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Senate

The Senate met at 10 a.m., and was called to order by the President pro tempore [Mr. THURMOND.]

PRAYER

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

Gracious God, often we speak of Your omnipotence and omniscience. Today, we contemplate Your loneliness. You created us to know and love You. With vulnerability, You gave us freedom to choose to respond to You and fill the void in Your heart shaped by each of us. We are profoundly moved that there is a place each of us can fill. All through human history You have been seeking, searching, questing for humankind's response of faith and trust in You. You have revealed Yourself and are yearning to have us in a right relationship with You. You have ordained that You would enter the affairs of humankind at our invitation and exercise Your care and guidance through us. You have all power, and yet, You have chosen to work through us. This has great meaning for us.

You have called the Senators to lead this Nation. You will seek entry into the momentous as well as the mundane details of this day through them.

And so, in this quiet moment we all are drawn back to You by the magnetism of Your love and yield all we will do today to Your sovereign guidance. It is awesome to realize how much we mean to You and how much You trust us to seek and do Your will. Here we are: ready, willing, and listening for Your direction, for You are our Lord and Saviour. Amen.

Ms. COLLINS addressed the Chair.

The PRESIDENT pro tempore. The able acting majority leader, the distinguished Senator from Maine, is recognized.

SCHEDULE

Ms. COLLINS. Mr. President, on behalf of the majority leader, today the Senate will resume consideration of the defense authorization bill. The majority leader has stated that it is his hope that Members will be present to offer their amendments during today's session. However, no rollcall votes will occur today. Senator LOTT announced last night that any rollcall votes ordered on or in relation to any amendments offered to the defense bill today will be set aside.

In addition, the majority leader has stated that the Senate will begin consideration of the budget reconciliation bill on Monday. Amendments are anticipated to the reconciliation bill. However, any rollcall votes ordered on Monday will be stacked to begin at 9:30 on Tuesday morning as well. Therefore, Senators should be aware that the next series of rollcall votes will begin at 9:30 a.m. on Tuesday.

The majority leader would also like to remind all Members that next week is the last legislative week before the Fourth of July recess. Senators should be prepared for a very busy week of session and rollcall votes beginning on Tuesday and occurring throughout the week as we complete the reconciliation process.

I thank my colleagues for their attention.

Mr. WELLSTONE addressed the Chair.

The PRESIDENT pro tempore. The Senator from Minnesota is recognized.

Mr. WELLSTONE. I thank the Chair.

Madam President, I ask unanimous consent that I be allowed and other Senators be allowed to speak for 10 minutes as if in morning business.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

Mr. WELLSTONE. I thank the Chair.

THE RECONCILIATION BILL

Mr. WELLSTONE. Madam President, I was on the floor yesterday speaking about the reconciliation bill. I decided to not go forward with an amendment today. The amendment that I was considering offering, and the amendment I offered yesterday to the intelligence bill, speak to the issue of tax fairness. But the reconciliation bill will be on the floor next week, and the DOD reauthorization is not going to come up in any case until after the reconciliation bill. So I will wait until next week and then offer amendments directly to the reconciliation bill.

Madam President, let me just start out with a piece from the National Journal of June 21. The caption is ''Fighting Over Taxes.''

I quote:

> In the coming weeks Wall Street will be lobbying in support of all the new tax measures it likes, notably capital gains tax cuts, expansion of IRA's, and trying especially in the Senate to keep unwanted provisions out of the final bill. ''We have to make sure that they are not offered on the floor to pay for some other provisions,'' said Bruce E. Thompson, Jr., the head lobbyist of the Washington office of Merrill Lynch & Co.

Madam President, I think this is the real question about this tax bill that is before us. The question is, who really has say in this process.

Let me just go back to some charts—again, the Department of Treasury analysis.

Looking at the House bill, the tax cuts disproportionately help those who need help the least. If you look at the share of tax cuts by family income, the top fifth get almost 70 percent of the benefit of the tax cuts, the top fifth. Then the fourth fifth gets 19 percent of the cuts; the third fifth, 9.2 percent; the second fifth, 2.4 percent; the bottom fifth, less than 1 percent. In other words, the bottom 40 percent of the population get a total of about 3 percent of the benefits of these tax breaks; the third fifth, the middle class, gets about 9.2 percent. Then you get to the top fifth, the top 20 percent, they get almost 70 percent of the breaks. So you have about 80 percent of the benefits going to the top 40 percent, and almost

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

70 percent of the benefits going to the top fifth. This is just unbelievable.

Just look at the next chart. This shows the dollar amount that families get.

