

seems to happen after extended good times—but only really came to the fore during the past year. From the time the magnitude of the problems became clear, the need was for a response that was energetic, effective and as rapid as possible. But that response—both in regulatory and legislative changes and in enforcement—should be balanced and appropriate. Our accounting and corporate governance systems have great strengths—in allowing for decisive management decisions, rapid change and agility, experimentation and risk taking—and those strengths should not be unwisely eroded.

Having said that, these accounting and corporate governance issues—though very important—are only part of a much broader question of how to best promote confidence and strong fundamentals, for the short and the long term.

That was exactly the question the new administration faced in the beginning of 1993, and the strategy then put in place contributed centrally to the remarkably strong economic conditions and sound economic fundamentals for the balance of the 1990s. Unemployment fell from over 7 percent to 4 percent and was under 5 percent for 40 consecutive months; private investment in productive equipment grew at double-digit rates for eight years; annual productivity growth more than doubled by the end of the period; inflation was low; GDP growth averaged roughly 4 percent per annum, and 20 million new private-sector jobs were created. Moreover, instead of the huge 10-year deficits projected by the Office of Management and Budget at the end of 1992, deficits were reduced and in time surpluses began.

Certain imbalances did develop—for example, the levels of consumer and corporate debt, the level of the stock market, and excess capacity—as they always do after extended good times, and an adjustment period was inevitable. How difficult that period was going to be would be affected by many factors, very much including the actions of government. Also, the legacy of the 1990s provided strong fundamentals to ameliorate this adjustment, e.g., a large fiscal surplus, strong productivity growth, low unemployment, more open markets around the world and a healthy banking system.

In my view, we need to restore the sound, broad-based strategy that was so central to the prosperity of the '90s. More specifically, I would focus especially on the following:

(1) Virtually the entire \$5.6 trillion surplus projected by the nonpartisan Congressional Budget Office in January 2001, including \$2.5 trillion of Social Security surplus, has now been dissipated. I wrote when last May's 10-year tax cuts were being debated that their direct cost—later estimated by the CBO as \$1.7 trillion including debt service—and even more important, their indirect cost in undermining political cohesion around fiscal discipline, threatened the federal government's long-term fiscal position. And that is precisely what has happened.

Long-term fiscal discipline and a sound long-term fiscal position contribute substantially, over time but also in the short term, to lower interest rates, increased consumer and business confidence, and to attracting much-needed capital from abroad to our savings-deficient country. In addition, a sound long-term fiscal position would far better enable us to meet our long-term Social Security and Medicare commitments.

The portion of the 10-year tax cut that occurred in the short-term may well serve a useful expansionary purpose at a time of economic weakness. But the great preponderance of this tax cut occurs in outer years. Moreover, nobody is talking about a tax increase; the question is whether the cuts enacted for later years should be canceled. In

my view, all matters pertaining to taxes and spending should be on the table, with a commitment to reestablishing a sound long-term fiscal position for the federal government.

(2) Trade liberalization and our own open markets contributed greatly to our economic well-being during the 1990s, and are critically important looking forward. The president should be given trade promotion authority, and the recently adopted steel tariffs and agricultural subsidies—which present such a threat to global trade liberalization and to business confidence in the outcome of the struggle over continued globalization—should be corrected. Also—a related matter—we should be prepared to engage in and lead an effective and sensible response to financial crisis abroad when our interests can be affected.

(3) Budgeting priorities should heavily emphasize preparing our future workforce to be competitively productive in the global economy, including improving our public school system and equipping the poor to join the economic mainstream.

Finally, we must deal effectively—building on the strong response to the terrible attack of Sept. 11—with the immensely complex challenges of terrorism and geopolitical instability that are of enormous importance to our economy as well as to our national security.

Much of this is difficult, substantively and politically, but the willingness to deal with exceedingly difficult public issues was central to our economic well-being in the '90s and is centrally important today and for the years and decades ahead.

The writer was head of the National Economic Council from 1993 to 1994 and secretary of the Treasury from 1995 to 1999. He is now director and chairman of the executive committee of Citigroup Inc.

Mr. STEVENS. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. STEVENS. Madam President, I yield any time on our side. The Senator from West Virginia authorizes me to yield back all time.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the conference report. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES, I announce that the Senator from North Carolina (Mr. HELMS), is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nays 7, as follows:

[Rollcall Vote No. 188 Leg.]

YEAS—92

Akaka	Bingaman	Byrd
Allard	Bond	Campbell
Allen	Boxer	Cantwell
Baucus	Breaux	Carnahan
Bayh	Brownback	Carper
Bennett	Bunning	Chafee
Biden	Burns	Cleland

Clinton	Harkin	Murray
Cochran	Hatch	Nelson (FL)
Collins	Hollings	Nelson (NE)
Conrad	Hutchinson	Nickles
Corzine	Hutchison	Reed
Craig	Inhofe	Reid
Crapo	Inouye	Roberts
Daschle	Jeffords	Rockefeller
Dayton	Johnson	Sarbanes
DeWine	Kennedy	Schumer
Dodd	Kerry	Sessions
Domenici	Kohl	Shelby
Dorgan	Kyl	Smith (NH)
Durbin	Landrieu	Smith (OR)
Edwards	Leahy	Snowe
Ensign	Levin	Stabenow
Enzi	Lieberman	Stevens
Feinstein	Lincoln	Thompson
Frist	Lott	Thurmond
Graham	Lugar	Torricelli
Gramm	McConnell	Warner
Grassley	Mikulski	Wellstone
Gregg	Miller	Wyden
Hagel	Murkowski	

NAYS—7

Feingold	Santorum	Voinovich
Fitzgerald	Specter	
McCain	Thomas	

NOT VOTING—1

Helms

The conference report was agreed to.

## GREATER ACCESS TO AFFORDABLE PHARMACEUTICALS ACT OF 2001—Continued

AMENDMENT NO. 4315

The PRESIDING OFFICER. Under the previous order, there will now be 5 minutes of debate, equally divided, on the Hagel amendment No. 4315 prior to the vote on or in relation to the amendment.

Who yields time?

Mr. KENNEDY. Madam President, as I understand it, we are on the Hagel amendment and we have 5 minutes evenly divided. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. I imagine the Senator from Nevada would want recognition to make a statement in favor of his amendment.

Madam President, I will yield myself 2½ minutes and ask to be notified of the last 15 seconds.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Madam President, yesterday we voted in the Senate on whether we were going to deal with a comprehensive prescription drug program for our senior citizens—the 13 million who have none, the 10 million who have employer-based systems and are losing it, and the 4 million who have HMO coverage but have caps of \$500 and \$750. We debated that.

I strongly supported the Graham-Miller proposal because it is built upon the Medicare model, a tried and tested program. It was comprehensive, affordable, and it would have met the needs of our senior citizens. I differed with our Republican friends on this particular proposal, but they believe they would achieve the same goal.

That isn't what the Hagel proposal is all about. It will only amount to 10 or 12 cents out of every health care dollar.

I think our seniors are entitled to better. They are the men and women who fought in the world wars, brought this country out of depression, and now are frail and elderly.

The question is, Are we prepared to do for them what we did for them in hospital care and physician services? They need the prescription drugs. I believe we can still find common ground. I would like to find common ground. It is the position of our Democratic leader to try to find common ground in terms of a comprehensive program.

This is a drop in the bucket. This is smaller than a fig leaf to cover the needs of our senior citizens. Let us in the Senate of the United States perform nobly and protect our senior citizens: let's pass a comprehensive program. The Hagel proposal does not do that. We need to do that or we fail our senior citizens.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Madam President, I yield to my distinguished colleague from Nevada 1½ minutes of our 2½ minutes.

Mr. ENSIGN. Madam President, our plan is affordable to seniors as well as to taxpayers in future generations. Our plan keeps senior citizens involved in the choices they are making because they will pay the first dollar out of pocket. They have the prescription drug discount card so they will save 25 to 40 percent on the drugs they purchase; but they will pay the first dollar out of pocket so it keeps them involved in the choices they are making and helps the market work and keeps downward pressure on prices.

