

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

AMENDMENT NO. 2719

Mr. BAUCUS. Mr. President, I ask Senator HARKIN be allowed to call up his amendment at this time.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is once again pending.

The Senator from Iowa.

Mr. HARKIN. Parliamentary inquiry: I want to make sure what the business is before the Senate.

The PRESIDING OFFICER. Amendment No. 2719.

Mr. HARKIN. That is the amendment which this Senator offered yesterday; is that correct?

The PRESIDING OFFICER. It was offered by Senator REID on behalf of the Senator from Iowa.

Mr. REID. Mr. President, if the Senator will withhold just for one brief comment, the minority did not have a manager here. This has been cleared. The unanimous consent we just got has been cleared with Senator GRASSLEY. I had also talked to those—I thought—on the other side who knew what we were doing.

If the Senator will withhold proceeding until we make sure someone, a manager on the other side, is here because we don't want to take advantage of them because we got a unanimous consent agreement when no one was on the floor. If the Senator will withhold, the staff has gone to seek someone on the other side.

Mr. HARKIN. I withhold.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. CARNAHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

UNANIMOUS CONSENT REQUEST— S. 1630

Mrs. CARNAHAN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 218, S. 1630; that the bill be read three times and passed, and the motion to reconsider be laid upon the table with no intervening action.

The PRESIDING OFFICER. Is there objection?

Mr. CRAIG. Mr. President, on behalf of the Republican leader, I object.

The PRESIDING OFFICER. Objection is heard.

Mrs. CARNAHAN. Mr. President, I am disappointed to hear objection to passing a bipartisan bill to help family farmers. We spent a great deal of time last year trying to pass a farm bill. I supported that effort. I support reviving that effort again this year.

The legislation that I am trying to pass today is also aimed at helping ail-

ing family farmers. The bill would extend chapter 12 of the bankruptcy code for 6 additional months. Chapter 12 offers expedited bankruptcy procedures for family farmers in an effort to accommodate their special needs. It was first enacted in 1986. It has been extended several times since then—most recently earlier this year.

The provisions of chapter 12 allow family farmers to reorganize their debts as opposed to liquidating their assets. These provisions can be invaluable to farmers struggling to stay in business during difficult times. Unfortunately, chapter 12 expired on October 1 last year.

My bill seeks to extend these provisions for six additional months and to reinstate them retroactively to the date when they expired. Retroactivity will ensure that there are no gaps in availability of these procedures. I hope this will be the last extension that is necessary.

The larger bankruptcy reform bill that is currently pending before a House-Senate conference committee includes a permanent extension of chapter 12. Nevertheless, American family farmers should not have to wait for us to complete our work on the bankruptcy reform bill. The very least we can do to assist farmers now is to reenact these noncontroversial procedures. That is why I am so puzzled by this anonymous objection.

Legislation extending these provisions passed the House of Representatives by a vote of 408 to 2 last year and subsequently passed the Senate by unanimous consent. The Judiciary Committee unanimously reported the bill I am seeking to pass today on a voice vote. Furthermore, the bill has several bipartisan cosponsors, including my colleague from Missouri, Senator KIT BOND; the chairman of the Judiciary Committee, Senator LEAHY; and the lead sponsor of the Senate bankruptcy reform bill, Senator GRASSLEY.

I urge any Senator who has any concern about this bill to speak with me. I will be more than happy to work to address any issues my colleagues may have in an effort to secure expedited passage of this bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

HOPE FOR CHILDREN ACT— Continued

AMENDMENT NO. 2719

Mr. HARKIN. Mr. President, as I understand it, the pending business before the floor is amendment No. 2719, offered yesterday by Senator REID on this Senator's behalf. I rise to speak for a few minutes on that amendment.

I thank the Senator from Montana for giving me the courtesy of going first because of the time schedule I have this afternoon.

Senator BAUCUS and Senator DASCHLE have provided great leader-

ship on this important issue of the stimulus. There is one part of the amendment that is before us that is vitally important to all of our States as we are facing this downturn in the economy. That part of the amendment deals with the Federal share for Medicaid recipients in the States. It is called FMAP, the Federal Match for Medicaid Program.

Under the provision in the underlying Daschle amendment, and under the leadership of Senator BAUCUS, they did provide for three things. They provided a 1.5-percent increase to every State in their 2002 Federal match for Medicaid. That would provide about \$3.5 billion in additional Federal Medicaid payments to the States.

I have a chart which shows what that would mean for every State and what my amendment would mean for every State. I ask unanimous consent that this chart be printed in the RECORD at the conclusion of my statement.