Again, the source here is the Department of the Treasury, Office of Tax Analysis: If you have an income of $400,000 a year, or over, you will get about $7,000 a year in benefits under these tax proposals. Congratulations. If you earn $200,000 and up, you are going to get about $3,706. But on the other hand, if you are down here in the $30,000 to $40,000 range, you get $152. If you are $15,000 to $30,000, you get about $52. A buck a week.

If you look at the tax cuts on the House side, and the way in which they are back loaded because of the capital gains cuts and the IRA's, you are talking about an erosion of revenue to the tune of about $950 billion by the time we get to the year 2017. It is not just the first 10 years that matters. It is what happens in the second 10 years that is tragic. This is not my analysis. It is the Joint Tax Committee and the Center on Budget & Policy Priorities.

By the way, Bob Greenstein, who is the director of that Center—people can agree or disagree with some of Bob's views on different issues—but his data analysis is impeccable. Bob received the MacArthur award, the genius award, for the work he does. And you add to his reputation Congress' own Joint Tax Committee.

On the one hand, Members of Congress say they are for deficit reduction, and then they go forward with this erosion of the revenue base via back-loaded tax cuts. That is bad enough. The second thing that is bad enough, or even worse, is what is going to be the tradeoff. We are going to have more and more people that are going to be 65 years of age and over, and more and more people that are 85 years of age and over. We will have the pressure of supporting them financially and covering their medical costs, and we will end up either running the deficits back up again, or we will be cutting into what little is left by the way of investment and education programs for our children and for our grandchildren.

But what makes this really unconscionable is basically we are talking about tax cuts that go to people on the top.

Let me quote a Washington Times headline from today: from Speaker GINGRICH—''Gingrich Derides Democrats' Tax Cut Proposal As Welfare.''

This is unbelievable. What the Speaker is worried about is that Democrats—I hope—are going to be on the floor of the Senate next week, and in the House, focusing on the welfare of working families.

Let's not have a play on words here. This is not a debate about welfare policy. This is a debate about the welfare of working families and their children. That is not rhetoric. That is what this is all about.

So, Madam President, I will suggest to you—and we will see what happens next week—that people in the country are going to be sorely disappointed and people in the country are just going to shake their heads in disbelief. And people in cafes in Minnesota and Maine, when they finally get a look at who is really going to get the benefits, are going to say, ''Wait a minute. We thought you were talking about tax cuts for our hard-pressed families.'' And they are going to find out that is not the case at all.

Apparently, we made some progress in the Finance Committee last night, at least for some of the people who are in the $20,000 to $25,000 range who weren't going to be getting any child care credit because they received earned income tax credit. These are working poor people. At least now they're not going to be a 100-percent offset, and some of these families are going to be able to get some child care credits.

But, Madam President, this still begs the question as to why in the world giving these families a benefit is even controversial. Don't we want to make sure that working families' children also get benefits? Don't we want to make sure that these tax cuts are not tilted and skewed toward the very top—the top fifth—of the population that gets the lion's share of all the benefits? Don't we want to target precious dollars toward middle-income people and toward working families?

That is not what this legislation is all about. That is not what these tax cuts are all about. That is not what is going to be reported out on the floor of the Senate.

Madam President, I just want to mention one other area that I know is near and dear to the Presiding Officer's heart. That is higher education. I want to be critical of Democrats and Republicans on this. I still say that we are making a mistake here by underreaching. If we are going to say that we are concerned about higher education not being affordable, and we are going to claim to focus on getting support for the people who need it most, how can we talk about tax credits that are not refundable? Nonrefundable HOPE tax credits mean that many of these families with incomes of $20,000 to $25,000 a year are not going to get anything because they don't have any tax liability. That is why the Pell grant is a far better way of getting help to the people who need it. The IRA's are great if you can afford to put the money in savings. We already have the tax incentives for working families to do that. They can't do any more.

The problem for many people is they still struggle very hard to earn a decent living and to raise their children successfully. To raise your children successfully means to try to be able to send your kids to college or to a university. But so many struggling families just don't have any money to put into savings.

So let's just not fool anybody here. We don't have, really, anything that I see in this tax cut, in this reconciliation bill, that as a matter of fact is going to make higher education affordable for those families that have had the most difficult time. We have had a flat 8 percent graduation rate for families with incomes under $20,000 a year since about 1979. That is scandalous. We ought to be making sure that those families are part of the American dream as well, and we ought to reach well into the $20,000 and $30,000 range of hard-pressed, middle-income working families. We are not doing that. The President's proposal does not do that and certainly the alternatives we have here do not represent a step forward. They represent a great leap backwards.

