, and it reminds me of a lesson I learned in politics many years ago. The teacher was a fellow who was my boss at the time in Illinois in the Illinois State Senate by the name of Cecil Partee. He was president of the senate. He was an African-American Senator from the city of Chicago. He used to say, when it comes to political decisions, you will always hear a good reason for a decision, but you may not hear the real reason.

We have heard a lot of good reasons from the other side as to why they might oppose the Hatch-Kennedy proposal, but very few of them are willing to articulate the real reason that they oppose it. Some have said it is a mandate, a Federal mandate. You hear the word over and over and over again. I went through the legislation again, and I have to tell you, they should read it more closely. This is voluntary. Each State will decide whether to participate and under what terms they will participate. There is no Federal mandate, there is an opportunity here for a State to address a problem, a problem which I think both Democrats and Republicans would agree is a serious national health problem: 10.5 million uninsured children in America. These are kids who do not get the appropriate medical care, the children of working families, families that, unfortunately, do not have health care benefits that many of us enjoy. These kids deserve the same level of protection, and it would be voluntary for each State to determine whether or not they want to participate in the program.

Then, of course, there is this argument that this is not part of the budget agreement. Senator KENNEDY made a point very well a few minutes ago that the actual budget agreement before us has a specific reference in every type of program. So if these so-called good reasons—the mandate and going outside the four corners of the budget agreement—are not the real reason, what is the real reason for the opposition to the Hatch-Kennedy amendment? I think the real reason is very obvious. This is the last gasp of the tobacco lobby to stop a 43-cent-a-pack tax on cigarettes. They know what is going to happen.

When you raise the price of cigarettes, as has been demonstrated in Canada and so many other countries, children are less inclined to start smoking. They cannot afford it. Look what this means in terms of the impact upon our public health. Increasing the Federal tax by 43 cents a pack is going to mean 16.6 million fewer smokers, 5.3 million fewer children dying prematurely and 835,000 children's lives saved.

It is going to mean a lot fewer sales for tobacco companies, too. That is what this is about. They know that if we put this Federal tax in place, kids will stop smoking, they are less likely to be addicted to the product, and, down the line, they will not be the steady customers the tobacco industry needs to stay in business.

It is no accident that over 80 percent of smokers today started smoking before the age of 18, over half before the age of 16. When they are immature and make a rash decision to start using chewing tobacco or spit tobacco or cigarettes, they become addicted to nicotine, an addiction which will claim one out of three of them in terms of lives lost.

So that is what this debate is about. It is about a tax which an industry is fighting. They will not come out and say it on the floor because, quite honestly, it is not a popular thing to say. Overwhelmingly, the public supports an increase in the cigarette tax. I will tell you that 76 percent of the women, 69 percent of Independent voters, 67 percent of Republican voters, 79 percent of Democrat voters understand that this tax is a reasonable, revenue-raising measure to pay for an important national priority.

I think it is time to blow through this smokescreen from the tobacco lobby. As they say in the ads here: Take your pick, Senator. Who are you going to stand with, Joe Camel or a little boy named Joey who is uninsured? This is an easy choice for me. It should be for every Member. I think the Senate owes Senators HATCH and KENNEDY, because of their leadership, a clear vote on this issue. I think with that clear vote, we will say definitively that the real reason for the opposition to this amendment is not a good reason, that we in fact are going to give to each State the opportunity to participate in a program to insure their children. We will pay for it with a tax on tobacco products.

Frankly, let me add this, too. For those who say, why do you keep picking on tobacco? Why do you zero in on cigarettes so much? Take a look at this chart.

In 1993, cigarettes killed more Americans than AIDS, alcohol, car accidents, fires, cocaine, heroin, murders, and suicides combined. This is not just another issue. This is the No. 1 public health issue in America. With this bill we not only insure the children who need the insurance, we attack a problem which is claiming lives every single day.

Will the Senate have the courage to rally behind this Hatch-Kennedy bill? I certainly hope so. And for good reason we can stand up and say to the people of America, we are protecting your children, not just with insurance, but also with a tobacco tax which discourages children from taking up tobacco habits.

I yield back the remainder of my time.

Mr. FORD. Mr. President, will the Senator from New Mexico yield me 3 minutes?

Mr. DOMENICI. I yield 5 minutes off the bill.

Mr. FORD. Mr. President, it is interesting to listen to those who are now so interested in tobacco and kids. They say, "Will you support Joe Camel or Joey?" For months and months and months we have had a bill here that would embrace all of FDA regulations, that would do everything to prevent kids from smoking. Nobody wants to get on it. Nobody wants to help. We get rid of Joe Camel. We get rid of the Marlboro Man.

All you want is an issue. You do not want to solve the problem. So, yes, we can get emotional about kids. I have voted for 22 long years for kids. I am a grandfather with five grandchildren, and I am not going to do anything to harm them. They do not smoke. I do. That is my business. I am an adult. They are underage.

So why can't adults make a decision and let us go ahead and try to accomplish those things that will stop youth from smoking? Do you think a 43-cent-a-pack increase is going to stop kids from smoking? They will just find cheap tobacco and bring it in here and reduce the price of cigarettes. You want to do away with the program? Let them grow tobacco from fence row to fence row. Tobacco gets so cheap you cannot raise it, and cigarettes go to a quarter a pack. They are using kids here and not trying to solve a problem.

That is what irritates me. I am from a tobacco-growing State. It is \$3 billion every year to my farmers. And 69 percent of those farmers have other jobs. It is a husband, wife, and family income. But you do not want to do that. You want to try to eliminate all that. You do not want to try to stop kids from smoking. You want to stomp up here—"Every day 1,000 more will die." Those are your words.

Mr. DURBIN. That is right.

Mr. FORD. Where in the world have you been to try to stop it? Nowhere. You just want to increase the tax on a pack of cigarettes, on a pack of cigarettes to stop kids from smoking. That is it. That is what you are saying. But there is a bill here to get rid of it. No one wants to join in that effort.

So it is kind of tough for me, coming from a tobacco State, trying to do what everybody here is talking about, except let the adults have a choice. I think that is what it ought to be. But, no, we want to add the tax on. We want to reduce by 35 percent—I heard the

Senator from Massachusetts say it is only one-third of 1 percent of the budget. It reduces 35 percent of the tax cut. That is a pretty healthy hunk.

One State gets \$29 million under this bill of the so-called Kennedy-Hatch. And it is \$1.4 billion additional taxes to that State. So they do not come out ahead. How do they come out ahead? They have to match if they voluntarily accept it. Under this bill, they have to match. And they are mandated—mandated—on what they do once they accept it.

I do not understand. People talk about trying to save kids. You have an opportunity to do it. But, no, they want the issue. They want the issue. Bigger Government, less tax cuts, but they do not want to get at the real root of the thing and try to begin to work.

For months now—month after month after month—you refuse to join with some of us, even from tobacco States, that want to stop kids from smoking. All you want to do is make an issue out of it and say, I want to choose between Joe Camel and Joey. That is not true, because I have given every Senator here an opportunity to put Mr. Joe Camel where he belongs, and the Marlboro Man.

I have made my choice. I want the adults to have a choice and kids not to smoke. But all you want to do is have another issue and pound and pound and pound here to try to unravel a balanced budget amendment on the backs of the children on the basis you want to make a choice between Joe Camel and Joey. I have made my choice. I am for Joey. I have been for him for 22 years. But you act like I cannot join in trying to help reduce the ability of children to smoke. It is there.

So I just want everyone to know that if you want—want—to help Joey, help me get rid of Joe Camel. This does not get rid of Joe Camel. This does not get rid of the Marlboro Man. It just increases the cost of smoking to the lower income, just increases the cost to the lower income and unravels a balanced budget. One-third of 1 percent—you reduce 35 percent of the tax cuts in this bill.

I hope my 5 minutes are up. I am beginning to sweat.

The PRESIDING OFFICER (Ms. COLLINS). The Senator's time has expired.

Mr. DOMENICI. I yield up to 10 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. I thank you, Madam President.

I am not for Joe Camel, but I am for this budget agreement. I think that the question before the Senate today is, are we willing to run the risk of unraveling an agreement that has been entered into by Republican Members working in good faith with Democratic Members working in good faith with this administration to try to do something that we have not been able to do for many years?

We shut the Government down in the last Congress because we could not

agree on a budget. You talk about affecting children. When you shut down all the services of the Government, you affect young people, you affect children, you affect senior citizens, and you affect every aspect of our society. We did that in the last Congress because we could not come together and agree on a budget that was balanced in terms not only of spending but of how we spend the money that we are allocated to spend.

We have a historical agreement in front of us that breaks that pattern of not being able to work together, by coming together and saying, yes, there are Democratic priorities and, yes, there are Republican priorities, and both sides have to give.

It is really interesting that the people who have said that they cannot support this agreement—I respect their positions; they are good citizens, they are good Congress men and women, they are good Members of the Senate. But if you look at where the opposition is coming from, it is not from the center, it is not from the mainstream, it is from more liberal Members and more conservative Members. Again, I respect their positions. But what we have been able to put together is a budget agreement that can work.

There will be all kinds of efforts to try to change that agreement. I am concerned those efforts will do damage to the overall agreement. Generally, when things sound so simple, they generally do not work, and this sounds so simple: Let's insure more children, and do it by raising the tax on a product that many people do not like. If it sounds so simple it is too good to be true, generally it is.

I think what we are neglecting to focus in on is what this agreement already has in it. This fragile agreement already has about \$16.8 billion in it right now without this amendment to insure more children who are currently uninsured. That is a major achievement.

Should we insure every child? Of course. But we cannot do it all at once. This agreement insures 5 million more currently uninsured children in this country. \$16.8 billion is already in this budget package for that purpose. I know that you know certainly the folks who support increasing it right now—I mean, their intentions are good intentions. I agree with their intentions. The question is not should we do it? The question is how we do it, how we do it in the context of the other priorities we have as a nation and as a society.

Just this week, I think yesterday, in the other body, our friends on the other side of the Capitol, some said, "Well, we ought to spend more money for highways." There is no question about that. We need more transportation, better transportation, we need mass transportation, we need highways, we need to fix the bridges that are crumbling down that when they fall they kill people, highways that kill people

every year, 40,000 deaths on highways, much of it as a result of inadequate highway systems in this country.

Should we improve highways? Of course. Should we spend more money on highways? Yes. The question is how we go about getting there. This budget provides a blueprint, a map, a way to get from here to there that has been agreed to by Republican leaders, by Democratic leaders, and by the administration.

I just say that we have a plan of action. I suggest that we support that plan of action, and, in doing so, we are going to have to be called upon to say no to some ideas and concepts that I have no disagreement with. Of course we want to do this. Of course I want to move in that direction.

Again, the question today is not whether we should do it, but how we go about doing it. I suggest that the fragile package that is before us is the proper approach to solving the problem of uninsured children in this country. Five million more insured under this budget package is a major, major achievement. We should be proud of it.

Should we discontinue our efforts? Of course not. We should continue to work and to expand. There will be ways offered in the respective committees in order to achieve those goals. But I suggest that this is not the right approach at this time.

I think that one of the concerns I have is that if the whole entire budget agreement begins to unravel and fall apart we run the risk of doing a great deal more damage, not just to one segment of our population, but to the entire country. We did that in the last Congress. It was not a proud moment for this body nor the other body.

I think we have come a long way since then. Let us not go back to those days. I suggest that we should stick with the budget package. That is the right thing to do.

Mr. DOMENICI. Madam President, I thank Senator BREAUX for his remarks. I think he has offered kind of a calming set of remarks for us. Somebody observing, whom I have great trust in, sent me a little note to say thank Senator BREAUX for being so calm in his response.

PRIVILEGE OF THE FLOOR

Mr. FORD. Madam President, I ask unanimous consent that Pat Sellers, a congressional fellow assigned to Senator DASCHLE, be granted floor privileges for the duration of the debate on Senate Concurrent Resolution 27.

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

Mr. DOMENICI. Madam President, how much time do I have remaining on the substitute?

The PRESIDING OFFICER. The Senator has 17 minutes.

Mr. DOMENICI. I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Will the distinguished Senator from New Mexico yield?

Mr. DOMENICI. I yield 5 minutes off the bill to the distinguished Senator.

The PRESIDING OFFICER. The Senator from Utah is recognized for 5 minutes.

Mr. HATCH. Thank you, Madam President. I thank my friend from New Mexico.

Madam President, I listened to the earlier remarks of the Senator from New Hampshire, and I believe that my colleague has either misread or mischaracterized many aspects of the CHILD bill.

Let me set the record straight.

First, despite what the Senator from New Hampshire and other Senators may have alleged here, nothing in this bill mandates any State to participate.

Let's go through some of the other erroneous accusations that have been made by those who oppose the bill.

First, they said it created an entitlement program. This totally ignores the fact that the bill states explicitly "Nothing in this title shall be construed as providing an individual with an entitlement under this title."

Moreover, the States themselves establish eligibility criteria for this voluntary block grant program. The bill explicitly provides that participating States need not provide subsidies to otherwise subsidy-eligible children, even according to their own criteria, if funds are not adequate. Funding for the program is automatically reduced if revenues are insufficient to cover costs including the cost of deficit reduction.

Some have said this bill creates new mandates on States. Participation in this program is purely voluntary for States. The program maximizes State flexibility and merely establishes reasonable requirements for States choosing to participate to assure that Federal funds meet program objectives, in the same way as such other health block grant programs as the substance abuse block grant, the maternal and child health block grant, and the preventive services health block grant operated.

There is nothing new about this. This is the way you write a grant program.

Then, opponents of the bill said it mandates the Medicaid benefits package. The facts are that the States choosing to participate in the program are expected to provide the benefits for children that the State already provides under the State Medicaid program. We advanced this proposal recognizing the importance of potential sensitivity of this issue and have indicated our willingness to modify this section if better ideas emerge. And we will certainly do that.

Medicaid benefits include services that are particularly critical for children such as broad coverage for preventive benefits. Children meeting the State eligibility requirements in families that receive insurance through employer-based plans are eligible for subsidies to cover the employee coinsurance and copayment attributable to

the children and such employer-based plans need not comply with the Medicaid package of benefits. The limits on cost sharing under Medicaid are not mandated.

Another claim that has been made here today, on more than one occasion, is that the CHILd bill eliminates any future Medicaid waivers.

The fact is that, first, if a State chooses not to participate in the CHILd Program, the law will have absolutely no effect on its ability to receive a Medicaid waiver. In other words, the provision will only affect participating States.

If a State chooses to participate in the CHILd Program, it must not cut back on the existing Medicaid eligibility requirements for children. We did this to assure that States use program funds to cover additional children, rather than replace existing State funding responsibilities under Medicaid.

This has nothing to do with Medicaid managed care and expanded Medicaid coverage, the two major subjects of Medicaid waivers.

Another claim that has been made is that the bill mandates abortion funding for teens because the program requires benefits the equivalent of those under Medicaid.

As a Senator who is proud of his pro-life voting record, I would never do anything to advance the cause of those who wish to expand abortion coverage. I do not believe that my bill would cover abortions. As an appropriated program, the CHILd bill would be subject to annual appropriations and would fall under the Hyde amendment prohibitions relating to abortion services.

I know that some of my colleagues are disappointed in having to consider this amendment today. Some believe it would break the budget deal. Others are fearful of a tax increase. My purpose is simple: I am exercising my rights as a Senator to amend this budget and increase funding for children.

Why can't we just get a vote on this one way or the other?

Let me just say that I worked with the chairman of the Budget Committee for many years when I was on the Budget Committee. I know that he worked very hard in achieving this budget agreement, and I commend him for it. In fact, I admire him for it. I was not part of that negotiating team. But I am still a U.S. Senator who should be allowed to have a vote on his amendment.

As I understand the situation, we are now in the process of allowing Senators who were not part of the Budget Committee or part of the budget negotiating team to review what the leadership of the Congress and the administration have agreed upon. Our job today is to review this deal, use our judgment and decide whether we support this agreement.

What it comes down to is that the sponsors of this amendment believe it

improves the budget package. We get \$10 billion more in deficit reduction under our amendment. And we help about 5 million more kids who aren't helped.

For the life of me, I cannot understand what is the matter with that. What is so difficult about that? Why can't we help these kids?

I agree that the \$16 billion in the bill is a good provision. I feel good about that.

But much of that money—as much as \$14 billion—will be in effect taken from other existing programs for seniors and kids that are important—such as the disproportionate share hospital program.

So what we are doing here is taking moneys that have been used to help the poor and other people and put it another category to help the poor.

Well, I am happy to have the \$16 billion in additional funding for kids, and the recognition that there is a problem here. But that still will only solve the problems probably for the 3 million kids who qualify for Medicaid and who the CHIPS bill is designed to help.

But I keep asking myself, "What about the 7 million kids who weren't covered?" Perhaps there will be enough funding to cover some of them. But there are at least 5 million, probably 6 million—and maybe as high as 7 million—who are not taken care of.

That is all we are trying to do here. And we are recommending a block grant to deal with the problem, a block grant just like the many other health and social services block grants that have worked very well through the years.

I understand that one of the key areas of concern relates to the benefit package. Having been through the victorious battle over the flawed Clinton health care proposal in 1993-94, I know full well all the baggage that a Washington-dictated benefit package carries.

When I introduced the CHILd bill, I stated my willingness to work with the Governors and others to see whether an alternative to the Medicaid benefit plan would be acceptable to all parties. I remain willing to do so. I think Senator KENNEDY as well has said that he is aware that this is a sensitive issue which needs to be addressed.

Perhaps an explanation of why I agreed to the Medicaid package will be helpful to everyone here.

First, there was the practical concern of moving the legislative process forward that I felt argued against an endless series of "reinventing-the-wheel" type meetings to come up with a benefits package. I have been through that before. As you can appreciate, this would have touched off a time-consuming siege by the various medical provider specialty groups arguing that their specialty merited inclusion.

Second, on the merits, while I remain open to be persuaded otherwise, I am unaware of a children's health insurance model clearly superior to the cur-

rent Medicaid standard with its children's early and periodic screening, diagnosis, and treatment—EPSDT—component. As you know, the general standard of EPSDT is that medically necessary services be provided. On its face, it is difficult to fault this principle.

While I understand the view that EPSDT is too generous compared with other health insurance plans as implemented by the States and interpreted by the courts, I think it incumbent upon those who make this criticism to specify precisely what services should not be included in the benefits package.

I am open to that. Such a dialog, if grounded in specifics, could only have a salutary effect on the refinement of the CHILd bill and perhaps for the Medicaid Program as well.

I expect that the Governors will have something to say about this topic after they develop their principles for child health insurance which we expect to see at the end of the month. I plan to hear what they have to say and continue to work with them.

We have to keep in mind that our amendment addresses the problem of children from poor families where parents work but just do not earn enough money to provide for health insurance. We ought to be ashamed not to solve this problem, when we solve so many other problems that are a lot less important than this one.

I don't see why we should have this big donnybrook or why we should be fighting so vigorously over this. We ought to just do it.

And we can do it—fully funded—by asking the one community that many experts acknowledge has caused \$50 billion to \$100 billion in unnecessary costs annually to help pay for the problem.

With that, I will be happy to yield the floor.

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

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. LAUTENBERG. I yield 5 minutes to the Senator from Massachusetts off of the resolution.

Mr. KENNEDY. Madam President, we have said since early today that we are prepared to move ahead with a vote, if we are unable to get the assurances that we would go ahead with the vote on the underlying amendment, the amendment of the Senator from New Mexico, which we are supporting.

I would just say to my friends that have spoken recently that we are in strong support of that amendment because that will provide the \$16 billion to take care of some of the neediest children. But there is also the \$14 million deficit that is going to be basically traded off against that. That represents the \$14 billion on Medicaid. And half of all the Medicaid recipients are children. So it will be diminished in a very substantial degree.

We heard again somewhat that this is spoiling the budget agreement. As I reiterated, this is one-fifth of 1 percent of the total budget over the period of the next 5 years. It is difficult for me to believe that one-fifth of 1 percent affecting one-fifth of 1 percent of our economy is going to be a budget buster, particularly when it is paid for. As we indicated, it is paid for. And, as I indicated in the former part of the debate, many of those who have spoken in opposition complain about it being paid for because it is going to increase the cigarette tax. But I want to say that those who wondered about whether this was really relevant in the budget agreement, as I have mentioned, under the children's health proposal they talk about that how that \$16 billion for the 5 years could be spent. They said it could be spent in one of the following ways, or it mentioned other possibilities. It said one of the ways is a program cap of mandatory grants to States. That is what our program is. It caps grants to States to finance insurance coverage for uninsured children.

So, Madam President, we believe that we should be entitled to a vote.

Again, I am really amazed that it has taken this long a time to get to a vote with all of the kinds of complex issues that we have to debate and talk about here on the budget resolution. This is a very simple issue. Are we going to put the interests of children of working families, those that are on the bottom, second, third, fourth rung of the economic ladder—are we going to side with them on a self-sustaining financed program of health insurance through the States based upon what the States are doing through the private sector with the discretion of the State making those judgments or are we going to side with the tobacco interests?

That is the issue. That is the question. It is not very difficult. We hope for those reasons—plus I thought the excellent statement that was made by the minority leader in terms of how he, too, believes that this is entirely appropriate—that we could move ahead and get some action.

I thank the Chair. I withhold the balance of the time.

Mrs. FEINSTEIN addressed the Chair.

THE PRESIDING OFFICER. The Senator from California is recognized.

Who yields time?

Mr. LAUTENBERG. Madam President, I yield 5 minutes off the resolution to the distinguished Senator from California.

Mrs. FEINSTEIN. I thank the distinguished floor leader. I very much appreciate the 5 minutes.

Madam President, I have watched this debate now for the last couple of hours from my office. I think it is an important debate. In a sense it is a bellwether debate.

I think the case which the proponents for the Hatch-Kennedy legislation have made is very clear and a strong case. Probably no State would

be more helped by the Hatch-Kennedy legislation than my own State, the State of California.

I had the privilege of working with the Senator from Louisiana as our Democratic leader, and the Senator from Rhode Island, Senator CHAFEE, as a Republican leader on the centrist coalition. Over a period of about a year and a half in that work I have come to the conclusion that the only way to balance the budget is in a bipartisan way; that if it is a Democratic budget, Republicans vote against it; and, if it is a Republican budget, Democrats vote against it. Therefore, it has always seemed to me that the only way you do this is to sit down and work the numbers out together and come up with a plan.

What do you know, Madam President, that has happened. And it has happened because of the distinguished chairman and ranking member of the Budget Committee. It has happened because of the President. It has happened because of the majority and minority leaders of both sides of this great House giving their imprimatur to the process and participating. After 4 or 5 months of discussions there is an agreement.

It is not everything that everybody wants, but if you believe, as I do, that the only way to balance this budget is to do this, then this becomes a very significant debate. I would like to vote for Hatch-Kennedy. It would help my State. We have—let me give you the exact figure—1.7 million uninsured children in California. This is a big deal. I would like to vote for it.

