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Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable SAM BROWNBACK, a Senator from the State of Kansas.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray:

O God of field and forest, who made the hill and stream, thank You for creating in us a wonder for sky and brook and stone. Thank You for the glorious inspiration of the brilliant dawn and sunsets fading from blue to gold. Forgive us when we let our priorities compete with our loyalty to You. Open our minds to the counsel of eternal wisdom and breathe into our souls Your peace. Lord, increase our hunger and thirst for right living and lead us nearer to You. Bless our Senators. Help them to honor You both in spirit and deeds. We pray this in Your holy name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable SAM BROWNBACK led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 10, 2004.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable SAM BROWNBACK, a Senator from the State of Kansas, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. BROWNBACK thereupon assumed the Chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, this morning we resume consideration of the budget resolution. There are now 27 hours remaining for debate on that resolution. The chairman and ranking member are here and are ready to continue with the consideration of amendments.

Under the order from last night, following Senator ENSIGN's remarks, Senator MURRAY will offer an amendment related to education. Following the Murray amendment, Senator GRAHAM of South Carolina will offer an amendment regarding TRICARE. Rollcall votes will therefore occur throughout the day.

We will complete the budget resolution this week. It will be a long day today and late tonight, I assume, as well as tomorrow and tomorrow night. I ask for the cooperation of all Members as we do everything we possibly can to assist the managers in completing the budget resolution.

Mr. President, once we get on the bill, I have a short statement.

ORDER OF PROCEDURE

Mr. REID. Mr. President, I ask unanimous consent that the statement of the two leaders be charged against the time on the budget resolution.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2005

The ACTING PRESIDENT pro tempore. Under of the previous order, the Senate will resume consideration of S. Con. Res. 95, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 95) setting forth the congressional budget for the United States Government for fiscal year 2005 and including the appropriate budgetary levels for fiscal years 2006 through 2009.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Nevada, Mr. ENSIGN, is to be recognized for up to 30 minutes.

The majority leader is recognized.

Mr. FRIST. Mr. President, I have a short statement I will give, and I assume the Democratic leader will have a statement. Following that, I ask unanimous consent that the Senator from Nevada be recognized.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The majority leader is recognized.

Mr. FRIST. Mr. President, I want to open by congratulating the chairman of the Senate Budget Committee and ranking member and all committee members for the outstanding work they have done in bringing this resolution to the floor in a very timely manner. It was a little over a month ago that the President of the United States transmitted his proposed budget to the Congress, and the Budget Committee, under real time constraints, was able to hold hearings and debate, mark up, and report its own congressional budget plan and bring it to the floor last Thursday evening.

My experience with budget resolutions on the Senate floor tells me that

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



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it will become very hectic, really beginning today and tomorrow and the next day—over the next 3 days. There is a limited amount of time, as we all know. There are 27 hours remaining for debate on that resolution as of this morning. That time will end up passing very quickly, particularly when we have a recess sitting on the other end awaiting completion of this resolution.

As I mentioned earlier, we will complete this budget resolution this week before the recess. Since we have a limited time, I want to right upfront pay tribute to Chairman NICKLES and one other Senator this morning.

Chairman NICKLES, as we all know, will be leaving the Senate at the end of his fourth term. After 2 years as chairman of the Budget Committee, this will be the last Federal budget he will manage on the Senate floor. Last year, with his first budget resolution as chairman, we were able to complete a budget resolution in record time. Eighty amendments were offered last year and were all considered on the floor. That was the third highest ever considered on the budget resolution in history. In 1998, there were 106 amendments. Last year was the third highest.

I have had the opportunity to serve on the Budget Committee in the past and I know it is a very difficult assignment; it is a demanding committee. But I believe the ranking member would agree with me, while the ranking member and the chairman have not always agreed on policy, Senator NICKLES has maintained a fair and open and collegial committee on which to work.

Six years before Senator NICKLES was first elected to the Senate, in December 1974, Sam Ervin, the distinguished chairman of the Committee on Governmental Operations, wrote:

I have no doubt that the Congressional Budget and Impoundment Control Act of 1974 will stand as a monument to the 93rd Congress and its devotion to our constitutional system of Government.

This is the 30th anniversary of the enactment of the historic legislation which established the Senate Budget Committee, established the Congressional Budget Office, and established the procedures that we are involved in today in considering a congressional budget resolution.

