(One trillion, sixty-nine billion, three hundred thirty-seven million) which reflects a debt increase of more than $4 trillion—$4,262,934,639,188.30 (Four trillion, two hundred sixty-two billion, nine hundred thirty-four million, six hundred thirty-nine thousand, one hundred eighty-eight dollars and thirty cents) during the past 15 years.

DRUG FREE COMMUNITIES ACT OF 1997

Mr. LEAHY. Mr. President, I am pleased that the Senate yesterday passed H.R. 956, the Drug Free Communities Act of 1997. I have long been a supporter of substance abuse prevention programs, particularly for our youth, and was a cosponsor of the Senate's companion bill, S. 536.

I am glad to see that my Republican colleagues have taken a second look at these types of prevention programs since the debate over the 1994 crime law. It clearly was time to stop debating the usefulness of prevention programs and instead make sure we authorized and funded such programs as the Drug Free Communities Act.

Community-based prevention programs have proven to be an effective way to combat the problem of youth drug abuse. Throughout the country there are groups, large and small, public and private, whose mission is to reduce drug use among our young people. Many of these groups form coalitions, pool their resources, and work together to reach that goal. Groups such as D.A.R.E., MADD, the Partnership for a Drug-Free America, and Vermont's unique Kids N' Kops Program, serve communities every day with programs that involve entire communities and educate our youth in innovative ways so that they are secure in their decision not to use drugs. Those groups need to be supported and that is the purpose of H.R. 956.

Many Americans are concerned about the problem of juvenile crime and delinquency, and drug abuse is a contributing factor. According to a recent report from the Justice Department's Office of Juvenile Justice and Delinquency Prevention, the number of juvenile delinquency cases for drug offenses has increased significantly. In 1994, 61 percent of all delinquency cases were for drug offenses compared to 43 percent in 1985. Unfortunately, the proportion of drug offenses is higher in Vermont than the national average. Similarly disturbing are trends in the overall juvenile crime rate. While the juvenile violent crime rate dipped nationally in 1995, it rose in Vermont that same year. In addition, the number of juvenile violent crime arrests is 67 percent higher than in 1986.

That is why at the beginning of this year, I along with a number of my Democratic colleagues, introduced S. 15, the Youth Violence, Crime and Drug Abuse Control Act of 1997. This bill includes a number of initiatives to prevent juvenile crime and drug abuse, including providing funding for comprehensive drug education and prevention for all elementary and high school students, creating safe havens where children are protected from drugs, gangs, and crime. We must ensure that prevention programs and funding are included in S. 10, the Republican juvenile crime bill currently being considered in the Senate Committee on the Judiciary.

The Drug Free Communities Act of 1997 creates a 5-year, $143.5 million grant program to be run by Gen. Barry McCaffrey and the Office of National Drug Control Policy [ONCDP]. The purpose of the grant program is simple: to provide matching grants to community coalitions, particularly those dedicated to reducing drug abuse by young people. Established partnerships in local communities with positive track records can apply for grants of up to $100,000 per community. No new funding is required; it will come from redirecting money already in the $16 billion Federal antidrug budget.

In Vermont, these resources will be put to good use. With the movement of gangs into Vermont and the rise in youth drug use, more resources are needed to serve our children. I am proud of the work that many of community groups are doing in Vermont. The Orleans County Prevention Partnership [OCCP] in Newport, VT, has spent the last 6 years fighting youth crime and drug use. OCCP was formed based on the premise that communities already possess a wealth of knowledge and talent to deal with these problems, but need resources to coordinate and harness community talents to the fullest. Over the years, this partnership has grown from the original 17 members to the current 117 members, including all segments of Orleans County from church groups to law enforcement to schools. This commitment has led to great results: The OCCP reports that, in Orleans County, liquor consumption among middle schoolers is down 15 percent, as are DWI arrests of teens and arrests for drug crimes in all age groups. The Prevention Coalition based in Brattleboro is also doing terrific work in drug prevention efforts in the southern part of the State. These coalitions know as well as anyone about the benefits of targeted prevention programs and that community partnerships are an effective way to approach this problem. The passage of H.R. 956 will provide them another tool in this battle.

The PRESIDING OFFICER. Who seeks recognition?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I would like to be able to proceed for the time that was allotted to me, 15 minutes.

Therefore, I ask unanimous consent that morning business be extended for that period of time.

The PRESIDING OFFICER. Without objection, it is so ordered. The Chair observes that morning business was to end at 1 o'clock. The Senator from Massachusetts has asked unanimous consent to extend that time.

Without objection, it is so ordered.

OUR GOAL IS TO SAVE MEDICARE, NOT DESTROY IT

Mr. KENNEDY. Mr. President, the Finance Committee yesterday reported a bill that will tragically undermine Medicare as we know it. I'm sure that some will tell the American people that these changes are needed to preserve Medicare for future generations. I say, hogwash. The assault on Medicare that began in the last Congress is continuing with full force, and Congress should reject it this year, just as we rejected it last year.