It also works well with State plans. My State of Nevada used some of its tobacco money to cover senior citizens below \$21,500 in income. Our plan fits in well with any of the State plans that have already been put into effect.

The other advantage that this plan has is that it goes into effect at least a year earlier than any of the other plans.

Lastly, our plan gives the help to those seniors who truly need it. Regarding the really sad stories we have heard on the floor of the Senate, this plan helps those seniors more than the Democrat plan, and it helps them even more than the tripartisan plan. If you are a moderate-income senior, with \$17,000 of income or so and have \$5,000 a year in drug costs, our plan helps those seniors more than any of the other two plans.

I urge the other Senators in this Chamber to support the Hagel-Ensign plan.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Madam President, my friend and distinguished colleague, the senior Senator from Massachusetts, talks about a common ground. This proposal is the common ground. As my colleague, Senator ENSIGN, has just stated, this addresses those who need the help the most. We do prioritize. We

do focus on those seniors who need the help. Yet we do it in a responsible way. We stay within the \$300 billion budget cap that this body voted on for a prescription drug plan over the next 10 years. It is immediate, it is permanent, and it uses the present market system.

We don't build a new government bureaucracy. It is not impersonal. It is direct. It caps the catastrophic dark cloud that hangs over all senior citizens. We are doing something for this generation of seniors as well as the next generation of seniors.

I hope our colleagues give this consideration and will vote for our amendment.

The PRESIDING OFFICER (Mr. CARPER). The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, the AARP opposes this amendment. Every senior citizen group opposes this amendment for the reasons in this letter.

I ask unanimous consent that the letter be printed in the RECORD.

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

AMERICAN ASSOCIATION OF  
RETIRED PERSONS,  
Washington, DC, July 23, 2002.

DEAR SENATOR HAGEL: Enacting a comprehensive prescription drug benefit in Medicare this year remains the top priority for AARP. Our members are counting on the Senate to pass a meaningful drug benefit that is available and affordable to all beneficiaries. Our members were promised in the last election that a comprehensive drug benefit would be a priority, and we are counting on you to make good on that promise this year.

We appreciate the intent of your bill, S. 2736, the "Medicare Rx Drug Discount and Security Act of 2002," to provide a prescription drug discount card and stop-loss protection to Medicare beneficiaries. However, in addition to our substantive objections, we are concerned that by offering this scaled-back proposal today, you would effectively derail bipartisan discussion and compromise on more meaningful comprehensive approaches. We believe Congress should focus its efforts on enactment of a more comprehensive drug benefit this year.

In addition to the timing of your proposal, AARP has concerns about the approach taken in your bill, including:

Catastrophic coverage—While AARP has not opposed income-relating premiums, income-relating the Medicare benefit changes the nature of the program. This would set an extremely dangerous precedent in Medicare. Further, the stop-loss levels set in the bill do not provide enough protection for lower income beneficiaries. A low-income couple could spend 25 percent of their income just for drugs before this plan offered assistance. Thirdly, there are a number of issues involved in using tax returns to determine program eligibility levels, and we believe other options should be explored.

Discount card—While AARP supports the use of a discount card program as a building block for a Medicare prescription drug benefit, your proposal lacks the necessary specifications to guaranty the level of discount, what level of discount would be passed to beneficiaries, and the degree of consumer protections required of plans.

Given these concerns, AARP opposes your amendment. We remain fully committed to

developing a comprehensive drug benefit for all Medicare beneficiaries and we look forward to working with you on legislation that our members can support.

Sincerely,

WILLIAM D. NOVELLI,  
Executive Director and CEO.

Mr. KENNEDY. Mr. President, I yield back the remainder of my time. I believe all time has been yielded back.

Mr. President, I make a point of order that the pending amendment violates section 302(f) of the Congressional Budget Act of 1974.

Mr. HAGEL. Mr. President, I move to waive the respective sections of the Budget Act, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES, I announce that the Senator from North Carolina (Mr. HELMS), is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 51, nays 48, as follows:

[Rollcall Vote No. 189 Leg.]

YEAS—51

Allard	Domenici	Murkowski
Allen	Ensign	Nelson (NE)
Bennett	Enzi	Nickles
Bond	Fitzgerald	Roberts
Breaux	Frist	Santorum
Brownback	Gramm	Sessions
Bunning	Grassley	Shelby
Burns	Gregg	Smith (NH)
Byrd	Hagel	Smith (OR)
Campbell	Hatch	Snowe
Carper	Hutchinson	Specter
Chafee	Inhofe	Stevens
Cochran	Kyl	Thomas
Collins	Lott	Thompson
Craig	Lugar	Thurmond
Crapo	McCain	Voinovich
DeWine	McConnell	Warner

NAYS—48

Akaka	Durbin	Levin
Baucus	Edwards	Lieberman
Bayh	Feingold	Lincoln
Biden	Feinstein	Mikulski
Bingaman	Graham	Miller
Boxer	Harkin	Murray
Cantwell	Hollings	Nelson (FL)
Carnahan	Hutchinson	Reed
Cleland	Inouye	Reid
Clinton	Jeffords	Rockefeller
Conrad	Johnson	Sarbanes
Corzine	Kennedy	Schumer
Daschle	Kerry	Stabenow
Dayton	Kohl	Torricelli
Dodd	Landrieu	Wellstone
Dorgan	Leahy	Wyden

NOT VOTING—1

Helms

The PRESIDING OFFICER. On this question, the yeas are 51, the nays are 48. Three fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained. The amendment falls.

Mr. GRAMM. I move to reconsider the vote.

Mr. HAGEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia, Mr. ROCKEFELLER, is recognized to offer a second-degree amendment.

Mr. REID. Mr. President, before the Senator from West Virginia begins, I have spoken to the Senator from New Hampshire, who is the manager of this bill. Following the debate on the Rockefeller second degree amendment, we will go to Senator GREGG or his designee on a second degree amendment, and then Senator REID of Nevada or his designee on the next second degree amendment. I ask unanimous consent that that be the order.

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

The Senator from West Virginia.

AMENDMENT NO. 4316 TO AMENDMENT NO. 4299

Mr. ROCKEFELLER. 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 West Virginia [Mr. ROCKEFELLER], for himself, Ms. COLLINS, Mr. NELSON of Nebraska, Mr. SMITH of Oregon, Mrs. LINCOLN, Mr. DURBIN, Mr. CORZINE, Mr. HARKIN, Mr. MURKOWSKI, Mr. HUTCHINSON, Mrs. CLINTON, Mr. TORRICELLI, Mr. WELLSTONE, Mr. SCHUMER, Ms. MIKULSKI, Mr. KERRY, Ms. LANDRIEU, Mr. BINGAMAN, Mrs. FEINSTEIN, Mrs. MURRAY, Ms. SNOWE, Mr. ENZI, Mr. JOHNSON, Mr. SARBANES, Mr. DAYTON, Mr. LEAHY, Ms. CANTWELL, Mr. BAYH, Mr. KENNEDY, Mr. JEFFORDS, and Mr. CLELAND, proposes an amendment numbered 4316 to amendment No. 4299.

Mr. ROCKEFELLER. I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide temporary State fiscal relief)

At the appropriate place, insert the following:

#### SEC. \_\_\_\_ . TEMPORARY STATE FISCAL RELIEF.

(a) TEMPORARY INCREASE OF MEDICAID FMAP.—

(1) PERMITTING MAINTENANCE OF FISCAL YEAR 2001 FMAP FOR LAST 2 CALENDAR QUARTERS OF FISCAL YEAR 2002.—Notwithstanding any other provision of law, but subject to paragraph (5), if the FMAP determined without regard to this subsection for a State for fiscal year 2002 is less than the FMAP as so determined for fiscal year 2001, the FMAP for the State for fiscal year 2001 shall be substituted for the State's FMAP for the third and fourth calendar quarters of fiscal year 2002, before the application of this subsection.