Many did not expect that what at the time was a completely new process to survive. Indeed, it has survived over the last 30 years. In a way, over those 30 years, it certainly had its bumps and bruises. Just down the road from Senator Ervin's home, one Senator, and only one Senator in this Chamber today, has served on the Budget Committee from its very beginning, and that is Senator FRITZ HOLLINGS. He has been there from the very beginning. For 2 years, in 1979 and 1980, Senator HOLLINGS—and this was when Ed Muskie left the Senate to serve as Secretary of State under President Carter—also served as its chairman.

Just a little bit of budget trivia: As I was looking through the history, the

first reconciliation bill was, indeed, crafted under Chairman HOLLINGS' leadership in 1980.

Senator HOLLINGS was instrumental in the first major reforms to the Federal budget process, being one of the authors, along with Senators Gramm and Rudman, of the Balanced Budget and Emergency Deficit Control Act of 1985, more familiarly known as Gramm-Rudman-Hollings.

I mention Senator HOLLINGS in part because of this long history, and I discussed some of it with him last night at dinner. As we all know, he too will be voluntarily leaving the Senate at the end of this Congress. So this is his last budget resolution debate on the Senate floor, and just like the 30 debates before, I am sure he will not disappoint the Senate with his contribution to this debate over the next 3 days.

We have begun deliberating a blueprint for next year's Federal budget, and that is exactly what it is; it is truly a blueprint. For those who may be observing these proceedings for the first time, it may appear we are passing laws on spending for our national defense, education, or health programs, or it may appear we are enacting tax legislation, but we are not. Listening to the debate it may sound like it but that is not what we are doing.

It is really not unlike a family sitting around the kitchen table at the beginning of a new year discussing and estimating how much income they will have over the course of the next 12 months, how that income will be spent and how it should be allocated to the basic needs, whether it is to their shelter, food, or health care, and then how much they should save for their children's needs. It might be for schooling or it might be for their own retirement.

That is exactly what we are doing, or it is very similar to what we are doing, over the course of this week in this 50 hours of debate when we are adopting a congressional budget plan.

Just like that family sitting around the kitchen table, we are going to have differences and those differences are going to be expressed. There will be strong opinions on how our income should be divided among what people project as demands that will come and demands that we have today. Once we come to an agreement on a budget plan, which we will in the next 3 days, just like that family, we will be tasked to implement it by passing the revenue and spending totals that are assumed in that blueprint.

We will also be asked to stick to it throughout the year, and so we will be putting up some roadblocks and some warning signals in our budget plan to remind us if we get off track or if we begin to go astray. Indeed, that is the importance of passing this budget resolution.

There are differences, just like sitting around that table in a family, when planning a budget. As we have

heard over the last several days, and we will hear for the next 3 days, there will be debate and an amendment process. The big difference between what goes on here and what goes on with that family is size, the obvious one. Another difference is that what we plan here can have a direct impact on that family sitting around that kitchen table.

Will we keep that family's taxes from increasing next January by planning our budget here to prevent that child tax credit, now \$1,000, from falling to \$700 per child, thus taking \$300 per child away from that family?

Will we plan to keep the 10-percent rate bracket from dropping next January from \$4,300 to \$12,000 as a threshold for joint filers?

Will we plan to prevent the standard deduction for that married couple, and this is known as the marriage penalty tax, from dropping next January and thereby continuing to penalize them simply because they are married?

All of these, which we are talking about in the resolution, will keep families from having to pay more beginning January. In fact, these three tax items alone could mean the difference of over \$13 billion in additional take-home pay next year for nearly 38 million hard-working families. Add that up and it becomes over \$100 billion in additional income to those families sitting around those kitchen tables over the next 5 years. So what we plan for in our own Federal budget can and will impact the budgets of millions of America's families in a very direct way.

This is a challenging budget year. We are all aware it is a political year, with the Presidential election this November, and thus reaching real consensus on a budget will be difficult under the best of circumstances, let alone in this Presidential election year.

The deficits we currently face are unacceptable. The budget crafted by the committee puts a priority on reducing them. We understand why the deficits are there: recession and war on terror. Through this budget plan we will cut those deficits in half over the next 3 years.

At the same time, the budget blueprint that we debate from the committee remains committed to certain priorities. The budget blueprint assumes spending for our national security will increase over \$20 billion next year. That is an increase of about 5.1 percent. It assumes funding for domestic, or our homeland security, will increase by 15 percent. Both of these increases are essential in our war on terrorism.

Important domestic programs are not ignored. We all know a key to job growth in the future is one that gives a high priority to education, to retraining, to learning in schools, the basics of mathematics, writing, and verbal skills.

Chairman Greenspan recently testified:

By far the greatest contribution during the past century to our average annual real GDP

increase of 3/4 percent has been the ideas embodied in both our human and physical capital. Technological advance is continually altering the shape, nature and complexity of our economic processes.

Yes, education has always been, and will continue to be, the key to our country's economic future, and the blueprint assumes we will increase funding for disadvantaged children for title I grants to local education agencies by over 8 percent, up over \$1 billion next year, bringing the total Federal funding for this program to \$4.6 billion. This program is the single largest Federal funding source for the No Child Left Behind legislation.

The resolution also makes room for increased funding for special education, or the Individuals with Disabilities Education Act. This increased funding for special education assumes to go up by \$1 billion, and that is the fourth consecutive year of \$1 billion increases, bringing funding for this special education program next year to over \$11.1 billion.

The resolution allows for a 5-percent increase in veterans medical care funding, up \$1.4 billion, to a total of nearly \$30 billion for these important programs next year.

The resolution also assumes moneys for critical international assistance programs, a 13.5-percent increase in discretionary funding in this area, including last year's newly authorized Millennium Challenge Corporation. Full funding for the HIV/AIDS initiative of \$2.8 billion next year is assumed in the blueprint, putting us on the path to meet our goal of \$15 billion over 5 years.

In closing, these are a few of the priorities embodied in this blueprint. It does not please everyone. How could it? There is no guarantee that all of the assumptions in the blueprint will be fulfilled as we move on to the funding legislation that will implement this blueprint.

The demands are great. The resources at this point in time are limited. Just like a family making difficult and unpopular challenging decisions, we, too, will not be able to provide all of the funds some think are needed for particular programs or needed projects. I believe it is a solid, strong budget plan, presented to us by the chairman and the committee and it is one that deserves our strong support.

The ACTING PRESIDENT pro tempore. The Democratic leader.

Mr. DASCHLE. Mr. President, last Friday we were presented with the latest report on the creation of new jobs in our economy. The administration predicted about 200,000. In February, unfortunately, we only created 21,000—180,000 short of what the administration predicted. If you don't count the increases in Government payroll, there was actually no job growth whatsoever in the entire year of 2003. Unfortunately, that could also be said of 2002, and 2001.

The administration's economic forecasts appear to be little more than

wishful thinking. A chart appeared in the New York Times yesterday that lays out very graphically how inaccurate the job predictions have been. In his column yesterday, Paul Krugman wrote about this unfortunate miscalculation in the prediction of jobs. His most graphic illustration of this miscalculation is entitled "Promises, Promises." It is a chart. It is easy to understand.

The administration predicted in 2002 the creation of 138 million jobs. Then in 2003 they corrected that prediction. They said it isn't going to be 138 million; it will be 135 million. In 2004, they said it isn't going to be 138 million, it isn't going to be 135 million, now it's going to be 132 million. Now we find out, in 2004, it wasn't 138, 135, or 132 million; it was 130 million jobs, which means they were 8 million jobs off the mark in predicting where the non-farm payroll employment rolls would be during the course of their term in office.

From the very first days in office, the Bush economic team has failed to understand what it takes to create jobs. I might say, as we look at the job creation, this is American job creation. Unfortunately, I fear, while we don't have any numbers, the outsourcing job creation probably does exceed the prediction. I wouldn't be surprised if, under the watch of President Bush, we have actually seen more than 8 million jobs created. The problem is, most of them have been in India and China, and countries in south Asia. It is American jobs we are gauging here, and it was a prediction that it was American jobs that would be created at that 138 million level.

We know how to create jobs, but for some reason this administration has not been willing to commit, in policy or in resources, the effort that must be made to ensure those jobs are created. We had the most recent illustration of that a couple of weeks ago. The transportation bill the Senate has now voted on, on an overwhelmingly bipartisan basis, we are now told would create 1.7 million jobs in 6 years. South Dakota would see over 5,000 jobs created; California, 87,000 jobs created; Texas, 60,000; New York, 61,000; Virginia, DC and Maryland, 45,000 jobs. Thirty percent of our roads and bridges are in a state of severe disrepair and those jobs would go to dealing with the incredible problem we have with infrastructure deconstruction.

I think the broad support, 76-21, in the Senate marked yet another statement about our appreciation of the magnitude, the importance of that bill; yet what the administration has done in response to our passage of that bill is to say they would veto it today, veto it because they say we cannot afford it. We just talked yesterday about the fact we are spending \$27 billion this year to provide those who are making incomes of more than \$1 million a tax break. We can afford to give millionaires a tax break of \$27 billion, but we can't afford the commitment this country must make in infrastructure.