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

(See exhibit 1.)

Mr. HARKIN. Senator BAUCUS and Senator DASCHLE, by their amendment, put in a 1.5-percent increase to all States.

The second part was, because of unemployment measures previously calculated, some States were scheduled to go down in 2002 in their Federal match. The amendment before us under Senator BAUCUS holds those States harmless. That is about 29 States that would have lost money this year. And under the Baucus amendment, they are held harmless.

The third part is that States with high unemployment would receive an additional 1.5 percent in their 2002 Federal match. This would provide assistance to about 16 States that have very high rates of unemployment. This policy proposal is extremely important for the States.

The pending amendment I have offered would only change one part of that. It would take the 1.5-percent increase for all States and increase it to 3 percent. In other words, it would add 1.5 percent to the Federal match for all States. I believe that is important because when the committee developed this bill and the stimulus package, the National Association of State Budget Officers had predicted a \$15 billion shortfall for the States for 2002. That was last fall. By the end of the year, the National Association of State Budget Officers had updated their prediction for the shortfalls in our State budgets to \$38 billion—in other words, double. I have heard from my Governor—and I know others have heard from their Governors and their legislatures—about the cuts they are going to have to make in their State budgets.

The problem is, one of the places where they have to cut, because that is the biggest pot for most States, is Medicaid. If a State cuts \$1 out of their budget on Medicaid, they may lose \$2 or \$3 or \$4 of Federal money. I don't

know what it is for the Presiding Officer's State, and I don't know what the Medicaid match is there. I do know in Iowa it is about 3 to 1. So that for every dollar the State would not have in their budget for Medicaid, they would lose \$3 of Federal money. It isn't only that the State cuts its Medicaid budget by \$1 and hurts one Medicaid recipient. If it cuts Medicaid by \$1, it is hurting three or four times as many people. It has that kind of a multiplier effect.

While I am very supportive of what Chairman BAUCUS and Senator DASCHLE have done, we recognize now that these new projections of the shortfalls in our State budgets command us to put more into the program of reaching these States for their Federal match.

On the other two aspects of the amendment, on the one that holds States harmless, that is still in my amendment. And on the other one that provides the 1.5-percent increase to the States with unusually high unemployment, that is there also. I wanted to make sure that every State received the amount of Federal matching money they need.

Again, another reason why this is so important is because most States have a requirement in their Constitution that they have to balance their budgets. It is a constitutional requirement. They can't get around it. When they start cutting, if they do across-the-board cuts, which seems at first blush to be the most logical, they just do a straight percentage across-the-board cut, Medicaid, being the biggest part of the State budget, gets whacked the most. Then they lose the Federal dollars that come in as a match.

I believe this is critically important for our States. I also believe State fiscal relief is one of the best ways to stimulate the economy. The Federal dollars we send out for Medicaid help to avert State budget cuts or tax increases that could be detrimental to the States in any economic recovery.

People in my State of Iowa and all across the Nation have enough trouble finding affordable, quality health care. They need our help and support during this recession. When it comes to protecting the vulnerable in these difficult times and getting our economy back on track, putting Iowans and all Americans back to work, it is critically important that we make sure that those who are out of work—they may have lost their jobs; Medicaid may be the only source of health care for them and their kids during this period of time, and then looking at the States and facing the budget crunches they have—it became clear that we had to add a little bit more money to this effort.

Again, I thank the chairman for focusing on this issue as he has done and for the work he has done in putting in that 1.5 percent. It has become clear in the last few weeks that the States are going to need more than 1.5 percent. That is why I have offered this amend-

ment in a friendly manner to ensure that we meet our obligations to the States to get the money out there so that these people who are the most vulnerable don't fall through the cracks.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. HARKIN. I yield the floor.

EXHIBIT 1

Comparison of Net FFY2002 State Funds Impact of Senate and House Provisions to Harkin Amendment. Harkin: 3% all + 1.5% high unemployment + hold harmless.