Madam President, let me just finish up with a kind of appeal —I will have amendments next week which will be very specific, and we will have up or down votes on them—but right now, I want to make just a broad appeal. I am grateful for whatever improvements have been made in the Finance Committee. I thank all my colleagues for their work. They have made some improvements. However, like my good friend Jim Hightower likes to say, you can put an earring on a hog, but you still can't hide the ugliness. A couple of earrings don't make a hog beautiful. You can put a couple of earrings on this tax cut, this reconciliation bill, but you can't make it beautiful; you cannot hide the ugliness.

Madam President, I ask unanimous consent I have 3 more minutes to speak.

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

Mr. WELLSTONE. When you have a tax cut bill, a reconciliation bill that gives the vast majority of the benefits to those people at the very top and gives middle-income and working families the shaft, you don't have justice. You don't have a bill that represents expanding opportunities. And, as I said, fix it up, do your best, but, again, you can put an earring on a hog, but that won't hide the ugliness. You are not going to be able to hide it from people in the country.

Next week we are going to have one heck of a debate. My appeal is that we work together here in this body. But my appeal also is to the President: I hope you will hold the line. During the last campaign the President talked about economic fairness. Boy, if there ever was a place to draw the line and have a debate, it is here. To Democrats, my colleagues, I hope you will come out here with an alternative. I hope we will be united behind it, and I hope we will stay strong. Because this piece of legislation is the exact opposite of what most folks mean by fairness. It is no wonder that most people in the country think there has been a hostile takeover of the government process. They know who has been in there lobbying, they know who is going to get the vast majority of the benefits, and they can see that it does not have a whole lot to do with them. That is the disconnect in American politics today. This reconciliation bill, this tax cut, represents a huge disconnect to middle-income and working families. It is an outrage.

Let me just conclude by asking unanimous consent that a Wednesday, June 18, piece, ''Rising College Costs Imperil the Nation, Blunt Report Says,'' from the New York Times and a Washington Post piece, June 18, ''Colleges' Failure to Resolve Funding May Bar Millions from Attending, Study Finds,'' be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 18, 1997]

RISING COLLEGE COSTS IMPERIL THE NATION, BLUNT REPORT SAYS

(By Peter Applebome)

The nation's colleges and universities need to cut costs dramatically or face a shortfall of funds that will increasingly shut out the poor from higher education and from economic opportunity as well, according to a blunt and far-ranging assessment of American higher education that was made public yesterday.

The report, by a panel of public and private university officials and corporate executives, says that rising costs, falling public spending and a coming surge in demand are making the economics of American higher education increasingly unsupportable.

If current enrollment, spending and financing trends continue, the report said, higher education will fall $38 billion short of what it needs to serve the expected student population in 2015. To sustain current spending, it said, tuition would have to double by 2015, effectively shutting off higher education to half of those who would want to pursue it.

The report focuses on one of the great unspoken dilemmas in President Clinton's push to make at least two years of college as common as a high school diploma: higher education is expensive, students pay only a small share of their costs and, while bringing increasing numbers of low-income students into higher education will have long-term economic benefits, it will also have enormous short-term economic costs.

On the other hand, the report said, with education increasingly crucial to economic advancement, cutting off access to education—particularly to the poor and to immigrant groups who increasingly dominate the student population of states like California, Florida, New York and Texas—would have enormous consequences for the nation's social fabric.

The report, ''Breaking the Social Contract: The Fiscal Crisis in Higher Education,'' calls for a radical restructuring of universities, including an effort to overhaul university governance to limit the power of individual departments, redefining and often reducing the ambitions of different institutions and a sharing of resources between institutions.

The report also calls for more public financing, but it stresses that changes in the system should be prerequisites to any increases.

''The facts are irrefutable,'' said Thomas Kean, the former New Jersey Governor who is now president of Drew University and is a co-chairman of the panel that wrote the report. ''We are heading for a crisis at the very time we can least afford one.''

The panel, the Commission on National Investment in Higher Education, is made up of academic and business leaders convened by the Council for Aid to Education, an independent subsidiary of the Rand Corporation.

Experts say that higher education is already being reshaped by such forces as technology or competition from for-profit institutions, so that a straight-line extrapolation from current economic figures is difficult. And higher education is such a varied enterprise in the United States that a crisis for a public college in California does not necessarily mean a crisis for Harvard or Princeton.

Still, Roger Benjamin, president of the Council for Aid to Education, notes that even rich universities like Yale and Stanford have faced deficits and retrenchment in recent years.