If this bill is taken down, though, it is a major commitment and statement that this body cannot work together, that both sides of this body cannot solve what is a critical problem facing this Nation. Every week, I have a meeting of constituents, about 100, 125 people, who just happen to come by the office, and I show them a small pie of outlays in the year 2003, that if we do not do something, what happens. The result of the small pie is that you have almost 75 percent of the outlays of the Federal Government consumed by net interest on the debt and entitlements. And by then, you could eliminate all discretionary spending and you cannot solve the problem.

Well, we have not gone the whole way, but this bill before this House goes a major way in solving the problem.

I stood with the President in Baltimore. I said I would support this, as did a number of people on our side. The Senator from Louisiana was there. We stood and we remarked how close the numbers in this budget bill are to the numbers of the centrist coalition. So we felt in some way that our year and a half, or whatever it has been, I say to the Senator from Louisiana, has been worthwhile.

I am very concerned. I am very concerned that this bill will be taken down if this amendment is successful. I

would like to vote for this amendment. So I am looking for a way, and I hope that both the minority leader and the majority leader might in some way hear this, that there might be a time when we could have a separate vote agreed to on Hatch-Kennedy and move ahead with this budget reconciliation bill at this time.

Mr. BREAUX. Will the Senator yield?

Mrs. FEINSTEIN. I would be happy to yield to the Senator from Louisiana.

Mr. BREAUX. I congratulate the Senator for making this point, that every budget we have had in the past and been signed into law is necessarily a compromise. There are a lot of things that a lot of people would like in this legislation that are not there. I know the Senator from California has talked about additional children being covered. I support that effort. I mentioned the highway bill. We need money for transportation. We have talked about needing more money for schools, to try to fix schools that are falling down around the country. The point is, and I think the Senator from California is making it, that we have to deal with an agreement that has the chance of passing, if the \$16 billion for more child care that is in this budget now ever has a chance to become law.

I would say, as one member of the Senate Finance Committee, we are going to look at exactly what the essence of this amendment does in the Senate Finance Committee. There is no problem with us considering this approach and voting on it and adding it to later legislation coming down the pike. So this does not mean this is over. We can continue to look at this suggested means in future legislation.

I thank the Senator.

Mrs. FEINSTEIN. I thank the Senator from Louisiana very much. It has been a very special privilege for me to work with the Senator on the centrist coalition.

I am not in the leadership of this body, but I would be hopeful that the leadership would hear this. I think this budget agreement—on our side, we have said every time we have had the debate on the balanced budget amendment, we do not need an amendment to the Constitution. Let us just sit down and do it. Well, we make a mockery of our own statements if we do not sit down and do it right now. And we have that opportunity to do it in this agreed-upon compromise.

So I would be hopeful that it might be possible to put together some guarantee both for the Senator from Utah and the Senator from Massachusetts, who have worked so hard, both of them. I have never seen the chairman of the Judiciary Committee as passionate as he has been in the Chamber in the last 2 hours. He obviously believes. The Senator from Massachusetts has a long history—the Kassebaum-Kennedy bill, other bills, his chairmanship and his ranking status on the Labor Committee. I think we know his commitment and we know he will be there for

working families and for children at any time. I hope there can be some appreciation in this body for the need to have an agreement to honor the agreement that was made and to once and for all say to the American public we have come together as two political parties. We have balanced this budget by the end of 5 years, and we can all be proud of working together.

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

Mrs. FEINSTEIN. So I say to the leadership, please do something. Let us get another time to consider the Hatch-Kennedy bill so that we can move on and be very proud of this body.

I thank the Chair for its indulgence.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I say to Senator FEINSTEIN, just about the time this Senator feels like he is not being heard, the hard work that you put in on the budget was not worth it, something very pleasant happens, and I thank the Senator very much.

Mr. NICKLES addressed the Chair.

Mr. DOMENICI. Would the Senator like 10 minutes off the bill?

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 10 minutes.

Mr. NICKLES. Madam President, I would like to make a couple comments about where we are, and I also wish to thank our colleague from California, as well as Louisiana, in saying there is an agreement; we ought to abide by it.

I was looking at the budget agreement. There is one enclosure which says children's health, and it says 5-year expenditure, \$16 billion. It is enclosed. It says we want to provide health care, \$16 billion, 5 years, to provide health care for 5 million children by the year 2002. That is in the agreement. It is included.

So for somebody to say that it was included in the agreement to add another \$20 billion, to make this \$16 billion \$36 billion, is absolutely not the case. It really loses credibility, and it makes a lot of us wonder whether we can trust the White House, whether we can trust our colleagues in trying to implement a 5-year deal if we could not trust them basically for a day, not to mention we are trying to make obligations for the next 5 years.

I am a little shaken. I will absolutely say I have wanted to support this deal, hope to support this deal, but when I hear some of the people who have negotiated it say it is within the context of the budget agreement to have \$36 billion for child care, a new additional child care entitlement, when the provision clearly added to the budget resolution was \$16 billion, not \$36 billion, there is a difference. There is a big difference.

Now, I want to make a few comments concerning the underlying bill that Senator HATCH and Senator KENNEDY are promoting and maybe respond to some of the statements that were made

and maybe challenging some provisions of this bill.

I do not support the bill. I think the underlying bill that individuals are trying to promote—that is not what we are voting on. We do not have bill language added to this budget resolution.

A budget resolution, for the information of colleagues and the public, is not a law. It is a guideline. It says spend so much money, tax so much money. This amendment spends \$20 billion more and it raises taxes \$30 billion more, both of which are inconsistent with the agreement, both of which, frankly, are outside the scope of the agreement.

Now, should we pass it? I would say no. Should we pass the so-called Hatch-Kennedy bill? I would say no. I would tell my colleagues from Utah and Massachusetts, I think they did very well in this budget negotiation. They got 16 out of 20—that is 80 percent—for a new program, a new entitlement program when we are trying to balance the budget. I think they should be high-fiving each other and saying, hey, we won; we got 80 percent of what we want. We stuffed those people who really wanted to hold the lid on new programs. We beat them. But instead of saying, hey, we got 80 percent, we are happy, they came back and said, we are going to double our offer. We are not satisfied with 16. The original bill that they introduced was 20, but now they want 36. I just find that to be grossly fiscally irresponsible.

Now I want to talk a little bit about the substance of the underlying bill. I heard my colleague say that, well, it is not an entitlement. And I have stated repeatedly that it is an entitlement. Let us look at the bill. If you look at page 19, it says "budgetary treatment." "Authority in advance represents an obligation of the Federal Government to provide payments to the States."

An obligation. It does not sound like it is discretionary to me. An obligation for the Federal Government to provide payments to the States.

Now, in the first place, maybe I should ask, the tobacco taxes envisioned, are those discretionary? I do not think so. All the States would have to pay into the program; all the States would be paying additional taxes. That is not discretionary. I don't think anybody has made that allegation.

Page 19 says there is an obligation of the Federal Government to pay to the States. I mentioned earlier that the Federal mix of this is much more generous than under Medicaid, that the Federal Government would be paying, in many cases, 80 to 90 percent of the cost of this program, not 50-50, not splitting the cost with the States. The Federal Government paying 4 to 1, 5 to 1 what the States are paying.

Now, sure, a State is going to opt out of that. If Uncle Sam is going to be paying 90 percent of the cost of the program, more generous than Medicaid, the States are going to opt out. First, the States have to pay the taxes and

then you create a new entitlement program. The Federal Government is going to pay up to 90 percent of the cost of the program, and you say, oh, the States do not have to participate. They have to pay the taxes and then Uncle Sam will pay 90 percent of the costs, and the States are going to say, no, I don't think so. And then you look at the underlying provisions of the bill; what do the States have to do. If this is such an optional program, you need to look at page 6, "Requirements for Qualifying Children's Direct Benefit Option."

Page 7. "The States shall insure." Paragraph 2: States shall insure, each participant shall insure, shall insure, shall provide, States may not, and on and on. States may not allow imposition of cost sharing; States may not enter into a contract, on and on. There are something like 30 "States shall" or "States may not" in this provision. This is not optional. All kinds of mandates, telling the States what to do with this program, including saying, States, you do not get another Medicaid waiver. Most States have Medicaid waivers pending. This says, "No more. Need not apply. Cannot do."

They don't want to touch on the issue of abortion, because I heard my colleague say this bill does not mandate abortion. I just disagree. I think people are entitled to their own opinion, but I don't think they are entitled to their own facts. If my colleagues would look at page 5 in the bill: For purposes of this title, qualifying children policy is a policy for an eligible child that provides coverage for medical care for such child that is the equivalent of medical assistance available for State child assistance available under title XIX of the Social Security Act.

If this is available for a State plan, if abortion coverage is available in Medicaid under a State plan, then it must be provided under this plan.

I know I heard my colleagues say, wait a minute, this is covered by Hyde language, and we don't pay for abortion under Hyde language. That is not what this says. This says, if abortion is a benefit under a State plan—and you have a lot of States, 14 States, including some of the biggest States, New York and California, for example, they have State-paid-for Medicaid coverage of abortion; 14 States have it. The Federal Government does not pay for it. But remember, Medicaid is a Federal-State program and some States have mandated State program benefits. In this case, the State pays for abortion coverage.

This bill says that if the State provides this benefit, they have to provide the same benefits they provide under the State Medicaid plan. It does not say Federal Medicaid plan. It doesn't say only Federal Medicaid benefits. It says State Medicaid benefits. So you have 14 States that now have State-paid-for abortion coverage that would have to have it under this plan. It is in

the bill. It is on page 5, line 19 through 25.

So I just make that point. I want to be very factual. This bill leaves a lot to be desired. We should not set up a new entitlement and have the Federal Government paying 80 or 90 percent of the costs of Medicaid coverage for kids when we do not pay that much for the lowest income. This is a higher level than for the lowest income level. We are going to have a greater subsidy for this group than we are for the lowest group? I don't think so.

What we have is we have the situation now where we find ourselves, where we have the \$16 billion entitlement—I think it should be discretionary under the underlying bill—\$16 billion to provide health care for kids that, for whatever reason, do not have insurance.

I might review that scope because I have heard people say, wait a minute, we are going to provide health care for 10 million kids. Let us look at that scope. Madam President, 3.3 million of those kids already are eligible. They have health care. They are eligible for Medicaid. They qualify. About a third of them have incomes above 200 percent of poverty. If they are a family of 4, if they have an income of \$32,000 or more, we should not be buying them insurance. That is not the Federal Government's role. So you have about 3.5 million between 100 percent of poverty and 200 percent of poverty. You have 30-some-odd States that already have coverage for kids in excess of the Medicaid eligibility standard, Medicaid eligibility standards going up to 133 percent of poverty. Thirty-some-odd States, 39 States, have Medicaid coverage in excess of Federal mandates. We are going to preempt those in this case, and we are going to provide a very expensive Federal mandate on the States to provide that coverage for that 3.5 million, which, I might mention, half of those kids will have insurance within 4 months.

So, really, the chronically uninsured population is probably around 2 million. The underlying bill provides \$16 billion. It starts out at a couple of billion and grows to 2.5 billion, 3.5 billion, almost 4 billion over that period of time. That is enough, maybe more than enough, to provide ample coverage for the chronically uninsured child.

What we do not need to do is say: Here is \$16 billion—the original Hatch-Kennedy bill had \$20 billion—so they have \$16 billion. They have 80 percent of what they are looking for. Then they want to, maybe—I don't know what the purpose is—to say now we want \$20 billion on top of our \$16 billion, we want \$36 billion, even though in the bill they originally introduced, they wanted \$20 billion. Now the demand is for \$36 billion—certainly a budget buster. Certainly a deal breaker.

If we have a deal that says new kid care entitlement is \$16 billion, and we are going to have an amendment and just make it \$36 billion; if we are going

to have a deal that says net tax reduction is going to be 85, and then all of a sudden it turns into 55, then we don't have a deal. That means maybe we cannot trust people. If we cannot trust people, that does not speak very well for this institution.

I urge my colleagues, if and when we get to an up-or-down vote on the Hatch-Kennedy bill, I urge them to vote "no". First, because it is a deal breaker, and, second, I urge them to vote "no" because this is not good policy and we do not need to do it twice. We do not need to try to solve this problem on uninsured kids both in the Finance Committee and the Labor Committee and give equal amounts of money for both to solve this problem.

I ask unanimous consent for an additional minute.

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

Mr. NICKLES. So, Madam President, I—

Mr. HATCH. Reserving the right to object, I didn't hear the request.

Mr. NICKLES. I asked the Senator from New Mexico for an additional minute.

Mr. HATCH. Oh, sure.

Mr. DOMENICI. What's the dispute? I give you 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for an additional minute.

Mr. NICKLES. He said 5.

Mr. DOMENICI. I said 5.

The PRESIDING OFFICER. I am sorry, 5 minutes.

Mr. NICKLES. Madam President, to conclude, a couple of points. A deal is a deal. If we are going to break the deal, if we are going to be amending what the size of the tax cut is, if people want to do that, then I am going to have an amendment. This amendment cuts the size of the tax cut by \$30 billion. I am going to have an amendment to increase the tax cut by \$30 billion. If this amendment spends \$20 billion more, I am going to have an amendment to spend less money someplace else.

In other words, this bill unravels the whole package and people will find out this is not the easiest package to craft. There is no question it unravels the package, if one would just look at the budget package we already have. So I urge my colleagues, if for no other reason, to vote "no".

Also, likewise, I urge them to vote no on the substance. Somebody said something about, wait a minute, because you are trying to defend tobacco—that is hogwash. If my colleagues want to have an amendment to raise tobacco prices, let them do it. But let's not be doubling the size of the new entitlement program before the new entitlement program even starts. Let's not more than double it in the name of fiscal austerity. It is ridiculous. When the tax package comes out, if people want to, on the reconciliation bill, if they want to have an increase in the tobacco tax, so be it. If we offset it with

another tax reduction, maybe I will support it. But let's not do it in this package. This, in my opinion, would be a killer amendment and certainly should be defeated. I yield the floor.

Mr. CRAIG. Mr. President, I would like to clarify some issues raised today on the Senate floor by a colleague of mine. Specifically, these issues had to do with a paper entitled "Unforeseen Effects of the Much Touted Tobacco Tax" published on May 16, 1997 by the Senate Republican Policy Committee, of which I am chairman.

My colleague made several statements about the analysis but failed to address the substance of the paper's argument: That the \$6.5 billion loss in state revenue over the next five years will hinder states' ability to provide services to their citizens. This loss of revenue will pressure states to accept a new program that includes many mandates and additional costs that will yet further strain their budgets. Finally, this substantial incursion to a state revenue source establishes a dangerous precedent for further such incursions by the federal government.

It is a principle of the Republican party that the federal government should not place an unfunded mandate on the states, regardless of the reason. If the end is so laudable, then the federal government should provide the means for delivering it. In the last Congress, a proposal to prevent unfunded mandates was given the Republican party's highest priority. Introduced as the first bill in the Senate, S.1, passed (86-10) with all Republicans supporting it, and sent to the President who signed it.

The program debated today violated that principle by not only leaving states with an unfunded liability, but reducing their revenues for their own priorities. In short, the program being debated not only would increase states' spending but decrease their revenues at the same time.

The paper put out by the Republican Policy Committee made that clear. The fact that my colleague chose to ignore it and the underlying problem of the program's approach, does not change the program's impact and should not diminish our concern that the states be treated fairly and honestly by the federal government.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. I ask unanimous consent all first-degree amendments in order to Senate Concurrent Resolution 27 must be offered by the close of business on Wednesday, May 21.

The PRESIDING OFFICER. Is there objection? Is there objection?

Mr. KERRY. Reserving the right to object.

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

Mr. LOTT. I further ask unanimous consent all amendments be subject to

second-degree amendment as provided under the Budget Act.

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

Mr. LOTT. I now ask for the vote to occur on Domenici amendment No. 307, and it be considered a first-degree, and, following that vote, the Senate proceed to vote on or in relation to amendment No. 297, with 4 minutes of debate to be equally divided, all without intervening action.

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

Mr. LOTT. Thank you, Madam President.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I ask for the yeas and nays on the Domenici amendment, which we just agreed is a first-degree amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KERRY. Madam President, could I inquire of the manager, is that immediate? Is there any intervening time, or is that immediate?

Mr. DOMENICI. This is immediate. There are 4 minutes after this Domenici amendment before the vote on Hatch-Kennedy, or in relation to, which probably means a table, but you understand that.

Mr. KERRY. I thank the Senator.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced, yeas 98, nays 2, as follows:

[Rollcall Vote No. 75 Leg.]

YEAS—98

Abraham	Faircloth	Lott
Akaka	Feingold	Lugar
Allard	Feinstein	Mack
Ashcroft	Ford	McCain
Baucus	Frist	McConnell
Bennett	Glenn	Mikulski
Biden	Gorton	Moseley-Braun
Bingaman	Graham	Moynihan
Bond	Gramm	Murkowski
Boxer	Grams	Murray
Breaux	Grassley	Nickles
Brownback	Gregg	Reed
Bryan	Harkin	Reid
Bumpers	Hatch	Robb
Burns	Helms	Roberts
Byrd	Hollings	Rockefeller
Campbell	Hutchinson	Roth
Chafee	Hutchison	Santorum
Cleland	Inhofe	Sarbanes
Coats	Inouye	Sessions
Cochran	Jeffords	Shelby
Collins	Johnson	Smith (NH)
Conrad	Kempthorne	Smith (OR)
Coverdell	Kennedy	Snowe
Craig	Kerrey	Specter
D'Amato	Kerry	Stevens
Daschle	Kohl	Thomas
DeWine	Kyl	Thurmond
Dodd	Landrieu	Torricelli
Domenici	Lautenberg	Torricelli
Dorgan	Leahy	Warner
Durbin	Levin	Wellstone
Enzi	Lieberman	Wyden

NAYS—2

Hagel	Thompson
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The amendment (No. 307), as modified, was agreed to.

AMENDMENT NO. 297

The PRESIDING OFFICER (Mr. FAIRCLOTH). There are 4 minutes of debate equally divided on the amendment.

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

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

The yeas and nays were ordered.

The PRESIDING OFFICER. There are 4 minutes equally divided on the amendment.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. I will take a minute and then the distinguished Senator from Massachusetts will take the other.

I have to say, this was a constructive debate. I think we all learned a lot about children's health and more importantly about the political process.

You know, it is tough work trying to spend money for kids.

I have been accused of being a Democratic pawn here today.

So I find it amusing that several of our "yes" votes have been quietly converted to "noes" this afternoon by some of the biggest and best lobbyists there are. And I am not speaking of the tobacco industry.

There is no way of knowing, but I think we would have won this one if we had it at the scheduled time at 11:30. We will leave that discussion for a later date.

How much time does this Senator have?

The PRESIDING OFFICER. The Senator has 19 seconds.

Mr. HATCH. Let me just end it this way.

I think the President and the people in the White House have caved here, people who we had every reason to believe would be supportive of kids' health.

Let me say, the Washington Post framed the issue in its editorial page just yesterday. They said, "This is a vote against the harmful effects of tobacco, in favor of children's health, in favor of State decision-making, and in favor of fiscal discipline. How many times do they get one like that? They ought to vote aye."

I hope Senators will vote against the motion to table, and in favor of our amendment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Excuse me, I say to Senator KENNEDY.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I think we made a great deal of progress in this debate. We knew it would be an uphill battle because we knew the power of the tobacco industry. And we intend at the next available oppor-

tunity to offer this proposal again. And we shall offer it again and again until we prevail.

It is more important to protect children than to protect the tobacco industry. Every child deserves a healthy start. We who support this amendment are not afraid to debate it on its merits. We are willing to stand to be counted for our children. We are willing to stand for our children's health. And we are willing to stand in favor of the single most important means of reducing teenage smoking—the tobacco tax.

On both of those issues, this will be the most important vote of the year. We will stand with children. And I hope our colleagues will stand with us.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, most people in the United States think the best thing we can do for kids and for children is to balance the budget of the United States. If my motion to table does not prevail, the chance of getting a balanced budget for our children and grandchildren then is out the window because this amendment that they have offered is a total breach of an agreement between our President, Democrats, and Republicans. It is as simple as that.

Unless you vote to table it, you are voting to accept an amendment that kills the balanced budget, under the rubric of helping children.

We have covered uninsured children in this bill to the tune of \$16 billion. And there are few among us that think that is an insufficient amount to cover the uninsured children in the United States. I hope you will support the motion so we can get on with getting this job done.

It has been an interesting debate. I thank Senator KENNEDY and Senator HATCH for the way they conducted themselves, although on occasion we all got a little bit too heated up, according to my wife who is watching this on television. She said, in particular, Senator KENNEDY and Senator DOMENICI, if we talk a little lower our faces would not get so red.

I yield the floor.

Mr. President, I yield 1 minute to the leader.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I will be brief because I know everybody knows what the issue here is now. We are ready to vote. I want to urge my colleagues to vote to table the Kennedy-Hatch amendment. This is a deal breaker.

I have had occasion now to again talk to the President. And his press representative has gone out and said, while he supports the concept of what is in this amendment—he recognizes it—it is a deal breaker, and this amendment should be defeated.

We have money in the agreement, \$16 billion, for child care that the Finance

Committee is going to be able to take and work with and come up with a proper solution. That is the way we should go. We should not add this on this resolution because the net result would be this whole resolution and agreement would come unglued.

I urge my colleagues to vote to table this amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 55, nays 45, as follows:

[Rollcall Vote No. 76 Leg.]

YEAS—55

Abraham	Ford	McCain
Allard	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Gramm	Nickles
Bond	Grams	Robb
Breaux	Grassley	Roberts
Brownback	Gregg	Roth
Burns	Hagel	Santorum
Campbell	Helms	Sessions
Cleland	Hollings	Shelby
Coats	Hutchinson	Smith (NH)
Cochran	Hutchison	Snowe
Collins	Inhofe	Stevens
Coverdell	Kempthorne	Thomas
Craig	Kohl	Thompson
Domenici	Kyl	Thurmond
Enzi	Lieberman	Warner
Faircloth	Lott	
Feinstein	Mack	

NAYS—45

Akaka	Durbin	Levin
Baucus	Feingold	Lugar
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Harkin	Moynihan
Bryan	Hatch	Murray
Bumpers	Inouye	Reed
Byrd	Jeffords	Reid
Chafee	Johnson	Rockefeller
Conrad	Kennedy	Sarbanes
D'Amato	Kerrey	Smith (OR)
Daschle	Kerry	Specter
DeWine	Landrieu	Torricelli
Dodd	Lautenberg	Wellstone
Dorgan	Leahy	Wyden

The motion to lay on the table the amendment (No. 297) was agreed to.

Mr. FORD. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. LIEBERMAN. Mr. President, I would like to rise to explain my vote on the Hatch-Kennedy amendment. The budget resolution under consideration is a fragile compromise. Support from the President, Republicans and Democrats was achieved after months of negotiation.

One of the key provisions in this agreement of great importance to me is the additional \$16 billion for health care coverage of children. This funding will be used to cover an additional 5 million children. Connecticut alone is estimated to have 85,000 uninsured children 18 years and younger. The new funding will go a long way to bring health care to those kids.

The Hatch-Kennedy amendment was a good faith effort to go farther and I agree—we should go farther. Over 10 million American children lack insur-

ance and more each month go uncovered. For these children and their parents health is not just a blessing, it is an economic necessity.

The amendment sponsors also said much about tobacco today with which I agree. According to the CDC, smoking is the leading cause of preventable death in the United States. Smoking is up among teenagers and this rise ultimately will translate into many premature deaths from smoking-related diseases. I have no hesitancy to support an increase in tobacco taxes.

But the vote I cast today was not on children's health coverage. It was not on a tobacco tax. The vote I cast today was on whether to make substantial changes in critical elements of an ardously negotiated bipartisan budget agreement. On this issue, the issue of whether to risk the resolution, I disagreed with the sponsors of the amendment.

I felt that the amendment threatened to undo the careful balancing and months of negotiation represented by the budget compromise. In the end, the effort to increase spending, threatened the children's health care coverage that we had achieved through negotiations.

I hope that we will return to the issue of children's health coverage, but at this time the wiser course is to move forward in support of the resolution in front of the Senate. Compromise is never perfect, but perfection is rarely possible.

The PRESIDING OFFICER. The Chair recognizes the Senator from Texas.

Mr. GRAMM. Mr. President, I have had several people—I think under the previous order I was to be recognized.

The PRESIDING OFFICER. Under the previous order, the Senator from Texas is recognized to offer an amendment.

Mr. WARNER. Mr. President, will the Senator yield for a unanimous-consent request.

Mr. GRAMM. Yes.

Mr. WARNER. I thank the Senator.

Mr. GRAMM. If I may, I have several other people who have asked me to do the same thing so maybe I should begin by asking unanimous consent that I might recognize Senator HOLLINGS to offer an amendment, Senator KERRY from Massachusetts to offer an amendment, and then I had BOB KERREY who was going to do an amendment very briefly that has been accepted, and then let me go ahead and recognize my colleagues from South Dakota and from Virginia to offer amendments, and I would ask unanimous consent that I might do that without losing the floor and that then I might be able to offer an amendment that has been agreed to, and then bring up the amendment that will be debated.

Mr. LAUTENBERG. Will the Senator yield for a unanimous-consent request just to get someone in the Chamber included in the Senator's list.

I have a unanimous-consent request to get someone in the Chamber on the list.

Mr. GRAMM. I would be happy to include it.

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

Several Senators addressed the Chair.

AMENDMENTS NOS. 302, 303, 304, 305, AND 306

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I thank the distinguished Senator from Texas. I ask unanimous consent amendments 302, 303, 304, 305, and 306 be called up and set aside.

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

Mr. HOLLINGS. I thank the Senator. The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from South Carolina [Mr. HOLLINGS] proposes amendments numbered 302, 303, 304, 305, and 306.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 302

(Purpose: To express the sense of the Senate that the Highway Trust Fund should not be taken into account in computing the deficit in the budget of the United States)

At the appropriate place, insert the following:

SEC. . HIGHWAY TRUST FUND NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.

It is the sense of the Senate that the assumptions underlying this budget resolution assume that the receipts and disbursements of the Highway Trust Fund—

(1) should not be included in the totals of— (A) the Budget of the United States government as submitted by the President under section 1105 of title 31, United States Code; or

(B) the Congressional Budget (including allocations of budget authority and outlays provided in the Congressional Budget);

(2) should not be—

(A) considered to be part of any category (as defined in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(4))) of discretionary appropriations; or

(B) subject to the discretionary spending limits established under section 251(b) of the Act (2 U.S.C. 901(b));

(3) should not be subject to sequestration under section 251(a) of the Act (2 U.S.C. 901(a)); and

(4) should be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States government.

AMENDMENT NO. 303

(Purpose: To express the sense of the Senate that the the Airport and Airway Trust Fund should not be taken into account in computing the deficit in the budget of the United States)

At the appropriate place, insert the following:

SEC. . AIRPORT AND AIRWAY TRUST FUND NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.

It is the sense of the Senate that the assumptions underlying the budget resolution

that the receipts and disbursements of the Airport and Airway Trust Fund—

(1) should not be included in the total of—

(A) the Budget of the United States government as submitted by the President under section 1105 of title 31, United States Code; or

(B) the Congressional Budget (including allocations of budget authority and outlays provided in the Congressional Budget);

(2) should not be—

(A) considered to be part of any category (as defined in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(4))) of discretionary appropriations; or

(B) subject to the discretionary spending limits established under section 251(b) of the Act (2 U.S.C. 901(b));

(3) should not be subject to sequestration under section 251(a) of the Act (2 U.S.C. 901(a)); and

(4) should be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States government.

AMENDMENT NO. 304

(Purpose: To express the sense of the Senate that the Military Retirement Trust Funds should not be taken into account in computing the deficit in the budget of the United States)

At the appropriate place, insert the following:

SEC. . MILITARY RETIREMENT TRUST FUNDS NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.

It is the sense of the Senate that the assumptions underlying this budget resolution assume that the receipts and disbursements of the retirement and disability trust funds for members of the Armed Forces of the United States—

(1) should not be included in the totals of—

(A) the Budget of the United States government as submitted by the President under section 1105 of title 31, United States Code; or

(B) the Congressional Budget (including allocations of budget authority and outlays provided in the Congressional Budget);

(2) should not be—

(A) considered to be part of any category (as defined in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(4))) of discretionary appropriations; or

(B) subject to the discretionary spending limits established under section 251(b) of the Act (2 U.S.C. 901(b));

(3) should not be subject to sequestration under section 251(a) of the Act (2 U.S.C. 901(a)); and

(4) should be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States government.

AMENDMENT NO. 305

(Purpose: To express the sense of the Senate that the Civil Service Retirement Trust Fund should not be taken into account in computing the deficit in the budget of the United States)

At the appropriate place, insert the following:

SEC. . CIVIL SERVICE RETIREMENT TRUST FUNDS NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.

It is the sense of the Senate that the assumptions underlying this budget resolution assume that the receipts and disbursements of the retirement and disability trust funds for civilian employees of the United States—

(1) should not be included in the totals of—

(A) the Budget of the United States government as submitted by the President

under section 1105 of title 31, United States Code; or

(B) the Congressional Budget (including allocations of budget authority and outlays provided in the Congressional Budget);

(2) should not be—

(A) considered to be part of any category (as defined in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(4))) of discretionary appropriations; or

(B) subject to the discretionary spending limits established under section 251(b) of the Act (2 U.S.C. 901(b));

(3) should not be subject to sequestration under section 251(a) of the Act (2 U.S.C. 901(a)); and

(4) should be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States government.

AMENDMENT NO. 306

(Purpose: To express the sense of the Senate that the Federal Unemployment Compensation Trust Fund should not be taken into account in computing the deficit in the budget of the United States)

At the appropriate place, insert the following:

SEC. . UNEMPLOYMENT COMPENSATION TRUST FUND NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.

It is the sense of the Senate that the assumptions underlying this budget resolution assume that the receipts and disbursements of the Federal Unemployment Compensation Trust Fund—

(1) should not be included in the totals of—

(A) the Budget of the United States government as submitted by the President under section 1105 of title 31, United States Code; or

(B) the Congressional Budget (including allocations of budget authority and outlays provided in the Congressional Budget);

(2) should not be—

(A) considered to be part of any category (as defined in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(4))) of discretionary appropriations; or

(B) subject to the discretionary spending limits established under section 251(b) of the Act (2 U.S.C. 901(b));

(3) should not be subject to sequestration under section 251(a) of the Act (2 U.S.C. 901(a)); and

(4) should be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States government.

Mr. INHOFE addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

AMENDMENT NO. 301

Mr. INHOFE. Mr. President, I make the same request, that amendment 301 be called up and set aside.

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oklahoma [Mr. INHOFE] proposes an amendment numbered 301.

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

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

The amendment is as follows:

AMENDMENT NO. 301

(Purpose: To create a point of order against any budget resolution for fiscal years after 2001 that causes a unified budget deficit for the budget year or any of the 4 fiscal years following the budget year)

At the appropriate place, add the following:

SEC. . BALANCED UNIFIED BUDGET AFTER 2001.

(a) IN GENERAL.—Except as provided in subsection (b), it shall not be in order in the Senate to consider any budget resolution or conference report on a budget resolution for fiscal year 2002 and any fiscal year thereafter (or amendment or motion on such a resolution or conference report) that would cause a unified budget deficit for the budget year or any of the 4 fiscal years following the budget year.

(b) EXCEPTION.—This section shall not apply if a declaration of war by the Congress is in effect or if a joint resolution pursuant to section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985 has been enacted.

(c) WAIVER.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(d) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the concurrent resolution, bill, or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

(e) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, outlays, new entitlement authority, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

AMENDMENT NO. 309

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I send an amendment to the desk, and I ask that it be temporarily set aside per the unanimous consent request.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Massachusetts [Mr. KERRY] for himself, Ms. MOSELEY-BRAUN, Mr. WELLSTONE, Ms. MIKULSKI, and Mrs. MURRAY, proposes an amendment numbered 309.

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

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

The amendment is as follows:

AMENDMENT NO. 309

(Purpose: To empower local communities to provide essential interventions in the lives of our youngest children ages zero to six and their families so children begin school ready to learn)

At the appropriate place, insert the following:

SEC. . DEFICIT-NEUTRAL RESERVE FUND IN THE SENATE.

(a) IN GENERAL.—In the Senate, revenue and spending aggregates may be changed and allocations may be revised for legislation that provides funding for early childhood development programs for children ages zero to

six provided that the legislation which changes revenues or changes spending will not increase the deficit for—

- (1) fiscal year 1998;
- (2) the period of fiscal years 1998 through 2002; or
- (3) the period of fiscal years 2002 through 2007.

(b) REVISED ALLOCATIONS.—

(1) ADJUSTMENTS FOR LEGISLATION.—Upon the consideration of legislation pursuant to subsection (a), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under section 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. These revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels and aggregates contained in this resolution.

(2) ADJUSTMENTS FOR AMENDMENTS.—If the chairman of the Committee on the Budget submits an adjustment under this section for legislation in furtherance of the purpose described in subsection (a) upon the offering of an amendment to that legislation that would necessitate such a submission, the chairman shall submit to the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. These revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels and aggregates contained in this resolution.

(c) REPORTING REVISED ALLOCATIONS.—The appropriate committee shall report appropriately revised allocations pursuant to sections 302(b) and 602(b) of the Congressional Budget Act of 1974 to carry out this section.

Mr. KERRY. I ask the amendment be set aside per the unanimous consent request.

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

AMENDMENT NO. 310

The PRESIDING OFFICER. The Senator from North Dakota.

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] for himself, Mr. DASCHLE, and Mr. HOLLINGS, proposes an amendment numbered 310.

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

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

The amendment is as follows:

AMENDMENT NO. 310

(Purpose: To express the sense of the Senate on Social Security and balancing the budget)

At the appropriate place in the resolution, insert the following:

SEC. . SENSE OF THE SENATE ON SOCIAL SECURITY AND BALANCING THE BUDGET.

(a) FINDINGS.—The Senate finds that—

- (1) This budget resolution is projected to balance the unified budget of the United States in fiscal year 2002;
- (2) Section 13301 of the Budget Enforcement Act of 1990 requires that the deficit be computed without counting the annual surpluses of the Social Security trust funds; and

(3) If the deficit were calculated according to the requirements of Section 13301, this budget resolution would be projected to result in a deficit of \$108.7 billion in fiscal year 2002.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the assumptions underlying this budget resolution assume that after balancing the unified federal budget, the Congress should continue efforts to reduce the on-budget deficit, so that the federal budget will be balanced according to the requirements of Section 13301, without counting Social Security surpluses.

Mr. DORGAN. I ask unanimous consent that the amendment be temporarily set aside.

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

The PRESIDING OFFICER. The Chair recognizes the Senator from Virginia.

AMENDMENT NO. 311

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Virginia [Mr. WARNER] for himself and Mr. BAUCUS, proposes an amendment numbered 311.

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

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

The amendment is as follows:

AMENDMENT NO. 311

(Purpose: To ensure that transportation revenues are used solely for transportation)

At the end of the resolution, add the following new title:

TITLE IV—TRANSPORTATION REVENUES USED SOLELY FOR TRANSPORTATION

SEC. 401. READJUSTMENTS.

Levels of new budget authority and outlays set forth in function 400 in section 103 shall be increased as follows:

- (1) for fiscal year 1998, by \$0 in outlays and by \$0 in new budget authority;
- (2) for fiscal year 1999, by \$770,000,000 in outlays and by \$3,600,000,000 in new budget authority;
- (3) for fiscal year 2000, by \$2,575,000,000 in outlays and by \$4,796,000,000 in new budget authority;
- (4) for fiscal year 2001, by \$3,765,000,000 in outlays and by \$5,363,000,000 in new budget authority; and
- (5) for fiscal year 2002, by \$4,488,000,000 in outlays and by \$5,619,000,000 in new budget authority;

SEC. 402. HIGHWAY TRUST FUND ALLOCATIONS.

(a) ALLOCATED AMOUNTS.—Of the amounts of outlays allocated to the Committees on Appropriations of the House and Senate by the joint explanatory statement accompanying this resolution pursuant to sections 302 and 602 of the Congressional Budget Act of 1974, the following amounts shall be used for contract authority spending out of the Highway Trust Fund—

- (1) for fiscal year 1998, \$22,256,000,000 in outlays;
- (2) for fiscal year 1999, \$24,063,000,000 in outlays;
- (3) for fiscal year 2000, \$26,092,000,000 in outlays;
- (4) for fiscal year 2001, \$27,400,000,000 in outlays; and

(5) for fiscal year 2002, \$28,344,000,000 in outlays;

(b) ENFORCEMENT.—Determinations regarding points of order made under section 302(f) or 602(c) of the Congressional Budget Act of 1974 shall take into account subsection (a).

(c) STATUTORY IMPLEMENTATION.—As part of reauthorization of the Intermodal Surface Transportation Efficiency Act of 1991, provisions shall be included to enact this section into permanent law.

Mr. WARNER. I ask that the amendment be laid aside, and I ask the managers if the Senator from Virginia can follow the Senator from Florida [Mr. MACK].

Mr. KERRY. Reserving the right to object.

Mr. LAUTENBERG. We reserve the right to object.

Mr. DOMENICI. I do not want to agree to that. I have to get a better understanding.

Mr. WARNER. I thought that was the understanding, having discussed it—

Mr. DOMENICI. I have to look at it a little more carefully and see where we are going this evening.

Mr. LAUTENBERG. I hope the manager will give us—

Mr. DOMENICI. He is going to have a chance to have his amendment; there is no question.

Mr. President, may I be recognized for a moment.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. DOMENICI. I do not think any Senators ought to be worried about having to get to the floor now to offer their amendments. Under the unanimous-consent request, we said they had to be filed by the close of business today. You can just file them.

They have to be offered in the Chamber. OK. So I say to Senators, I am going to get us many as I can, and then I will want later—

Mr. GRAMM. Why don't we do the people on the floor. If others appear, let us do it, but that will run into hours. Let us let everybody on the floor file their amendment if they want to.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

AMENDMENT NO. 312

Mr. KERREY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY], for himself, Mr. CHAFEE, Mr. ROBB, Mr. FRIST, Mr. BREAUX, Mr. ROTH, and Mr. BINGAMAN, proposes an amendment numbered 312.

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

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

The amendment is as follows:

AMENDMENT NO. 312

(Purpose: To express the Sense of the Senate on the need for long-term entitlement reforms)

At the appropriate place, add the following:

SEC. . SENSE OF THE SENATE SUPPORTING LONG-TERM ENTITLEMENT REFORMS.

(a) The Senate finds that the resolution assumes the following—

(1) entitlement spending has risen dramatically over the last thirty-five years.

(2) in 1963, mandatory spending (i.e. entitlement spending and interest on the debt) made up 29.6 percent of the budget, this figure rose to 61.4 percent by 1993 and is expected to reach 70 percent shortly after the year 2000.

(3) this mandatory spending is crowding out spending for the traditional “discretionary” functions of government like clean air and water, a strong national defense, parks and recreation, education, our transportation system, law enforcement, research and development and other infrastructure spending.

(4) taking significant steps sooner rather than later to reform entitlement spending will not only boost economic growth in this country, it will also prevent the need for drastic tax and spending decisions in the next century.

(b) SENSE OF THE SENATE.—It is the Sense of the Senate that levels in this budget resolution assume that—

(1) Congress and the President should work to enact structural reforms in entitlement spending in 1997 and beyond which sufficiently restrain the growth of mandatory spending in order to keep the budget in balance over the long term, extend the solvency of the Social Security and Medicare Trust Funds, avoid crowding out funding for basic government functions and that every effort should be made to hold mandatory spending to no more than seventy percent of the budget.

Mr. KERREY. Mr. President, this amendment addresses the need to keep the budget in balance over the long haul. The budget resolution we are considering today will bring us into balance by 2002. I support that budget resolution, that budget effort. But after that work is done, there is some additional work and very difficult work that we need to do.

There are four sets of numbers that I want to bring to my colleagues’ attention. The first set of numbers deals with where we are headed in terms of how much of the budget goes to discretionary spending and how much goes to mandatory spending, that is entitlements and interest on the debt. In 1963 our budget was approximately 70 percent discretionary, 30 percent mandatory spending. At the end of this budget agreement, it will be over 70 percent mandatory and less than 30 percent discretionary spending. And about 10 years beyond that it will be nearly 100 percent mandatory spending.

What my amendment says is we ought to fix it at 70 percent, we ought to do what we can to fix it at 70 percent, that at some point we have to stop the movement toward this budget becoming 100 percent mandated spending.

The second set of numbers, Mr. President, illustrates that this problem is

not caused by liberals; it is not caused by conservatives. It is caused by a very difficult demographic fact, and that demographic fact is the baby boom generation: 77 million people born between the years 1945 and 1965.

Third, today we have 133 million Americans who are working; they are supporting about 39 million beneficiaries in the Social Security program. In 2030, when a baby born today will be 33 years of age, there will be 163 million workers, a 20-percent increase, but there will be more than a doubling of number of people who will then be beneficiaries, 80 million. We need to address the difficult policy issues behind these numbers sooner rather than later.

Let me give you my last set of numbers, Mr. President, and then I will be finished. I have heard lots of people come to the floor and talk about the need to take care of our children and make sure that we are investing in our children.

In 1996, 29 percent of our population is under the age of 20. In 2030, 24 percent of our population will be under the age of 20. So again, in 33 years, a relatively short period of time, we are going to go from 79 million people under the age of 20 to 83 million people under the age of 20. But in the over 65 category we will go from 13 percent to 20, from 34 million to 68 million, a doubling of that population.

This amendment simply says to understand the growth of mandatory programs and get that growth under control, it is the sense of the Senate that we make every effort we can to hold mandatory spending below 70 percent of the Federal budget and that we make the structural reforms necessary to make that happen.

I appreciate very much the Senator from Texas allowing me to do this, and I appreciate very much both the Senator from New Mexico and the Senator from New Jersey agreeing to accept this as part of this budget resolution.

Mr. ROBB. Mr. President, I rise in support of the amendment from the Senator from Nebraska which expresses the Sense of the Senate that adjustments in Federal benefit programs should be considered by the Senate. I commend my colleague from Nebraska for his work on this important effort.

Mr. President, this amendment recognizes the fact that we face an explosion in entitlement spending over the near horizon, not just because we promised too much to too many, but principally due to simple demographics. Our people are living longer and the great baby boomer generation is getting closer to retirement.

In 1940, the average woman in America who retired at age 65 received social security benefits for 13.4 years. By 1995, women—and men—were living much longer. And the average woman retiring in 1995 will receive 19.1 years of Social Security—or nearly 6 more years of benefits—because the retirement age still remains at 65.

In 1950, seven workers supported each social security beneficiary, Mr. President. By 1990 there were just five workers per beneficiary. And by the year 2030, there will be fewer than three workers per beneficiary.

We all know the statistics. By the year 2012, if no changes are made, entitlements and interest on the debt will consume every single dollar the Federal Government takes in. This stifles our ability to invest in our Nation and protect some of our most vulnerable citizens.

And it doesn’t have to be, Mr. President. Small steps today can save billions tomorrow. Billions of dollars of debt we will not leave to our children—the baby bust generation, as Pete Peterson calls those who will inherit our debt.

Mr. President, this amendment proposes that we work to enact structural reforms which will successfully restrain the growth of mandatory expenditures. In my view, the Senate should consider such reforms as using the most accurate measure of cost-of-living available, extending the civil service retirement age for future Government workers, extending the military retirement age for future enlistees, gradually tracking Medicare eligibility with Social Security eligibility, and extending the retirement age for Social Security.

So I urge my colleagues to support this amendment. Otherwise, the day will surely come when we will have to explain to our children why, when we could have made a difference, we failed to enact entitlement reform.

These kinds of choices are never easy politically—but they just get tougher as the problem becomes more acute. Now is the time to act if we are going to act responsibly.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment. Without objection, the amendment is agreed to.

The amendment (No. 312) was agreed to.

Mr. LAUTENBERG. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. LAUTENBERG. Mr. President, I have a unanimous-consent request, if I may. I ask unanimous consent that Nick Minshew, a fellow in the office of Senator WELLSTONE, be granted floor privileges for the day.

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

AMENDMENT NO. 291

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Washington for an amendment.

Mrs. MURRAY. I thank the Chair.

Mr. President, I ask unanimous consent to call up my amendment—it is at the desk—No. 291 on domestic violence.

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

The clerk will report.

The legislative clerk read as follows:

The Senator from Washington [Mrs. MURRAY] for herself and Mr. WELLSTONE, proposes an amendment numbered 291.

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

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

The amendment is as follows:

AMENDMENT NO. 291

(Purpose: To express the sense of the Congress concerning domestic violence)

At the appropriate place, insert the following:

SEC. . SENSE OF CONGRESS ON FAMILY VIOLENCE OPTION CLARIFYING AMENDMENT.

(a) FINDINGS.—Congress finds the following:

(1) Domestic violence is the leading cause of physical injury to women. The Department of Justice estimates that over 1,000,000 violent crimes against women are committed by intimate partners annually.

(2) Domestic violence dramatically affects the victim's ability to participate in the workforce. A University of Minnesota survey reported that 1/4 of battered women surveyed had lost a job partly because of being abused and that over 1/2 of these women had been harassed by their abuser at work.

(3) Domestic violence is often intensified as women seek to gain economic independence through attending school or training programs. Batterers have been reported to prevent women from attending these programs or sabotage their efforts at self-improvement.

(4) Nationwide surveys of service providers prepared by the Taylor Institute of Chicago, Illinois, document, for the first time, the interrelationship between domestic violence and welfare by showing that from 34 percent to 65 percent of AFDC recipients are current or past victims of domestic violence.

(5) Over 1/2 of the women surveyed stayed with their batterers because they lacked the resources to support themselves and their children. The surveys also found that the availability of economic support is a critical factor in poor women's ability to leave abusive situations that threaten them and their children.

(6) The restructuring of the welfare programs may impact the availability of the economic support and the safety net necessary to enable poor women to flee abuse without risking homelessness and starvation for their families.

(7) In recognition of this finding, the Committee on the Budget of the Senate in considering the 1997 Resolution on the budget of the United States unanimously adopted a sense of the Congress amendment concerning domestic violence and Federal assistance. Subsequently, Congress adopted the family violence option amendment as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

(8) The family violence option gives States the flexibility to grant temporary waivers from time limits and work requirements for domestic violence victims who would suffer extreme hardship from the application of these provisions. These waivers were not intended to be included as part of the permanent 20 percent hardship exemption.

(9) The Department of Health and Human Services has been slow to issue regulations regarding this provision. As a result, States are hesitant to fully implement the family

violence option fearing that it will interfere with the 20 percent hardship exemption.

(10) Currently 15 States have opted to include the family violence option in their welfare plans, and 13 other States have included some type of domestic violence provisions in their plans.

SEC. 2. SENSE OF CONGRESS.

It is the sense of Congress that the provisions of this Resolution assume that—

(1) States should not be subject to any numerical limits in granting domestic violence good cause waivers under section 402(a)(7)(A)(iii) of the Social Security Act (42 U.S.C. 602(a)(7)(A)(iii)) to individuals receiving assistance, for all requirements where compliance with such requirements would make it more difficult for individuals receiving assistance to escape domestic violence; and

(2) any individual who is granted a domestic violence good cause waiver by a State shall not be included in the States' 20 percent hardship exemption under section 408(a)(7) of the Social Security Act (42 U.S.C. 608(a)(7)).

Mrs. MURRAY. Mr. President, my amendment seeks only to clarify the support of this body for the family violence option, adopted during consideration of the Personal Responsibility and Work Opportunity Reconciliation Act. The family violence option allows States to waive victims of domestic violence and abuse from punitive work and education requirements, without being penalized. States would not be required to include these individuals in their 20-percent hardship exemption.

The family violence option amendment, which I joined with Senator WELLSTONE in offering to the welfare reform legislation, was intended to give States the flexibility to ensure that victims of domestic violence and abuse do not become victims of welfare reform. The amendment was adopted and accepted as part of the final conference report.

At the time, it was clear to many of us that there is a direct relationship between domestic violence and poverty. Many women and their children become trapped in violent situations based on their economic dependency. For many women and their children, welfare offers the only way out of a violent and dangerous environment. To create arbitrary obstacles to this assistance simply ensures that women and children will be trapped. This was obvious to many of us, but a recent report from the Taylor Institute made our case more solid. This report reviewed previous studies on domestic violence and abuse and made some startling conclusions regarding the number of women who are receiving welfare and who have been abused by their partner. I can tell my colleagues that this number alone could well exceed the 20-percent hardship exemption.

Giving States the flexibility that they need to address this crisis is absolutely necessary if the true objective is welfare reform. Any effort to move people from welfare to work must address the obstacles facing those victims of abuse and violence.

Many States have attempted to include a family violence option in their

welfare reform implementation plans. However, because there appears to be a general lack of congressional intent on this option, my amendment is necessary to assist those States who are trying to do the right thing. The States need to know that they will not be penalized for exempting victims of domestic abuse and violence from the mandatory work and training requirements.

For many victims, simply finding a job can place them and their children in great danger. Giving an employer their home phone number or address exposes them to their abuser. Placing their child in unsecured day care exposes the child to the abuser. Victims of domestic violence and abuse cannot simply utilize most day care options. Once they leave their abuser they subject themselves and their child to the risk of retaliation. How can we say to a victim of domestic violence that they must find a job knowing that we are placing them and their children in harms way?

Helping and guiding abused women and children off of welfare involves much more than job training. Many of these women are already employed or have been employed in the past; but their abuser is the obstacle that traps them into a life of poverty. States must be able to meet these needs without jeopardizing the overall success of their welfare reform plans.

I ask my colleagues for not just their support, but their help as well. Please vote yes on this amendment to prevent women and children from being trapped in a violent situation simply because they cannot meet certain requirements that have nothing to do with improving their lives. I know that none of my colleagues would have supported placing obstacles in the way of women trying to leave a violent home.

The PRESIDING OFFICER. Did the Senator from Washington wish her amendment set aside?

Mrs. MURRAY. Yes.

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

AMENDMENT NO. 313

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. WELLSTONE. I send an amendment to the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE] proposes an amendment numbered 313.

Mr. WELLSTONE. I ask unanimous consent that reading of the amendment be dispensed with and the amendment be temporarily set aside.

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

The amendment is as follows:

AMENDMENT NO. 313

(Purpose: To ensure that this resolution assumes increases in funding for Headstart and EarlyStart, child nutrition programs, and school construction, and that this additional funding will be paid for by reducing tax benefits to the top 2 percent of income earners in the United States as well as by reducing tax benefits that are commonly characterized as corporate welfare or tax loopholes)

On page 3, line 3, increase the amount by 1,650,000,000.
 On page 3, line 4, increase the amount by 2,190,000,000.
 On page 3, line 5, increase the amount by 3,116,000,000.
 On page 3, line 6, increase the amount by 4,396,000,000.
 On page 3, line 7, increase the amount by 5,012,000,000.
 On page 3, line 11, increase the amount by 1,650,000,000.
 On page 3, line 12, increase the amount by 2,190,000,000.
 On page 3, line 13, increase the amount by 3,116,000,000.
 On page 3, line 14, increase the amount by 4,396,000,000.
 On page 3, line 15, increase the amount by 5,012,000,000.
 On page 4, line 4, increase the amount by 5,400,000,000.
 On page 4, line 5, increase the amount by 1,601,000,000.
 On page 4, line 6, increase the amount by 2,539,000,000.
 On page 4, line 7, increase the amount by 4,141,000,000.
 On page 4, line 8, increase the amount by 6,543,000,000.
 On page 4, line 12, increase the amount by 1,650,000,000.
 On page 4, line 13, increase the amount by 2,190,000,000.
 On page 4, line 14, increase the amount by 3,116,000,000.
 On page 4, line 15, increase the amount by 4,396,000,000.
 On page 4, line 16, increase the amount by 5,012,000,000.
 On page 21, line 25, increase the amount by 1,101,000,000.
 On page 22, line 1, increase the amount by 1,690,000,000.
 On page 22, line 8, increase the amount by 2,039,000,000.
 On page 22, line 9, increase the amount by 2,616,000,000.
 On page 22, line 16, increase the amount by 3,541,000,000.
 On page 22, line 17, increase the amount by 3,796,000,000.
 On page 22, line 24, increase the amount by 5,843,000,000.
 On page 22, line 25, increase the amount by 4,312,000,000.
 On page 26, line 6, increase the amount by 400,000,000.
 On page 26, line 7, increase the amount by 400,000,000.
 On page 26, line 14, increase the amount by 500,000,000.
 On page 26, line 15, increase the amount by 500,000,000.
 On page 26, line 22, increase the amount by 500,000,000.
 On page 26, line 23, increase the amount by 500,000,000.
 On page 27, line 5, increase the amount by 600,000,000.
 On page 27, line 6, increase the amount by 600,000,000.
 On page 27, line 13, increase the amount by 700,000,000.
 On page 27, line 14, increase the amount by 700,000,000.

On page 38, line 14, decrease the amount by 700,000,000.
 On page 38, line 15, decrease the amount by 2,700,000,000.
 On page 40, line 17, decrease the amount by 5,000,000,000.
 On page 41, line 7, decrease the amount by 5,012,000,000.
 On page 41, line 8, decrease the amount by 16,364,000,000.
 On page 43, line 21, increase the amount by 1,101,000,000.
 On page 43, line 22, increase the amount by 440,000,000.
 On page 43, line 24, increase the amount by 2,039,000,000.
 On page 43, line 25, increase the amount by 1,366,000,000.
 On page 44, line 2, increase the amount by 3,541,000,000.
 On page 44, line 3, increase the amount by 2,546,000,000.
 On page 44, line 5, increase the amount by 5,843,000,000.
 On page 44, line 6, increase the amount by 4,312,000,000.

AMENDMENT NO. 314

Mr. WELLSTONE. Mr. President, I send another amendment to the desk on behalf of myself and Senator BINGAMAN.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE], for himself, Mr. REED, Mr. BINGAMAN, and Mr. MOYNIHAN, proposes an amendment numbered 314.

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

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

The amendment is as follows:

AMENDMENT NO. 314

(Purpose: To ensure that the provisions in this resolution assume that, before funds are spent on unjustified tax benefits and tax loopholes commonly known as corporate welfare, Pell Grants for needy studnets should be increased)

On page 3, line 4, increase the amount by \$1,600,000,000.
 On page 3, line 5, increase the amount by \$1,600,000,000.
 On page 3, line 6, increase the amount by \$1,600,000,000.
 On page 3, line 7, increase the amount by \$1,500,000,000.
 On page 3, line 12, increase the amount by \$1,600,000,000.
 On page 3, line 13, increase the amount by \$1,600,000,000.
 On page 3, line 14, increase the amount by \$1,600,000,000.
 On page 3, line 15, increase the amount by \$1,500,000,000.
 On page 4, line 5, increase the amount by \$1,600,000,000.
 On page 4, line 6, increase the amount by \$1,600,000,000.
 On page 4, line 7, increase the amount by \$1,500,000,000.
 On page 4, line 8, increase the amount by \$1,300,000,000.
 On page 4, line 13, increase the amount by \$1,600,000,000.
 On page 4, line 14, increase the amount by \$1,600,000,000.
 On page 4, line 15, increase the amount by \$1,600,000,000.
 On page 4, line 16, increase the amount by \$1,500,000,000.
 On page 21, line 25, increase the amount by \$1,600,000,000.

On page 22, line 1, increase the amount by \$1,600,000,000.
 On page 22, line 8, increase the amount by \$1,600,000,000.
 On page 22, line 9, increase the amount by \$1,600,000,000.
 On page 22, line 16, increase the amount by \$1,500,000,000.
 On page 22, line 17, increase the amount by \$1,600,000,000.
 On page 22, line 24, increase the amount by \$1,300,000,000.
 On page 22, line 25, increase the amount by \$1,500,000,000.
 On page 43, line 21, increase the amount by \$1,600,000,000.
 On page 43, line 22, increase the amount by \$1,600,000,000.
 On page 43, line 24, increase the amount by \$1,600,000,000.
 On page 43, line 25, increase the amount by \$1,600,000,000.
 On page 44, line 2, increase the amount by \$1,500,000,000.
 On page 44, line 3, increase the amount by \$1,600,000,000.
 On page 44, line 6, increase the amount by \$1,300,000,000.
 On page 44, line 6, increase the amount by \$1,500,000,000.

Mr. WELLSTONE. I ask unanimous consent that the amendment be temporarily laid aside.

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

The Chair recognizes the Senator from Florida.

AMENDMENT NO. 315

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. MACK] for himself, Mrs. FEINSTEIN, Mr. KENNEDY, Mr. FRIST, Mr. D'AMATO, Mr. DEWINE, Mrs. BOXER, Ms. COLLINS, Mr. DURBIN, Mr. REID, Mr. BREAU, and Mr. SPECTER, proposes an amendment numbered 315.

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

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

The amendment is as follows:

AMENDMENT NO. 315

(Purpose: To express the sense of the Senate that the Federal commitment to biomedical research should be doubled over the next 5 years)

At the appropriate place, insert the following:

SEC. —. SENSE OF THE SENATE REGARDING THE NATIONAL INSTITUTES OF HEALTH.

(a) FINDINGS.—Congress finds that—

- (1) heart disease was the leading cause of death for both men and women in every year from 1970 to 1993;
- (2) mortality rates for individuals suffering from prostate cancer, skin cancer, and kidney cancer continue to rise;
- (3) the mortality rate for African American women suffering from diabetes is 134 percent higher than the mortality rate of Caucasian women suffering from diabetes;
- (4) asthma rates for children increased 58 percent from 1982 to 1992;
- (5) nearly half of all American women between the ages of 65 and 75 reported having arthritis;
- (6) AIDS is the leading cause of death for Americans between the ages of 24 and 44;
- (7) the Institute of Medicine has described United States clinical research to be "in a

state of crisis" and the National Academy of Sciences concluded in 1994 that "the present cohort of clinical investigators is not adequate";

(8) biomedical research has been shown to be effective in saving lives and reducing health care expenditures;

(9) research sponsored by the National Institutes of Health has contributed significantly to the first overall reduction in cancer death rates since recordkeeping was instituted;

(10) research sponsored by the National Institutes of Health has resulted in the identification of genetic mutations for osteoporosis; Lou Gehrig's Disease, cystic fibrosis, and Huntington's Disease; breast, skin and prostate cancer; and a variety of other illnesses;

(11) research sponsored by the National Institutes of Health has been key to the development of Magnetic Resonance Imaging (MRI) and Positron Emission Tomography (PET) scanning technologies;

(12) research sponsored by the National Institutes of Health has developed effective treatments for Acute Lymphoblastic Leukemia (ALL). Today, 80 percent of children diagnosed with Acute Lymphoblastic Leukemia are alive and free of the disease after 5 years; and

(13) research sponsored by the National Institutes of Health contributed to the development of a new, cost-saving cure for peptic ulcers.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that this Resolution assumes that—

(1) appropriations for the National Institutes of Health should be increased by 100 percent over the next 5 fiscal years; and

(2) appropriations for the National Institutes of Health should be increased by \$2,000,000,000 in fiscal year 1998 over the amount appropriated in fiscal year 1997.

Mr. MACK. I ask unanimous consent that the amendment be set aside.

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

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Michigan.

AMENDMENT NO. 316

Mr. ABRAHAM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Michigan [Mr. ABRAHAM] for himself, Mr. KYL, Mr. BROWNBAC, Mr. ASHCROFT, Mr. SESSIONS, and Mr. COVERDELL, proposes an amendment numbered 316.

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

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

The amendment is as follows:

AMENDMENT NO. 316

(Purpose: To express the sense of the Senate that, to the extent that future revenues exceed the revenue aggregates contained in this resolution, those additional revenues should be reserved for deficit reduction and tax cuts only)

SEC. . SENSE OF SENATE ON ECONOMIC GROWTH DIVIDEND PROTECTION.

(a) FINDINGS.—

The Senate finds that with respect to the revenue levels established under this resolution:

(A) According to the President's own economists, the tax burden on Americans is the highest ever at 31.7 percent.

(B) According to the National Taxpayers Union, the average American family now pays almost 40 percent of their income in state, local, and federal taxes.

(C) Between 1978 and 1985, while the top marginal rate on capital gains was cut almost in half—from 35 to 20 percent—total annual federal receipts from the tax almost tripled from \$9.1 billion annually to \$26.5 billion annually.

(D) Conversely, when Congress raised the rate in 1986, revenues actually fell well below what was anticipated.

(E) Economists across-the-board predict that cutting the capital gains rate will result in a revenue windfall for the Treasury.

(F) While a USA Today poll from this March found 70 percent of the American people believe that they need a tax cut, under this resolution federal spending will grow 17 percent over five years while the net tax cuts are less than 1 percent of the total tax burden.

(b) SENSE OF SENATE.—It is the sense of the Senate that with respect to the revenue levels established under this resolution, to the extent that actual revenues exceed the revenues projected under this resolution due to higher than anticipated economic growth, that revenue windfall should be reserved exclusively for additional tax cuts and/or deficit reduction.

Mr. ABRAHAM. Mr. President, I ask unanimous consent that the amendment be set aside.

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

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the patient Senator from Texas.

AMENDMENT NOS. 317, 318, 319 AND 320

Mr. GRAMM. Mr. President, having been patient, I want to send four amendments to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] proposes amendments numbered 317, 318, 319, and 320.

Mr. GRAMM. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 317

(Purpose: To express the sense of the Senate to address emergency spending)

At the end of title III insert the following:

SEC. . SENSE OF THE SENATE ON DISASTER ASSISTANCE FUNDING.

(a) FINDINGS.—The Senate finds that—

(1) emergency spending adds to the deficit and total spending;

(2) the Budget Enforcement Act of 1990 exempts emergency spending from the discretionary spending caps and pay-go requirements;

(3) the Budget Enforcement Act of 1990 expires in 1998 and needs to be extended;

(4) since the enactment of the Budget Enforcement Act, Congress and the President have approved an average of \$5.8 billion per year in emergency spending;

(5) a natural disaster in any particular State is unpredictable, but the United States is likely to experience a natural disaster almost every year.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the functional totals underlying this concurrent resolution on the budget assume that—

(1) the Congress should consider in the extension of the Budget Enforcement Act provisions that budget for emergencies or that require emergency spending to be offset;

(2) such provisions should also provide flexibility to meet emergency funding requirements associated with natural disasters;

(3) Congress and the President should appropriate at least \$5 billion every year within discretionary limits to provide natural disaster relief;

(4) Congress and the President should not designate any emergency spending for natural disaster relief until amounts provided in regular appropriations are exhausted.

AMENDMENT NO. 318

(Purpose: To hold nondefense discretionary spending for fiscal years 1998 through 2002 to the levels proposed by President Clinton in his fiscal year 1997 budget request for these same years, saving \$76 billion, and using these savings to increase the net tax cut from \$85 billion to \$161 billion, allowing full funding of the \$500 per child tax credit and full funding of the capital gains tax cut)

On page 3, decrease the amount on line 2 by \$2,800,000,000.

On page 3, decrease the amount on line 4 by \$14,200,000,000.

On page 3, decrease the amount on line 5 by \$22,000,000,000.

On page 3, decrease the amount on line 6 by \$23,200,000,000.

On page 3, decrease the amount on line 7 by \$14,800,000,000.

On page 3, decrease the amount on line 11 by \$2,800,000,000.

On page 3, decrease the amount on line 12 by \$14,200,000,000.

On page 3, decrease the amount on line 13 by \$22,000,000,000.

On page 3, decrease the amount on line 14 by \$23,200,000,000.

On page 3, decrease the amount on line 15 by \$14,800,000,000.

On page 4, decrease the amount on line 4 by \$10,400,000,000.

On page 4, decrease the amount on line 5 by \$15,100,000,000.

On page 4, decrease the amount on line 6 by \$16,800,000,000.

On page 4, decrease the amount on line 7 by \$5,400,000,000.

On page 4, decrease the amount on line 8 by \$3,700,000,000.

On page 4, decrease the amount on line 12 by \$2,800,000,000.

On page 4, decrease the amount on line 13 by \$14,200,000,000.

On page 4, decrease the amount on line 14 by \$22,000,000,000.

On page 4, decrease the amount on line 15 by \$23,200,000,000.

On page 4, decrease the amount on line 16 by \$14,800,000,000.

On page 35, decrease the amount on line 9 by \$10,400,000,000.

On page 35, decrease the amount on line 10 by \$2,800,000,000.

On page 35, decrease the amount on line 15 by \$15,100,000,000.

On page 35, decrease the amount on line 16 by \$14,200,000,000.

On page 35, decrease the amount on line 21 by \$16,800,000,000.

On page 35, decrease the amount on line 22 by \$22,000,000,000.

On page 36, decrease the amount on line 2 by \$5,400,000,000.

On page 36, decrease the amount on line 3 by \$23,200,000,000.

On page 36, decrease the amount on line 8 by \$3,700,000,000.

On page 36, decrease the amount on line 9 by \$14,800,000,000.

On page 41, increase the amount on line 7 by \$14,800,000,000.

On page 41, increase the amount on line 8 by \$77,000,000,000.

On page 43, decrease the amount on line 14 by \$10,400,000,000.

On page 43, decrease the amount on line 15 by \$2,800,000,000.

On page 43, decrease the amount on line 21 by \$15,100,000,000.

On page 43, decrease the amount on line 22 by \$14,200,000,000.

On page 43, decrease the amount on line 24 by \$16,800,000,000.

On page 43, decrease the amount on line 25 by \$22,000,000,000.

On page 44, decrease the amount on line 2 by \$5,400,000,000.

On page 44, decrease the amount on line 3 by \$23,200,000,000.

On page 44, decrease the amount on line 5 by \$3,700,000,000.

On page 44, decrease the amount on line 6 by \$14,800,000,000.

AMENDMENT NO. 319

(Purpose: To ensure that the discretionary limits provided in the budget resolution shall apply in all years)

On page 45, strike line 10 through the period on line 18.

AMENDMENT NO. 320

(Purpose: To ensure that the 4.3¢ federal gas tax increase enacted in 1993, which for the first time dedicated a permanent gas tax increase to general revenues, will be transferred to the Highway Trust Fund, providing about \$7 billion per year more for transportation infrastructure and reducing other spending by an equal amount, making the transfer deficit neutral)

On page 18, line 8, increase the amount by \$6,931,000,000.

On page 18, line 9, increase the amount by \$6,931,000,000.

On page 18, line 16, increase the amount by \$7,052,000,000.

On page 18, line 17, increase the amount by \$7,052,000,000.

On page 18, line 24, increase the amount by \$7,171,000,000.

On page 18, line 25, increase the amount by \$7,171,000,000.

On page 19, line 7, increase the amount by \$7,292,000,000.

On page 19, line 8, increase the amount by \$7,292,000,000.

On page 19, line 15, increase the amount by \$7,414,000,000.

On page 19, line 16, increase the amount by \$7,414,000,000.

On page 35, line 9, decrease the amount by \$6,931,000,000.

On page 35, line 10, decrease the amount by \$6,931,000,000.

On page 35, line 15, decrease the amount by \$7,052,000,000.

On page 35, line 16, decrease the amount by \$7,052,000,000.

On page 35, line 21, decrease the amount by \$7,171,000,000.

On page 35, line 22, decrease the amount by \$7,171,000,000.

On page 36, line 2, decrease the amount by \$7,292,000,000.

On page 36, line 3, decrease the amount by \$7,292,000,000.

On page 36, line 8, decrease the amount by \$7,414,000,000.

On page 36, line 9, decrease the amount by \$7,414,000,000.

On page 43, line 14, decrease the amount by \$6,931,000,000.

On page 43, line 21, decrease the amount by \$7,052,000,000.

On page 43, line 24, decrease the amount by \$7,171,000,000.