(2) PERMITTING MAINTENANCE OF FISCAL YEAR 2002 FMAP FOR FISCAL YEAR 2003.—Notwithstanding any other provision of law, but subject to paragraph (5), if the FMAP determined without regard to this subsection for a State for fiscal year 2003 is less than the FMAP as so determined for fiscal year 2002, the FMAP for the State for fiscal year 2002 shall be substituted for the State's FMAP for each calendar quarter of fiscal year 2003, before the application of this subsection.

(3) GENERAL 1.35 PERCENTAGE POINTS INCREASE FOR LAST 2 CALENDAR QUARTERS OF FISCAL YEAR 2002 AND FISCAL YEAR 2003.—Not-

withstanding any other provision of law, but subject to paragraphs (5) and (6), for each State for the third and fourth calendar quarters of fiscal year 2002 and each calendar quarter of fiscal year 2003, the FMAP (taking into account the application of paragraphs (1) and (2)) shall be increased by 1.35 percentage points.

(4) INCREASE IN CAP ON MEDICAID PAYMENTS TO TERRITORIES.—Notwithstanding any other provision of law, but subject to paragraph (6), with respect to the third and fourth calendar quarters of fiscal year 2002 and each calendar quarter of fiscal year 2003, the amounts otherwise determined for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa under subsections (f) and (g) of section 1108 of the Social Security Act (42 U.S.C. 1308) shall each be increased by an amount equal to 2.7 percent of such amounts.

(5) SCOPE OF APPLICATION.—The increases in the FMAP for a State under this subsection shall apply only for purposes of title XIX of the Social Security Act and shall not apply with respect to—

(A) disproportionate share hospital payments described in section 1923 of such Act (42 U.S.C. 1396r-4); or

(B) payments under title IV or XXI of such Act (42 U.S.C. 601 et seq. and 1397aa et seq.).

(6) STATE ELIGIBILITY.—

(A) IN GENERAL.—Subject to subparagraph (B), a State is eligible for an increase in its FMAP under paragraph (3) or an increase in a cap amount under paragraph (4) only if the eligibility under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) is no more restrictive than the eligibility under such plan (or waiver) as in effect on January 1, 2002.

(B) STATE REINSTATEMENT OF ELIGIBILITY PERMITTED.—A State that has restricted eligibility under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) after January 1, 2002, but prior to the date of enactment of this Act is eligible for an increase in its FMAP under paragraph (3) or an increase in a cap amount under paragraph (4) in the first calendar quarter (and subsequent calendar quarters) in which the State has reinstated eligibility that is no more restrictive than the eligibility under such plan (or waiver) as in effect on January 1, 2002.

(C) RULE OF CONSTRUCTION.—Nothing in subparagraph (A) or (B) shall be construed as affecting a State's flexibility with respect to benefits offered under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)).

(7) DEFINITIONS.—In this subsection:

(A) FMAP.—The term "FMAP" means the Federal medical assistance percentage, as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)).

(B) STATE.—The term "State" has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(8) REPEAL.—Effective as of October 1, 2003, this subsection is repealed.

(b) ADDITIONAL TEMPORARY STATE FISCAL RELIEF.—

(1) IN GENERAL.—Title XX of the Social Security Act (42 U.S.C. 1397-1397f) is amended by adding at the end the following:

#### "SEC. 2008. ADDITIONAL TEMPORARY GRANTS FOR STATE FISCAL RELIEF.

"(a) IN GENERAL.—For the purpose of providing State fiscal relief allotments to States under this section, there are hereby appropriated, out of any funds in the Treas-

ury not otherwise appropriated, \$3,000,000,000. Such funds shall be available for obligation by the State through June 30, 2004, and for expenditure by the State through September 30, 2004. This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment to States of amounts provided under this section.

"(b) ALLOTMENT.—Funds appropriated under subsection (a) shall be allotted by the Secretary among the States in accordance with the following table:

"State	Allotment (in dollars)
Alabama	\$33,918,100
Alaska	\$8,488,200
Amer. Samoa	\$88,600
Arizona	\$47,601,600
Arkansas	\$27,941,800
California	\$314,653,900
Colorado	\$27,906,200
Connecticut	\$41,551,200
Delaware	\$8,306,000
District of Columbia	\$12,374,400
Florida	\$128,271,100
Georgia	\$69,106,600
Guam	\$135,900
Hawaii	\$9,914,700
Idaho	\$10,293,600
Illinois	\$102,577,900
Indiana	\$50,659,800
Iowa	\$27,799,700
Kansas	\$21,414,300
Kentucky	\$44,508,400
Louisiana	\$50,974,000
Maine	\$17,841,100
Maryland	\$44,228,800
Massachusetts	\$100,770,700
Michigan	\$91,196,800
Minnesota	\$57,515,400
Mississippi	\$35,978,500
Missouri	\$62,189,600
Montana	\$8,242,000
Nebraska	\$16,671,600
Nevada	\$10,979,700
New Hampshire	\$10,549,400
New Jersey	\$87,577,300
New Mexico	\$21,807,600
New York	\$461,401,900
North Carolina	\$79,538,300
North Dakota	\$5,716,900
N. Mariana Islands	\$50,000
Ohio	\$116,367,800
Oklahoma	\$30,941,800
Oregon	\$34,327,200
Pennsylvania	\$159,089,700
Puerto Rico	\$3,991,900
Rhode Island	\$16,594,100
South Carolina	\$38,238,000
South Dakota	\$6,293,700
Tennessee	\$81,120,000
Texas	\$159,779,800
Utah	\$12,551,700
Vermont	\$8,003,800
Virgin Islands	\$128,800
Virginia	\$44,288,300
Washington	\$66,662,200
West Virginia	\$19,884,400
Wisconsin	\$47,218,900
Wyoming	\$3,776,400
<b>Total</b>	<b>\$3,000,000,000</b>

"(c) USE OF FUNDS.—Funds appropriated under this section may be used by a State for services directed at the goals set forth in section 2001, subject to the requirements of this title.

"(d) PAYMENT TO STATES.—Not later than 30 days after amounts are appropriated under subsection (a), in addition to any payment made under section 2002 or 2007, the Secretary shall make a lump sum payment to a State of the total amount of the allotment for the State as specified in subsection (b).

"(e) DEFINITION.—For purposes of this section, the term 'State' means the 50 States, the District of Columbia, and the territories contained in the list under subsection (b)."

(2) REPEAL.—Effective as of January 1, 2005, section 2008 of the Social Security Act, as added by paragraph (1), is repealed.

(c) EMERGENCY DESIGNATION.—The entire amount necessary to carry out this section is designated by Congress as an emergency requirement pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902(e)).

Mr. ROCKEFELLER. Mr. President, I rise to offer this amendment on behalf of many Senators. It is a very long list.

Most of my colleagues know we should have included State fiscal relief and, in fact, did include it in our original stimulus package, which we debated both before Christmas and afterward but did nothing about. This is a stimulus package that we need now and need to complete because we have very dangerous cuts going on in Medicaid and in the health care programs in our States that affect our most vulnerable Americans.

The amendment which I and about 30 other Senators offer is to provide States with the assistance they need right now. State budgets, as the Presiding Officer is more than aware, having been a Governor himself, are in really bad shape financially, and 49 States, of course, cannot spend any deficit money at all. More than 40 States in this fiscal year faced a combined budget shortfall of between \$40 and \$50 billion, according to the National Governors Association and the National Association of State Budget Offices. It is a crisis. I hear from my Governor from West Virginia as often as the Presiding Officer from the State of Delaware hears from his Governor.

These deficits were caused by a combination of lower-than-expected revenues, higher-than-expected expenditures, including increased Medicaid costs, and Medicaid is our key, partly a result of the rise in unemployment. When that happens, what is a State going to do but to offer Medicaid?

There are some signs of an economic recovery at the national level. I say that without any particular reason to know that or even to be hopeful, but I will say that rather than just be pessimistic. However, it will certainly take 12 to 18 months, if I am right in my optimism, for the State to recover.

We offer this amendment to help address the States' fiscal crises. Yes, we are the Federal Government. Yes, they are States. However, they are deeply responsive to us and reactive to us with respect to Medicaid and virtually all of our health care programs.

This amendment will provide about \$9 billion to States over the next year and a half by increasing the Federal Medicaid match, also by holding States harmless for reductions in their Medicaid match that would occur under current law and providing about \$3 billion in new money that States can use for other social service needs such as child care.

I will explain that simply by saying when I conceived of this amendment originally, it was all about the Federal matching percentage. And then I got

together with Senator COLLINS from Maine and Senator NELSON from Nebraska and we worked out a compromise, which I think is a far stronger amendment, which is to say that we want to do the Medicaid match problem but we also want to work on social services block grants.

There is a block grant component here of \$3 billion, which means less for Medicaid but more for block grants, which means States can use it for child care, for education, for child abuse and negligence, and a variety of other services. It is a creative and good approach.

It is important that my colleagues support this amendment. I will say a word or two about some of its provisions.

Some Senators might say we should help the States. That is what we do. We often impose requirements and they get into trouble; we wander off, forgetting what we have done.

Some might say, look, they got themselves into this mess; why should we get them out of this mess? But the problem with that approach is, No. 1, they didn't get themselves into that mess. It was a result of what was going on nationally, economically, the way the whole formula is figured, and I can get into that if my colleagues want to talk about it.

Regardless of that, the problem is the people are affected, the people of our States are the ones affected. Governor Patton of Kentucky has noted:

Without fiscal relief the cuts necessary to close the budget gaps will have profound effects on our Nation's children and the programs which serve our most needy populations.

Several States have already cut back coverage under their Medicaid programs. If States cut back on Medicaid benefits, their residents will be out in the cold. So we need to stop pointing fingers at the States and ensure that the safety net is strong for this Nation's people who are our most vulnerable citizens.

Despite the downturn in the economy that is affecting most areas of the country, the proportion of Medicaid costs that the Federal Government bears—in my State, it is 77, 78 percent, but the proportion that the Federal Government is now paying is declining in 29 States. It is declining in 29 States including the State of West Virginia.

So the States with reduced matched rates will lose well over half a billion dollars. This is as a consequence of what is now going on under current law. Our amendment would hold States harmless for these decreases.

Our amendment will also provide a temporary increase in the Federal Medicaid matching rates. I say temporary; it is not permanent. There will be people here who will try to argue we are creating an entitlement. It is a temporary program which we write into law.

I would say to the Presiding Officer, when we did the tax decreases, we wrote that into law. We could write

this into law. It will last a certain period of time, the Medicaid match will be up until a certain year, the social services block grant up until a certain year. We write it into law. That is what we did with tax cuts. That is what we could do in this amendment.

The pressure on States to cut back health insurance for low-income families and individuals is enormous. The Governor of my State, this Senator's State, Gov. Bob Wise, calls me constantly about this. The State is in deficit for many reasons. It is not a wealthy State—it is a wonderful State, but it is not a wealthy State—and he agonizes over this because he knows at the end of the day he will have to make cuts in Medicaid. He already has had to. He doesn't want to do that because it affects so many of the people I represent—that we all represent.

Finally, I say to the Presiding Officer, the amendment will provide States with money they can use for other social services. It is very creative. It can be education. It can't be health care, but it can be education; it can be child care, which plays very strongly into the whole welfare reform debate issue. It can be for child abuse and neglect.

All of us will offer meaningful assistance to States with ailing budgets, lessening the need for States to cut programs or raise taxes in the middle of something called a very bad recession. I cannot think of a more important time to pass this than now.

My State will receive about \$58.5 million under this amendment, which it desperately needs in order to ensure coverage for our people.

I want to stress that this proposal is temporary. It will be effective for 18 months from April 2002. Our amendment includes an emergency designation. Why do we do that? Because that is the way it originally was. That is the way it always was. It was part of the stimulus package. It was part of getting America going again. Now more than ever we need to get America moving again economically.

The total estimated cost of the proposal, for both the block grant part and the FMAP part, the Medicaid match part, is \$9 billion over 10 years. I believe it is appropriate that we provide the States with this relief under the traditional emergency designation.

I will be glad to speak further, but I yield the floor.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, I rise today with my colleagues, Senator ROCKEFELLER, Senator BEN NELSON, and Senator GORDON SMITH, as well as with several other of our colleagues, to offer an amendment that begins to address the fiscal plight of our States. I congratulate Senator ROCKEFELLER and Senator NELSON for their hard work on this issue.

Originally, we had slightly different approaches but, in an attempt to get something done that will help our States that are struggling with fiscal

crises, and more important, the low-income families who are dependent on Medicaid for their health care needs, we joined together and came up with a compromise that I hope will win widespread bipartisan support.

Here in Washington, consumed with our own budget issues, we too often forget that we have 50 partners in our efforts to provide needed health care, education, and other essential services to our citizens. Our partners are our States, and they need our help and they need it now.

The recession may officially have come to an end, but its effects still linger and they are being felt acutely by States from Maine to Nebraska, from West Virginia to Oregon. The resulting rise in unemployment, as well as the decline in tax revenues, coupled with the aftermath of September 11, have placed enormous and unanticipated strains on our State governments' budgets. States are facing a dramatic and unexpected decrease in government revenues at precisely the time when more revenues are needed to respond to the needs of more and more Americans who are having difficulties making ends meet.

The combination of increasing demand for services and resources that have declined is causing a fiscal crisis for States across the Nation. According to the National Governors Association and the National Association of State Budget Officers, more than 40 States are facing an aggregate budget shortfall of between \$40 billion and \$50 billion. Most States have seen their estimates of tax collections decrease, often precipitously and unexpectedly. State governments are scrambling to respond.

Forty-nine States are required by law or their constitution to balance their budgets, so running a temporary deficit for these States is not a possibility.

Moreover, the problem is getting worse. It is not likely to improve anytime soon. A survey by the National Governors Association shows that individual tax revenues for the first 4 months of this year are running nearly 15 percent behind last year's level.

The problem also is not an isolated one. It is not limited to just one area of the country. Mr. President, 39 States have been forced to reduce their already-enacted budgets for fiscal 2002 by cutting programs, tapping rainy day funds, laying off employees, and reducing important services.

According to the Conference of State Legislators, States have been forced to cut a number of critical programs. Twenty-nine States have attempted to balance their budgets by cutting spending on higher education—something no one likes to see; 25 States have cut corrections programs. Others have cut K-12 education and the Medicaid Program; 10 States have reduced aid to local governments. In addition, a number of States have resorted to increasing taxes and fees by a total of \$2.4 billion.

The situation in my home State of Maine is typical of the problems faced by many States. Our fiscal year just ended on June 30. Just this past March, State revenues appeared to be on target at approximately \$2.4 billion. In April, after the State legislature had adjourned for the year, State forecasters projected a shortfall of \$90 million, largely due to sluggish capital gain receipts.

By mid-June, the expected shortfall had risen by another \$20 million, due to lower than expected sales taxes, income taxes, and corporate income tax receipts. All were off projections.

So you can see how quickly the financial system turned from relatively positive to negative in my State and many others.

The shortfall in the fiscal year that just began in May looks even worse. We may experience a shortfall of \$180 million. That is enormously difficult for a State such as Maine to deal with in a way that does not hurt the people we serve.

To close the books on last year, the Governor of Maine had nearly emptied our State's rainy day fund. This year, the choices are going to be far tougher. Already, cuts in education funding, furloughs for government workers, and cuts in the Medicaid Program are on the horizon.

I believe States need to tighten their belts in times of fiscal difficulty just as the Federal Government should do in austere fiscal times.

We are not talking about taking the States off the hook. They are still going to have to make a number of very difficult choices in order to balance their budgets. But the unexpected nature and the severity of the crisis that States now face has convinced me we need to give them some temporary help. We should do so by targeting resources where they are most needed for health care and social services programs.

Our amendment would provide a temporary increase in the Federal Medicaid matching rate. It would also provide block grant funds to every State. Specifically, it would provide \$6 billion to States by holding each State's Medicaid matching rate harmless for the next 18 months. It would also provide a temporary increase in the Medicaid matching rate.

I note that over 30 States are scheduled to see a decrease in their Federal matching under the Medicaid Program.

So we would hold these States harmless. They would no longer see their Medicaid rate drop at the worst possible time for them from a fiscal standpoint.

The legislation would also provide \$3 billion through a temporary block grant to help States pay for the rising demand in social services resulting from the economic downturn. As Senator ROCKEFELLER indicated, that could be used, for example, for child care programs that are so important to our States.

In order to be eligible for the increased Medicaid funds, States are asked to maintain their Medicaid Programs. There are some States that have acted to contract their Medicaid Programs in order to cut their costs. But these States could reverse those actions and, thus, become eligible for the increased Medicaid match that is provided by this bill.

Regardless, every State is going to benefit from the package we put together. Every State will receive a share of the block grant funding and will be protected by the provisions that maintain the Medicaid matching rates at no less than the current level. Those are the so-called hold harmless provisions.

Our amendment is strongly supported by the National Governors Association, as you might well expect. They need our help. But it is also strongly endorsed by a number of health care providers that are very concerned about their ability to continue to provide much-needed quality health care to citizens who rely on the Medicaid Program. It has been endorsed by the American Hospital Association, the American Health Care Association, which represents our nursing homes, the Visiting Nurse Associations of America, and a host of other health care provider groups.

The support that our legislation has received underscores the importance of providing assistance to States at a time when many are being forced to look toward cuts in vital health care programs in order to balance their budgets.

Our amendment targets most of our assistance on Medicaid. The reason is that the Medicaid Program is the fastest growing component of State budgets. While State revenues were stagnant or declined in many States last year, Medicaid costs increased by 11 percent. This year, Medicaid costs are increasing at an even greater rate—13.4 percent. My home State of Maine is one of only a number of States that have been forced to consider resorting to cuts in Medicaid in order to make up for their budget shortfall.

The amendment we are offering today—I want to stress this point—would not free States from the burden of making painful, difficult choices in crafting their budgets for the current year. But it would help to lessen the impact of the cuts. It would help to soften the blow from a situation in which the States are really not to blame. It is a combination of events—of declining tax revenues, lingering impact of a recession, and the events of September 11—that has created the fiscal crisis for our States.

Our legislation would help protect vital programs for those who can least bear the cuts in services. To the State of Maine, our amendment would mean \$54 million for health care and social services that would help our most needy citizens and assist our Governor

and the legislature in producing a balanced budget without resorting to draconian cuts that would have a terrible impact on our State citizens.

Congress is most effective when it stands arm in arm—not toe to toe—with our partners, the States. Our States face a crisis of vast and still expanding dimensions. I think we need to help, and we need to help now. The longer we wait, the more difficult it is going to be for our partners, the States.

This amendment is a modest amendment. Other versions of this amendment were far more expensive. But in recognition of the fiscal realities we face, we have limited its scope. But it is an amendment that would make a difference to the States and to needy citizens across our Nation. I urge my colleagues to join me in providing much needed but temporary fiscal relief to the States.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. NELSON of Nebraska. Mr. President, I rise today to join my colleagues and good friends, Senator COLLINS and Senator ROCKEFELLER, in discussing this issue, and to urge the support of our colleagues as we strengthen the partnership that exists between the States and the Federal Government as it relates to the Medicaid Program and social services.

With the Presiding Officer having led the National Governors Association, and having served as a Governor with the Presiding Officer in the National Governors Association, I feel perhaps a little bit like I am preaching to the choir. On the other hand, I think it is important that we continue to point out the challenges facing the States today which will put in doubt the continuing relationship of providing the kinds of benefits necessary for Medicaid and for social services.

There is, in fact, a partnership. It has been a partnership—a partnership where all the parties have responsibility and all the parties have an opportunity to help the most vulnerable among our society and our population. But as my colleagues have pointed out, States today are experiencing the necessity of making cuts in spending for important social services as well as for education and for a number of other programs.

The current economic indicators suggest it could be years before revenue levels return to what they were in the late 1990s. It will continue, therefore, to be a herculean challenge for the States to maintain a semblance of the services they were able to provide only a few years ago. As is the case in any economic downturn, now is the time when people need the services most.

Senator COLLINS and Senator ROCKEFELLER have indicated the importance of this particular legislation to their home States. I ask for the opportunity and the courtesy to be able to do the same.

In my home State of Nebraska, unemployment levels are at their highest

mark in 15 years. For only the second time in history, Nebraska will collect less revenue this year than it did last year. When those two figures are put together, it should be abundantly clear that the budget is being pressed on both sides, and eventually something will break.

In Nebraska, cuts have already been made to child care programs, rural development, and other essential services. A tax increase has been passed by the legislature. These measures might relieve the strain for today and tomorrow. But next year there will be more tough choices and even fewer options.

Many of those options will likely involve cuts to Medicaid unless we act to provide fiscal relief. According to the National Governors Association, Medicaid spending has been a particular struggle for States since expenditures have risen an average of 12 percent over the past 2 years while State revenues rose to a total of 5 percent—where they even increased, let alone where they decreased.

Medicaid spending has been driven by increases in health care costs generally. For example, Medicaid costs for prescription drugs have increased by 18 percent annually over the past 3 years. It has also been increased by the recession-related increases in the number of people who have become eligible for Medicaid due to the downturn in the economy. This continues to grow worse.

As we look for a solution for Medicare and the prescription drug benefit that we want to see provided to our seniors and to those who have the need as part of the Medicare Program, we know what the increase in cost has done to the average citizen. This program has felt the same impact.

To date, most States have been able to reduce Medicaid spending without cutting back eligibility significantly. Mr. President, 28 States have failed to budget enough funds for Medicaid this year, and nearly all States have implemented Medicaid cost-containment measures, such as reducing some benefits, increasing beneficiary cost-sharing, or cutting or delaying payment to providers.

But as fiscal pressures continue to mount, many States are likely to consider substantial reductions in Medicaid eligibility that would leave hundreds of thousands more children, families, and seniors uninsured. Medicaid, as you know, is often the second largest share of State budgets after education, and States have already exhausted the traditional budget balancing tools, such as tapping reserve funds and using one-time measures, such as using tobacco settlement funds or forward-funding spending programs, as well as Medicaid spending cuts unrelated to eligibility. But the States need help.

It is important that we help the States today because part of the partnership we have established with the States is welfare reform. To the extent

they are now faced with making cuts that will reverse the success we have had in welfare reform, it would be a tremendous shame to sit by and not do what we can to help avoid that sort of result.

As you know, Medicaid, as well as the eligibility requirements and transitional benefits in social services, have helped transition people from welfare to work. I think it would be a tremendous disservice if we saw the absence and the withdrawal of those programs reverse the trend, where people go from work back to welfare because they lose their child support care and other valuable programs that have helped in the transition.

For the past several months, we have been working together, Senator COLLINS and I—and we have been so pleased to have been joined by Senator ROCKEFELLER in bringing about this coalition—to craft a measure to help States through this period of fiscal crisis.

During the journey to bring our measure to the floor, it has gone through some changes, but, more importantly, it has become even more of a consensus measure along the way. As Senator COLLINS indicated, it has the support of the National Governors Association, with the letter today supporting it. And these are members of all political parties, a tripartite group, where they are now supporting it and truly recognize how important it is we work as quickly as we can to provide this support to the States.

The Rockefeller-Collins-Nelson amendment will provide \$9 billion, as has been mentioned. It is a temporary measure that will provide enough help, over the next 18 months, to ensure that low-income families, children, seniors, and persons with disabilities most affected by the economic downturn will get the health care as well as the other services they need. It will also help to provide financial resources for various hospitals, clinics, nursing homes, doctors, and other providers that offer such services.

It is clear this amendment is, by no means, perfect. But it is a consensus amendment, and it is a step in the right direction, on a temporary basis, to help the States through these difficult times and, moreover, to help the residents and the citizens of the States get through this.

So I urge my colleagues to adopt this amendment and take this step to avert, at least in part, potentially damaging cuts to Medicaid, as well as to other social service programs.

I hope, as the list of supporters is included in the RECORD, numerous senior groups and other groups interested in the outcome of the Medicaid Program and social services—that that list will show there is strong support, not only among the States but by those who are equally interested in the outcome for seniors and for others, and that that support will encourage and bring about the support of others of our colleagues, so this amendment can be adopted.



It appears we are going to need the requisite 60 votes for this to be adopted. We hope people will support it.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. EDWARDS). The Senator from Idaho.

Mr. CRAPO. Mr. President, I ask unanimous consent to speak for up to 5 minutes as in morning business.

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

(The remarks of Mr. CRAPO are printed in today's RECORD under "Morning Business.")

Mr. KYL. Mr. President, I rise to express my concerns with Senator ROCKEFELLER's amendment. As you know, it would provide every state with a 1.35 percent point increase in their Federal Medical Assistance Percentage, FMAP,—the amount that the Federal Government supplements States for their Medicaid costs.

Under FMAP, Medicaid funds are distributed to States based upon a formula designed to provide a higher Federal matching percentage to those States with lower relative per capita income, and a lower Federal matching percentage to those States with higher per capita income. This formula, although not perfect, is justified because States cannot manipulate it for their own gain; the data is periodically published and can be estimated with reasonable accuracy. Additionally, the use of per capita income is a proxy for State tax capacity which, in turn, relates to a State's ability to pay for medical services for needy people. To put it simply: poorer states get more help than wealthier States.

The Rockefeller amendment ignores the Medicaid formula and gives each State a 1.35 percent point increase. Under the amendment, states that have been determined by the Medicaid formula to receive the lowest FMAP of 50 percent receive the greatest percentage increase in FMAP. States with the highest FMAP receive the lowest percentage increase. This is the exact opposite of how the funds should be allocated. The Medicaid formula, whatever its faults, does indicate a relative sense of need. It would be wrong to give the least needy States the largest percentage increase.

For example, Illinois' FMAP for fiscal year 2003 is 50 percent. Increasing this to 51.35 percent, as the chairman's mark does, increases Illinois' FMAP by 2.7 percent. Arizona's FMAP for fiscal year 2003 is 67.25 percent. Increasing this to 68.60 percent, as the amendment does, increases Arizona's FMAP by only 2 percent and, obviously, a much lower dollar figure. Illinois is receiving a 35 percent greater increase in its FMAP than Arizona, yet by the formula's standards, Arizona has shown that it needs a far greater FMAP than Illinois.

While the amendment is supposed to be a temporary increase in the FMAP for just 18 months—I also worry that this temporarily increase would become permanent, in which case it could

cost upwards of \$30 billion over 10 years.

Additionally, the Chairman of the Finance Committee had scheduled a mark up on a proposal similar to this amendment. Unfortunately, the mark up was canceled. I do not think that having an amendment on the Senate floor without the legislation going through the committee process is the best way to make changes in the Medicaid formula that could become permanent.

Given these facts, I will not be able to support the Rockefeller amendment.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, there are a variety of things that have been said about this amendment, and there are a few more things that could be said, but, basically, the nature of the amendment has been laid out.

We are talking about an emergency designation. We did that in the pre-last Christmas stimulus conference, of which I was a member, but it did not get anywhere. We have talked about maintenance of effort. We talked about the fact that this started out as just for Medicaid, and now it is bifurcated in two parts, both of which are good. And it is a stronger amendment.

I notice the presence of my distinguished colleague, Senator SMITH, on the floor, and hope that he will have some comments he will want to make.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. SMITH of Oregon. Mr. President, first, I thank the Senator from West Virginia for his leadership in bringing together this coalition.

The amendment, that I hope we soon adopt by an over 60-vote margin, is, in part, like what we adopted last December when, as part of the supplemental bill or the stimulus package, Senator BAUCUS and I authored an amendment that would have helped a great deal with respect to Medicaid in the States' use of these funds. This bill is broader. It allows States more discretion.

Senator BEN NELSON, Senator COLLINS, Senator TIM HUTCHINSON, I, and others have come together to provide an amendment that our States desperately need us to adopt.

Medicaid is an essential part of our health care safety net. Last year, the Medicaid Program provided health coverage for 44 million of the most vulnerable Americans 22.6 million children, 9.2 million adults in low-income families, and 12 million elderly and disabled.

One in four American children are covered by this important program. Yet, despite the program's importance, states around the country are struggling to fund their share of their Medicaid programs.

The National Governors' Association reported several weeks ago that States are in the worst financial situation in 20 years, and that they expect next year's situation to be even worse.

During this current fiscal year, more than 40 States are experiencing budget

shortfalls totaling \$45 billion. To close the gaps in funding, many States are cutting public education, services to the elderly, and health care to the poor—Medicaid—even as families are struggling to get by in the weakened economy.

Twenty-two States have already acted to cut costs by eliminating planned expansions of Medicaid or slashing current Medicaid eligibility.

To keep State budgets in balance this year, Governors have cut spending in many departments, tapped "rainy day" funds, and depleted tobacco settlement funds. What this means is that, as we enter 2003, the one-time fixes have been used up. In the words of Idaho's Governor Kempthorne, "The cupboard is bare."

Going into legislative session this year, my home State of Oregon faced a budget shortfall of more than \$800 million, and the majority of States are facing similar conditions.

The cruel irony of this situation is that just as State revenues have dropped due to poor economic conditions, many more families are turning to Medicaid as their only source of health care.

I know that in Oregon, the number of people on Medicaid has risen by more than 10 percent since June of last year, and I suspect that many of your States have experienced similar increases in demand.

Last year, more than 40 million Americans lived and worked without health insurance, and it is estimated that the economic downturn will add another 4 million to the ranks of the uninsured.

The amendment before the Senate today addresses a very real emergency. It will allow States to continue providing health care to our society's most vulnerable members in this economic downturn by providing a temporary increase in the federal medical assistance program, FMAP, funds States receive to pay their portion of the Medicaid bill.

It will prevent the erosion of health insurance coverage and help maintain a strong health care safety net for vulnerable Americans during the economic downturn.

By temporarily increasing the Federal portion of the Medicaid bill, the scope and depth of possible State budget cuts or tax increases will be lessened, minimizing the potential negative impact on the economy and our most vulnerable citizens across the country.

Including funds for States to use for a variety of social services will also help provide services to the needy at a time when demand for such services is demonstrably on the rise.

It is the right thing to do, and the right time to do it.

I urge my colleagues to support our amendment so we can clear the 60-vote threshold.

Again, I thank our colleague from West Virginia, Senator ROCKEFELLER,

for his leadership and look forward to joining him in support of this critical and timely amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I thank Senator ROCKEFELLER for his leadership on this amendment and on health care policy. I have said to the Senator from West Virginia, it is a little bit like the E.F. Hutton ad: When E.F. Hutton speaks, people listen. Senator ROCKEFELLER has that credibility.

This is critically important. I know in Minnesota it is about \$123 million in additional Medicaid funding. There is also the additional social services block grant money that would also come to Minnesota. Our State, just like many States in the country, is under siege financially.

The other important feature is that one of the conditions upon receiving this is to not cut back on Medicaid or medical assistance eligibility which is extremely important. People need to be able to keep their health insurance.

I ask unanimous consent to be an original cosponsor.

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

Mr. WELLSTONE. I thank Senator ROCKEFELLER for stepping forward and taking the lead. I indicate to my colleagues my very strong support as a Senator from Minnesota for this amendment.

I yield the floor.

Mr. REID. Mr. President, I say to my friend from West Virginia, the sponsor of this amendment, the Senator from West Virginia would agree to a reasonable time on this amendment; would he not?

Mr. ROCKEFELLER. The Senator is correct.

Mr. REID. There is not a manager on the floor, and there are other things going on, such as the memorial service for the fallen police officers in a few minutes. I would hope that we would be in a position in the near future to arrive at some reasonable time to vote on this amendment. It appears to have wide support. I would hope on this amendment the majority leader would not have to file a cloture motion. It is my understanding that the last time there were at least eight or nine Republican cosponsors of this legislation; is that not true?

Mr. ROCKEFELLER. The Senator is correct. If the Senator will yield for an additional comment.

Mr. REID. Yes.

Mr. ROCKEFELLER. It is a very interesting situation because we have a compromise. It has very broad support. Nobody has come to speak against it. There is a temptation to call for the yeas and nays; we are ready to vote. We could have voted on this already. We voted in the Finance Committee. If we voted on the floor, this is something I think would pass well and easily. It is incredibly important to the States. I will say something about that after I yield back to the Senator from Nevada.

Mr. REID. I appreciate the work that has been done by the Senator. I hope this isn't happening. This is very typical, when someone knows there is a good piece of legislation on the floor, to just ignore it and go away. People don't want to speak against this because States are helped as a result of the amendment of the Senator from West Virginia. It is shaping up that maybe this will be our Friday vote. The leader has indicated he will not go off this legislation at the drop of a hat. He is working very hard to get a bipartisan prescription drug amendment added to this underlying legislation.

We should move on this legislation the Senator has offered and not waste time. The Senator from West Virginia or the Senator from Nevada can't make that decision.

But we can suggest to the majority leader that it appears a big stall went on here and maybe there should be a cloture motion filed on the amendment of the Senator from West Virginia. Nothing is happening here and this amendment has been on the floor. I have been watching all the floor proceedings. Has anybody spoken against this amendment?

Mr. ROCKEFELLER. I say to the Senator, not a single voice has been raised against it.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. SMITH of Oregon. Mr. President, I say to the majority whip that there is one individual—Senator GRAMM of Texas—who came by as I was about to speak and asked to speak before there is a vote or any final agreement. He intends to speak in opposition to my position. He made that clear. I will not speak for him, but as a courtesy to him I note his interest in making a statement in opposition.

Mr. REID. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Mr. President, it is very perplexing, really, because I was noting when the Senator from Nebraska was here, the floor was crowded with Senators on our last votes. Obviously, all of a sudden, the Senate floor was empty when we came to what is the single most important part of the relationship with the Federal Government that States are worried about and that is their Medicaid match.

This Senator was a Governor for 8 years. I remember what happened in the early 1980s when we had the recession. I remember what happened in Medicaid and I remember what happened in the public employees insurance. Everything sort of collapsed. And then there is this body up there in Washington that thinks it is so high and mighty that it doesn't need to pay attention to the problems of States. We only pay attention to the problems of the world and the country. This is an example where this was part of the stimulus package and we were dealing with the absolutely most critically im-

portant part of whether a child eats, whether a child has medical services, whether a family has medical services, and everybody is silent.

I have a very strong feeling that if this were taken to a vote, it would get well over 60 votes. I know the Senator from Illinois is here and so is the Senator from Minnesota. But there is this strange silence, which sounds like a rolling filibuster without voice. I think it is wrong. We are ready to go to a vote. I am going to keep saying that because it is important.

Mr. WELLSTONE. Will the Senator yield for a question and comment?

Mr. ROCKEFELLER. Yes.

Mr. WELLSTONE. I urge the Senator—and I know he will do so—it is hard to figure out the opposition, but I hope all of us think about our States. This is an enormous contribution the Senator is making.

I ask the Senator from West Virginia whether he intends to persevere and to keep it on the floor and do whatever he needs to do to bring it to a vote.

Mr. ROCKEFELLER. This amendment is going to be voted on.

I notice the presence of the distinguished Senator from Illinois.

Mr. DURBIN. I would like to speak on behalf of the Senator's amendment. I will seek recognition on my own time if that would be appropriate.

Mr. ROCKEFELLER. I was trying to be courteous and friendly and encourage the Senator to speak, and he will proceed as he does so well.

Mr. DURBIN. The Senator from West Virginia is always courteous.

Mr. President, the amendment before us, offered by the Senator from West Virginia, is one of critical importance across the Nation. In Illinois, we have cities large and small, hospitals large and small; but we have health care needs that are universal. Whether you live in small town America or in the middle of Chicago, there is genuine concern about health care and its cost.

Now, one of the groups of Americans that we have made a special effort to try to help are those who are in low-income situations. The Medicaid Program is an effort by our country to say that no matter how poor you might be, whatever your economic circumstances, we will not let you go without basic medical care. That has been a commitment in place for almost 50 years, and it is one that I think we honor as Members of the Senate, both Democrats and Republicans.

What the Senator from West Virginia challenges us to face is the fact that the amount of money we are sending to the States to meet that obligation is not enough. It is not enough for several reasons. The state of the economy is so poor, with unemployment, with businesses in trouble, with people not receiving health insurance at their place of employment. They turn in desperation to this Medicaid Program. I think you will find that a substantial portion of those who turn to it are children—the children of a working mother, the



children who otherwise might not receive the most basic medical care. So the demand for services is increasing because of the sad state of our economy.

The Senator from West Virginia knows that. He comes before the Senate and says: If you are going to talk about health care in America, for goodness' sake, be sensitive to the fact that there are more and more people in desperate need. If the commitment of our Federal Government to Medicaid is to be honored, certainly we must pay close attention to the amendment.

Second, he raises a serious element, which is the fact that the cost of this medical care is increasing. Ironically, one of the elements that drives up cost is the cost of prescription drugs under the Medicaid Program—under virtually every health care program. So in the State of Illinois, in West Virginia, in North Carolina, and in California, when you try to keep some young person, for example, healthy so they don't have to be hospitalized, under Medicaid the cost of prescription drugs to do it keeps increasing.

On a national average, the cost of prescription drugs went up 17 to 18 percent last year. So is it little wonder that, as we look at this program, it is suffering because not only are there more demands but the costs have gone up? Senator ROCKEFELLER appropriately says to us, for goodness' sake, you cannot ignore these realities. If you don't provide additional resources for Medicaid, fewer people will be served and we will literally threaten the quality of health care to millions of Americans.

This bill sounds so simple—and it is—because it asks the Senate to keep its word. If you are committed to the families of America, rich and poor, that they will not be left without quality health care, are you willing to vote for it?

It amazes me. As the Senator comes to the floor, you would expect opponents of this legislation to be gathered and make the arguments they are going to make. Yet you could shoot a cannon across this floor and not hit an opponent. No one is here. I don't know if this is an effort or a conspiracy of silence to not come and say anything and then pray that the amendment doesn't come to a vote. Some colleagues live and dread that they may have to vote for this one way or the other.

I am reminded of one of my favorite colleagues from the House of Representatives, the late Mike Synar of Oklahoma, who used to say to me, when a tough vote would come up on the House floor: I know you don't want to cast that tough vote, but if you don't want to fight fires, don't be a firefighter. If you don't want to vote on tough issues, don't run for Congress.

Well, this is a tough call. We are saying to Democrats and Republicans alike: Come to the floor and vote on whether we are going to adequately

fund Medicaid and reimburse the States that are struggling with this economy. If you don't believe we should, then vote no. But if you believe we should, as I do, join Senator ROCKEFELLER in this effort.

We all know what the States are going through. There is not a State in the Nation that hasn't faced serious shortfalls in terms of State revenue. My State of Illinois, and virtually every other State, has had to make cuts and changes when, in fact, each and every one of them is paying for them. At the same time, since September 11, all of the States and localities are putting more money into security as we expect them to do. They are providing law enforcement so we have a safe and secure Nation. They are trying to maintain and protect our basic infrastructure of America.

So as the economy is weakening, the demands on State revenue increase and the costs of the Medicaid Program go up, and Senator ROCKEFELLER says it is time for the Federal Government to meet its obligation. What he has proposed that we do is to increase the Medicaid reimbursement in all States by 1.35 percent.

As I stand here and say that, many people listening to this debate will say: How big a difference could that make? The fact is it could make a substantial difference. It could provide our States up to \$6 billion over the next 18 months; \$6 billion right into the Medicaid system, making certain that people receive basic health care.

It also says States with a lower FMAP this year than last year will be held harmless. States do not lose money under this proposal. It says States will also receive, if I understand correctly, \$3 billion in fiscal relief grants for a variety of social service programs which are now suffering.

The Urban Institute estimates that Medicaid enrollment can be expected to increase because of our weak economy by approximately 800,000 adults, 2 million children, and 260,000 people with disabilities, if the unemployment rate rises from 4.5 percent to 6.5 percent. With that, of course, are the demands for more Federal money and more State money.

I applaud my colleague from West Virginia. We have worked on this before. We tried to bring this to the floor several different times. This is the moment. If we are talking about health care costs, whether it is the cost of prescription drugs, the availability of generic drugs, as we address each of these issues, let's not overlook the basics.

There are many people in this country struggling to get by today, working part-time, unemployed, trying to keep their children healthy. States are struggling to provide the services these folks need. In my State, I can find them in rural areas, I am sure in Arkansas and North Carolina. There are many small town hospitals which are threatened with going out of existence. They are going to leave.

In one part of my State, as I traveled around, I said in Calhoun County: What does it mean if that local hospital closes? They said instead of a woman traveling 40 miles to deliver a baby, it is 75 miles. I have been through that three times with my wife, and the prospect of getting in a car and driving 75 miles when she thinks the baby is on the way is something no father, no member of any family can look forward to. That is the real world affect of this amendment.

If we do not provide the assistance through Medicaid for those hospitals and those doctors, we are going to say to some parts of America, whether it is inner-city or rural America: You are going to find a dramatic decline in the services and quality of service available to you.

The block grant which Senator ROCKEFELLER proposes to the States is also going to help us in providing a variety of social services. This increase in Federal support is essential if we are going to honor our commitment to act as partners with our States to help our Nation's most vulnerable people.

I urge my colleagues to support Senator ROCKEFELLER's amendment and to increase Federal assistance to States that are struggling to make ends meet. This increase in Federal support is long overdue. We first started talking about it last November. Senator ROCKEFELLER and I tried to include this in the energy package, if I am not mistaken. That was one of our efforts. We cannot delay it further.

Anyone who opposes it—I hope no one does—if anyone opposes it, come forward, make your argument, suggest your own amendment, but for goodness' sake, let's not let this important issue slide by. There are literally people in communities across America who are dependent on our good work, and if we do not respond to this national emergency, there are families and people who will suffer.

I thank Senator ROCKEFELLER for his leadership on this issue. I ask unanimous consent to be shown as a cosponsor of the amendment.

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

Mr. DURBIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas.

Mrs. LINCOLN. Mr. President, I wish to say a special thanks to Senator ROCKEFELLER who has been tireless in this effort on behalf of his constituents in West Virginia. The similarities in our States have certainly given me a wonderful partner in fighting on behalf of this issue. We have been fighting to increase Arkansas' share of Medicaid dollars since last fall.

I remind the Senator from West Virginia that back in November, when we were taking up the stimulus bill in the Finance Committee, we tried even there to offer this type of an amendment, to recognize the shortfall in our rural States and the problems they were suffering at that point. We know

that in terms of stimulating the economy, it is pretty hard to go to work if you are sick and cannot get health care. It is pretty hard for children to learn and become a great part of the future leadership and the future workforce of this country if they are sick and cannot go to school.

Back in February, we argued to get it into a slimmed down stimulus package, but we did not pass it there either.

I worked with Senator ROCKEFELLER to try to amend the energy bill, but we did not get a vote on that back in March. Again, in April, I cosponsored stand-alone legislation with Senator ROCKEFELLER and Senator SMITH, and in May I cosponsored stand-alone legislation with Senator COLLINS and Senator NELSON.

We have been working on this issue for quite some time. We recognized last fall when many of our State Governors were having to take cuts that those who were most vulnerable in our society were going to be hurt the most, and we needed to do something and we needed to act.

I am a proud cosponsor of the amendment before us in which the two previous proposals I mentioned have been merged. I thank my colleagues, certainly Senator ROCKEFELLER, Senator SMITH, Senator COLLINS, and Senator NELSON for their leadership and their perseverance.

In times of tight budgets and economic downturns in our States, States are cutting their Medicaid budgets, and we are seeing it right and left across this country. Who suffers because of this? Our most vulnerable citizens: Our low-income families, our children, and our senior citizens.

Medicaid funding plays a critical role in senior care, with two-thirds of the residents of America's nursing homes depending on Medicaid payments for their care. But many States, including Arkansas, are facing real budget crunches with their Medicaid budgets. We are seeing, because of a multitude of other medical underpayments, whether it be UPL, whether it be physician payment reimbursement cuts, whether we are talking about ambulance provider fee schedules, we are looking at a crisis in rural America in the delivery of health care.

It is a serious problem that we are facing now, but if we do not do something pretty quickly, we are going to see some devastation. I have heard from hospitals in my State that are going to, in the next couple of months, stop providing OB care. I have constituents at that point who will have to travel 90 miles to get obstetric care. We are going backward, not forward, in providing the health care across the board in rural areas, as well as urban areas, that is so necessary to the quality of life that each American deserves.

In Arkansas, our population of seniors is a snapshot of where the Nation is going to be in the next few years. So we are already facing the challenges with which other States will have to

contend, the challenges that other States will have to face in the next 10 to 15 years.

It is also true that we have a disproportionately high number of seniors living in poverty, and many of them rely on Medicaid funding for health care and long-term care. Especially in rural States such as Arkansas where health care services are harder to come by, Medicaid makes a huge difference in helping families afford care for their seniors.

We need greater investment in Medicaid funding to States, especially at a time when our States are in such a devastating budget situation.

The bills I have helped introduce in the Senate will adjust the FMAP level so that States can benefit from greater Medicaid funding, which will go a long way toward helping our most vulnerable citizens, particularly our seniors.

I appreciate the support I have received from our colleagues today, those who have worked tirelessly on this issue. And I can tell you that we will all keep fighting to get this done. No matter what barriers people may put before us, we are going to continue to make this fight. I think the fact we have been doing it since last November should indicate to our colleagues that this is essential, we know it is important, our constituents know it is important, and the rest of the Senate must learn that it is important enough for us to act now.

Under this amendment, Arkansas stands to gain \$80 million over 18 months. This is a much needed injection into our economy and into the quality of life of our most vulnerable citizens.

To my colleague from West Virginia, I thank him so much for his leadership on this issue. I have enjoyed working with him since last fall, and we are going to continue on this effort because we know how important it is to the lives of the people we represent in this body. It is so important we move forward as quickly as we possibly can.

I thank the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, for 60 seconds, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

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

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

Ms. COLLINS. Mr. President, I ask unanimous consent that the Senator from Mississippi, Mr. COCHRAN, be added as a cosponsor of the Rockefeller-Collins-Smith, et cetera, amendment.

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

Ms. COLLINS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

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

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

#### MOMENT OF SILENCE TO HONOR OFFICER CHESTNUT AND DETECTIVE GIBSON

The PRESIDING OFFICER. Under the previous order, the Senate will now observe a moment of silence to honor the memory of Officer Chestnut and Detective Gibson.

(Moment of Silence.)

Mr. ROCKEFELLER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

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

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

Mr. LOTT. Mr. President, Senator DASCHLE and I and other members of the leadership of the Senate have joined the House of Representatives at the memorial entrance to have a moment of silence in memory of Officer Chestnut and Detective Gibson. I know that moment of silence was honored in the Senate. We do not want this moment to go by without making some specific remarks.

We remember today with fondness and in prayer and everlasting gratitude the sacrifice of two great men of peace who lost their lives in the line of duty in our Capitol 4 years ago at precisely 3:40 p.m.

Officer J.J. Chestnut and Detective John Gibson were part of our congressional family, a family whose security was their life and for whose safety they died.

On July 24, 1998, our gift of freedom was challenged every bit as determinedly as it was on September 11. And just as the Nation witnessed on September 11, we saw on July 24, selfless protectors and guardians rise to the defense of the liberty of all Americans. No one who was in the Capitol that day 4 years ago or who revels in the triumph of democracy that this great dome symbolizes could help but be affected by the profound heroism of these fallen comrades, Officer Chestnut and Detective Gibson, and also of the courage and the dedication and the loving of their families.

We cherish their memory and gratefully accept responsibility every day of proving ourselves worthy of their example and the cherished gift of freedom they left us. Our thoughts and prayers and gratitude are with the Chestnut and Gibson families today and every day.

I yield the floor.