FMAP/TEMPORARY HEALTH ASSISTANCE

(Based on FFIS data/estimates, dollars in millions, rounded)

| State | Daschle plan | House plan | Harkin plan | Harkin minus Senate | Harkin minus House |
|-------------------|--------------|------------|-------------|---------------------|--------------------|
| Alabama | \$75.98 | \$14.99 | \$113.97 | \$37.99 | \$98.98 |
| Alaska | 30.14 | 13.61 | 39.24 | 9.10 | 25.63 |
| Arizona | 114.87 | 24.01 | 162.93 | 48.06 | 138.92 |
| Arkansas | 65.23 | 10.45 | 95.05 | 29.82 | 84.60 |
| California | 821.54 | 234.55 | 1,188.31 | 366.77 | 953.76 |
| Colorado | 47.20 | 18.73 | 78.66 | 31.46 | 59.93 |
| Connecticut | 48.02 | 30.02 | 96.04 | 48.02 | 66.02 |
| Delaware | 8.98 | 5.17 | 17.96 | 8.98 | 12.79 |
| DC | 28.20 | 5.49 | 42.30 | 14.10 | 36.81 |
| Florida | 253.55 | 71.73 | 390.93 | 137.38 | 319.20 |
| Georgia | 101.92 | 48.69 | 178.59 | 76.67 | 129.90 |
| Hawaii | 19.97 | 5.60 | 29.95 | 9.98 | 24.35 |
| Idaho | 24.54 | 3.77 | 36.81 | 12.27 | 33.04 |
| Illinois | 239.91 | 87.75 | 359.86 | 119.95 | 272.11 |
| Indiana | 85.65 | 25.07 | 142.28 | 56.63 | 117.21 |
| Iowa | 30.32 | 11.70 | 60.64 | 30.32 | 48.94 |
| Kansas | 26.02 | 10.86 | 51.84 | 25.82 | 40.98 |
| Kentucky | 112.16 | 24.87 | 161.00 | 48.84 | 136.13 |
| Louisiana | 113.67 | 24.92 | 167.42 | 53.75 | 142.50 |
| Maine | 22.78 | 7.56 | 44.26 | 21.48 | 36.70 |
| Maryland | 52.73 | 30.17 | 105.46 | 52.73 | 75.29 |
| Massachusetts | 122.11 | 60.98 | 244.22 | 122.11 | 183.24 |
| Michigan | 220.34 | 68.28 | 322.01 | 101.67 | 253.73 |
| Minnesota | 100.45 | 56.98 | 165.52 | 65.07 | 108.54 |
| Mississippi | 88.20 | 13.23 | 125.49 | 37.29 | 112.26 |
| Missouri | 73.42 | 29.07 | 146.84 | 73.42 | 117.77 |
| Montana | 10.31 | 2.77 | 19.67 | 9.36 | 16.90 |
| Nebraska | 27.05 | 12.77 | 46.20 | 19.15 | 33.43 |
| Nevada | 23.23 | 7.34 | 33.89 | 10.66 | 26.55 |
| New Hampshire | 12.08 | 7.74 | 24.16 | 12.08 | 16.42 |
| New Jersey | 106.70 | 57.94 | 213.40 | 106.70 | 155.46 |
| New Mexico | 59.43 | 10.56 | 84.45 | 25.02 | 73.89 |
| New York | 1,068.63 | 287.00 | 1,602.94 | 534.31 | 1,315.94 |
| North Carolina | 232.62 | 72.97 | 325.71 | 93.09 | 252.74 |
| North Dakota | 8.99 | 2.68 | 15.88 | 6.89 | 13.20 |
| Ohio | 146.40 | 68.42 | 276.88 | 130.48 | 208.46 |
| Oklahoma | 48.28 | 14.46 | 82.74 | 34.46 | 68.28 |
| Oregon | 92.56 | 29.03 | 131.23 | 38.67 | 102.20 |
| Pennsylvania | 352.78 | 103.02 | 529.17 | 176.39 | 426.15 |
| Rhode Island | 50.17 | 21.39 | 69.08 | 18.91 | 47.69 |
| South Carolina | 116.22 | 29.06 | 161.93 | 45.71 | 132.87 |
| South Dakota | 18.23 | 6.79 | 26.06 | 7.83 | 19.27 |
| Tennessee | 93.22 | 37.39 | 179.99 | 86.77 | 142.60 |
| Texas | 394.12 | 115.32 | 570.67 | 176.55 | 455.35 |
| Utah | 24.05 | 9.25 | 38.16 | 14.11 | 28.91 |
| Vermont | 10.50 | 3.80 | 20.00 | 9.50 | 16.20 |
| Virginia | 77.22 | 32.64 | 136.04 | 58.82 | 103.40 |
| Washington | 174.83 | 54.78 | 253.52 | 78.69 | 198.74 |
| West Virginia | 47.44 | 7.69 | 70.60 | 23.16 | 62.91 |
| Wisconsin | 73.05 | 38.56 | 125.70 | 52.65 | 87.14 |
| Wyoming | 9.70 | 4.57 | 13.60 | 3.90 | 9.03 |
| Puerto Rico | 4.82 | 0.00 | 9.64 | 4.82 | 9.64 |
| American Samoa | 0.10 | 0.00 | 0.20 | 0.10 | 0.20 |
| Guam | 0.15 | 0.00 | 0.30 | 0.15 | 0.30 |
| Northern Marianas | 0.05 | 0.00 | 0.10 | 0.05 | 0.10 |
| US Virgin Islands | 0.15 | 0.00 | 0.30 | 0.15 | 0.30 |
| Total | 6,211 | 1,976 | 9,630 | 3,419 | 7,654 |