On page 44, line 2, decrease the amount by \$7,292,000,000.

On page 44, line 5, decrease the amount by \$7,414,000,000.

Mr. GRAMM. Under the unanimous-consent request, the first amendment is a disaster amendment that has been accepted by Senator DOMENICI. I do not think that will require much debate. The amendment that we will debate and we will vote on is the amendment having to do with taxes. And so what I would like to do is to set aside the other two amendments and go ahead and begin the debate on the amendment on taxes.

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

AMENDMENT NO. 318

Mr. GRAMM. Mr. President, I want to make an opening statement now about the budget before I turn to the amendment on taxes. Let me begin by congratulating those who have put the budget agreement together. I have had an opportunity in both the House and the Senate to work on many budgets. I understand the difficulty of putting a budget agreement together. And I think when so many people have done so much work, it is incumbent on someone who opposes that final product to say why. So what I would like to do is to go ahead and explain why I am not for this budget, what I believe is wrong with the budget, and then consider an amendment which corrects to a significant degree not everything that I find objectionable in the budget, but certainly as a movement toward the vision that I have for the future of the country and what we would like that future to be.

Let me begin by going through a couple of charts which I think will save time for the Senate.

The PRESIDING OFFICER. Will the Senator suspend for one moment.

The clerk will report the amendment.

The Senator from Texas [Mr. GRAMM] proposes an amendment numbered 318.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, let me start by going through the budget that is before us and outlining the concerns I have about it. I would like to discuss it in some detail. Let me say in advance the two points I hope to make. No. 1, that this does not balance the Federal budget, and neither the country nor the Congress should be deceived about that, nor should this change our behavior in being vigilant about spending.

Second, I want to make the point that this does not save Medicare, that, quite the contrary, it simply engages in a bookkeeping entry on Medicare that makes it look better in the short run, but we are adding five new or expanded Medicare benefits which clearly will add to the financial insolvency of the system.

Having gone through that, then I will turn to the amendment. First of all, let me talk about deficits. When this budget debate started, based on a re-estimation of the economy due to stronger economic output and stronger performance, what was required to balance the Federal budget when this budget debate started was \$339 billion of deficit reduction. When the President and congressional negotiators met for the first time, that was the level of deficit reduction that was required, as compared to current law, to balance the Federal budget. In other words, if we had simply not had a budget and left every law in place, not repeal any law, not pass a new law, and kept discretionary spending at its current level, it would have taken \$339 billion of deficit reduction to balance the Federal budget.

I would like to first go through how this budget balances the budget in 2002.

On Thursday night 3 weeks ago, when we reached an impasse in the budget negotiations, the Congressional Budget Office came forward with the glorious news that, due to a change in the estimation they had made, the Federal Government could expect to collect \$225 billion of additional revenues over the next 5 years. That \$225 billion of additional revenues that the Congressional Budget Office decided to project for the future represents 66 percent of all deficit reduction required to balance the budget that is before us; 66 percent of the deficit reduction simply comes from the fact that the Congressional Budget Office, 3 weeks ago, decided to change the estimate about the future performance of the economy and tax collections, based on the very strong quarter of economic growth we are in.

Mr. President, \$28 billion of the deficit reduction in the budget before us comes from an assumption that the measure of inflation will be lower in the future, and that \$28 billion of savings that comes from an assumption about the Bureau of Labor Statistics changing the measure of inflation represents 8 percent of the deficit reduction needed in the budget before us.

Mr. President, \$77 billion of the deficit reduction in the budget before us comes from the assumption that, with a balanced budget, the economy will be even stronger, and that represents 23 percent of the deficit reduction in this budget.

So, when we total all this up, 97 cents out of every dollar of deficit reduction in the budget before us comes not from changing policy, not from constraining entitlements, not from cutting discretionary spending, but from assuming—from assuming—that revenue collections will rise in the future, from assuming that inflation will be lower in the future, from assuming that the economy will be stronger in the future. So, before this budget ever does anything, it assumes 97 cents out of every dollar of the projected deficit for the next 5 years away. Only 3 cents out of every dollar of deficit reduction in this

budget represents a change in policy. In fact, that is a whopping total of \$9 billion of deficit reduction in this budget that comes from changing Government policy.

In fact, every penny of that deficit reduction comes from assuming that we are going to sell to radio and television stations, and to nonbroadcast users, spectrum, and that spectrum is going to bring \$26 billion into the Treasury. In fact, the last year where all this \$9 billion of savings is needed, it is assumed to bring in \$14.8 billion. Last year, we sold spectrum to fund increased spending of \$2.9 billion. We estimated it would bring that. When it was sold, it brought \$13.6 million. In other words, for every \$200 we thought we were going to get by selling spectrum, we got \$1. But we still spent every dollar of the \$2.9 billion we assumed.

So the first point I want everybody to understand—and it is important that they understand it because someone might believe that we have put the deficit behind us by making hard choices here—the truth is, 97 cents out of every dollar of deficit reduction in this budget, as compared to current policy and current law, comes from simply assuming the economy is going to be stronger in the future and that prices are going to be lower in the future. And, of course, no one knows what is going to happen in the future.

Next, I would like to go through and show you a startling fact, which is, not only does this budget not reduce the deficit, but in reality it raises the deficit by \$71 billion over the next 4 years as compared to what would happen if there were no budget. Let me try to explain this. I know it is a little complicated, but, if you look at this, I think you can see it.

Under current law, with current spending, if we simply continue to do exactly what we are doing now, with no budget, the deficit next year would be \$76 billion. But, under this budget, with policy changes, we are adding \$14 billion, much of it in new spending on discretionary accounts and 13 new mandatory and entitlement spending programs. So actually, by passing this budget today as compared to current policy, we are raising the deficit for the coming year by \$14 billion, from \$76 to \$90 billion.

In 1999, if we simply continue current policy, the deficit would be \$77 billion, according to the Congressional Budget Office. But we are going to add \$13 billion to the deficit, so it will actually be \$90 billion.

In the year 2000, we are raising the deficit from \$70 to \$83 billion, by \$13 billion. In the year 2001, continuing current policy would produce a deficit of \$22 billion, but we are going to raise it by another \$31 billion. We are going to more than double it, so the deficit would be \$53 billion. And the first and only deficit reduction due to policy change in this budget is \$10 billion in the year 2002, in a new century, under

a new President. Until we reach that point, nothing in this budget lowers the deficit by a penny, and, in fact, this budget raises the deficit by a total of \$71 billion in those 4 years.

Let me turn to some other points. Probably the most startling thing that people will come to understand about this budget is that it spends so much money that the first thing we have to do in this budget is waive the spending limit set in the 1993 budget. Let me remind my colleagues and anybody at home who might be watching this debate, in 1993 we had a Democrat Congress and we had a Democrat President. They passed a budget where they increased spending and increased taxes. But they set a spending cap in that budget, and that cap said, by 1998, we would spend no more than \$546.4 billion on discretionary accounts. That was in the President's budget. The Congress actually lowered that a little to \$545.9 billion the next year.

Under this budget deal, we are going to spend \$553.3 billion. So the first act of this new budget is to bust the budget law that is currently in effect, and we are going to have to waive a point of order at some point that I am going to raise so that we can spend \$7.4 billion more than we set out, in the 1993 budget, to spend in 1998. This is a partisan point, but it is very relevant. This is going to be the first time in history that a Republican Congress is going to vote to bust the budget set by a Democrat Congress so we can spend more money.

We have had a lot of discussions about what this budget does and does not do with regard to spending. I am sure, as people who follow the debate know, we have all kinds of ways of confusing this debate. We have what we call a current service baseline, where you cut relative to what you would have spent. So, for example, if you are going to buy a new shotgun and you come home and your spouse looks at you funny because you already own 20 shotguns, you say, "Look, honey, I was going to spend \$1,200, but I only spent \$1,000, so I saved \$200." It is that kind of baseline under which people talk about this budget saving money.

But let me talk about things you know something about. Do you remember the Contract With America? Well, I remember it. I think the American people remember it. The Senate and the House have forgotten it. But we wrote a budget called the Contract With America, and we all ran for office on it, at least people on this side of the aisle did. We passed that budget in 1995, and, as compared to that budget for the years 1998 through the year 2002, this budget we are voting on here today will raise spending by \$212 billion on discretionary nondefense programs, basically social programs, above the level contained in the Contract With America budget that was adopted in 1996. So however you want to define spending, the one thing we know is, compared to the budget that we adopted 2 years ago

for the same years, we are increasing spending by \$212 billion, basically on nondefense discretionary social programs.

We voted on a budget right here on the floor of the Senate a year ago that set spending totals for 1997 and 1998, through the year 2002. As compared to the budget we voted on just last year, the budget before us today spends a whopping \$189 billion more in the same years on discretionary social programs than we spent in the budget we adopted on this very floor only a year ago at this time. As compared to the President's budget that he offered last year, this budget spends an additional \$76 billion on social programs, and, as scored by the Congressional Budget Office, this budget actually spends slightly more than the President asked for in this year's budget.

In reality, the 1 year that really matters is the year that this budget will set out in detail, that is, the 1998 budget as compared to our 1996 budget. This will spend, in 1 year, \$38 billion more than the Contract With America; as compared to the budget we adopted last year, it will spend \$23 billion more; as compared to the budget the President submitted last year, it will spend \$3 billion more, simply on discretionary programs. But that is just discretionary programs.

This budget will create or fund 13 mandatory and entitlement programs that will either be created new or will be expanded or will represent new benefits. I remind my colleagues that every one of these mandatory programs in these entitlement programs is a little baby elephant that is set to grow in the future. We just adopted, by unanimous consent, an amendment of our dear colleague from Nebraska that said to us, listen, we need to be alert about the growth of entitlements and maybe we ought not to let these programs consume more than 70 percent of the budget. We all supported the resolution. But you need to realize that the budget before us has 13 new spending programs or additions or additional funding to mandatory and entitlement programs that do not exist under current law.

Let me go over what those are: environmental reserve fund. We have five new or expanded Medicare benefits. I am going to come back to Medicare. We increase Medicaid funding for the District of Columbia and Puerto Rico. We increase Medicare funding in terms of reducing copayments at the very time we cannot pay for Medicare as it now exists. We restore welfare benefits for immigrants and refugees and asylees. We expand the Food Stamp Program. We expand a welfare-to-work grant. We expand child health care and barely avoided raising it by another \$20 billion.

So, basically, there are two reasons that I am not for this budget, and I didn't come here today to argue against it thinking I was going to convince anybody. This is a wonderful political deal. It is a wonderful political

deal because it allows everybody to get what they want. It allows President Clinton, in his own words, to have the largest expansion in social programs since the 1960's. It allows Republicans to talk about having a tax cut. And it allows both parties to claim they are balancing the Federal budget. But in reality, if it sounds too good to believe that we are having the largest increase in social spending since the sixties and we are cutting taxes and balancing the budget at the same time, the reason is that it is too good to be believed. In reality, it is not true.

The two points I want to make are these: First, we are not balancing the budget here; we are simply assuming the budget is balanced. It may be that, based on a strong economic performance in the last quarter, the future picture of the economy is changed for 5 years. It may be that this is going to be, by far, the longest and strongest recovery in American history. But the probability is that that is not true, and it is not sound policy to set out the financial plan for the whole country based on those kinds of assumptions. I do not think it would be quite as far-fetched as assuming you could pay your bills because you are going to win the lottery, but, basically, for anybody to believe that we are balancing the budget based on policy decisions that I already demonstrated are not true, it is important that the Congress, it is important that the country not let its guard down and understand that all we have done in this budget is assume the deficit away, and it may or may not be gone.

I raise this concern because in the supplemental appropriations that we dealt with last week, we added another \$6.6 billion to these spending totals, so that we have, in reality, already busted this budget which has not yet been adopted. These spending totals that I talked about of being \$189 billion above last year's budget in this budget, we have already added to that by passing a supplemental last week, which adds another \$6.6 billion to the deficit.

The second and final point I want to make about the budget is it is very important that nobody believe that this budget solves the Medicare problem. What does this budget do about Medicare? First, it says we are going to lower reimbursement for doctors and hospitals. We have done that a dozen times. It has never worked, and it has never worked because, like all wage and price controls, people find ways to get around it. Yet, while we know it has never worked in the past, we have it in this bill because we have agreed to take, in essence, the President's policy in Medicare.

But that is not the worst part of it. The claim that this budget saves Medicare for 10 years is not just based on that unachieved and unachievable savings by simply reducing payments to hospitals and doctors; it is based on taking the fastest growing part of Medicare and taking it out of the Medi-

care trust fund and funding it in general revenue. Home health care, which is the fastest growing part of Medicare, is taken out of the trust fund under this budget agreement and is funded out of general revenue.

Virtually every person on my side of the aisle, when this was discussed 6 months ago, said, "Well, that's fraudulent." That is equivalent to having a bunch of debt on your credit card and you go to the bank and borrow money and pay part of it off and then you say, "Well, look, I'm out of debt."

As I said when this was suggested by the President, "Look, I can do you better, I can make Medicare solvent for 100 years. Take hospital care out of the trust fund." But does that change anything? Does that solve anything?

So here we are engaging in a shell game which is totally fraudulent, taking the fastest growing part of the trust fund out, not counting it, paying for it out of general revenues and claiming we save Medicare for 10 years when Medicare is going to cause a \$1.6 trillion drain on the Federal Treasury in the next 10 years.

The terrible tragedy of this is we were on the verge of getting a bipartisan consensus to really reform Medicare. I am afraid that by accepting this budget deal we are going to take the pressure off Congress, because if Medicare is solvent for 10 years because we have taken the fastest growing part of it out and hidden it in general revenues, is there a problem? Why should we all cast tough votes that could cost us our jobs if we can tell people there is no problem?

Do not believe this balances the budget. It simply assumes the budget is balanced. We have assumed it was balanced on many other occasions, and it has not been balanced, I am afraid. Just like a family budget, assuming you win the lottery normally does not work. The way you balance your budget sitting around your kitchen table is by saying no. There is no "no" in this budget. There is no "no" here. There is no "no" to anybody. There is nothing in this budget that really represents any kind of fundamental change in policy. What this budget is is a wonderful political document, but I am afraid that this political document is going to induce us to spend more, it is going to induce us not to deal with Medicare, and America is going to be the loser.

Let me turn to my amendment, and let me say this is a controversial amendment. Some are going to say this is a deal-breaker amendment and, in a sense, if you want to argue that, you can. But let me talk about the amendment.

First of all, I have a chart up here, and I want people to understand what has happened to the Federal budget in the last 10 years. If you look at 1987 and then you look at 1996 and you adjust for inflation, real spending on defense has gone down by 27 percent, real spending on entitlements has gone up by 38 percent, and despite all of the

protest from the President and from Members of Congress, nondefense discretionary spending, the fundamental general Government, social programs, general Government operating expenses, are up over 10 years by 24 percent. So all of Government has grown dramatically in the last 10 years except defense.

What has happened to family income in the last 10 years? If you take the average family income of America and you adjust it for inflation and take out taxes and payroll taxes and look at what the average working family in America had to spend in 1987 and what they had to spend in 1996—we do not have the figure for this year yet—basically what happened to the American family, as compared to the American Government during this same 10 years, was Government grew and grew rapidly, but here is what happened to the average family:

After taxes, after inflation, the income of the average working family in America fell, after-tax income from \$28,302, 10 years later, 10 years of working and struggling and often both the husband and the wife where families are blessed with two parents in the household, 10 years later, that average family is making \$27,737 after taxes. So in 10 years where Government has grown, in 10 years where we have not said no to Government, working families have actually seen their spendable income after taxes decline from \$28,302 to \$27,737.

My amendment is very simple. My amendment says, let's go back to the budget that President Clinton submitted last year. I remind my colleagues that in the budget he submitted last year, it provided funding for not only last year but this year and every year to 2002. When we voted on our budget, the President said his budget for 1997 provided the education funding, housing funding, the medical care funding that America would need through the year 2002. Various Members of the Senate stood up and spoke on behalf of this budget.

Senator LAUTENBERG said:

It makes critical investments in education and training. It provides increased funding for programs like Head Start, title I, safe and drug-free schools.

The President said:

This budget funds my priorities.

One year later, for the same years, the President says, "Well, you know I said last year I had enough money for all those things, but actually now, I need \$76 billion more for the same 5 years than I said I needed last year."

So here is what my amendment does. My amendment goes back and takes the President's last year's budget for 1998, 1999, 2000, 2001, and 2002 and says, "OK, Mr. President, we are going to give you everything you said last year you needed to spend in these years, and then we are going to take the \$76 billion of savings and we are going to give them back to families by cutting taxes and by guaranteeing that families will

get the \$500 tax credit per child that we promised in our budget and guaranteeing that we will get full capital gains tax cut."

If you vote for this amendment, what do you say? You are going to hear many ways of saying what you are saying is, "You are cutting Government spending below the President's requested level, below the budget; you are breaking the deal." In reality, what you are saying is, "We are giving the President everything he said he needed last year," but we are saying more than that. We are saying, rather than spending another \$76 billion in Washington on behalf of all these families, we are going to give that money back to them and let them spend it themselves. That is what this is about.

The question you have to answer on this amendment is this: Can we spend this money on behalf of American families better than they can spend it? By letting families keep \$500 more per child, for every working family in America, can they take that money and invest it in education, housing, nutrition, and health care better than we can spend it on their behalf? Do we know their interests better than they do?

Let me say, I do not think so. I know the Government, and I know the family, and I know the difference. I believe that the biggest problem in America, in terms of finances, is that Government is spending too much and families are spending too little. We are literally starving the only institution in America that really works, and that is the family. How can it make sense for Government to grow year after year after year when the family budget has declined in real terms on an after-tax basis for the last 10 years? Shouldn't we take this \$76 billion more than the President asked for last year and let families spend it instead of letting the Government spend it?

Now, if we adopt this amendment, we are going to change the budget, we are going to have \$76 billion less of Government spending, basically on social programs. I am not saying there are not some good programs in there, but I am saying this, that if you take all \$76 billion of new discretionary spending and you let American families look at it and say, "Would you rather have us spend this for you or would you rather spend it yourself?" the vast majority of working families would say, "I would rather spend it."

In fact, if you just ask taxpayers, who paid for it, I would not doubt that 95 percent of them would say, "Yeah, I think probably I can spend it for my family a little better than you can spend it for me." So that is what this is about.

This does not raise the deficit. It just simply says, instead of giving the President \$76 billion more to spend than he asked for last year, since he said last year he could fund the Government and do everything he wanted to do for \$76 billion less, and now this

year he wants more. They discovered this magic money out there where the Congressional Budget Office decided that we were going to collect all this revenue. So the President said, "Look, I need more spending." Now, that is one argument. It is a legitimate argument. I just do not happen to agree with him. I am saying, let us give it back to families. After all, that is where the money is coming from. Let families spend it. This is our vision. This is the Republican vision. It is America's vision.

A budget is about choosing between two competing visions. The budget before us is a clear vision: more Government. The budget before us is a budget that says, more Government is in the interest of the American people. The President may say the era of big Government is over, we may parrot those words, but this budget does not say the era of big Government is over. This budget says the era of big Government is permanent and it is expanding.

What my amendment says is, let us let families spend this new money instead of giving it to the Government to spend.

I know this is a controversial amendment. I hope my colleagues will support it. I do not suffer under any delusions, but I wanted to show my colors on this amendment. I want people to know there are at least a few people in the Senate who have not forgotten what we promised.

Mr. ASHCROFT. Will the Senator yield?

Mr. GRAMM. I will be happy to.

Mr. ASHCROFT. I say to the Senator, in this budget negotiation there seemed to be an impasse, and then all of a sudden it appeared there was a substantial additional block of money.

Now, is that money the result of people working more and paying more taxes?

Mr. GRAMM. Well, I hope that is what it is. But all we know is that the Congressional Budget Office came up with this estimate, that because of the strong economy that we have had in the last quarter, that looking into the future, we were going to collect \$45 billion a year off as far as the eye could see. Now, to the extent they are right, it is coming because families are paying more taxes.

Mr. ASHCROFT. And people are working hard?

Mr. GRAMM. They are working harder. They are working longer.

Mr. ASHCROFT. Instead of rewarding people who work harder by letting them keep more of what they are earning, the approach is to take more of it and spend more on Government?

Mr. GRAMM. Basically what happened was that they said, "Well, now that we've got all this money, let's let Government spend more of it." The President is actually asking for—and we are giving him—\$76 billion more to spend for the same years that he said last year he had enough, but now because of this bird's nest on the ground,

this new discovery of revenues, what is happening is we are getting ready to let the Government spend \$76 billion more, but never once apparently did anybody say, "Hey, maybe with this new money we ought to let families spend it." What my amendment says is, look, give the President everything he asked for last year, but do not go up another \$76 billion simply because there is more money there. Let us give it back to working families.

Mr. ASHCROFT. To the people who have to earn it and pay the taxes.

Mr. GRAMM. The person who earned it will end up keeping more of it because with this we will guarantee that we have enough money—unlike the current bill which has a net tax cut of \$50 billion—to fund a \$500 tax credit for every child in a working family in America, which costs \$105 billion, and capital gains tax cuts and changes in death duties. The problem is, we have \$188 billion of promises and a \$50 billion net tax cut. It is like trying to pour 188 pounds of sugar into a 50-pound bag. What we are doing here is, we are raising the tax cut by not letting Government spend this money so families can spend it.

Mr. ASHCROFT. It seems to me that what you have proposed is giving the President everything he asked for when he asked for it last year, before he saw this potential of a bigger pie. Certainly he knows how to ask largely and how to ask to meet the need. He certainly has no reticence about asking. With the additional potential for resources, when people earn more and develop more for this country, we ought to let the people have some of what they earn instead of saying, we will take that and spend it on Government, even if it means we have to adjust our—it occurs to me they are having to adjust their ambition bigger and bigger. The harder and harder the American people work, the idea is, the more the Government can spend as a result of it.

Mr. GRAMM. When they are working, they are not doing it so the Government can spend it. I think they are doing it so they can spend it.

Mr. ASHCROFT. Of course they are.

Mr. GRAMM. The tragedy is, 10 years ago, after taxes and being adjusted for inflation, the average working family made over \$28,000 a year, \$28,300. And 10 years later, after inflation and taxes, they are making \$27,700. The average working family has less to spend today than they did 10 years ago. Government spending has grown every year for 10 years. And now, rather than letting working families keep more of what they earn, we are letting Government grow more.

Mr. ASHCROFT. Is it fair to say then, Government has taken the raise that people would have anticipated in the last 10 years, and they took it and spent it?

Mr. GRAMM. Yes. Again, if you believe that Government can spend it better than families, if you believe—some of our colleagues do—if you believe that Government knows what is

better for families, that Government is a good steward of their money, you might want to say, "Well, these families might waste it. If we gave them this \$500 tax credit, a family of four getting to keep \$1,000 more to invest in their children and family, their future, they might make bad decisions," and leave it here with President Clinton and the trustworthy Congress, if you believe that this is a bad amendment.