Ironically, that is about the difference between where the Senate is and where the administration wants to go with regard to highway construction funds. They would rather spend it on millionaires. Many of us feel very strongly it is important to spend it where we can create jobs—not jobs in India, not jobs in China, but jobs here at home, trying to meet that target the administration said was so important, 138 million. They are right. It is important. We need to create those jobs. But we are not going to do it with the policies that have so far been articulated by this administration.

Later today, Senator BOXER will be offering an amendment that will create jobs beyond those we now know could be created in the highway bill. We are going to allow for an amendment that would discourage the flow of jobs overseas and give assistance to workers whose jobs have been actually eliminated in the Bush economy. It would offer tax credits to companies that create manufacturing jobs by making it more affordable for small businesses to offer coverage to their employees. It would discourage the exporting of American jobs by eliminating the tax advantages for companies that take their plants overseas, and by prohibiting the Federal Government from dealing with contractors who outsource the work of their Government contracts to workers overseas. It would also help workers who are dislocated by global economic forces by including service workers in the Trade Adjustment Assistance Program and by extending health care coverage to trade-dislocated workers.

Most of us believe families should not have to lose their health coverage because of economic forces beyond their control. The amendment we will be offering today says, while they are still trying to get back on their feet, they must have the opportunity to access health care in some form.

Since the administration has come to office, its economic policy has been to borrow money from foreign bankers, hand it over to the wealthiest people in the country, and hope for the best. The result is a \$9 trillion meltdown of our fiscal position and now the loss of 3 million jobs.

We need a new direction. Yesterday in the Washington Post the poll suggested 57 percent of the American people shared that view. We have come to a point where we must take a different direction. Economists are worried if jobs are not created soon, Americans could lose confidence and spur an even steeper downturn in the economy.

We know how to create jobs. Let's pass the highway bill. Let's pass the Boxer Democratic amendment today. Let's ensure we send the right message about the direction we want this country to take. We can do that with this budget resolution and with legislation that has come before the Senate. I hope, on a bipartisan basis, we can send that message to the American people.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Nevada is recognized for up to 30 minutes under the previous order.

Mr. ENSIGN. Mr. President, this morning I rise to speak about the national defense function of this budget resolution. The resolution provides \$413.9 billion in discretionary spending for our national defense. This amount represents an increase of almost \$20 billion, 5 percent above the 2004 level.

As chairman of the Readiness and Management Support Subcommittee of the Armed Services Committee, I am keenly aware that today we are a nation at war. Almost 200,000 U.S. military service personnel are currently deployed around the world in Operation Iraqi Freedom, Operation Enduring Freedom, and other military operations in the ongoing global war on terrorism.

Our soldiers, sailors, airmen and marines remain deployed in Korea, the Balkans, at sea and elsewhere, protecting American interests and deterring aggression.

There can be no disagreement on the magnificent manner which our Armed Forces have answered their nation's call. Their professionalism and performance have been brilliant, and their willingness to sacrifice for this country is inspiring.

That is why I am so troubled today by the Democrats' response to President Bush's weekly radio address last Saturday. That response was delivered by Senator JOHN KERRY, their party's presumptive Presidential nominee.

We all know that each Senator has a right to state their opinion on defense issues. However, when a Senator, or in this case, a party's presumptive nominee, makes an argument built on a foundation of facts as distorted as Senator KERRY's was, then the argument becomes more than an honest disagreement.

He quoted the Secretary of the Army as saying that U.S. forces were "not prepared" for the present conflict in Iraq.

This is the exact quote:

The Secretary of the Army admitted that the United States forces were "not prepared" for the present conflict.

But yesterday at the Senate Armed Services Readiness Subcommittee hearing, the Vice Chief of Staff of the Army, General Casey, testified that comment "was taken out of context." He stated "we were very well prepared, all of the services."

General Moseley, Vice Chief of Staff of the Air Force, said, "I would have to tell you that . . . all airmen, whether they were Navy, Marine, or Air Force, were exceptionally well prepared. . . . and I would take issue with anyone that criticized our magnificent airmen."

General Huly, Deputy Commandant of the Marine Corps, said, "I believe we were very well prepared . . . I think that's evidenced by the fact that we ex-

ceeded our expectations, accomplished the mission in a shorter period of time, with far fewer losses than we even anticipated ourselves.

Senator KERRY has woven a picture of incompetence and malfeasance by our military leaders and our President. Nothing could be further from the truth. It is amazing the different pictures painted by those who have been there, and those who have not.

I personally visited Iraq last December. As a matter of fact, I was privileged to have been in the country the day the Third Infantry Division captured Saddam Hussein. I have to tell you what impressed me the most was watching our troops go above and beyond the call of duty; painting schools, rehabbing hospitals, and winning over the hearts and minds of the Iraqi people, even in the Tikrit region where their safety was most at risk.

Watching events in Iraq unfold underscores that America is blessed with more than her fair share of heroes. These men and women are doing what needs to be done in an extremely hostile environment. And they are depending on this Congress to pass a budget that gives them the resources to complete their mission and return home safely to their families. This budget ensures that the military has the resources it needs to remain properly prepared and adequately equipped.

In his radio address, Senator KERRY also stated that: "I will never send our troops into harm's way without enough firepower and support."

Strong words, but words alone offer little in this context and in the overall context of our budget discussions. It is interesting to note that while Senator KERRY claims to be a devout supporter of our troops, he was one of only 12 Senators who voted "no" for an Iraqi supplemental that provided that very "firepower" and "support" he now claims is so necessary.

The Iraqi supplemental was used to purchase the same body armor and "up-armored Humvees" Senator KERRY rails about as being insufficient. If we had allowed Senator KERRY to make the decision, our troops would indeed be ill prepared.

Votes have consequences. By voting against the Iraqi supplemental Senator KERRY voted to undermine the troops in the field and that is not only inexcusable, it is reprehensible. I hope no Senator would make such an egregious mistake with respect to the current budget resolution.

Therefore, I am calling upon Senator KERRY to retract his comments about our military being unprepared and to apologize to the men and women of our armed forces for using their sacrifices as political fodder. It is important to remember that in a democracy there will always be honest differences of opinion over the difficult decisions about the best way to fund, train, and equip American forces who are being sent into harms' way. I appreciate the opportunity to work with Members on

both sides of the aisle to resolve these differences.

On February 24, Senator LEVIN, ranking member of the Armed Services Committee, sent a letter to Chairman NICKLES and Senator CONRAD.

In his letter he stated that "no one can predict with precision what these fiscal year 2005 costs will be" and recommended an increase in "budget authority for the national defense function by \$30 billion in fiscal year 2005."

I agree with my distinguished colleague from Michigan when he said that this is "the responsible thing to do for our troops and for budget accuracy."

This budget takes Senator LEVIN's suggestions to heart and includes the supplemental resources necessary to provide for the 200,000 men and women in our military who are currently serving abroad.

I look forward to working with my Senate colleagues to ensure that we adequately address the sacrifices of our men and women in uniform, by passing a budget resolution that provides the resources that will sustain and improve our military as they fight for security of this great Nation. By fully supporting this budget, we will send a clear message of support to our troops, worldwide, and an important message to the world of America's complete commitment to freedom and security.

I yield the floor.

The PRESIDING OFFICER (Mr. GRAHAM of South Carolina). The Senator from North Dakota.

Mr. CONRAD. Mr. President, I ask unanimous consent for 5 minutes before Senator MURRAY begins her remarks.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I don't know precisely what Senator KERRY was referring to in his remarks the other day. But I think we all know there were deficiencies in terms of resources provided to our troops going into Iraq and Afghanistan. We have all read the stories repeatedly of soldiers not having the body armor they needed. We have all heard of people actually raising money back home in order to get the body armor for our soldiers in Iraq and Afghanistan. That should not be. We shouldn't have a circumstance where American soldiers don't have the best equipment to keep them safe when we have sent them into harms' way. I think we have all read the stories of our Humvees not being properly armored to protect soldiers against these bombs that have been going off.

I remember very well going to Walter Reed Army Hospital visiting young men who had been badly injured in Iraq. I remember very well visiting with one young soldier who had been in a Humvee that had not been properly armored. One of the roadside bombs had gone off, and that young soldier was terribly injured—blind in one eye,

lost a leg, an arm. He was badly wounded. As he lay in that bed, another Senator and I visited him. As we left the room, having visited that patient, we commented about how it can be that we send into Iraq Humvees not properly armored against the kind of truck bombs and roadside bombs that had been used to injure and kill our troops.

I don't know precisely what Senator KERRY was referring to in that speech. We all know there were serious deficiencies in terms of body armor for our troops and in terms of Humvees being properly armored against bombs.

I think Senator KERRY was certainly not out of line in suggesting that more could have been done to have our troops fully protected on the battlefield.

I thank the Chair, and I thank especially my colleague from Washington, Senator MURRAY, who is such a valuable member of the Senate Budget Committee for permitting me to speak ahead of her.

The PRESIDING OFFICER. Under the previous order, the Senator from Washington is recognized to offer an amendment.

AMENDMENT NO. 2719

Mrs. MURRAY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Washington [Mrs. MURRAY], for herself, Mr. KENNEDY, Mr. LIEBERMAN, Ms. MIKULSKI, Mr. CORZINE, Mr. LEVIN, Mr. DODD, Ms. STABENOW, Mrs. CLINTON, Mr. KERRY, Mr. HARKIN, Mr. SCHUMER, Mr. PRYOR, Mr. REED, Mr. DAYTON, Mr. KOHL, and Ms. LANDRIEU, proposes an amendment numbered 2719.

Mrs. MURRAY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

- On page 3, line 9, increase the amount by \$516,000,000.
- On page 3, line 10, increase the amount by \$13,244,000,000.
- On page 3, line 11, increase the amount by \$2,924,000,000.
- On page 3, line 12, increase the amount by \$516,000,000.
- On page 3, line 17, increase the amount by \$516,000,000.
- On page 3, line 18, increase the amount by \$13,244,000,000.
- On page 3, line 19, increase the amount by \$2,924,000,000.
- On page 3, line 20, increase the amount by \$516,000,000.
- On page 4, line 20, increase the amount by \$516,000,000.
- On page 4, line 21, increase the amount by \$13,244,000,000.
- On page 4, line 22, increase the amount by \$2,924,000,000.
- On page 4, line 23, increase the amount by \$516,000,000.
- On page 5, line 3, decrease the amount by \$516,000,000.
- On page 5, line 4, decrease the amount by \$13,760,000,000.
- On page 5, line 5, decrease the amount by \$16,684,000,000.
- On page 5, line 6, decrease the amount by \$17,200,000,000.

On page 5, line 7, decrease the amount by \$17,200,000,000.

On page 5, line 11, decrease the amount by \$516,000,000.

On page 5, line 12, decrease the amount by \$13,760,000,000.

On page 5, line 13, decrease the amount by \$16,684,000,000.

On page 5, line 14, decrease the amount by \$17,200,000,000.

On page 5, line 15, decrease the amount by \$17,200,000,000.

At the end of Title III, insert the following:
SEC. . RESERVE FUND FOR NO CHILD LEFT BEHIND ACT EDUCATION PROGRAMS.

The Chairman of the Committee on the Budget of the Senate shall revise the aggregates, functional totals, allocations to the Committee on Appropriations of the Senate, discretionary spending limits, and other appropriate levels and limits in this resolution by up to \$8,600,000,000 in budget authority for fiscal year 2005, and by the amount of outlays flowing therefrom in 2005 and subsequent years, for a bill, joint resolution, motion, amendment, or conference report that provides additional fiscal year 2005 discretionary appropriations, in excess of levels provided in this resolution, for Department of Education programs in the No Child Left Behind Act (P.L. 107-110).

Mrs. MURRAY. Mr. President, I ask unanimous consent that the following Senators be added as cosponsors: Senators KENNEDY, LIEBERMAN, MIKULSKI, CORZINE, LEVIN, DODD, STABENOW, CLINTON, KERRY, HARKIN, SCHUMER, PRYOR, REED of Rhode Island, KOHL, DAYTON, and LANDRIEU.

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

Mrs. MURRAY. Mr. President, parents, teachers, and students throughout Washington State and across our entire country are looking for our help today as they try to implement the No Child Left Behind Act.

Unfortunately, the budget before the Senate by the Republicans falls \$8.6 billion short of what our schools and our students need this year. It is yet another broken promise to our schools, our students, and our families.

We can do better. That is why I am offering this amendment this morning. I have visited schools in every corner of my State and I know firsthand that our educators everywhere are working harder than ever to help their students to meet these new accountable requirements. They want to do a good job. They want to do what is right. I also know it is not fair for the Federal Government to leave our schools without the funding they need to meet these Federal mandates we place on them.

Today our State and local budgets everywhere are stretched thin. Our local communities cannot afford to make up the difference between what our schools were promised and what this budget actually provides. That is why I am offering this amendment today to fully fund the No Child Left Behind Act. My amendment tells students, teachers, and parents that the Federal Government will be a full partner with our local schools as they carry out the new law we passed.

I am not asking for some unheard of amount of funding. I am simply asking we provide the funding we promised

our schools 2 years ago. As everyone knows, the No Child Left Behind Act increased accountability for schools so we can ensure that all of our children will receive a high-quality education. However, accountability is a two-way street. We cannot demand that schools follow all of these new mandates and look the other way when it is time to write a check. If we expect our schools to uphold their part of the bargain, then we have to do our part and fund these requirements.