There is no justification—none whatever—for Congress to rush forward with ill-considered changes in Medicare under the thinly veiled pretext of balancing the Federal budget. None of these basic changes in Medicare were part of the budget agreement. It is the height of hypocrisy for these who voted against including the Hatch-Kennedy children's health plan in the agreement last month to make this assault on Medicare part of the agreement this month.

In the last Congress, the assault on Medicare came in two steps. The first step was to make deep cuts in Medicare—$270 billion over 7 years, three times the amount necessary to restore the solvency of Medicare. The second step was to inflict enough damage to Medicare that it would wither away over time.

This year, the amount of cuts in Medicare is lower—$115 billion over 5 years—and was locked-in by the budget agreement. But the budget agreement was not strong enough to prevent the second part of the anti-Medicare strategy.

Medicare is still one of the most successful social programs ever enacted. It has brought health care and health security to tens of millions of senior citizens. We can deal with the financial problems of Medicare, but we must do it the right way, not the wrong way. Our goal is to save Medicare, not destroy it.

The proposal coming to the floor next week will raise the age of eligibility for Medicare from 65 to 67. If this increase passes, we will be breaking a compact made with millions of working Americans. Despite what supporters of this proposal claim, Medicare is not the same as Social Security on the age of eligibility.

A delay in eligibility for Social Security may result in delayed benefits or lower benefits, but people can still retire when they choose. By contrast, a delay in eligibility for Medicare will throw millions of seniors into the ranks of the uninsured. Unless we are willing to enact simultaneous insurance reforms to guarantee access to affordable and comprehensive coverage for this group, these senior citizens will be forced to go without the health security promised to them for the past 32 years.

The age of eligibility is precisely the type of issue that ought to be considered by the National Bipartisan Commission on the Future of Medicare. To change the age of eligibility suddenly, on the spur of the moment, in this reconciliation bill, is an unnecessary slap in the face of future beneficiaries. This shift should also concern big business, since the serious problems created by this dangerous policy will undoubtedly rest in part on its shoulders.

We must not undermine the foundation and structure of Medicare. Yet this bill would turn Medicare over to private sector insurers and managed care companies, pushing millions of elderly Americans into giving up their own doctors and joining private insurance plans.

If just half of all seniors leave Medicare and join private plans, insurance company premium revenues will increase by over $625 billion in 7 years. The increased profits for insurance companies will amount to almost $20 billion. The motive for the craven change is clear—to pad the profits of private insurance companies at the expense of the health security of millions of elderly Americans.

The claim is made that the plan offers seniors more choice. But the plan tips the scales heavily in favor of private insurers. It reduces payments to doctors under traditional Medicare, inducing them to either limit the number of Medicare patients they treat or leave the program. At the same time, it allows doctors in some private plans to charge fees far above what current law allows.

During the budget negotiations, Republicans and Democrats jointly agreed to set aside $1.5 billion to provide premium assistance for senior citizens with annual incomes between $9,500 and $11,800. Yet—despite this clear commitment—this needed assistance is not included in the Senate bill, and the House bill provides only one-third of the money under a proposal that is likely to be ineffective. More than 3 million beneficiaries fall into this category, most of whom are older women who live alone.

Where did this money go? At least a portion went to pay for an unnecessary test of medical savings accounts. Proponents claim that these high-deductible private plans will help Medicare by encouraging seniors to take responsibility for their own health care. But we know that MSA's are just another gift for the wealthy and the healthy. They will encourage the wealthiest beneficiaries to opt-out of Medicare and take their premiums with them, leaving the Government with the sickest patients and fewer dollars to pay for their care. Again, the real reason for this change is MSA's cost the taxpayers money while benefiting private insurers. The private insurance industry has been itching for 30 years to get its hands on Medicare, but that is no reason for this Congress to scratch that itch.

We are already spending approximately $1.5 billion between 1997–2002 to review the effect of MSA's in the private insurance market under last year's Kassebaum-Kennedy health insurance reform law. There is no need to gamble with scarce Medicare funds before an adequate evaluation of the current test is obtained. This additional demonstration program serves only to put another foot in the door in the misguided effort to turn Medicare into a private insurance plan.

Unfortunately, it is the low and moderate-income elderly who will suffer most from these proposals. Senior citizens already spend, on average, more than 20 percent of their income on health expenses. Ignoring this fact, the committee proposal also includes a new $5 per visit copayment for home health services under Medicare. This copayment alone will raise nearly $5 billion. It is a tax on the very senior citizens who are sick, and can least afford to pay it. It will fall disproportionately on the very old, the very ill and those with modest income.

Another extremely serious change for beneficiaries is the proposal to means-test the Medicare deductible. Unlike proposals to means-test the premium, which would apply to all beneficiaries, means-testing the deductible affects only those who actually use health services. It therefore imposes a sickness tax that undermines Medicare's fundamental policy of spreading risks and costs across all beneficiaries.

Supporters justify this step by claiming that most beneficiaries have supplemental insurance policies—called Medigap—which will cover the increase. But insurance companies do not set their rates based on income. So the additional costs will be reflected in higher Medigap premiums paid by all—unconscionably forcing lower income beneficiaries to subsidize the higher deductibles of the wealthier beneficiaries.

No one should be under any illusions about the impact of these provisions on Medicare. The issue is clear. On the question of whether senior citizens deserve decent health care in their retirement years, the answer of this bill is a resounding ''no.''

Taken together, the proposals in this plan give upper income beneficiaries no need to stay in Medicare—and every incentive to leave. This plan will destroy the successful social compact that if rich and poor alike contribute to the program, rich and poor alike will receive the same benefits.

Our priority should be to keep the promise of medical and financial security for senior citizens that Medicare provides. We are the guardians of that promise and we should oppose any schemes that violate it.

There is no question that Medicare will face serious challenges in the next century as a result of the retirement of the baby-boom generation. Today, there are nearly four adults of working age for every senior citizen. By the year 2030, that ratio will be only two workers for every senior citizen. But there is a right way and a wrong way to respond to that challenge. The wrong way is to destroy the program under the guise of saving it.

One right way that Congress should carefully explore has been suggested by a recent study at Duke University. It shows that the most important factor driving Medicare costs is not how many seniors are in the program, but how sick they are. The chronically ill, those who are disabled, account for the overwhelming majority of Medicare costs. In 1995, the average disabled senior citizen cost the program seven times as much as a nondisabled beneficiary. Saving just one senior citizen from disability saves Medicare an incredible $18,000 a year in costs on the average.

Over the last 12 years, the rate of disability dropped by an average of 1.3 percent per year. Maintaining and slightly raising that rate of decline to 1.5 percent a year could make the Medicare Program solvent far into the 21st century—without destructive benefit cuts or major tax increases. This is a far better way to save Medicare for the long haul. It will put Medicare's fiscal house in order, and enable all Americans to live longer and healthier lives. It is unacceptable for Congress to make deep and excessive cuts in Medicare without exploring this alternative.

In fact, we need to do more, not less, to provide good health care to senior citizens. We need to double our investment in biomedical research over the next 5 years.

It has been a bipartisan effort. Senator MACK has been a leader. Senator SPECTER, Senator HARKIN, and many others on both sides of the aisle have provided leadership in this area. We need to make sure that every senior citizen receives the best and most up to date medical care. We need to encourage every American—and especially senior citizens—to follow healthier lifestyles and receive good preventive medicine. I am pleased that one of the positive parts of this reconciliation bill is its expansion of preventive benefits for Medicare beneficiaries, including annual mammograms, colorectal cancer screening, and diabetes self-management. But this is one of the few bright spots in an otherwise destructive approach to the long-term health of Medicare and its beneficiaries.

Today the Finance Committee will also mark-up its tax proposal. There is little reason to expect that the result will be any fairer than the assault on Medicare. Our goal next week is clear.

Next week also as an amendment to the reconciliation bill Senator HATCH and I intend to offer our proposal for children's health insurance, paid for by an increase in the tobacco tax. Clearly the provisions in the Finance Committee plan, which will cover fewer than one out of three of America's uninsured children, fall far short of any responsible initiative to deal with the urgent health needs of our children. We were encouraged that a strong bipartisan majority of the Finance Committee voted to include our legislation in their bill. Now we have a realistic opportunity on the floor to guarantee every American child a healthy start in life. I urge the Senate to support it.

Congress can balance the budget with fairer Medicare changes to protect senior citizens, expanded health care for children fully paid for by an increased tobacco tax, and we can still balance the budget with fairer tax cuts to help working families. As those major battles reach the Senate floor, we will have a chance to correct the many serious injustices in the current proposals, and I look forward to working with my colleagues to do so.

Mr. President, I have a chart about the average Medicare outlays per beneficiary. If you take the healthiest 90 percent of Medicare beneficiaries, we only spend $1,444; the sickest, 10 percent; on which we spend $36,960 a year. If we are able to reduce the sickest and those that have chronic disabilities, we can have a dramatic impact on the financial stability of our Medicare system. And we certainly ought to take a hard look at that before we start cutting the benefits, and raising copays and deductibles for those on Medicare in the way that the Finance Committee has done so in the last few days.

Mr. President, I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from North Dakota.

EXTENSION OF MORNING BUSINESS

Mr. DORGAN. Mr. President, I ask unanimous consent that morning business be extended for 15 minutes, and that Senator DURBIN from Illinois and I be recognized in the 15-minute period.

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

THE TAX BILL

Mr. DORGAN. Mr. President, Senator DURBIN and I want to visit a bit with our colleagues about the tax bill that is now being written in the Senate Finance Committee, and the tax cut bill that was written by the House Ways and Means Committee—to talk about who will receive the benefits of this legislation.

I served for 10 years on the House Ways and Means Committee, and was involved in the writing of tax legislation. And I understand that, generally speaking, when tax legislation is written you have a lot of very important interests who come to the table and want to have access to some of the benefits of the tax cuts. My concern is that when Congress decides to provide tax cuts that it provide tax cuts especially to working families in this country who have seen an increase in their payroll taxes.

One of the circumstances that exists now in this country is that nearly two-thirds of the American people pay higher payroll taxes than they pay in income taxes. Yet, every time we talk about tax cuts around here we have folks who talk about the tax cuts that will generally say if you invest you are going to be exempt but if you work you are going to be taxed. In other words, they go right back to the old approach: Let's tax work and exempt investment. I happen to think investment is a worthy thing. We ought to encourage more of it in this country for those who work. Why can't we construct a tax bill that will value work as much as we value investment?

It is interesting to me that the bill that was constructed by the House of Representatives is a proposed tax cut bill which says here is the way we are going to deal out our tax cuts. We are going to provide for the bottom 60 percent of the people in this country that—if you have a table and the American people are sitting around that table—the bottom 60 percent of income earners are going to get 12 percent of the tax cuts. Then we say for the top 10 percent of the income earners around this table that you are going to get 43 percent of the tax cut.

Let me put it a different way. It says for the bottom 20 percent of the working population in this country you are going to get one-half of 1 percent of the total tax cut given by Congress. The bottom 20 percent gets one-half of 1 percent, and the top 1 percent gets nearly 20 percent of the benefit of the tax cut.

You can construct a tax cut that is much more fair than that.

The tax increases that people have experienced in this country in recent years has been the payroll tax. The folks who go to work—especially at the lower wages and then find their wages are largely frozen. It is hard to get out of those brackets. But the one thing that isn't frozen is the payroll tax, and they have to pay higher and higher payroll taxes.

What happens to them is—despite the fact they have not had increases in income but they have had increases in payroll taxes—when it comes time to figure out how Congress is going to give back some taxes and provide tax relief, they discover that the tax relief isn't really available to them. It is going to be available to the folks at the top. Those are the folks that have had the biggest income increase—the highest increase in income—in recent years. Frankly, they do not pay anywhere near the kind of payroll taxes because their payroll taxes end at a certain level. The folks at the bottom pay a payroll tax on every dollar of income. Those are the taxes that increase.

But here are some of the concerns that we have about the tax bill. Senator DURBIN and I hope that when the legislation is finished by the Senate Finance Committee that it will come to the floor with a distribution table that is fair for the middle- and lower-income working families so they can get some real tax relief.

But the child tax credit, which I think makes some sense, is not refundable. Therefore, the folks who do not make enough money but are still working and paying payroll taxes—incidentally paying higher payroll taxes—are not going to get the full benefit of the child tax credit.

This chart shows that the child tax credit is not going to be available to 40 percent of American children. There was an adjustment in the last day that will decrease that to about 30 percent. That does not make any sense.

Make that available so that the working people can get a child tax credit. Make that available to them, and that can be helpful to them with real tax relief.

This is the distribution of the House tax bill proposal. It is the same old thing. There is no secret here. If you are fortunate enough to be in the top 1 percent of the income earners, you are going to get a whopping $12,000 tax cut. And if you are down at the bottom 15 percent, or so, of the income earners, you are going to get a $14 tax cut.

It is the old cake and crumbs theory. If you are somewhere up near the top, you get the cake. If you are earning somewhere down near the bottom, you get the crumbs.

Yet those who face higher taxes in this country are the ones who are paying the payroll taxes. That especially hurts those at the bottom of the income level.

We hope that when the Congress, and the Senate Finance Committee in this case, brings a bill to the floor of the Senate that we will see a distribution table that allows us to say everybody in this country benefits from a tax cut.

There is kind of a different theory in this country. Some feel this economy works because you pour something in the top and it trickles down to everybody at the bottom. Others of us think that it works because you have a lot of working families, and, if you give them something to work with, it percolates up, and that represents the economic strength and economic engine of this country.

But when we give tax cuts as a Congress, let us do it fairly. Let us make sure that moderate-income and low-income families out there in the middle of the pack also get a reasonable tax cut, and not just the folks way at the upper end who get exemptions for their investments, but the rest of the folks as well. If we get to that point, I think the American people will say a job well done.

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

Mr. DORGAN. Yes.

Mr. DURBIN. Mr. President, I am pleased to join Senator DORGAN on this issue. There is not a more important