Mr. ASHCROFT. If you believe that you may want to make a downpayment on a bridge someone wants to sell you in Brooklyn.

It is pretty clear to me, Government has not been the most efficient or effective way to deploy resources.

I want to thank the Senator. I thank him for yielding for this point of clarification.

I find very appealing the idea that we would let the American people, when they earn more, keep more. Families would rather spend it on themselves rather than send it here in hopes that something would happen with it here that might benefit their families.

I commend the Senator.

Mr. GRAMM. I thank the Senator.

Let me conclude and yield the floor, because I know others want to speak.

This is a pretty simple amendment. It says that we are giving the Government \$76 billion more than the President said that he needed last year for these same years to do everything he wants to do from child health care to education.

Much of this spending increase occurred when we discovered miraculously—and I hope in fact we discovered it instead of making it up—that the future looked brighter. What I am saying is, do not give this additional \$76 billion to Congress and the President. Give it back to families and let them invest it in their future and their children.

I believe this amendment represents a different vision than the budget before us. I think it represents a vision that believes that the future is going to be brighter if we have more opportunity and more freedom. What freedom is more basic than the right of families to spend their own money? Should Government grow every year even if working families see their budgets declining? I do not think so. So, as a result, I have offered this amendment. I want people to know that there is support for having Government tighten its belt a little so that families can loosen their belt a little. That is what the amendment is about.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. FAIRCLOTH addressed the Chair.

Mr. GRAMM. I yield to the Senator so long as he might speak.

The PRESIDING OFFICER. The Senator from North Carolina.

AMENDMENT NO. 321

(Purpose: To express the sense of the Senate that a nonrefundable tax credit for the expenses of an education at a 2-year college should be enacted)

Mr. FAIRCLOTH. First, I would like to send an amendment to the desk and ask for it to be considered and that it then be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. FAIRCLOTH] proposes an amendment numbered 321.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with and that the amendment be set aside.

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

The amendment is as follows:

At the end of title III, add the following:

SEC. . SENSE OF THE SENATE CONCERNING TAX CREDIT FOR WORKFORCE EDUCATION AND TRAINING AT VOCATIONAL SCHOOLS AND COMMUNITY COLLEGES.

It is the sense of the Senate that, any legislation enacted pursuant to this resolution, contain a tax credit for expenses of workforce education and training at vocational schools and community colleges.

Mr. FAIRCLOTH. Mr. President, I rise today to speak on education. I usually don't agree with the President on policy. However, this is one occasion where I do agree. The President in this year's State of the Union Address, proposed that billions be spent on education in his "Call to Action for American Education." One of the principles in this plan is his hope scholarship proposal. President Clinton proposes 2 years of a \$1,500-a-year for college tuition, enough to pay for the typical community college.

I agree that we should give every adult American the opportunity to obtain the first 2 years of higher education. On January 21, I introduced S. 50 which provides for a \$1,500-a-year tax credit for students attending two-year schools. S. 50 has the cosponsorship of the majority leader, Senator LOTT, and Senators CONNIE MACK, LARY CRAIG, HARRY REID and JIM JEFFORDS. Just last week, at the Republican National Committee annual dinner, House Speaker NEWT GINGRICH listed vocational training as one of the four top priorities for our budget resolution.

S. 50 will encourage workers in all age brackets to pursue an education beyond high school without incurring the costly expenses of attending a 4-year college. By improving the training and skills of our workers, we will create better jobs in manufacturing and technology throughout the United States. There is nothing more important to keeping competitive in the global marketplace.

As State commerce secretary for North Carolina, I attracted more than 500,000 jobs into North Carolina by

strengthening our community college systems and offering custom training of workers in specific skills. In the past 8 years, North Carolina has been among the top three States in new-plant locations and gained a toehold in the film industry which now invests \$2.5 billion a year in my State.

As we begin to see the impact of changes made to welfare in the last Congress, more people will be off of welfare and looking for work. This bill would provide the job skill training needed for these individuals to find gainful employment. Senator LOTT understands the importance of vocational training. So does Speaker GINGRICH. As discussions proceed in the budget resolution, let us please find money, within that \$35 billion set out for education, to help community colleges. Community colleges help people find real jobs.

The PRESIDING OFFICER. The amendment is set aside.

Mr. FAIRCLOTH. Thank you.

AMENDMENT NO. 318

Mr. FAIRCLOTH. Mr. President, I would like to now speak very briefly on Senator GRAMM's amendment.

I think he has just reached to the heart of Government spending, and he did it very succinctly. There is \$76 billion more that the President discovered he needed because by some mathematical manipulation we decided we had \$76 billion more to spend. We discovered \$76 billion; we spend \$76 billion. Now, if we had discovered \$176 billion, guess how much the President would have needed? \$176 billion.

I just want to say that I strongly support the amendment of the Senator from Texas. I intend to speak on it further later. But I at this moment enthusiastically support it and will continue to speak on it at a later time when we have time.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRAMM. I yield the Senator from Missouri additional time.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. ASHCROFT. Mr. President, thank you.

AMENDMENT NO. 322

(Purpose: To add enforcement mechanisms to reflect the stated commitment to reach a balanced budget in 2002, to maintain a balanced budget thereafter, and to achieve these goals without raising taxes)

Mr. ASHCROFT. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT], for himself, Mr. GRAMM, Mr. COVERDELL, Mr. ABRAHAM, Mr. HELMS and Mr. FAIRCLOTH, proposes an amendment numbered 322.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with and that the amendment be set aside.

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

The amendment is as follows:

At the end of title II, add the following:

SEC. . BALANCED BUDGET REQUIREMENT.

(a) IN GENERAL.—It shall not be in order in the House of Representatives or the Senate to consider any concurrent resolution on the budget (or amendment or motion thereto, or conference report thereon) or any bill, joint resolution, amendment, motion, or conference report that would cause—

(1) total outlays for fiscal year 2002 or any fiscal year thereafter to exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress provide for a specific excess of outlays over receipts by a rollcall vote;

(2) an increase in the statutory limit on the level of the public debt in excess of the level set forth in section 101(5) of this resolution with respect to fiscal years 1998 through 2002 and for fiscal years after 2002 as set for fiscal year 2002 unless three-fifths of the whole number of each House provide for such an increase by a rollcall vote; or

(3) an increase in revenues unless approved by a majority of the whole number of each House by a rollcall vote.

(b) WAIVER.—The Congress may waive the provisions of this section for any fiscal year in which a declaration of war is in effect. The provisions of this section may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.

(c) DEFINITION.—In this section:

(1) TOTAL RECEIPTS.—The term “total receipts” includes all receipts of the United States Government except those derived from borrowing.

(2) TOTAL OUTLAYS.—The term “total outlays” includes all outlays of the United States Government except for those for repayment of debt principal.

(3) INCREASE IN REVENUES.—The term “increase in revenues” means the levy of a new tax or an increase in the rate or base of any tax.

The PRESIDING OFFICER. The amendment is set aside.

AMENDMENT NO. 323

(Purpose: To limit increases in the statutory limit on the debt to the levels in the resolution)

Mr. ASHCROFT. Mr. President, I send another amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT] proposes an amendment numbered 323.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with and that the amendment be set aside.

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

The amendment is as follows:

On page 45, strike line 2, and insert the following: “exceed; or

“(3) any bill or resolution (or amendment, motion, or conference report on such bill or resolution) for fiscal year 1998, 1999, 2000, 2001, 2002 that would increase the statutory limit on the level of the public debt in excess of the level set forth in section 101(5) of this

resolution with respect to fiscal years 1998 through 2002 and for fiscal years after 2002 as set for fiscal year 2002.”.

The PRESIDING OFFICER. The amendment is set aside.

Mr. ASHCROFT. Mr. President, I yield the floor.

AMENDMENT NO. 318

The PRESIDING OFFICER. Who yields time on the Gramm amendment?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I say to Senator GRAMM, let me compliment you on the expression of your philosophy this evening. I think you have heard me a couple times. I think perhaps it is a question of how much can we do and get it done? But I have a vision of the United States that I would explain to you in a way that is very new to me.

I did not grow up with this vision. I came to this place. I had been a public servant, and I kind of liked the idea so I said I will run for the Senate. I guess it was because in my State we had so few Republicans then that they looked around and said, well, that young guy just lost a race—thank God, it is the only one I ever lost—he is as good as any, why not ask him to run. So I ran. I came here as the first Republican in 38 years.

I was here for about 3 years when an announcement came that the King of Spain—remember the young man, King Carlos of Spain, a magnificent transition figure in Spanish modern times. He had been a king, well-taken care of, no idea, as I thought, of freedom because he lived under a dictator, right, for all these years. Then, all of a sudden the dictator goes away, and they say, “You are in charge, King.”

Then they said, “Why don’t you come over and talk to the Congress.” So he came over here. I remember sitting in my office as if it were yesterday, and I said, “I don’t know whether I ought to go.” As you already know, I like to work. I was sitting around my desk, in my early years, thinking it was far more important to call to New Mexico or write a letter to my constituents. Then something said, “You know, New Mexico has a lot of Spanish people in it. You know a lot of them. Maybe you ought to go because he might say something about the culture and you may learn something.” Well, Senator GRAMM, I went. He gave an eloquent speech. I learned nothing about the Spanish culture. I knew more about that than what he talked about up there—he may know more than I—that he alluded to.

He said something very intriguing that I had trouble with and I did not believe it for a while. He said all significant human achievement occurs when a man or a woman is free. I wrote that down and took it back to my office, and I said how could that be true? Michelangelo was a great achiever, and I ticked off in my mind a number of others that I had heard of in history that achieved a lot, and there was not

any freedom around to speak of. I was wrong. There was very little freedom, but the great achievers were made free by selection. Somebody with a lot of money said, “I want to make this talented person free and I would like them to achieve.”

Frankly, I got a picture of history in my mind right then, but the reason the world had achieved so little until we had more and more freedom of individuals was just that. There were not enough people free to be enterprising, to be innovative, because society did not let them be free. So what I ended up concluding was a different image of the United States where I concluded that we have been superachievers because we have been compared to the rest of the world. In history, we made more and more people free, we got rid of slavery, we made them free. As we moved along, we did civil rights and we made more people free.

I began to understand as I worked here that there was something else and that was if you worked and made a profit in your business or a good salary in your work that freedom was to be measured by how much you had of that money and that achievement in wealth to use in whatever way you wanted. I came to the conclusion, once again, that our greatness in achievements, and our achievements are everywhere, was because we were leaving people with resources that they earned, to be free and take a chance. Some failed but many succeeded.

Now, my 25 years here has not diminished that idea one bit. In fact, I believe that I can even make a case. You know how hard I work for the mentally ill. One day we had an exchange on the floor and tonight I am apologetic because I said to you, “It is too bad you do not know anything about the mentally ill,” and you said, “Yes, I do,” and you told me about somebody in your family. So I was not being fair that day. I was being very arrogant.

But I can make an argument that if mentally ill people is how I think of freedom as the achievement mechanism for America collectively, if a mentally ill person can be cured of the devil in them, which people used to think is some kind of a devil that is a disease, you can cure 3 million people, America has more of a chance for even more achievement, because you never can tell which people you make free are going to be achievers.

So you see, you have a notion here in your budget, your visionary budget, that you would like to leave more money in the hands of individuals. If I read you right, it is essentially to be free, it might even be free to make mistakes. I have talked to you about that, and you said sure, sometimes you just have to let people make mistakes, but let them make it while they are trying to do their thing with their resources.

You probably had a much earlier vision and a more profound understanding because you are an economist and

you understand capitalism so well, but I have been pleased to learn from you. Capitalism is the essence, when coupled with freedom, is the essence of opportunity because the capital works to achieve and the individual works to achieve, and when you marry them up you have an economy that is just hell bent for success and growth, and when you squeeze it, there are a lot of ways to squeeze.

People wonder whether regulations have anything to do with freedom. We do not explain it very well. It has a lot to do with freedom because the extent to which you are regulated, you have taken a bit of freedom away from someone or something.

Now we would both agree in a democratic capitalist society you cannot be free to do everything and anything. We pride ourselves on having laws, but what people do not understand is if you have regulations that are \$50 billion more than they need to protect the public, you have taken away \$50 billion worth of freedom somewhere in this country to grow and prosper and energize. So I understand that and I understand when you tax people in the wrong way and when you tax them too much the very same thing happens.

In fact, I believe you, with your expertise as a Ph.D. in economics, can probably find times in our economic history when we taxed things so wrongly that you could actually prove that we went in the wrong direction. I am reminded of one, when in a fit of lunacy we put a big tax on these little boats. What happened? It was amazing, like you and I told them, but they said, "No, no, we are taxing these rich people that own boats." Well, within 18 months we had our friends down here from those States saying, "Our workers are out of jobs because the people who own the boats decided you are taxing them so much they do not get the boats anymore." It took a long time but we finally repealed that. To be honest, people have to have a degree of freedom or they will not buy a boat they want. They will say if you tax me too much I will go without, and there go workers and businesspeople.

My problem is, Senator, that I do not believe with President Bill Clinton in the White House that we can get that budget, that consent of yours, that we could get it adopted and implemented. I think we almost tried something like this, you and I together, maybe even a little more, and we did not get anywhere. That does not mean you should ever stop trying what you are doing and expressing your vision, but frankly, I do not believe we can get it. I think you will know later this evening how many votes you will get for your proposal, and it is a little bit of an indication of what I felt when I started working this year. One of my better friends said they would finally say to the Senators who might not have been there, they said, "DOMENICI said to me last year unless we have some kind of assurance out of the White House I am

not sure I want to do a totally Republican budget because I am not sure we are getting anywhere."

We are having a great exercise in doing what you and I are doing on the floor and maybe making some sense to a few million but we do not get it done, so I will not even take time to go through how much more we would have to reduce various programs so that Senators might know. I will just say that there would be a substantial reduction in the discretionary accounts of our country almost across the board and almost every one if your amendment was adopted over what we agreed to with the President.

I am firmly convinced, Senator GRAMM, that if we produced appropriations bills at those levels, I do not think we can get there because I do not think we can get that kind of agreement out of either case, and if we were to adopt them, I believe you would have a veto and we would be back as we have been before. So I chose as one who probably does not understand as deeply as you do what economic freedom is, but I think I have shown you today in the few minutes on the floor that I think I am getting it. It has taken me 65 years, but I think I am getting it. I think what we did is the best we can do.

Frankly, I am going to say what I said before on the previous Kennedy-Hatch amendment. I believe it violates the budget agreement that we entered into, except I would not expect Senator PHIL GRAMM to read the agreement and say it does not. I think you would read it as the absolute man that you are and you would say, right upfront, it does. You would not try to make some argument that, well, it does not because it is this or that. It just does.

Frankly, when I find amendments that do that, I hope you understand I am obligated to resist them if I feel comfortable and confident we are going to get there under the budget that you do not like. I totally appreciate every reason you give. I think it is better than not having a budget this year and I think, also, Senator, that unless we have some great experience that I do not contemplate, understanding what I can about the tea leaves, that we will actually balance before 2002, because we have used such economic assumptions that are so conservative that I believe we are going to be off again each year \$40 billion or \$50 billion, just as we have been the last 3 or 4 years when the economy helped this curve.

Now, if we had a recession that lasted 3 years, all bets are off, but I assume even in the budget you propose we would be off the mark, there, too, if we had a recession for 3 years and we take into account what you economists do when you do multiple years of economic assumptions. You build the potential for recession into being a more conservative versus a more generous set of economic assumptions. That is what I have learned from the CBO as to how they build a recession into their numbers.

Now, if anybody wants to ask how much more various programs will probably be reduced under Senator GRAMM's proposal, I will look it up and go over and talk to you and see if I am right, but I believe you, again, are willing to stand up and say it would be substantial compared to this budget because you find enough savings in your approach to then use those savings and add on to the tax cuts that we have.

Fellow Senators, I hope you understand that I have not for 1 minute this evening on the floor been critical of PHIL GRAMM and those who feel like he does. It is just that most of us who will be supporting this budget feel the same way, most of the Republicans who support the basic budget, feel the same. They think there are two ways to get there and that the bipartisan approach is more apt to be successful because it is more apt to happen. It will not necessarily be more successful as an instrument in accomplishing a vision, but it probably will occur.

With that, I say to the Senate, my instructions from our leader are that we not take any longer time than you need and perhaps my ranking member, and then we would proceed to a vote as soon as possible.

I yield the floor.

Mr. GRAMM. Mr. President, I want to thank Senator DOMENICI.

Let me simply reiterate a couple points I made early on. First of all, I am not claiming for a minute that even though we are spending \$76 billion more than the President asked for last year—I am simply trying to take us back to a budget that last year he thought was adequate. There is no doubt about the fact that \$76 billion is going to do a lot of things for a lot of people.

I am not claiming there will not be programs that would have benefited with the \$76 billion that will not be losers under my amendment. What I am saying is that I believe that working families can spend the \$76 billion better than the Government can spend it, and that is really the choice that my amendment proposes.

Let me also say to Senator DOMENICI that I am a firm believer in the old Jefferson adage that good men with the same facts often disagree. I think one of the good things about the Senate when we follow our rules—and sometimes we do not always do that here, we have certainly done it here today, I think—is that we can talk about what we believe in and what we want to happen, but the fact that people disagree with us does not in any way diminish their belief or say that we are necessarily right and they are wrong. Our system is a system of competing visions.

I say going back to the point about freedom. I am very concerned when average working families find the Federal Government taking the amount of their income that is taken today in payroll taxes and income taxes. I am also concerned that if we do not do

something about Medicare and if we do not do something about Social Security, in 25 years the average taxpayer in America will be sending about 50 cents out of every dollar they earn to Washington, DC. And I think you reach a point where the tax rate is so high that it does infringe on your freedom.

Are we still the same America that Senator DOMENICI grew up in and that I grew up in if the Federal Government is taking 50 cents out of every dollar earned by the average family 25 years from now? That is the future that we are looking at if you do not dramatically change Government policy.

My objective today is simply to offer an alternative. I am not for the underlying budget. It is clear that the adoption of my amendment would dramatically change that budget. And I want to change it, which is why I have offered the amendment. I don't deceive myself into believing that this is a majority view today. But I do believe it is a majority view in the country. And I believe that it will ultimately be a majority view here in American Government.

It is obviously a question that we all have to ask ourselves. When you have a divided Government, what are the functions of the two parties? Are the functions of the two parties to try to get together and make an agreement? Or are the functions of the two parties basically delineated as presenting two competing visions for the future, and then letting America choose the clearer vision, presenting competing ideas and letting America choose the superior idea?

These are obviously things that people have contemplated, thought about, and prayed over for many years in the U.S. Senate.

I choose today to offer an alternative to the budget because this budget does not represent the vision that I believe in. This budget does not produce the America that I want produced. I believe that it is unwise in the America of 1997 to give the Government another \$76 billion to spend on discretionary programs when that money could go to hard-working American families to spend on their children and invest in their future.

But it is really a choice between two competing alternatives with the overlay that Senator DOMENICI talked about of where we are with the Democrat President.

My objective in offering this amendment—and I thank the Senator for his kindness—was to simply give people an opportunity to know that there is an alternative, that there are people who believe that this budget does not move us in the right direction, and that the right direction is less Government and more freedom. I think the fundamental way we find less Government and more freedom is by having Government spend less so that people can spend more.

I don't think anybody is in doubt about where they stand on this amendment.

So I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER (Ms. COLLINS). The Senator from New Jersey.

Mr. LAUTENBERG. Madam President, I listened with interest to the discussion that was going on regarding the amendment that we are now considering. It is a surprise. I shouldn't say that. It is not a surprise. But there is an anomalous difference between where we were when we were talking about Hatch-Kennedy and the response from those who were opposed when they were talking about how inconsistent it was with what we had.

We had an agreement. I use the term "hammered out" because "hammered out" seems like it was really tough. And it was tough to get this agreement. It took a lot of giving, it took a lot of review, and a lot of hard thinking to get the consensus that we arrived at.

It was said that it is "inconsistent." How can you do it after all the work that was done with the President and "we," and Senator DOMENICI and "I," and the people from the House, the chairman of the Budget Committee and the ranking member of the Budget Committee sitting there night after night for something like 6 weeks, long, long days? Finally we get this agreement. And there was shock almost, and people were horrified by the notion that Senators HATCH and KENNEDY wanted to provide another \$20 billion for children's health and tax tobacco and cigarettes to do it. The debate was I would say fairly long, fairly arduous at times, and fairly strong in terms of the exchange.

But here we have now a proposal after we labored so hard to get non-defense discretionary up to a point that was acceptable.

Once again I do not want to go through the whole litany of what the budget consensus constitutes—some give and take, and some got taken. But we are at this point now when suddenly we are talking about increasing the net tax cuts for the first 5 years from \$85 billion to \$161 billion by taking it out of nondefense discretionary. I hope that this wouldn't get a lot of consideration when it comes time to vote.

I heard my good friend and distinguished chairman of the Budget Committee say that President Clinton isn't the kind of President under which you could do something like this, the thought or the inference being, "Well, this is too good. This is too positive."

Madam President, I am not an economist by profession, though my degree from Columbia is in economics. But I learned economics the hard way. I started one of America's great companies, modestly I say. And I started one of America's greatest industries, the computing industry. My name is in the hall of fame in Dallas, TX, for having been a member of information processing pioneers. So I learned it by doing it. I also learned it by reading.

I remember the days of a very popular President, President Reagan. Under his leadership, about which people were so euphoric, the tax cut that was then introduced was in present terms something like \$12.8 trillion. That was supposed to be evidence of how good the supply side would be and what eventually would trickle down into the economy which would stimulate things, and everybody would be kind of happy thereafter.

But what we saw instead was the incredible growth in the debt in this society of ours with annual deficits just booming, and total debt skyrocketing. We are finally working our way out of it. And the reference is that this President wouldn't permit it. When this President took over the debt, the annual deficit was \$290 billion. It is projected to be \$67 billion, now the third projection by the Congressional Budget Office, that neutral body that is targeting their sights on what is accurate, and what is honest and what is fair. They have changed their mind three times in the last 6 or 7 months.

People are working at more new jobs created than in almost any period I think—I will say almost in any period of history. Unemployment is at a historic low. Inflation is at a very stable rate. All signs are pretty darned good.

We "hammer out" this agreement laboring all those hours, people getting angry at one another at times but finally agreeing. I shouldn't put the focus on "angry." Once in a while tension would creep in. But essentially it was a debate or a negotiation conducted with the best of intentions. The chairman of the Senate Budget Committee and I, it is fair to say, worked very well together, as did our colleagues from the House. We were determined to try to solve the problem and not get the temperature up too high.

We are here now. After all of that, and after the discussion we had throughout the day today about the violation of the consistency of the budget agreement, and now we are looking at what I think is a gross violation—if one can term it a violation—about changing not only the non-defense discretionary but increasing the tax cutoff over which there was much labor.

A lot of people on this side did not want to see a major tax cut. As a matter of fact, many of them didn't want to see any tax cut. But it was understood that in the context of an agreement you sometimes do things that you wouldn't otherwise do. If you are working alone you can do anything you want. If you own the company you can do anything you want. If you are the CEO you can do almost anything you want. But when you get here we have to depend on the good will and the good judgment of others in order to arrive at agreement. Thus, we are faced with what I think is a difficult but nevertheless honorable consensus that was arrived at.

The notion that we might change it at this late hour, change it by taking

away nondefense discretionary, which I frankly think is underfunded in some ways. Defense discretionary in my view is overfunded in some ways. I just hope that our colleagues when it is time to vote—and I hope that will be soon—will reflect on the inconsistency factor that was considered so delicate and so essential before to maintain consistency that we will maintain consistency here, and that this amendment will be defeated.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, we are going to try to do a little business even before we vote.

Senator GRAMM has another amendment that we are going to take up shortly that is acceptable, and Senator BROWBACK has one that has been agreed to.

But I would like to announce to the Senate that what we are going to try to do is to vote at 6:30, and Senator GRAMM has indicated that we will try to do that and work on that together. I would like then to ask unanimous consent that when that vote is finished Senator STROM THURMOND be allowed to speak for 10 minutes, Senator ROBERT BYRD be allowed to speak for up to 20 minutes thereafter, and Senator MOSELEY-BRAUN has an amendment to send up. We are not going to take an amendment to debate it until it is on the list. We are putting amendments on lists and agreeing to tell people that they can take them up.

Mr. LAUTENBERG. I do not know if there is an exchange of lists or not. Was something missed in the mechanics process?

Mr. DOMENICI. I was just trying to make it kind of orderly so everybody would know.

Mr. LAUTENBERG. I agree to that. But if it were very orderly, then Senator MOSELEY-BRAUN would be heard right now. But I certainly want to defer, if she doesn't mind.

Mr. DOMENICI. That isn't true. But anyway I am not going to argue about it.

Would Senator GRAMM agree by unanimous consent to set his amendment aside temporarily while Senator BROWBACK offers an amendment that will be accepted, and then we will return to the Senator from Texas?

The PRESIDING OFFICER. Is there objection to the request?

Mr. GRAMM. Reserving the right to object, I wanted to ask a question.

We are finished with the debate on the tax amendment. We had a sense of the Senate about how we fund disasters in the future, which I thought had been agreed to. What I would like to do, if we can set it up by unanimous consent, is deal with that one, and then debate and vote on the tax amendment. But I would be happy to let Senator BROWBACK go with his amendment and then come back. If we can dispose of the sense-of-the-Senate resolution, I would like to get it finished.

Mr. DOMENICI. He is in order under the previous agreement. Senator GRAMM's amendment was up next. And the amendment that he is referring to we thought we would accept. But I understand that the minority is not going to accept it.

So I would think the amendment would be in order and would be the next item after we dispose of the amendment that is pending.

Did Senator BOND have something?

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Madam President, I have two amendments that I would like to file and have set aside. Both of them are sense-of-the-Senate amendments. I ask unanimous consent that the pending business be set aside so that I may introduce and set aside two amendments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri?

Mr. DOMENICI. No objection.

Mr. CONRAD. Reserving the right to object, I will not object. But I would like to get the attention of the chairman and the ranking member.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I would like to get the attention of the chairman and the ranking member for a moment.

I do not want to get in the way of the Senator from Missouri to have his amendments considered. I would like to get in the queue in terms of being able to make a presentation on the budget tonight. I understand that the chairman and ranking member were entering into agreements with respect to that.

Mr. DOMENICI. I want to include the Senator. I told the Senator a while ago, and I would like to see if we could do one thing first and then see what we can fit in. But I would like to ask unanimous consent that at 6:30 we proceed to vote on or in relation to the pending Gramm amendment and no other amendments be in order to the Gramm amendment prior to the vote.

The PRESIDING OFFICER. Is there objection to—

Ms. MOSELEY-BRAUN. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. I thank the Chair. All day now I thought there was agreement that I would follow Senator GRAMM after his amendments, one amendment and one sense-of-the-Senate resolution. Upon the conclusion of those activities, then we would take up the matter of my amendment. I have patiently waited all day. I obviously would have no objection to the statement Senator THURMOND would like to make and Senator BYRD, but certainly I would like my amendment to be the next amendment taken up at the conclusion of the vote on Senator GRAMM.

Mr. DOMENICI. I think we have a misunderstanding. We thought we were

accommodating Democrats by not having amendments for a while because they have some event. But if that is not the case, then what we are going to do is follow some kind of order here. If we can get this one agreed to, we will vote at 6:30. Then I would ask that the next amendment be the second Senator GRAMM amendment, and then, Senator, that your amendment be in order thereafter.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request propounded by the Senator from New Mexico?

Mr. CONRAD. Reserving the right to object.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DOMENICI. We will get the Senator next.

Mr. CONRAD. Can I get included in this train so when the train leaves the station, I am on board?

Mr. DOMENICI. Yes. Might I just ask, we have already asked that the train start with Senator THURMOND, who has 10 minutes, Senator BYRD who has up to 20 minutes to speak—15 to speak. Let us leave it up to 20, and now I would ask, how long would the Senator like to take?

Mr. CONRAD. Twenty.

Mr. DOMENICI. The Senator be allowed to speak for 20 minutes. It is my understanding that if we agree to that, the sequence would be we finish the Gramm amendment and vote on it at 6:30. If we can get any work done in here in the meantime, we will and take your last, second amendment, and then when the Senator has finished—

Mr. LAUTENBERG. If I may inquire of the chairman.

Mr. DOMENICI. Sure.

Mr. LAUTENBERG. Why are we doing two Gramm amendments in a row? As far as I know, there was no understanding. I would be happy to hear what the unanimous-consent agreement was, just to refresh my memory.

Mr. GRAMM. There was a unanimous consent.

Mr. DOMENICI. We can do that. I just have been telling Senator GRAMM for a long time—he had three. We accepted one. We thought this other one was going to be accepted, and we were going to debate one. I think we waste more time if we argue the point than go ahead.

Mr. LAUTENBERG. You told Senator GRAMM what you told him, and I told Senator MOSELEY-BRAUN what I told her and somehow or other there is a miscue.

Mr. DOMENICI. Do you mind waiting?

Mr. GRAMM. We had a unanimous-consent request whereby I had stopped, and we had about 20 people come over and do all kinds of things.

Mr. LAUTENBERG. That is true.

Mr. GRAMM. And I asked unanimous consent that they might be recognized for that purpose. But then that I would be re-recognized to deal with these two amendments. Now, I am not trying to

hog the floor. I thought that the amendment that had to do with paying for disaster was going to be accepted. Senator DOMENICI said he was for it. I thought people would just take it. Now, all of a sudden, there is some opposition to it. I think we can deal with it very quickly. Why don't I just set a time limit on it of 10 minutes and then we can either voice vote it or we can have a rollcall vote.

Mr. LAUTENBERG. Why don't we do this. If we vote on the present Gramm amendment, the one that is being presented at this time, why don't we vote on that and give us a chance to take a look at the other one. And I appreciate the misunderstanding of the Senator from Texas because there was some confusion. He was gracious about accepting these UC's, and I absolutely agree with that.

I thought we were in the process of alternating sides. But I would ask the indulgence of the Senator from Illinois.

Would the Senator from Illinois agree to having a vote on the Gramm amendment that is presently pending, and give us a chance to review the other one and consider it for 10 minutes, if that is OK. Then I would propound a unanimous-consent agreement to do just that, or do we just have an understanding to proceed that way?

Mr. DOMENICI. I think we have enough understanding to do that.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. May I ask the status of the unanimous consent request that began this whole process?

The PRESIDING OFFICER. There are several unanimous-consent requests that are pending.

The Senator from Missouri made a unanimous-consent request that we set aside the amendment currently pending.

Mr. BOND. For the purpose of presenting two amendments which I would then ask be set aside simply to comply with the filing requirement.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri?

Without objection, it is so ordered.

Mr. BOND. I thank the Chair. I thank my colleagues.

AMENDMENT NOS. 324 AND 325

Mr. BOND. I send two amendments to the desk, one a sense-of-the-Senate resolution regarding protection of children's health on behalf of myself, Mrs. MURRAY, Mr. GORTON, and Mr. ASHCROFT, reflecting on the disproportionate share of hospital payments; a second sense-of-the-Senate resolution on behalf of myself, Mr. CHAFEE, Mr. ABRAHAM, Mr. REID, Mr. COCHRAN, Mr. GRAHAM, Mr. GREGG, and Mr. SESSIONS, asking that the Senate reestablish linkage between the revenues deposited into the highway trust fund and transportation spending from the trust fund. I send these to the desk and ask they be filed and I ask that they may be set side.

The PRESIDING OFFICER. The clerk will first read the amendments.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes amendments numbered 324 and 325.

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

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

The amendments are as follows:

AMENDMENT NO. 324

(Purpose: To express the sense of the Senate regarding the protection of children's health)

At the appropriate place, insert the following:

SEC. . SENSE OF THE SENATE REGARDING THE PROTECTION OF CHILDREN'S HEALTH.

(a) FINDINGS.—The Senate makes the following findings:

(1) Today's children and the next generation of children are the prime beneficiaries of a balanced Federal budget. Without a balanced budget, today's children will bear the increasing burden of the Federal debt. Continued deficit spending would doom future generations to slower economic growth, higher taxes, and lower living standards.

(2) The health of children is essential to the future economic and social well-being of the Nation.

(3) The medicaid program provides health coverage for over 17,000,000 children, or 1 out of every 4 children.

(4) While children represent ½ of all individuals eligible for medicaid, children account for less than 25 percent of expenditures under the medicaid program.

(5) Disproportionate share hospital (DSH) funding under the medicaid program has allowed States to expand health care coverage to thousands of uninsured pregnant women and children. DSH funding under the medicaid program is essential for current and future coverage of these uninsured populations.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that the health care needs of low-income pregnant women and children should be a top priority. Careful study must be made of the impact of medicaid disproportionate share hospital (DSH) reform proposals on children's health and on vital sources of care, including children's hospitals. Any restrictions of DSH funding under the medicaid program should not devastate current State medicaid coverage of children and pregnant women, or hinder health care coverage expansion opportunities for these uninsured populations.

AMENDMENT NO. 325

(Purpose: To express the sense of the Senate concerning the Highway Trust Fund)

At the appropriate place in title III, insert the following:

SEC. . SENSE OF THE SENATE CONCERNING HIGHWAY TRUST FUND.

(a) FINDINGS.—The Senate finds that—

(1) there is no direct linkage between the fuel taxes deposited in the Highway Trust Fund and the transportation spending from the Highway Trust Fund;

(2) the Federal budget process has severed this linkage by dividing revenues and spending into separate budget categories with—

(a) fuel taxes deposited in the Highway Trust Fund as revenues; and

(B) most spending from the Highway Trust Fund in the discretionary category;

(3) each budget category referred to in paragraph (2) has its own rules and procedures; and

(4) under budget rules in effect prior to the date of adoption of this resolution, an increase in fuel taxes permits increased spending to be included in the budget, but not for increased Highway Trust Fund spending.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) in this session of Congress, Congress should, within a unified budget, change the Federal budget process to establish a linkage between the fuel taxes deposited in the Highway Trust Fund, including any fuel tax increases that may be enacted into law after the date of adoption of this resolution, and the spending from the Highway Trust Fund; and

(2) changes to the budgetary treatment of the Highway Trust Fund should not result in total program levels for highways or mass transit that is inconsistent with those assumed under the resolution.

Mr. BOND. I ask they be set aside.

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

The Senator from New Mexico.

Mr. DOMENICI. Madam President, I really do not like the Senate to be in the state of confusion that it is in. This kind of makes me feel as if I am not doing my job here. So could we start over and see if I could straighten matters out so that at least I do not feel embarrassed about having everybody talking at the same time.

I would like for the rest of the evening if somebody here in the management side of this could invent some streamlined method of letting people introduce these amendments that are nothing more than conforming UC requests that said you have to file them tonight. Maybe you have a code word for it and we just say this is X amendment and we will get it done so people do not have to read them. And if you get a unanimous-consent that kind of does that for us, we would both appreciate that, I assume.

Mr. LAUTENBERG. Absolutely.

Mr. DOMENICI. Having said that, I want to ask that by unanimous consent, any unanimous consent that I heretofore received in the last 20 minutes be set aside.

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

Mr. DOMENICI. Now I ask unanimous consent that a vote occur on Senator GRAMM's amendment and the one that has been debated, either on it or related to it, at 6:30.

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

Mr. LAUTENBERG. Reserving the right for the moment, I intend to propose to table the Gramm amendment and do not want to be excluded from that or precluded by it.

Mr. DOMENICI. You are not.

Now, Madam President, let me ask further that immediately after that, Senator BROWBACK be recognized to offer an amendment which is going to be accepted and has been agreed on both sides.

Mr. LAUTENBERG. And I have unanimous consent that Senator KOHL be permitted to introduce an amendment for 2 minutes.

Mr. DOMENICI. It is one of these code amendments.

Mr. LAUTENBERG. It has the code. The code is zip.

Mr. DOMENICI. All right. That will be the next item of business. OK.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from New Mexico that the Senator from Kansas be recognized following the vote on the Gramm amendment?

Ms. MOSELEY-BRAUN. Reserving the right—

Mr. DOMENICI. The Senator is next. I am going to come right to her.

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

Mr. DOMENICI. All right. Now, I say to the Senator from Texas, would you mind taking your second amendment and setting it aside and let Senator MOSELEY-BRAUN go and then you follow her?

Mr. GRAMM. That would be fine.

Mr. DOMENICI. OK. So thereafter, Senator MOSELEY-BRAUN would be recognized for her amendment, and then Senator GRAMM for his second amendment that everybody knows about. We might be able to work it out. And then when they are completed, that we then stack the votes until 9 o'clock and that subsequent to the debate on those amendments, they would be set aside and the following three Senators would be permitted to speak on the floor of the Senate: Senator BYRD, 15 minutes—

Mr. BYRD. When would that be?

Mr. DOMENICI. That would probably be—I am just going to guess with the Senator, but I am thinking it would be like quarter of 8.

Mr. BYRD. Quarter of 8. I could have had my speech made.

Mr. DOMENICI. I know. We are just not as good at putting things together.

Would the Senator want to do that sooner?

Mr. BYRD. I will only need 12 or 15 minutes.

Ms. MOSELEY-BRAUN. Reserving the right to object, I was not clear whether or not the Senator's request included a request to stack votes on these amendments. I would have to object to that, to stack the votes.

Mr. DOMENICI. I did not hear the Senator.

Ms. MOSELEY-BRAUN. I would object to the stacked votes.

Mr. DOMENICI. I will tell you the leader wanted the votes stacked, so if you do not want to accept it, I will stand here on the floor and speak until 9 o'clock. I do not know why we could not agree to stack the votes.

Mr. LAUTENBERG. I also have to reserve the right to consult with our leader to see if we could not make that a little bit later than 9 so that we can—

Mr. DOMENICI. Madam President, I would ask that all my unanimous-consent requests be vitiated and we proceed to a vote, except the one that we will vote at 6:30 on Senator GRAMM's

amendment. And then we will stand around here and try to work it out.

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

AMENDMENTS NOS. 326, 327, AND 328

Mr. MCCAIN. Will the Senator yield?
Mr. DOMENICI. I will be pleased to yield.

Mr. MCCAIN. I ask unanimous consent to send to the desk three amendments.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. No objection.

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

Mr. MCCAIN. I yield the floor.

The PRESIDING OFFICER. The clerk will report the amendments.

The legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN] proposes amendments numbered 326, 327, and 328.

Mr. MCCAIN. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 326

(Purpose: To express the sense of the Senate regarding truth in budgeting and spectrum auctions)

At the appropriate place in the resolution, insert the following:

SEC. . SENSE OF THE SENATE.

(a) The Senate finds that:

(1) The electromagnetic spectrum is the property of the American people and is managed on their behalf by the Federal Government;

(2) The spectrum is a highly valuable and limited natural resource;

(3) The auctioning of spectrum has raised billions of dollars for the Treasury;

(4) The estimates made regarding the value of spectrum in the past have proven unreliable, having previously understated and now overstating its worth;

(5) Because estimates of spectrum value depend on a number of technological, economic, market forces, and other variables that cannot be predicted or completely controlled, it is not possible to reliably estimate the value of a given segment of spectrum; therefore,

(b) It is the Sense of the Senate that as auctions occur as assumed by this Resolution, the Congress shall take such steps as necessary to reconcile the difference between actual revenues raised and estimates made and shall reduce spending accordingly if such auctions raise less revenue than projected.

AMENDMENT NO. 327

(Purpose: To express the sense of the Senate with respect to certain highway demonstration projects)

At the appropriate place, insert the following:

SEC. . HIGHWAY DEMONSTRATION PROJECTS.

(a) FINDINGS.—The Senate finds that—

(1) 10 demonstration projects totaling \$362 million were listed for special line-item funding in the Surface Transportation Assistance Act of 1982;

(2) 152 demonstration projects totaling \$1.4 billion were named in the Surface Transportation and Uniform Relocation Assistance Act of 1987;

(3) 64 percent of the funding for the 152 projects had not been obligated after 5 years

and State transportation officials determined the projects added little, if any, to meeting their transportation infrastructure priorities;

(4) 538 location specific projects totaling \$6.23 billion were included in the Intermodal Surface Transportation Efficiency Act of 1991;

(5) more than \$3.3 billion of the funds authorized for the 538 location specific-projects remained unobligated as of January 31, 1997;

(6) the General Accounting Office determined that 31 States plus the District of Columbia and Puerto Rico would have received more funding if the Intermodal Surface Transportation Efficiency Act location-specific project funds were redistributed as Federal-aid highway program apportionments;

(7) this type of project funding diverts Highway Trust Fund money away from State transportation priorities established under the formula allocation process and under the Intermodal Surface Transportation and Efficiency Act of 1991;

(8) on June 20, 1995, by a vote of 75 yeas to 21 nays, the Senate voted to prohibit the use of Federal Highway Trust Fund money for future demonstration projects;

(9) the Intermodal Surface Transportation and Efficiency Act of 1991 expires at the end of the Fiscal Year 1997; and

(10) hundreds of funding requests for specific transportation projects in Congressional Districts have been submitted in the House of Representatives.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) notwithstanding different views on existing Highway Trust Fund distribution formulas, funding for demonstration projects or other similarly titled projects diverts Highway Trust Fund money away from State priorities and deprives States of the ability to adequately address their transportation needs;

(2) States are best able to determine the priorities for allocating Federal-Aid-To-Highway monies within their jurisdiction;

(3) Congress should not divert limited Highway Trust Fund resources away from State transportation priorities by authorizing new highway projects; and

(4) Congress should not authorize any new demonstration projects or other similarly-titled projects.

AMENDMENT NO. 328

(Purpose: To express the sense of the Senate that the revenues generated under legislation described in section 207 should not be appropriated before the enactment of legislation to reauthorize and reform the National Rail Passenger Corporation)

At the appropriate place, insert the following:

SEC. . SENSE OF THE SENATE REGARDING AMTRAK.

It is the sense of the Senate that any revenues generated to finance an intercity passenger rail fund under section 207 of this resolution shall not be appropriated to the National Rail Passenger Corporation until such time as legislation has been signed into law to reauthorize and reform the National Rail Passenger Corporation.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Madam President, if all this has come apart, I would like to remind the Chair that when I recognized Senator DORGAN and the cast of thousands here, in that unanimous-consent request was the request that we first consider, we deal with two amendments of mine, one that I thought was

agreed to and one that I knew was going to be somewhat controversial. I just simply want to reaffirm, if all these other deals are off, that that unanimous-consent request is still there, and that after this vote the pending business would be my amendment.

Now, I am perfectly willing to let the Senator from Illinois go before me, but if that is not going to work out, I want to go ahead and claim the right that I had under that unanimous-consent agreement.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I concur with that.

Mr. LAUTENBERG. I wonder if we can just take a minute to confer with our leader.

AMENDMENT NO. 318

Mr. LAUTENBERG. Have the yeas and nays been ordered on the Gramm amendment?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. LAUTENBERG. I move to table the Gramm amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. GRAMM. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. There is a sufficient second on the motion to table.

Mr. LAUTENBERG. And the yeas and nays are ordered. Is that correct?

The yeas and nays were ordered.

Mr. DOMENICI. The time has come for a vote.

The PRESIDING OFFICER. The yeas and nays have been ordered. The question is on agreeing to the motion to table the amendment. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Idaho [Mr. KEMPTHORNE] is necessarily absent.

The result was announced—yeas 68, nays 31, as follows:

[Rollcall Vote No. 77 Leg.]

YEAS—68

Akaka	Feingold	Lott
Baucus	Feinstein	Lugar
Bennett	Ford	Mikulski
Biden	Frist	Moseley-Braun
Bingaman	Glenn	Moynihan
Bond	Gorton	Murkowski
Boxer	Graham	Murray
Breaux	Grassley	Reed
Bryan	Hagel	Reid
Bumpers	Harkin	Robb
Byrd	Hollings	Roberts
Chafee	Inouye	Rockefeller
Cleland	Jeffords	Sarbanes
Cochran	Johnson	Smith (OR)
Collins	Kennedy	Snowe
Conrad	Kerrey	Specter
D'Amato	Kerry	Stevens
Daschle	Kohl	Thompson
DeWine	Landrieu	Torricelli
Dodd	Lautenberg	Warner
Domenici	Leahy	Wellstone
Dorgan	Levin	Wyden
Durbin	Lieberman	

NAYS—31

Abraham	Campbell	Faircloth
Allard	Coats	Gramm
Ashcroft	Coverdell	Grams
Brownback	Craig	Gregg
Burns	Enzi	Hatch

Helms	McCain	Shelby
Hutchinson	McConnell	Smith (NH)
Hutchison	Nickles	Thomas
Inhofe	Roth	Thurmond
Kyl	Santorum	
Mack	Sessions	

NOT VOTING—1

Kemphorne

The motion to lay on the table the amendment (No. 318) was agreed to.

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

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

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. DOMENICI. Madam President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator from West Virginia has the floor.

Mr. BYRD. Madam President, I propound a parliamentary inquiry. There was some confusion about the unanimous-consent requests that were made just before the vote and as to whether or not some of those requests have been agreed to and remain to be fulfilled. That is my question.

The PRESIDING OFFICER. The Chair is uncertain whether a unanimous-consent agreement was reached with respect to the amendment of the Senator from Kansas to go next.

Mr. BYRD. Madam President, our other distinguished President pro tempore is on the floor, and we have a very good attendance. I ask unanimous consent, notwithstanding any previous order, I might proceed at this time for not to exceed 15 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Reserving the right to object, I wonder if our colleague from West Virginia would simply permit me to offer an amendment.

Mr. BYRD. And have it laid aside?

Mr. KYL. Exactly.

Mr. BYRD. I have no objection.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Reserving the right to object, and I shall not object, I would like to make the same request of the Senator from West Virginia in order to offer three amendments.

Mr. BYRD. I have no objection.

Mr. GRAMS addressed the Chair.

Mr. BYRD. I retain my right to the floor.

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. GRAMS. Reserving the right to object, and I will not object, I also just would like to offer an amendment and lay it aside.

Mr. BYRD. Madam President, I ask unanimous consent that all Senators presently on the floor who have amendments which they wish to offer so they will be properly offered, I ask that they be allowed to offer them.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia that all Senators who wish to offer amendments be permitted to do so under the terms of the unanimous-consent request?

Mr. DOMENICI. Madam President, reserving the right to object, I say to Senators, before we leave here tonight—and we are going to come back and vote at 9—we hope by that time to have a unanimous-consent arrangement so Senators will not have to each stand up and send those amendments to the desk. Madam President, I say to Senator BUMPERS, we hope to have that done, but if he wants to do it now while he is on the floor, fine.

Mr. BUMPERS. It will take 10 seconds.

Mr. DOMENICI. I have no objection to the Senator's request.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. It is very generous of the Senator from West Virginia to propound this request. I certainly do not object, but understand, I say to my colleagues, that the amendments then should go up immediately.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

AMENDMENT NOS. 333, 334, AND 335

Mr. LAUTENBERG. Madam President, I have one amendment I send to the desk on behalf of Senator DODD, and I have two amendments which I send to the desk on behalf of Senator MOSELEY-BRAUN.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Jersey [Mr. LAUTENBERG] proposes amendments numbered 333, 334 for Ms. MOSELEY-BRAUN and amendment numbered 335 for Mr. DODD.

Mr. LAUTENBERG. Madam President, I ask unanimous consent that the reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 333

(Purpose: To express the sense of the Senate regarding the use of budget savings)

At the appropriate place, insert the following:

SEC. . SENSE OF THE SENATE REGARDING THE USE OF BUDGET SAVINGS.

(a) FINDINGS.—The Senate makes the following findings:

(1) Poverty rates among the elderly are at the lowest level since our Nation began to keep poverty statistics, due in large part to the social security system and the medicare program.

(2) Twenty-two percent of every dollar spent by the Federal Government goes to the social security system.

(3) Eleven percent of every dollar spent by the Federal Government goes to the medicare program.

(4) Currently, spending on the elderly accounts for 1/3 of the Federal budget and more than 1/2 of all domestic spending other than interest on the national debt.

(5) Future generations of Americans must be guaranteed the same value from the social security system as past covered recipients.

(6) According to the 1997 report of the Management Trustee for the social security trust funds, the accumulated balance in the Federal Old-Age and Survivors Insurance Trust Fund is estimated to fall to zero by 2029, and the estimated payroll tax at that time will be sufficient to cover only 75 percent of the benefits owed to retirees at that time.

(7) The accumulated balance in the Federal Hospital Insurance Trust Fund is estimated to fall to zero by 2001.

(8) While the Federal budget deficit has shrunk for the fourth straight year to \$67,000,000,000 in 1997, measures need to be taken to ensure that that trend continues.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that budget savings in the mandatory spending area should be used—

(1) to protect and enhance the retirement security of the American people by ensuring the long-term future of the social security system;

(2) to protect and enhance the health care security of senior citizens by ensuring the long-term future of the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.); and

(3) to restore and maintain Federal budget discipline to ensure that the level of private investment necessary for long-term economic growth and prosperity is available.

AMENDMENT NO. 334

(Purpose: To express the sense of the Senate regarding the value of the social security system for future retirees)

At the appropriate place, insert the following:

SEC. . SENSE OF THE SENATE REGARDING THE VALUE OF THE SOCIAL SECURITY SYSTEM FOR FUTURE RETIREES.

(a) FINDINGS.—The Senate makes the following findings:

(1) The social security system has allowed a generation of Americans to retire with dignity. Today, 13 percent of the population is 65 or older and by 2030, 20 percent of the population will be 65 or older. More than ½ of the elderly do not receive private pensions and more than ⅓ have no income from assets.

(2) For 60 percent of all senior citizens, social security benefits provide almost 80 percent of their retirement income. For 80 percent of all senior citizens, social security benefits provide over 50 percent of their retirement income.

(3) Poverty rates among the elderly are at the lowest level since the United States began to keep poverty statistics, due in large part to the social security system.

(4) Seventy-eight percent of Americans pay more in payroll taxes than they do in income taxes.

(5) According to the 1997 report of the Management Trustee for the social security trust funds, the accumulated balance in the Federal Old-Age and Survivors Insurance Trust Fund is estimated to fall to zero by 2029, and the estimated payroll tax at that time will be sufficient to cover only 75 percent of the benefits owed to retirees at that time.

(6) The average American retiring in the year 2015 will pay \$250,000 in payroll taxes over the course of his or her working career.

(7) Future generations of Americans must be guaranteed the same value from the social security system as past covered recipients.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that no change in the social security system should be made that would reduce the value of the social security system for future generations of retirees.

AMENDMENT NO. 335

(Purpose: To ensure that the concurrent resolution conforms with the Bipartisan Budget Agreement to restrict revenue reductions over the ten-year period)

On page 41, line 9 strike the period and add, “and \$250,000,000,000 for the period of fiscal years 1998 through 2007”.

Mr. LAUTENBERG. I ask unanimous consent that the amendments be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Arkansas.

AMENDMENT NOS. 330, 331 AND 332

Mr. BUMPERS. I ask unanimous consent that the pending amendment be temporarily laid aside in order for me to offer three amendments, which I send to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] proposes amendments numbered 330, 331 and 332.

Mr. BUMPERS. Madam President, I ask unanimous consent that the reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 330

(Purpose: To delay the effectiveness of the tax cuts assumed in the Budget Resolution until the Federal budget is balanced)

Change the figure on line 11 of page 3 to zero.

Change the figure on line 12 of page 3 to zero.

Change the figure on line 13 of page 3 to zero.

Change the figure on line 14 of page 3 to zero.

Strike lines 7-9 on page 41 and insert in lieu thereof the following:

“reduce revenues by not more than \$20,500,000,000 in fiscal year 2002 and \$20,500,000,000 for the period of fiscal years 1998 through 2002.”

AMENDMENT NO. 331

(Purpose: To ensure that the Medicare cuts that will be enacted are not used to pay for tax cuts and that instead the tax cuts are completely paid for by the closure of tax loopholes)

Strike lines 7-9 on page 41 and insert in lieu thereof the following:

“Raise revenues by \$19,500,000,000 in fiscal year 2002 and \$30,000,000,000 for the period of fiscal years 1998 through 2002.”

AMENDMENT NO. 332

(Purpose: To express the Sense of the Senate that no budget reconciliation bill shall increase the Federal deficit, either during the five year scoring period or thereafter)

Add the following new section at the appropriate place in the Resolution:

“SEC. . SENSE OF THE SENATE OPPOSING THE ENACTMENT OF RECONCILIATION LEGISLATION WHICH ADDS TO THE FEDERAL DEFICIT.

“(a) FINDINGS.—The Congress finds that—

“(1) the Congressional Budget Act allows for a point of order to be raised against a Budget Reconciliation Bill or a particular Title of a Budget Reconciliation Bill if the Bill or Title would increase the deficit during a fiscal year covered by the Bill;

“(2) the Congressional Budget Act allows for a point of order to be raised against a

Budget Reconciliation Bill or a particular Title of a Budget Reconciliation Bill if the Bill or Title would increase the deficit during a fiscal year after the year covered by the Bill; and

“(3) the purpose of the Budget Reconciliation process is to enact legislation to reduce the Federal budget deficit.

“(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Senate should not enact Budget Reconciliation legislation which increases the Federal Budget deficit either during any fiscal year covered by the Reconciliation legislation or any fiscal year thereafter.

The PRESIDING OFFICER. The Senator from West Virginia still has control.

Mr. BUMPERS. I am sorry, I thought the Senator had yielded for that purpose.

Mr. BYRD. I think I made a request. If I may be heard, my request was that all Senators who are presently on the floor may be permitted to send their amendments to the desk, and it will be considered as having been offered in order to comply with the requests that amendments be filed before the day ends. So I think that takes care of it.

Mr. BUMPERS. Let me ask the Senator from West Virginia, is his request that all Senators can simply send their amendments to the desk without the formality of offering them from the floor?

Mr. BYRD. That was my request. I do not know if it was objected to.

The PRESIDING OFFICER. That was the agreement that was agreed to.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Madam President, we have an agreement on the amendment that is pending subject to just a modification. Can we do the modification in 30 seconds and clear the floor and then let both our distinguished senior Senators speak, and then we can start the whole process again? We can do that in 30 seconds. Can we do that?

Mr. BYRD. I have no objection to that. I just hope we will not lose an audience before I get to speak.

Mr. GRAMM. We can add Senator THURMOND to the unanimous-consent request and let both speak. I think it will be good.

Mr. DOMENICI. Senator BROWNBACK has an amendment just like yours. Can we take it right after yours? It will take 10 minutes.

Mr. BROWNBACK. Good, and I promise I will stay around and listen.

AMENDMENT NO. 317, AS MODIFIED

Mr. GRAMM. Madam President, I send a modification to the desk to amendment No. 317. All the amendment says is it is a sense of the Senate that we need to move toward setting aside in advance funding for emergencies; that we ought to ask Presidents to submit budgets that prepare for emergencies. We know we are going to have them every year. We have averaged \$7 billion in emergency spending for the last 6 years. We ought to go ahead and make it part of the process that these are funded in advance.

This is a sense-of-the-Senate resolution. Obviously, we will have to vote on this to get to appropriations, but it has been cleared on both sides.

I thank our colleagues for accepting it.

The PRESIDING OFFICER. Is there objection to amendment No. 317 being modified?

Mr. DOMENICI. We have no objection.

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

The amendment, as modified, is as follows:

At the end of title III insert the following:
SEC. . SENSE OF THE SENATE ON DISASTER ASSISTANCE FUNDING.

(a) FINDINGS.—The Senate finds that—
(1) emergency spending adds to the deficit and total spending;

(2) the Budget Enforcement Act of 1990 exempts emergency spending from the discretionary spending caps and pay-go requirements;

(3) the Budget Enforcement Act of 1990 expires in 1989 and needs to be extended;

(4) since the enactment of the Budget Enforcement Act, Congress and the President have approved an average of \$5.8 billion per year in emergency spending;

(5) a natural disaster in any particular State is unpredictable, but the United States is likely to experience a natural disaster almost every year.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the functional totals underlying this concurrent resolution on the budget assume that the Congress should consider in the extension on the Budget Enforcement Act and in appropriations acts—

(1) provisions that budget for emergencies or that require emergency spending to be offset;

(2) provisions that provide flexibility to meet emergency funding requirements associated with natural disaster;

(3) Congress and the President should consider appropriating at least \$5 billion every year within discretionary limits to provide natural disaster relief;

(4) Congress and the President should not designate any emergency spending for natural disaster relief until such amounts provided in regular appropriations are exhausted.

The PRESIDING OFFICER. Is there further debate on amendment No. 317, as modified?

Without objection, the amendment is agreed to.

The amendment (No. 317), as modified, was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. BROWNBACK addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

AMENDMENT NO. 329

(Purpose: To express the sense of the Senate on enforcement of the bipartisan budget agreement)

Mr. BROWNBACK. I have an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mr. BROWNBACK], for himself and Mr. KOHL, proposes an amendment numbered 329.

Mr. BROWNBACK. I ask unanimous consent that further reading of the amendment be dispensed with. We can do this very quickly.

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

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . SENSE OF THE SENATE ON ENFORCEMENT OF BIPARTISAN BUDGET AGREEMENT.

(a) FINDINGS.—The Senate finds that—

(1) the bipartisan budget agreement is contingent upon—

(A) favorable economic conditions for the next 5 years;

(B) accurate estimates of the fiscal impacts of assumptions in this resolution; and
(C) enactment of legislation to reduce the deficit.

(2) if either of the conditions in paragraph (1) are not met, our ability to achieve a balanced budget by 2002 will be jeopardized.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the functional totals and limits in this resolution assume that—

(1) reconciliation legislation should include legislation to enforce the targets set forth in the budget process description included in the agreement and to ensure the balanced budget goal is met; and
(2) such legislation shall—

(A) establish procedures to ensure those targets are met every year;

(B) require that the President's annual budget and annual Congressional concurrent resolutions on the budget comply with those targets every year;

(C) consider provisions which provide that if the deficit is below or the surplus is above the deficits projected in the agreement in any year, such savings are locked in for deficit and debt reduction; and

(D) consider provisions which include a provision to budget for and control emergency spending in order to prevent the use of emergencies to evade the budget targets.

Mr. BROWNBACK. Senator KOHL and I have a great deal of concern about getting some enforcement mechanisms put into place during reconciliation so that the budget agreement that is reached, if it is passed, is then enforced. It is in the reconciliation of the bill. That is what this amendment will do. We need to work together during reconciliation to enforce the targets that have been established.

Madam President, this is a hopeful budget deal. We must hope that we do not have one slight downturn in the economy. We must hope that we did not make one flawed assumption, and we must hope that we don't have a national emergency.

Madam President, no matter how well intended things may be, things don't always work out the way you hope they will. If any one of these hopeful events don't occur, then the budget won't be balanced. This is why Senator KOHL and I are offering this sense-of-the-Senate amendment.

This budget deal was only made possible because the night before the agreement, CBO found an extra \$225 billion in revenues.

This deal assumes we will be able to achieve 72 percent of the savings in the last 2 years with more than half occurring in the last year.

And because these numbers are so fragile and ever-changing at best, and because this budget promises to balance without much real fiscal restraint, it is imperative that we enact strong budget enforcement reforms to assure that the goals of this deal are reached.

We cannot simply rely on hope to end this cycle of debt we are passing onto our children. To make balancing the budget a reality, this deal needs teeth. We need to strengthen this deal by at least enforcing it.

This amendment does not change any numbers, it does not alter any of the goals of this agreement. It only says that Congress should put in place tools to make sure this deal is honored.

What is in the amendment?

This amendment requires that this summer the Budget Committee report a bill that requires: That every year the President sends Congress a budget that complies with this agreement; that the budget adopted by Congress complies with this agreement; provides that if the deficit is below the targets set out in this budget that the money is not spent, rather it shall be saved; that emergency spending is paid for; and this amendment establishes legal procedures that will assure that the goals of this agreement are reached.

Mr. KOHL. Madam President, I rise as a supporter of this budget and as a sponsor of the Brownback-Kohl enforcement amendment. This budget deserves the support of the Senate for several reasons.

It is bipartisan and centrist. It finds priorities—like education and child health—that transcend party lines. It includes reasonable tax relief targeted toward families and economic growth. It balances the budget by the year 2002, and it produces surpluses to reduce the debt in the years after that.

In this budget, the Congress and the administration have found a way to do what the American people have long asked us to do: Balance the budget in a balanced manner—grow the economy without growing income inequality—strengthen the country by strengthening the working family.

The amendment I offer today with my colleague from Kansas makes this very good budget stronger. It calls on the Budget Committee to report enforcement legislation that will lock in the deficit targets in the agreement.

While there are some enforcement provisions in the budget deal, we don't think they go far enough. Our amendment calls for enforceable caps on all parts of the budget—entitlements, discretionary spending, and tax expenditures. It requires windfall savings from a good economy or lower than anticipated spending to be locked in to deficit reduction. And it calls for reform in emergency spending procedures so that Congress cannot use true disasters as

an excuse for off-budget spending on favorite programs.

Again, said. Out amendment does not change the budget deal. It strengthens it. It guarantees that the balanced budget becomes a reality. And it will assure the American people that we are serious about reaching balance by 2002.

It is important that we make that assurance. This budget is open to criticism because it increases the deficit from \$67 to \$90 billion in 1998 and 1999 before bringing it to 0 in 2002. All of the deficit reduction in this agreement occurs after the turn of the century.

We simply are not credible if we promise to cut the deficit a couple of years down the road. People have heard that from Congress for too long. I urge my colleagues to support this budget—and more. I urge them to commit to it by agreeing on strong enforcement procedures that will guarantee the deficit reduction we promise. I urge my colleagues to support the Brownback-Kohl amendment.

Mr. BROWNBACK. I ask that this amendment be agreed to by unanimous consent. It has been worked out between the parties.

The PRESIDING OFFICER (Mr. ENZI). Is there further debate on the amendment? If there is no objection, amendment No. 329 is agreed to.

The amendment (No. 329) was agreed to.

The PRESIDING OFFICER. The Senator from West Virginia, under the previous order, is recognized.

Mr. DOMENICI. Would the Senator permit me one thing?

Mr. BYRD. Yes.

Mr. DOMENICI. I gather Senator BYRD is going to speak and then Senator THURMOND is going to speak. Then I would ask unanimous consent two amendments be in order and in the following sequence: Senator MOSELEY-BRAUN—and how much time did the Senator want to take on her amendment?

Ms. MOSELEY-BRAUN. It was my understanding that I would be allowed an hour tonight and then some time in the morning to vote on it.

Mr. DOMENICI. Do you want the whole hour? That is all I am asking.

Ms. MOSELEY-BRAUN. Yes, the whole hour.

Mr. DOMENICI. OK. Following the debate on her amendment, at the conclusion of the time, that Senator MACK be recognized to offer a sense-of-the-Senate resolution regarding the National Institutes of Health.

Mr. MACK. That is correct.

Mr. DOMENICI. Does the Senator want to reserve the statutory time of an hour?

Mr. MACK. I have already received requests of at least an hour.

Mr. DOMENICI. All right. That means then we will not resume voting until 9 o'clock or slightly thereafter when these matters have been finished. We will vote in sequence, first on Senator MOSELEY-BRAUN's and then on Senator MACK's. And we are reserving

the right to table either one if we so desire or if anyone desires to do that.

I ask unanimous consent that that request be granted.

The PRESIDING OFFICER. Is there objection?

Mr. CONRAD. Reserving the right to object. If I could get the—

Mr. DOMENICI. I get instructions, I am so sorry, that I am unaware of. I understand Senator MOSELEY-BRAUN will agree to have her vote be the first vote up in the morning.

Ms. MOSELEY-BRAUN. Yes.

Mr. DOMENICI. Tonight at 9 o'clock, we will vote on Senator MACK's proposal that I just described.

Would the Senator like to vote this evening?

Mr. MACK. I would like to have a recorded vote. This evening would be fine. My only question would be, are we really fixing a time at 9 o'clock or—

Mr. DOMENICI. We will not have a vote until 9 o'clock.

Mr. MACK. Sometime after that?

Mr. DOMENICI. At 9 or thereafter.

Mr. MACK. Very good.

Mr. DOMENICI. Any other Senators that might have an amendment they would like to call up tonight?

Mr. CONRAD. Yes, Mr. Chairman, if I might.

Mr. DOMENICI. You are in.

Mr. CONRAD. I would like to get included in this train. I would like to get in on this one.

Mr. DOMENICI. Do you want to follow whatever we have just indicated the sequence is? You will follow thereafter with a speech here on the floor. I ask unanimous consent for that to be added to the request.

Mr. CONRAD. I thank the Senator.

Mr. DOMENICI. We will not agree to any other amendments at this time.

The PRESIDING OFFICER. Is there any objection to the request? Without objection, it is so ordered.

The Senator from West Virginia.

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

Mr. DOMENICI. I thank Senator BYRD.

Mr. BYRD. I thank the Senator.

SENATOR THURMOND'S MILESTONE

Mr. BYRD. Mr. President, we are told in the Holy Bible that Abraham lived to be 175 years old, that Isaac lived to be 180 years old, that Jacob lived to be 147 years old, and that Joseph lived to be 110 years old. I have consulted Scripture to see if there is any account of record with respect to the Senator who is the senior Senator of this body, STROM THURMOND, and I found that nothing had yet been entered in regard to that venerable gentleman.

I rise today to call attention to a very historic and significant happening that will occur on this coming Sunday, May 25, when the senior Senator from South Carolina becomes the longest serving Senator in the history of the U.S. Senate. On that day, Senator

STROM THURMOND, whose service began on December 24, 1954, will surpass the record set by Arizona Senator Carl Hayden, who served 41 years and 10 months between 1927 and 1969. In the entire 208-year history of the U.S. Senate, only three Senators—STROM THURMOND, Carl Hayden, and John Stennis of Mississippi—served for more than 40 years.

I should point out that Senator Hayden had previously spent 15 years in the House of Representatives, giving him a combined 56 years in Congress, a record matched by no one else in either the House or Senate.

I stand fourth on the overall list of seniority in the Senate, with 38 years and 5 months of service to date, which does not count the 6 years that I spent in the House of Representatives, beginning in January 1953, before I came to the Senate. The rest of the "top 10" include Senators Richard Russell, Russell Long, Francis Warren, James Eastland, Warren Magnuson, and Claiborne Pell. It is worthy of note that while there have been Senators throughout our history—1,843 Senators in our 208-year history—at the time that Senator Hayden retired in 1969, 9 of these top 10 Senators were then serving together in the Senate. That is quite a remarkable thing, I think. Longevity of Senate service is clearly a modern phenomenon.

Longevity records have been set on three prior occasions in the 20th century. In 1905, William Allison, an Iowa Republican, broke the previous record of 31 years and 11 months. In 1928, Senator Francis Warren, a Wyoming Republican, broke Allison's record. And in 1964, Senator Carl Hayden, an Arizona Democrat, surpassed Warren's tenure. Now Senator THURMOND, a Republican from the State of South Carolina, will move past Senator Hayden's record.

It is fitting for those of us in the Senate to pay tribute to Senator THURMOND on this occasion. I note that on February 19, 1962, the Senate honored Senator Hayden when he became the first person to have served in Congress 50 years. On June 19, 1970, we commemorated Senator Mike Mansfield's becoming the longest-serving Democratic leader of the Senate. And on December 22, 1995, we similarly celebrated Senator Bob Dole's breaking of his party's leadership record.

It is also fitting for us to recall the great sweep of American history represented in Senator THURMOND's long political career. And it is indeed a remarkable political career. If one will just take the time to look at the Congressional Directory, he will view with astonishment and amazement the political record of Senator THURMOND. He won his first election as Edgefield County superintendent of schools in 1928, when he was 26 years old. Calvin Coolidge then occupied the White House, soon to be replaced by Herbert Hoover, who was elected President that year. The boom times of the Roaring