Let's not forget, the funding levels in the No Child Left Behind Act were based on a bipartisan agreement on what it would take to implement this new law. It is hard to believe we are here 2 years later and the Federal Government is still not doing its part.

This is especially important today because States are now confronting the true cost of implementing this law. The only study that looked at the actual cost to the States of the No Child Left Behind Act was conducted in Ohio. That analysis estimates that the cost to Ohio of complying with the law will reach \$1.447 billion annually by fiscal year 2010.

Again, the President's budget request and this Republican budget fail to live up to the promises we made in this Senate just 2 years ago when we passed No Child Left Behind. That is why we need to pass this amendment today. This amendment adds \$8.6 billion to function 500 to fully fund the No Child Left Behind Act and to improve overall funding for educational programs.

I am sure we will hear those on the other side saying their budget increases funding for No Child Left Behind by \$1.2 billion over last year. It does. But it is still \$8.6 billion short of what our schools need. That shortfall is going to have real and painful effects on all of our students unless we fix this budget.

Mr. President, 4.6 million low-income children in this country will not get the help they need under title I unless we pass this amendment. In my home State alone, the difference between the President's request and the promise of No Child Left Behind means 28,000 low-income students will be left behind.

This budget will result in fewer students being served by a number of important programs. That is because the Republican budget freezes funding for programs but those freezes mean real cuts in service when you factor in that we have rising enrollment and costs to our schools. At the end of the day, the Republican budget will mean that fewer students will be served in impact aid, dropout prevention, school counseling, afterschool, teacher quality, migrant education, and rural education.

Let me give one example of what those cuts mean for our students. This budget will leave nearly 20,000 children in Washington State alone and 1.4 million children nationwide without a safe, adult-supervised environment

after school. We can do better. My amendment shows how.

My amendment will live up to the commitments we made to our students when the No Child Left Behind Act was passed. It fully funds programs such as title I, English language acquisition, afterschool, and rural education. If this amendment passes, more than 2 million additional needy children will be served by title I, as we promised, when we passed No Child Left Behind.

My amendment will mean more than 38,000 children in Washington State and 1.4 million students nationwide will have access to safe, adult-supervised afterschool programs.

My amendment is also fiscally responsible because it also asks for \$8.6 billion in deficit reduction, something many of our colleagues have talked about.

Our priority should be educating our students. This amendment reflects that priority because both the education increase and deficit funding reduction are taken by closing tax loopholes. During the debate on my amendment, I suspect we will hear a whole list of reasons why we cannot give our kids the funding we promised them. I want to debunk some of those plans right now.

We will hear some argue that we have already increased funding for education to a high enough level. I say to any one of my colleagues, go to your local schools in your communities and ask them if they agree with that. See what type of reaction you get. Let's remember, we have never fully funded the No Child Left Behind Act—never. How can we ask our schools today to comply with the law when we are not holding up our end of the bargain?

Let's not forget that the only reason we have reached this level of funding is because many in Congress pushed and pushed last year to do better than the President's budget. If we had accepted the President's funding request, there would be at least \$10.7 billion less for education than was appropriated by Congress and \$6.6 billion less for No Child Left Behind.

Another claim we will hear during this debate is that if my amendment is accepted, we will come back and ask for more funding next year. That is exactly what the law called for when we passed it. The requirements on our schools ratchet up throughout the lifetime of this bill, including requirements to increase test scores and to have an increased number of highly qualified teachers that we require under the law. That is why the funding in the bill was slated to increase annually as well and why we are now falling further and further behind as we fail to live up to that commitment. That is why we are hearing from our teachers in our schools today. As parts of this law become implemented, they have to live up to them.

If my amendment is accepted, the request for fiscal year 2006 will not have to play catchup again as we have done for the past 2 fiscal years.

Finally, we will hear opponents argue that States and schools do not really need all of this funding. I disagree. The bottom line is that our schools do not need more excuses from Washington, DC. They need the funding we promised and my amendment will provide it.

As I conclude, I want to be very clear what is at stake. This amendment will determine whether we keep the funding promises we all made when we voted for No Child Left Behind. Those who vote against this amendment will have to explain to parents and teachers and students and families and communities they represent why they refused to provide the funding we promised in the No Child Left Behind Act.

If any of my colleagues want to argue against fully funding No Child Left Behind, that of course is their right, but I will fight with everything I have to give our schools the funding we promised so this law can work. Our students deserve nothing less.

I urge my colleagues to stand up with all of us who are working hard to make that law work for all of our students. I urge my colleagues to vote for the Murray amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the Senator from Washington for offering this amendment. She offered it in the committee. This is one of the most important amendments we will vote on during the consideration of the budget resolution. The Senator from Washington has been a strong leader on education issues.