And officials in state systems, which educate the majority of Americans, say the gap between resources and costs in higher education is becoming ever more daunting.

Charles Reed, chancellor of the State University System of Florida, said that over the next 10 years Florida would face a 50 percent increase in students at its public four-year institutions, to 300,000 from 210,000.

Barry Munitz, chancellor of the California State University System, said California was midway through a half-century of population growth and demographic change that would see the number of children in kindergarten through the 12th grade almost double, to about eight million, and go from about 75 percent white in 1970 to about 75 percent minority in 2020.

Population growth will only accelerate the financial problems facing higher education, the report said. It noted that the index measuring the increases in the price paid by colleges and universities for goods and services, like faculty salaries, rose more than sixfold from 1961 to 1995. The annual rate of growth in the cost of providing higher education exceeded the Consumer price Index by more than a percentage point from 1980 to 1995, the report said.

And, while costs have gone up, public support has not. Since 1976, public support per student has just kept up with inflation, while real costs per student have grown by about 40 percent, the report said.

To make up the difference, tuition has risen dramatically, with tuition and fees doubling from 1976 to 1994. But the report said that a similar doubling between now and 2015 would have a catastrophic effect on access, pricing as many as 6.7 million students out of higher education.

''If you were to announce that, given fiscal pressures, the door to social mobility that was good enough for the old generation is really no longer needed by the new one, you might as well stick a ticking bomb inside the social fabric of this country,'' Chancellor Munitz said.

While calling for more public support, the report said that a solution with colleges and universities themselves.

''Given the magnitude of the deficit facing American colleges and universities, it is surprising that these institutions have not taken more serious steps to increase productivity without sacrificing quality,'' the report said.

The report's recommendations for restructuring—from sharing a library with other institutions to eliminating weak programs—are not new, but there are enormous political and institutional barriers in the way of a major economic overhaul of higher education. Still, some experts say institutions have no option but to find ways to operate more efficiently.

''The ability to maximize revenue, given the competitive pressures for state dollars on the one hand and the resistance to future increases in tuition on the other, has about run its course,'' said Stanley Ikenberry, president of the American Council on Education, a leading advocacy group, which was not involved in the report. ''All of that's putting more and more pressure on the operating side of the budget.''

[From the Washington Post, June 18, 1997]

COLLEGES' FAILURE TO RESOLVE FUNDING MAY BAR MILLIONS FROM ATTENDING STUDY FINDS

(By Rene Sanchez)

A new report on the nation's universities warns that the pressures of growing enrollment, rising tuition, and declining funding have put campuses on a dangerous financial course and threaten to exclude many students from higher education.

The report, by the Rand Corp., draws a bleak portrait of the financial problems facing universities and suggests that many of them are ''floundering'' in their attempts to solve those problems.

Thomas Kean, a former governor of New Jersey who helped lead the study, said that if current campus trends in funding and enrollment continue into the next century ''millions of Americans will be denied the opportunity to go to college.''

The report concludes that neither public nor private support of colleges is keeping pace with campus costs or student enrollment. The report projects that by 2015, the number of full-time college students will swell to 13 million, about 3 million more than now.

That growth, spurred largely by the increasing necessity of a college degree in the nation's labor market, is occurring as college tuition costs are continuing to outpace inflation. Nationally, average college tuition per student, adjusted for inflation, has nearly doubled in the past 20 years, the report concludes.

If that pattern were to continue for another 20 years, the report asserts, more than 6 million students ''will be priced out of the system.''

Higher education officials said yesterday that the long-term analysis of colleges presented in the report appears to be sound.

''It defines the problems well, and speaks candidly about what states and institutions have to do to try to solve them,'' said Stanley Ikenberry, president of the American Council on Education, a Washington group that represents more than 1,300 colleges and universities.

Leaders of the study faulted both the federal government and, in particular, states for not making stronger financial commitments to higher education. But they also stressed that the management habits of colleges are a substantial part of the problem.

The report sharply criticizes the way many colleges manage their money, arguing that the financial decisions they make are often ''cumbersome and even dysfunctional in an environment of scarce resources.'' The report urges universities to define their missions more precisely, streamline services, and do more to measure faculty productivity. On many campuses, the report notes, the response thus far to growing financial crises has been ''partial and ad hoc.''

It also recommends that universities share more of each other's resources and try to save money in the years ahead by relying more on new computer technology and the Internet as tools for class instruction and scholarly research.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

The PRESIDENT pro tempore. The Senate will now resume consideration of S. 936, which the clerk will report.

The bill clerk read as follows: