

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 Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. CLINTON). Without objection, it is so ordered.

Ms. STABENOW. I thank the Senator from New York for stepping into the Chair for a moment this morning so I might share a few comments. I also congratulate her on a very eloquent statement about an extremely important gentleman, Justin Dart, whom I knew not as well as the Senator from New York but for whom I had tremendous admiration. I align myself with the comments concerning special education and what needs to be done. I thank the Senator for her advocacy this morning on that very important topic.

PRESCRIPTION DRUGS

Ms. STABENOW. Madam President, I rise this morning to comment on another very important topic that is before us and to urge my colleagues to come together to get something done. We have been talking a lot about Medicare and the fact it is outdated, that it needs to be modernized to cover prescription drugs.

We had a very significant vote 2 days ago. It was historic. It was the first time the Senate, since 1965, has come together to vote to modernize Medicare. A majority of us, 52 Members, voted yes. I commend my Republican colleague—which was the one Republican vote joining us—the Senator from Illinois, for joining us in that effort.

A statement was made by a majority of the Senate, and I believe it reflects the will of the majority of Americans. We have a health care system for older Americans, a promise of comprehensive health care for older Americans and the disabled that was put into place in 1965. It has worked. The only problem is that the health care system has changed. We all know that. We have all talked about it many times.

What I find disturbing at this moment, in light of the fact that we need 60 votes—we need 8 more people; we need 8 of our Republican colleagues from the other side of the aisle to join us to actually make this happen—in light of the success of Medicare, too many times I am hearing words such as “big Government program” from my Republican colleagues in the House. They refer to Medicare as a “big Government program,” and there are times I have heard that in this debate from the other side of the aisle.

I am here to say I think Medicare is a big American success story. It is a big American success story, just as Social Security is a big American success story and one that we should celebrate.

I worry, as I hear comments from our President about moving in the direction of wanting to privatize Social Security, wanting to move Medicare to the private sector and privatize it, that we are moving away from not only a

commitment made but a great American success story. It has worked, and I think often now of those people such as Enron employees or WorldCom employees who have lost their life savings who have said to me: Thank God for Social Security and Medicare or I would have nothing. If Medicare was not there, they would have no health care.

These are great American success stories. At this time in 2002, at this moment in July, we have an opportunity to make history so that when others read the history books and look back, they will find we took the next step to modernize a system that provided health care for older Americans and the disabled for over 35 years.

I want to read a couple of stories from Michigan. I have set up a prescription drug people's lobby in Michigan and asked people to share their stories and to get involved because we know there is such a large lobby on the other side.

As we all know and have said so many times, there are six drug company lobbyists for every one Member of the Senate. Their voice is heard every day. It is also heard on TV. It is heard on the radio. There is a full-page ad in Congress Daily from the drug company lobby that was brought to my attention urging us to oppose the amendment we passed to open the border to Canada.

Heaven forbid that we add more competition. Heaven forbid that American citizens be able to buy American-made drugs that they helped create through taxpayer dollars, but they are sold in Canada for half the price they are sold in the United States. Heaven forbid that American consumers would have the chance to do that. So they have an ad, and I am sure there are many more. I am not sure how much it costs. I prefer the money that is being spent on this ad and other ads on television and the \$10 million being spent on ads supporting the drug company version would be put into a Medicare benefit or lowering prices. That would be certainly much more constructive in the long run.

The reality is that something has to be done because the system is just out of control, and it will not change unless we act because there is too much money at stake. Just as we have debated corporate responsibility in other settings—and I applaud colleagues who have come together to agree on a final plan related to legislation for corporate responsibility and accountability—this, too, is an issue of corporate responsibility, corporate ethics, as it relates to pricing lifesaving medicine. And how far is too far?

Let me share stories that have come to me from various individuals in Michigan. This is one from Christopher Hermann in Dearborn Heights, MI. He writes:

I am a nurse practitioner providing primary care to veterans. I am receiving many new patients seeking prescription assistance after they have been dropped by traditional

plans and can no longer afford medications. Many of them have more than \$1,000 a month in prescription drug costs.

The vets are lucky. We can provide the needed service. Their spouses and neighbors are not so lucky.

I also have such a neighbor. Al is 72, self-employed all his life with hypertension. When he runs out of his meds due to lack of money, his blood pressure goes so high he has to go to the emergency room and be admitted to prevent a stroke. I provide assistance through pharmaceutical programs, but this is not guaranteed each month. We either pay the \$125 per month for his medications, or Medicare pays \$5,000-plus each time he is admitted. It is pretty simple math to me. It is pretty simple math.

We can either help people with their blood pressure medicine or medicine for their heart or medicine for sugar and all the other issues that need to be dealt with or we can pick up the pieces with hospitalization or worse that ultimately costs more to the system.

I very much appreciate Christopher Hermann sharing this story. I will not share more this morning. I thank those who have been sharing their stories with me.

I will close with one other story that was shared with me that has stuck with me since I read it a few weeks ago, and that was a little girl from Ypsilanti, MI. I have talked about this before, but I think this is important to remind us of what this legislation is about. She wrote a letter to me telling me that her grandma stopped taking her medicine at Christmas in order to buy Christmas presents for the grandkids. She later had health problems and passed away.

There is something wrong with the United States of America when grandmas are not taking lifesaving medicine to buy Christmas presents for their grandchildren. Ultimately, that is what this debate is about. It is about taking a great American success story, called Medicare, and simply updating it for the times. Let's say no to the drug companies and yes to all the grandmas and the grandpas across the country and to everyone who is counting on us to do the right thing.

I thank the Chair, and I yield the floor.

GREATER ACCESS TO AFFORDABLE PHARMACEUTICALS ACT OF 2001

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of S. 812, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 812) to amend the Federal Food, Drug, and Cosmetic Act to provide greater access to affordable pharmaceuticals.

Pending:

Reid (for Dorgan) amendment No. 4299, to permit commercial importation of prescription drugs from Canada.

Rockefeller amendment No. 4316 (to amendment No. 4299), to provide temporary State fiscal relief.

Gramm point of order that the emergency designation in section C of Rockefeller

amendment No. 4316 (to amendment No. 4299), listed above, violates section 205 of H. Con. Res. 290, 2001 Congressional Budget Resolution.

Reid motion to waive section 205 of H. Con. Res. 290, 2001 Congressional Budget Resolution, with respect to the emergency designation in section C of Rockefeller amendment No. 4316 (to amendment No. 4299), listed above.

The PRESIDING OFFICER. Under the previous order, there will be 1 hour of debate on the motion to waive the Budget Act to be equally divided and controlled by the Senator from West Virginia, Mr. ROCKEFELLER, and the Senator from Texas, Mr. GRAMM.

Who yields time?

The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Madam President, this is an extremely important vote. It is very important because in the Congress we worry not only about the Nation as a whole, but as a nation of its individual parts, that is made up of 50 different States, all of whom are getting clobbered by something called a loss of Medicaid money.

We have a chance with the amendment before us to adjust that situation. We felt so strongly about the situation and the loss of Medicaid money for our most vulnerable citizens, and also the damage it does in the aggregate to our hospitals, nursing homes, and every part of our health infrastructure. Whether you are in an urban or rural area—and the Presiding Officer's State includes both urban and rural—you are faced with hospitals and other facilities that depend overwhelmingly on Medicaid.

The States now have an enormous shortfall in their budgets. In fact, there are deficits of \$40 billion to \$50 billion. No State, with the exception of Vermont, can go into deficit financing like we do in the Federal Government. They have to balance their budgets. So what happens if they get to a situation where they don't have money? I was a Governor for 8 years, and I was in that situation for a full 5 years, where we actually had to lower moneys because the revenue was less than the previous year. We had to lay off people and the other things Governors have to do.

We are in a position to help now. We have done nothing on health care, basically, except the children's health insurance program, which affects 2 million children, but it needs to affect many more. We have done nothing about universal health care, prescription drugs, or this Medicaid problem, and about virtually all of the areas of health care that we talk about all the time and simply do not perform on.

So this is a real test for the 100 people who will come here to vote on whether they want to see their States drown in debt and have to cut Medicaid and hurt not only children but families and hospitals and nursing homes and home health—all the aspects of where Medicaid makes a difference.

We felt so strongly about this after September 11, which was an enormous

day in the history of the world, that we included this in the stimulus package. We did that prior to last Christmas, which was a long time ago. We did it and we decided it was so important to do, even at that time, it being a worse situation now, that we would treat it in an emergency fashion and not require it to be offset. Some people say you need to offset that. When you get into economic times like we have now—much worse than they were then—the underpinnings are weaker in general, and now we really do have to act.

So what I am going to do is not use up all of our time, but wait for some colleagues to come down to speak on this amendment and why it is important that we waive the Budget Act and that we do the right thing by States and Medicare. This is an extremely important vote; it is a test vote about whether the Senate is really willing to do anything for the States and for health care. So far, we have failed on all fronts. Now we have a chance to reverse ourselves on a small, but important, aspect of it.

We have, as I say, so many cosponsors that I will not even take the time to read them. But it is very bipartisan, with 35 cosponsors, including 8 Republicans. We should, in fact, prevail on this and get the 60 votes that we want because it is good. This is an emergency, I say to the Presiding Officer. This is important now even more so because Medicaid bears all of the brunt of the rising cost of prescription drugs because it is only Medicaid and the Veterans' Administration that pays for prescription drugs. This is not Medicare, this is Medicaid, and it is suffering terribly. This is an emergency. We deemed it such after 9/11. The situation is worse now. We have a chance to do something about it.

I yield the floor and reserve the remainder of my time.

The PRESIDING OFFICER (Ms. STABENOW). The Senator from Texas is recognized.

Mr. GRAMM. Madam President, one of the reasons I love this job is that you never reach a situation where you are able to say I have heard it all before. In much of life, as you live longer and longer, you get to the point where there is nothing new under the sun, where any new event had so many precedents for it that you understand it and you know it and you expect it. The wonderful thing about this job is that there is always a new proposal, always a new approach, always a new way of doing things that you would have never, ever thought of, and that you would have never believed that anyone else would have thought of.

I have spent 18 years in the Senate trying to deal with deficit spending. It has been a long, sometimes fruitful, sometimes not so fruitful, battle. I would have to say in the last year and a half, it has been a very unfruitful battle from my point of view because we started out with a surplus which lit-

erally burned a great big hole in our pocket. We literally could not spend the money fast enough.

Now, interestingly enough, we have a deficit. The last projection by the Congressional Budget Office is that we are going to spend, this year, \$165 billion more than we take in. That deficit seems to grow every time there is a new projection. Yet our behavior is totally unchanged. In fact, I can say that in almost 25 years of service in the House and in the Senate, I have never seen the urge to spend money more unchecked in Congress than it is today. To me, it is a very frightening prospect as to what this is going to mean when all these bills come due.

Let me try to respond to the proposal before us because in so many ways, it is extraordinary. The logic of it is pretty straightforward. The States are in a position that, because of the state of the economy, many States are beginning to have deficits that used to have surpluses. In fact, it is projected now that unless something happens very positive and very dramatic in the next few months, that as many as 40 States will run deficits next year, or at least will face the prospects of deficits because many States, like my own, have to balance their budget. They will have to come into session in January, and they will have to make hard choices.

We don't make hard choices in Congress, but they will have to make hard choices in the legislature. When you add up the cumulative projected deficits for all 40 States that are looking at potentially being in the red, that accumulated aggregate deficit projection is about \$40 billion.

Now, the proposal before us extraordinarily says let's declare an emergency so that we can spend another \$9 billion that we don't have, every penny of which will come out of the Social Security trust fund; but let's go ahead and borrow that money now. Let's take it out of the Social Security trust fund and spend it so that States will not be required to make tough choices. The only problem is, our projected deficit is four times as great as the aggregate sum of all the deficits of all the States in the Union combined.

In fact, it would have made more sense—I would not have supported it but it would have made more sense had our dear colleagues proposed that we reduce Medicaid reimbursement because the States have a better financial situation than we do and, therefore, they are in a better position to deal with this problem.

I would not have supported that proposal because I do not think we want to beggar our neighbor in terms of imposing our problems on the States, but at least it could have been argued, with a deficit projected to be four times as big as all the State deficits combined, that we cannot be as generous as we wanted to be. That argument would make sense at Dicky Flatt's Print Shop in Mexia, TX. People would understand that argument in Oklahoma.

They might not like it. They might oppose it, but they would understand it. They would say it made sense, but I do not believe people at Hesser Drug Coffee Bar in Ennis, TX, or people anywhere in any State in the Union, would find logic in the Federal Government borrowing another \$9 billion we do not have, taking the money out of the Social Security trust fund because every penny of this surplus is Social Security surplus. I do not think they would understand us declaring an emergency to spend this \$9 billion to give it to States, that if we added up their total deficit is not one-fourth of the deficit that we are running right now.

So we basically are down to a question that we have to ask ourselves: Are we willing to declare an emergency to run a new deficit of \$9 billion—spend \$9 billion today, and in doing so, take \$9 billion out of the Social Security trust fund? Are we willing to do that because States are running a cumulative deficit that is one-fourth as big as the deficit we are running? That basically is the question that is before us. It is easy for one to say this is a compassionate decision because they do not want their State to have to make a tough decision, but compassion is what one does with one's own money, not what one does with somebody else's money. This money is coming out of the Social Security trust fund. This money is coming from, ultimately, the taxpayer who is going to have to pay it back, plus interest.

If the proponents of this amendment were anteing up out of their own pockets, we could say they are compassionate about their States; they are worried about what will happen in States that have deficits. But it is not compassion when it is somebody else's money. The idea that we would run a \$9 billion deficit today, that we would take \$9 billion out of Social Security today to give to States that are running a deficit, that when added up among all the States in the Union is not one-fourth as big as the deficit we are running, it makes absolutely no sense.

I think, at least where I am from, and maybe where I am from is different than where other people are from, but in my State that would make absolutely no sense.

Finally, every time we talk about letting people keep more of what they earn, every time we have a debate about letting working families keep more of what they earn, many of our colleagues stand up and say we cannot afford it. We would like not to force families to sell their business or sell their farm when pappa dies so the Government can get 55 cents out of every dollar they have accumulated in their whole lifetime, even though they have paid taxes on every penny of it. Our colleagues tell us we do not like doing that but we do not have any choice because we do not have the money; we are running a deficit now.

When we talk about making the repeal of the marriage penalty perma-

nent so we do not penalize people for the simple act of falling in love and getting married, both of them good things it seems to me, we are told that we would like to do that but we do not have enough money because we are now running a deficit.

Why is it we never, ever have enough money to let people keep more of what they earn but we always have enough money to spend? Why is there this huge difference? I would assert basically because deep down many Members of the Senate believe they can spend money better than families can spend money.

I have raised a point of order against this amendment, and I want to be sure my colleagues understand what the point of order is about. This amendment will force the Government to take \$9 billion out of the Social Security trust fund and give it to the States at a time when all the States combined have a deficit that is not one-quarter the deficit of the U.S. Government. This is a very bad decision. I can see how it would be popular in the legislatures, but it cannot be good public policy to do this. So I urge my colleagues to sustain this budget point of order.

If our colleagues want to come back and say, look, this is important, we want to do this, and we are willing to take \$9 billion away from something else that is not as important, then depending on what they take it away from I might be willing to support it. To simply say we want to give this money away, even though we do not have it, I do not believe that is a responsible position. As a result, I have raised the budget point of order.

I hope my colleagues who constantly talk about protecting the Social Security trust fund, I hope my colleagues who constantly talk about the fiscal irresponsibility of letting working people keep more of what they earn through tax cuts, will apply that standard today when we are gratuitously taking \$9 billion out of the Social Security trust fund, borrowing it knowing we are going to have to pay it back plus interest. This is irresponsible policy. It should be stopped, and I urge my colleagues to sustain this budget point of order.

I reserve the remainder of our time.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I yield 5 minutes to the distinguished Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. NELSON of Nebraska. I thank my colleague from West Virginia. He has done such an able job in this challenge of finding a way to make the partnership between the States and the Federal Government on the Medicaid Program work in difficult times.

I respect a great deal my friend and colleague from Texas, who makes a very important point about spending in the Senate. If we were only talking about spending, then I think that argu-

ment might stand, but what we are really looking at is a partnership that was created between the Federal Government and the States and it is called the Medicaid Program, a joint partnership. The Federal Government underfunded it because it said we will have a match and our match will vary based on our particular situation as well as the situation of the States.

I remember as Governor of Nebraska when the Federal budget was being balanced and the Federal match was reduced. At the State level, my particular portion had to increase. So the Federal Government balanced its budget on the basis of my budget and at the expense at times of my budget.

Now we are looking at a situation in reverse. We have the States being challenged by growing red ink, and the Senator's comment about a budget of 40 States with deficits of somewhere around \$40 billion, in a news article in the Chicago Tribune this morning, it was pointed out that the gap in those States may be about \$58 billion rather than \$40 billion.

The point is, this is a partnership, a federally mandated program partially funded under the idea that the State would have a responsibility and the Federal Government would have a responsibility. This is not about giving away money, this is about stopping the reduction in the Federal match for a period of 18 months and increasing it for a period of 18 months. It is not giving away money, it is assisting our partners in the process they are going through as they make difficult choices.

It has been suggested that this will keep them from making difficult choices. They have already cut education funding. They have already cut funding in many other programs. The cutting has only begun. We are hopeful that the cutting in the area of Medicaid and/or in social services will not cause the gains that have been made in having people go from welfare reform to work reverse themselves and start a spiral downward where the gains made can be lost.

All we are saying to the Federal Government is, do not reduce our portion right now and require, then, the States to make that choice about increasing theirs, which they cannot do; or cutting eligibility for Medicaid and causing, most likely, a downward spiral as they face the Medicaid uncertainties.

In addition to recognizing this is a responsibility we created—I was not here, but collectively the Federal Government created this under this Federal program—I think we have a responsibility. We are facing that responsibility. Yes, we are having some difficult times, but we need to share the difficult times together rather than stand on the sideline and say it is up to the States to make the difficult choices and see them make choices that will have adverse, and maybe in some cases draconian, results at the State level.

I understand the importance of trying to develop offsets. How can anyone

ever be against offsets? Let me state a few things that have flown in the face of asking for offsets—except where maybe you are not interested in seeing the program move forward. We passed yesterday the supplemental at a \$28.9 billion total cost, \$2 billion offset. A few of the things included \$14.4 billion for defense—no one argues with that—or \$6.7 billion for homeland security. How can anyone argue with that? Or \$5.5 billion for New York, how can anyone argue with that? No request for specific offset for New York, no specific offset for homeland security, for defense. Or \$1 billion for Pell grants, \$417 million for veterans medical care, and \$400 million for improvements to State and local election procedures, we all know how important those are. Or \$205 million for Amtrak, we also know how important that is. But \$2 billion worth of offset to \$28.9 billion worth of budget.

I am not saying these are not important any more than anyone else is. I am suggesting that while they are important, so is this.

I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Madam President, I happily yield 5 minutes to the distinguished Senator from Maine.

Ms. COLLINS. Madam President, let's put the budget point of order of the Senator from Texas against our fiscal relief amendment into some context. The Senator's point of order, in essence, claims that the fiscal relief provided by our bipartisan amendment is somehow not emergency spending.

Let's look at the facts. Let's look at the situation. The Budget Enforcement Act of 1990 established statutory limits on discretionary spending and a pay-as-you-go requirement for new direct spending and tax legislation. But it also exempted from the caps all discretionary spending designated by the President and the Congress as an emergency requirement.

The law does not further define what is an emergency requirement. That is up to us. One place we can look for guidance, however, is to the criteria developed by the Office of Management and Budget for the President to use when determining whether or not a spending provision qualifies for emergency treatment. The Office of Management and Budget determined that an emergency spending provision is "sudden, urgent, necessary, unforeseen, and not permanent." The funds that the amendment allocates to the States is all of those things. They meet the criteria precisely for emergency spending.

First, our amendment addresses a sudden and unforeseen problem. That is the unexpected drop in revenues States have experienced. Indeed, 39 States were forced to reduce their already enacted budgets for fiscal year 2002 by reducing essential programs, tapping rainy day funds, furloughing employees, and cutting important services. In

short, the budget crisis was clearly a sudden and unexpected development for our partners as States.

The second relief our amendment provides is needed to address an urgent situation, another criterion. The latest figures show that 46 States are facing an aggregate budget shortfall exceeding \$50 billion. Many have already cut or are considering cutting their Medicaid and social service programs.

Finally, the relief provided by our amendment is not permanent, it is short-term relief, narrowly tailored to address a fiscal crisis that the States are experiencing now.

In short, our amendment is a textbook example of the definition of "emergency" spending. It addresses a sudden, unforeseen, urgent crisis, and provides temporary but much needed relief.

Finally, we should not forget as we debate this issue what this is really all about. It is about protecting health care and other essential social services for the neediest and most vulnerable citizens in this country. Medicaid provides health insurance to approximately 40 million low-income Americans, including 21 million children and young adults, 11 million elderly and disabled individuals, and 8.6 million adults in families, most of whom are single women. Without this critical safety net, millions of low-income men and women and their families would be left with no health insurance.

That is the bottom line in this debate. We need to help the States so they can continue to provide essential health care to the most vulnerable citizens in our society. We are not taking the States off the hook. They are still going to have to make many tough choices in order to balance their budgets. But we can provide this meaningful relief. We must do so now in order to preserve that critical safety net for the most vulnerable in our society.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. How much time is remaining to this side?

The PRESIDING OFFICER. There are 14 minutes 20 seconds.

Mr. ROCKEFELLER. I yield to the Senator from Nebraska 4 minutes.

Mr. NELSON of Nebraska. Madam President, how much time was yielded?

The PRESIDING OFFICER. Four minutes was yielded.

Mr. ROCKEFELLER. We have 14 minutes left; is that correct?

The PRESIDING OFFICER. Four minutes was yielded to the Senator from Nebraska.

Mr. NELSON of Nebraska. Thank you, Madam President, and I thank my colleague from West Virginia.

I have never been to Dicky Flatt's and I hope my good friend from Texas will take me to Dicky Flatt's one of these days because it is, obviously, quite a place.

I imagine the folks in Dicky Flatt's, though, will be interested in what came from the supplemental—\$22.9 mil-

lion to upgrade port surveillance and vessel tracking capability in the ports in Port Arthur, TX, Houston, and New York City, NY, and \$12.6 million to the Pantex Plant in Texas for increased safeguards and security needs.

The point is, folks in Dicky Flatt's or Elm Creek, NB, or other small communities and/or locations around the country, understand why some spending is necessary. They understand also that when you have a Federal program that is put together, as the Medicaid Program has been, that both parties have some responsibility to make sure it is viable so when times get difficult, one partner doesn't say to the other partner: Good luck, I hope you are able to make it.

Because now we have an opportunity to say this is our program together, at the Federal level and at the State level; we have an interest in seeing that the people who are the most vulnerable in our society are appropriately served; that the nursing homes do not cease to be able to provide services or that childcare provisions are not eliminated, which are transitional benefits to get, in many cases, single parents off welfare and into the workforce.

So as we think about offsets, I think it is important that we recognize that one person's offset is another person's idea of eliminating or destroying or in some way obstructing getting something accomplished.

What we have to do is make sure offsets are, in fact, included wherever we can possibly include them. But one of the reasons emergency spending issues and funding issues have not generally required offsets is because it is very difficult to be able to match it at the time. We cannot wait on this and we cannot fight out every offset people would like to talk about. That is why emergency disaster relief, in this case emergency spending—to go to our States for our share of the program for a period of time—just simply provides the opportunity to continue something and it has to be done immediately and the process then, I take it, is there for them.

We only seem to talk about offsets when it is convenient, or where we do talk about it and they are appropriate, it is when there is enough time to be able to put them together and get them accomplished.

The economic stimulus plan, when this was a part of it last year, did not have an offset. There was not a lot of discussion about offsets at that time. Unfortunately, this particular provision did not get included in the stimulus package that was passed earlier this year, although it should have been. If it had been, it would not have involved an offset.

It seems to me we have the opportunity to move forward as a partner with our States and to be able to assist them in very important policy matters and programs that I think will benefit the people of our country and will benefit our economy. That is why this was

included earlier in the economic stimulus package. There was a recognition it was part of the economic stimulus. I hope we will today recognize it, not only as the right thing and fair thing to do with our partners, the States, but also recognize that this has been considered part of the economic stimulus package.

I ask unanimous consent an article by Judith Graham entitled "States' Budgetary Shortfalls Deepen" be printed in the RECORD, and I yield the floor.

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

[From the Chicago Tribune, July 25, 2002]

STATES' BUDGETARY SHORTFALLS DEEPEN

(By Judith Graham)

DENVER.—Concerned state legislators gathered here for their yearly meeting received sobering news Wednesday: State budget deficits have widened dramatically over the last several months, and the worst may be yet to come. Budget gaps are projected to reach \$57.9 billion for the fiscal year that began July 1, up from the \$35.9 billion deficit recorded during the previous 12-month period, according to a report by the National Conference of State Legislatures.

While states have plugged these holes by reducing spending and, in some cases, raising taxes, these solutions may not be enough. With turmoil roiling Wall Street, investors in a state of shock and costs for health-care programs such as Medicaid escalating sharply, "We've anticipating deficits are going to grow even larger in the months ahead," said Corina Eckl, the group's fiscal affairs director. Consumers are feeling the bite of the states' financial woes in the form of higher tuition for public colleges, fewer services for at-risk kids, less help for elderly people trying to live independently in their homes, larger elementary school class sizes, as well as higher taxes.

States including Illinois are being hit particularly hard by the stock market's troubles, which have taken a big bite out of personal incomes and shaken consumer confidence. On average, more than one-third of state tax revenues comes from personal income taxes, with another sizable chunk coming from sales taxes. The falloff has been widespread: 26 states collected less money during their just-ended fiscal years than they did the year before, according to the conference's new study. "For many states, this is the first time this has ever happened," said Arturo Perez, a budget analyst with the legislative group.

Reflecting a sense of pessimism, 46 percent of legislators polled at a Wednesday morning meeting said they thought revenues would remain flat or decline in the year ahead. Virtually all states are legally required to balance budgets. If so, hard choices may become even more difficult.

This past year, 19 states tapped into rainy day funds and 12 turned to tobacco settlement funds to make up for lower-than-expected revenues and keep spending cuts in check. But those reserves are now substantially smaller, leaving states with fewer options and more pressure to cut programs, said William Pound, the executive director of the National Conference of State Legislatures. One state facing acute pressure is Iowa, where revenues slid nearly 9 percent last year and spending was slashed nearly 6 percent below the previous year's levels. "If you're a parent and you walk into the human services department and ask for help, you'll be told no services are available," said state Rep. Dave Heaton, co-chairman of the Iowa

House's human services appropriations subcommittee. "The most we can do is try to help existing clients."

Among other budget-saving measures, Iowa has raised tuition at public colleges by nearly 20 percent, and instituted a hiring freeze for child protection services. With the number of workers down because of attrition and retirements, "caseloads continue to rise and, to be honest, the attitude out there in the field is very stressful," said Heaton, a Republican from Mt. Pleasant. "I can tell you staffing at our boys' school and juvenile home, as well as our mental health facilities, is critical because of the cuts we've had to make," he said. "No matter how small you want government to be, there are still things government has to do. And the problem I see now is we're getting to the point where we can't afford to do them."

Ms. SNOWE. Mr. President, a particular problem facing not only the American people but also the States themselves—and that certainly includes my home State of Maine—is the rising cost of health care.

Today, Medicaid is the fastest growing component of State budgets, accounting for up to 20 percent of the average State budget, as costs increased by 11 percent last year and are expected to increase by another 13.4 percent this year. One of the components of this increase has been a corresponding increase in prescription drug costs as many states have discontinue prescription drug programs through Medicaid.

In addition, the economic downturn has left many families out of a job and without their health insurance, forcing them to turn to Medicaid. This put an enormous strain on the States, which were already facing tough budget decisions. In an effort to address their budgetary obligations, 22 States have cut Medicaid spending and 16 have cut programs that help low-income people.

The situation strained further by the fact that the Fiscal Year 02 FMAP allocations did not reflect the economic downturn and the resulting upswing in people needing assistance. In fact, due to the formula used to determine the match, 29 States found themselves with a smaller Federal match than in Fiscal Year 01.

As a result, many states have scaled back eligibility, reduced benefits, increased beneficiary cost-sharing, and cut or delayed payments to providers. Additional reductions in health care assistance, as well as cuts in other State-funded programs that serve many of those affected by the economic downturn, are expected. At this point in Maine's financial crisis, savings have been found elsewhere in the budget. However, my Governor has already made a call for a special session of the State legislature, which adjourned back on April 25 of this year, so that they can hammer out a solution to the ballooning deficit.

I am particularly concerned about the impact the State budget crunch will have on the Medicaid Program and the low-income children and families who rely on this program for essential health coverage. Last year, the House

passed the Senate Centrists Economic Stimulus bill that I developed along with Senator BREAUX and others, and that proposal contained about \$4.5 billion in emergency Medicaid funding to the States. Unfortunately, we could not get a vote on the proposal in the Senate.

In January, I voted to support an amendment by Senator HARKIN to the compromise economic stimulus bill that would have increased the FMAP by 3 percent for all States and 1.5 percent for States with higher than average unemployment rates, but the amendment was defeated.

Passage of this Rockefeller-Collins amendment would mean the infusion of about \$54 million into my State of Maine—\$36 million under the FMAP provisions alone. Maine is currently staring down the barrel of a \$180 million budget shortfall. Many States face similar circumstances and still others face a figure many times that amount.

We do not want, and we certainly do not need, our States to reduce essential health care and social services to people in need in order to balance their budgets. The low-income families and seniors of this Nation should be able to rely on the continuation of these programs on which they have come to depend. The states should receive the help they need to continue their programs offering prescription drugs to seniors and low-income individuals and families. During these difficult fiscal times, our States need more federal assistance in providing health care services through Medicaid, not less.

I want to thank the Senator from West Virginia, Mr. ROCKEFELLER, and my colleague, Ms. COLLINS, for offering this amendment and I urge my colleagues to support our States and this amendment.

The PRESIDING OFFICER. Who yields time? The Senator from West Virginia.

Mr. ROCKEFELLER. Madam President, I ask to retain 5 minutes to close debate on this side.

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

Mr. ROCKEFELLER. I yield 2 minutes or so to the distinguished Senator from Maine.

The PRESIDING OFFICER (Mr. CARPER). The Senator from Maine.

Ms. COLLINS. I thank the Senator from West Virginia. It has been a pleasure to work with him and the Senator from Nebraska, as well as the Senator from Oregon, on this important amendment.

The Senator from Nebraska raised a very good point. This amendment has implications for all of our health care providers and that is why it enjoys such strong support of our nursing homes, of our hospitals—our rural hospitals are struggling with inadequate reimbursements—from disability advocates and the Visiting Nurse Associations.

But let's talk about what this means. We have talked about it being necessary to protect the most vulnerable

in our society. Let's talk about what it means for some individual States.

I mentioned yesterday that this amendment would provide \$54 million in much needed relief to my home State of Maine. That would help avoid the necessity for draconian cuts in essential social service programs such as our Medicaid Program. But let's look at a few other States.

For Alabama, for example, this would mean \$92.6 million; for Alaska, it would be \$32.2 million; for Arizona, \$144 million; for Arkansas, \$80 million.

Let me skip down a bit. For Florida, \$359 million; for Georgia, \$208 million; for Hawaii, \$28 million; for Idaho, \$28.6 million. Indeed, the Governor of Idaho, our former colleague, Governor Kempthorne, has worked very hard as an advocate for this important legislation.

In other words, every single State in the Nation would be by this amendment provided with much needed relief. That is why we need to act. Otherwise, States are going to have no choice but to slash essential programs.

We have new figures coming out today that show the fiscal crisis affecting our partners, the States, has widened still further. According to the National Conference of State Legislators, States have used up two-thirds of their cash on hand. The gap between revenues and spending has hit \$36 billion and is expected to be \$58 billion, affecting 46 States. We must act. I urge my colleagues to reject the point of order.

The PRESIDING OFFICER. The Senator has used 2 minutes.

The Senator from West Virginia.

Mr. DASCHLE. Would my colleague from West Virginia withhold for a moment? If the Senator from West Virginia will yield, I appreciate my colleague's courtesy.

Mr. ROCKEFELLER. Mr. President, I yield.

TERRORISM RISK PROTECTION ACT

Mr. DASCHLE. Mr. President, as all of our colleagues know, over the last many weeks we have been attempting to work out an arrangement whereby we can go to conference on terrorism insurance. I am very pleased to be able to report this morning that we are now in a position to be able to do so. I have been in consultation with the Republican leader, and I am prepared now to present a unanimous consent request in that regard.

I ask unanimous consent the Senate proceed to the immediate consideration of Calendar No. 252, H.R. 3210, the House-passed terrorism insurance bill, that all after the enacting clause be stricken, the text of S. 2600 as passed by the Senate be inserted in lieu thereof, the bill as thus amended be read the third time, passed, the motion to reconsider be laid upon the table; that the Senate insist upon its amendment, request a conference with the House upon the disagreeing votes of the two Houses, and that the Chair be author-

ized to appoint conferees on the part of the Senate with the ratio of 4 to 3, all without intervening action or debate.

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

The bill (H.R. 3210), as amended, was read the third time and passed.

The PRESIDING OFFICER appointed Mr. SARBANES, Mr. DODD, Mr. REED, Mr. SCHUMER, Mr. GRAMM, Mr. SHELBY, and Mr. ENZI conferees on the part of the Senate.

GREATER ACCESS TO AFFORDABLE PHARMACEUTICALS ACT OF 2001—Continued

The PRESIDING OFFICER. Who yields time? The Senator from Oklahoma.

Mr. NICKLES. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. Almost 17 minutes on the Republican side and 7 minutes on the Democrat's side.

Mr. NICKLES. Will the Senator yield me 8 minutes?

Mr. GRAMM. I would yield him 10 minutes. He deserves to be heard.

Mr. NICKLES. Mr. President, I rise in support of the budget point of order that was raised by my colleague from Texas. I am a little disappointed that the chairman of the Budget Committee didn't raise it. It is the responsibility of the Budget Committee. I have had the pleasure of serving with my colleague from Texas on the Budget Committee. That is the reason why we have a Budget Committee and the reason why we tried to pass a budget. We didn't pass a budget this year for the first time since 1974. Shame on this Congress. Shame on this Senate. Shame on, frankly, the leadership in this Senate for not getting it done.

It is maybe the most fiscally irresponsible thing we have not done and, as a result, there is no limit to how much money we can spend.

A budget point of order still lies on an amendment such as this, or any amendment, until the end of September, so we are raising a budget point of order for good reason. My colleague from Texas and the sponsors of the amendment, say this is a \$9 billion amendment. This will increase Federal spending. You can come up with a list to show that every State is going to benefit. I know my State is going to benefit \$93 million. I am sure my Governor would send me a letter saying please vote for this; we need help. And they do.

I agree with my colleague and very good friend from Maine. A lot of States are in very difficult times.

If you have an amendment on the floor that says here is \$9 billion, and cut it up, every State is going to benefit. You could have every State Governor saying pass this amendment. What is wrong with it? Yes, states are having a difficult time. The Federal Government is having a difficult time, too. The Senator from Texas pointed out that the Federal deficit is much

larger than the States' deficits. The Federal deficit, if you include Social Security, is \$322 billion. Things may have deteriorated for State revenues, but they have deteriorated significantly for Federal revenues.

It is not just borrowing against Social Security. It is borrowing against the American people. The American people are going to have to borrow this \$9 billion. They will have to pay interest on it. My biggest concern is that it is not a \$9 billion amendment. I know the amendment is temporary. I know it is retroactive.

It is kind of interesting how we are going to spend retroactive money. This goes back and says we are going to increase spending going back to April of this year. And then presumably, we are going to do it through this September, and then next year.

It is an amendment that is for about 1 1/2 years. My concern is it won't be a year and a half. If you increase these formulas, States are going to still be in difficult times next year. They are going to say: Let's make this permanent. These formulas, in many respects, are good. We don't want them to ever go down. We never want the States to get less.

If it is temporary, and here is a 1.35 percent increase in Federal match, what makes anybody think this won't be extended? This amendment is a \$100 billion amendment. If it is extended, I can tell you if we pass this—and it may well be that my good friend from West Virginia has the votes. The administration is very opposed to it, illustrated in a letter from them that I have here. But if it becomes law, I have no doubt whatsoever that a year from now colleagues will say: Let's make this permanent. States are still in trouble. Governors will say: Let's make this permanent. Let's just increase the Federal share. It is free. It came from the Federal Government.

I just happen to disagree with that. If this is made permanent, we are talking about spending \$100 billion—\$9 billion basically for the first year—\$100 billion. We are just going to do that? Next year we may not be able to make a budget point of order if we don't figure out some way to get fiscal discipline. We are just going to pass \$100 billion, and have colleagues stand up and say: I can't believe these deficits are so high.

This amendment increases the Federal share. It increases FMAP. Times are tough, and we are going to increase the Federal share on Medicare.

Wait a minute. Times were good in the last several years when we had the largest surplus in the country. Did we see an increase in the Federal share when States were doing very well?

We have never said this should be based on the economy or on States' ability to pay. The formula for the FMAP is based on the States' income relative to the Federal income. The States' income was much higher than the norm with Federal income. They