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I do not know if there are any Senators who wish to debate the current amendment. At the appropriate time, I will ask the Senator from Iowa to acknowledge there is no more debate so we can set aside his amendment and go to the regular order.

The Senator raises a very important point that in the last 2 years, States' economies have generally deteriorated. As a consequence, there is more pres-

sure on their Medicaid budgets. States are losing revenue. States are moving more toward deficit positions. They are not as healthy as they once were.

When States begin to cut spending and cut services, there is a tendency to cut back a bit on Medicaid programs to balance the State budgets.

The Senator is proposing a significant percentage increase in the matches the Federal Government make to States under Medicaid to make up that difference.

That so-called difference, the drop, occurs for a second reason. We have very old data. The reimbursement to States under Medicaid is based on data up through the year 2000. States were doing pretty well in 1999 and 2000. So there is a tendency for the reimbursement rate to be out of whack, out of sync with the current fiscal situation of the States; namely, tougher times, deteriorating surpluses, sometimes potential deficits. The amendment offered by the Senator from Iowa attempts to address that point.

One might question whether the amendment is too rich or not rich enough. It is a question of degree. He essentially wants to add 3 percent to all States' match and an extra 1.5 percent for States with particularly high unemployment. That is an approach I also took in an amendment I will be offering later today. Although the approach is the same, the total percentage amount is not quite as high.

The percentages in the amendment I will be offering later hold States harmless. The percentages offered by the Senator from Iowa, it is my understanding, in the first year go slightly higher for well-intended reasons. I am not going to pass judgment on whether that is a good idea or not, but that is the practical effect of that amendment.

I do not see anybody else wanting to speak on this amendment. The Senator might want to speak some more. Maybe he does not want to speak some more. If not, I ask unanimous consent that, whatever the appropriate order, the amendment be set aside and voted on at the appropriate time and that the pending business be the regular order.

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

Mr. BYRD. Mr. President, I will support the Harkin amendment, No. 2719, in response to the numerous phone calls and letters I have received from my constituents in recent years regarding the increasing cost of health care. Nevertheless, I am concerned with increasing these kinds of mandatory expenditures that are able to bypass the consideration of the Appropriations Committees.

While I believe that this Congress should address the rising cost of health care in the United States, we should avoid band-aid approaches and focus our efforts on more comprehensive solutions.

The PRESIDING OFFICER. The Senator from Nevada.

PROVIDING FOR A CONDITIONAL
ADJOURNMENT OR RECESS OF
THE SENATE AND HOUSE OF
REPRESENTATIVES

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to S. Con. Res. 95, which is at the desk. The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 95) providing for a conditional adjournment or recess of the Senate and a conditional adjournment of the House of Representatives.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. REID. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to and the motion to reconsider be laid upon the table, without any intervening action or debate.

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

The concurrent resolution (S. Con. Res. 95) was agreed to, as follows:

S. CON. RES. 95

Resolved by the Senate (the House of Representatives concurring). That when the Senate recesses or adjourns at the close of business on Tuesday, January 29, 2002, it stand recessed or adjourned until noon on Monday, February 4, 2002, or until such other time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the House adjourns on the legislative day of Tuesday, January 29, 2002, it stand adjourned until noon on Monday, February 4, 2002, or until Members are notified to reassemble pursuant to section 2 of the concurrent resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate and the Speaker of the House, acting jointly after consultation with the Minority Leader of the Senate and the Minority Leader of the House, shall notify the Members of the Senate and House, respectively, to reassemble at such place and time as they may designate whenever, in their opinion, the public interest shall warrant it.

HOPE FOR CHILDREN ACT—
Continued

AMENDMENT NO. 2718

Mr. BAUCUS. Mr. President, there was a vote earlier on a small business amendment offered by the Senator from Missouri, Mr. BOND. It was adopted. That shows we are starting to make progress toward an agreement on a bill to stimulate economic recovery. That was the small business expensing amendment which increased the ceiling amount available for business as to expense.

We now have an opportunity to make even more progress by adopting the Baucus-Smith amendment. This amendment makes two important improvements: First, it strikes a balance on the bonus depreciation issue with a 2-year compromise provision. Second, it will help States by increasing the

Federal matching payments for Medicaid. As a bonus depreciation, this assistance will be provided for 2 years.

Essentially, I am offering an amendment, joined by my good friend from Oregon, Mr. SMITH, to provide for a 2-year bonus depreciation, as well as a 2-year FMAP payment. I will speak first about bonus depreciation.

I think we all agree that a strong stimulus bill must create tax incentives for business to invest in new equipment. I do not think there is much doubt about that. This amendment creates jobs, lifts the economy, and also increases productivity in the long run. Chairman Greenspan and others have talked a lot about productivity. There is not much doubt that this amendment will help us move in that direction.

Everyone agrees on the concept. The debate, however, has been over the details. The proposal before us is a 10-percent bonus. We have agreed to increase that to 30 percent. The question now is how long should the incentive last.

The Democratic proposal was 1 year; the Republican proposal was 3 years. Our bipartisan compromise amendment, that is the amendment of Senator SMITH from Oregon and myself, is 2 years. This is not simply an effort to split the difference. Instead, if one steps back and thinks about it, a 2-year incentive makes good sense. Three years is too long. It will not encourage business to invest quickly enough. As a result, it will not stimulate businesses to act when we most need them to act.

On the other hand, in the debate last week, Senator SMITH and others made a very good point. They said that a 1-year bonus period might not be long enough because it does not give businesses enough time to make sound investment decisions. Let's not forget the investment to qualify has to be in place, in service within the requisite period.

We have to assume this legislation will not be enacted before March. If we were to stick to the 1-year period, companies would only have a few months left at that point to make purchases and get assets in place, as we are dealing with the calendar year. That is not time enough, especially if we think about the kinds of investments we want to encourage, which is airplanes, heavy machinery, equipment used in manufacturing, locomotives, pipelines, and refineries. In many cases, these assets may take longer to build than 1 year, or the contracts for purchase may take some time to negotiate. This is a legitimate concern.

To address it, our amendment gives companies until December 31, 2003, to make their purchases and get assets in place. Even after that, companies would have an extra year to put the assets in place if they take more than a year to build, so long as they meet a binding contract test.

The amendment will provide economic stimulus. It will work quickly, and it recognizes business realities and

gives companies the time they need to make sound investment decisions. That is the first part of the amendment.

The second part relates to the States. The technical term is FMAP. What it is about is helping States by temporarily increasing the rate at which we match State payments under Medicaid. Let me explain why this is important.

Rising Medicaid costs are already contributing to the States' fiscal crisis. Health care costs are increasing rapidly, while rising unemployment is increasing the number of people eligible for Medicaid services. Medicaid spending grew by 11 percent last year. It is likely to increase even faster this year if current economic and budgetary conditions persist.

Many States have already implemented or are now considering implementing significant cuts in Medicaid and the State Children's Health Insurance Program, otherwise known as CHIP, in 2003.

These cuts would affect thousands of children, elderly, and disabled people. For example, Oklahoma and New Mexico may eliminate their CHIP-funded Medicaid expansions to children entirely.

CHIP—that is the State Children's Health Insurance Program—has been very popular. It helps low-income kids get health insurance, health insurance they did not previously have. I think it would be very unfortunate if, due to State budget constraints, they either choose to or believe they are forced to cut back and, in some cases, eliminate those programs that provide health insurance for children.

Tennessee has proposed cutting Medicaid eligibility for 180,000 low-income people in its TennCare Program. Other States will no longer cover disabled workers returning to work or low-income women with breast and cervical cancer. These budget cuts and these tax increases are based on revenue forecasts that do not assume enactment of bonus depreciation provisions. Because most States tie their own tax collections to the Federal tax system, the additional loss of revenues in 2003 that would result from a lengthy bonus depreciation period would increase the likelihood and severity of State actions to cut programs and raise taxes.

The underlying amendment would address this problem by providing a temporary 1-year increase in the Federal matching rate under Medicare. Our amendment goes a bit further by extending the period for 2 years to match the depreciation period.

By doing so, the amendment ensures the amount of aid provided both to States generally and to individual States in particular, will grow if the recession proves deeper than currently projected. That is the second part of the amendment.

All told, the amendment will help businesses, it will help workers, it will help States, and it will help families maintain Medicaid coverage.

The PRESIDING OFFICER. The Senator from Utah.