If we are going to have a competitive country for the future, if we are going to do something about this job loss that is occurring, we have to have the best educated, best trained workforce in the world. That is the message the Chairman of the Federal Reserve Board has sent to Congress and to the United States.

Senator MURRAY is saying, we ought to put our money where our mouth is, that we ought to keep the promise of No Child Left Behind, not just send all the requirements out to the States but send the money along with it that was promised in order to provide the resources necessary to make these promises a reality.

I again thank the Senator from Washington for her leadership.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington controls the time.

The Senator from Washington.

Mrs. MURRAY. Mr. President, I yield 5 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I thank the Senator from Washington State. I enthusiastically rise in support of her amendment to fully fund No Child Left Behind.

This is the 21st century. In our own country, we have to make sure we are

safer, that we have a stronger, more competitive economy. The way we are going to be safer and stronger is if we get smarter. By "smarter," I mean develop a 21st century workforce. In order to do that, we need to make sure our elementary, middle, and high schools are the best they can be.

This is why I support full funding of No Child Left Behind. We need to focus on achievement. We need to focus on accountability. But while we are looking to hold our public schools accountable, we need to hold ourselves accountable in order to bring the resources to our public schools.

Requirements without resources are an unfunded Federal mandate. If we want to have a smarter workforce, we need to get behind our public schools. The Murray amendment really takes us a long way in making sure we have smaller class sizes, better trained teachers, and all the other resources that go into that.

College is also an important part of being smarter. I am deeply troubled that access to college, which has been one part of the American dream, could now become part of the American financial nightmare. I will be offering an amendment later on to help families who want to send their children to college: a simple, straightforward \$4,000 tuition tax credit for every year of college.

Our middle-class families are stressed and stretched. Families in my own State of Maryland are worried. They are worried about jobs. They are worried about losing their health care, with costs ballooning. They are worried about holding down more than one job to make ends meet. They race from carpools to work and afterschool activities and back again. But most of all, they want to know can they count on their public schools, which is what Senator MURRAY is defending. They want to know will their children be able to go to college.

I believe the United States of America should provide an opportunity ladder and we need to make sure one of the rungs in that ladder is access. That is why I believe a \$4,000 tuition tax credit will go a long way toward giving help to those who practice self-help—the families who are working and saving to send their children to college, and young people who are working and saving to send themselves to college.

Tuition is on the rise at colleges. At my own University of Maryland, there has been a 30-percent increase over the last 2 years. Tuition for Baltimore Community College rose by \$300 in 1 year. The average cost of a 4-year public college is about \$10,500. If you add the fees and everything, at University of Maryland it is about \$14,000. Those are not numbers. Those are real costs to real families.

Financial aid, though, is not keeping up with the rising costs. Today, Pell grants only cover 40 percent of the average costs at 4-year public colleges. Twenty years ago, it covered 80 percent of the costs.

Our students are graduating with so much debt it is becoming their first mortgage. Families and students are looking for help. But I regret to say President Bush's budget does not offer them much hope.

The Republican budget has all the wrong priorities. It freezes the Pell grants. It does not offer real tax breaks. Yet at the same time it gives tax breaks to those who do not need them.

We need to do more. We need to help middle-class families have the best education out of our public schools to get them ready for college. But when they are ready to go to college, there should be the financial help to get them there.

We need to double the Pell grant. We need a larger tuition tax credit. We also need to make sure families have access to the American dream.

College education is more important than ever. Forty percent of the new jobs for the new century will require postsecondary education. This cannot happen with platitudes. It has to happen with programs. To compete in the global economy, we have to make sure all of our young people have 21st century skills. In order to compete in the new world order, we need to make sure all of our children have 21st century skills for 21st century jobs. We need to remember the benefits of education accrue not only to the individual but to society as well.

I stand here with my colleagues to say, if we are going to make investments, we need to invest in human capital, to create a world-class workforce. Let's have the best public schools the world has ever seen and make sure we continue to have access to the American dream.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Washington.

Mrs. MURRAY. Mr. President, I thank my colleague from Maryland.

Mr. KENNEDY. Mr. President, will the Senator be willing to yield for a question?

Mrs. MURRAY. Yes.

Mr. KENNEDY. First, I see my friend and colleague from Montana wants to address the Senate. I would like to comment after he concludes. But I first of all want to thank the good Senator from Washington for offering this amendment.

There is varied experience that is brought to the Senate by Members of this body. But we are listening to a voice who has been a teacher and also a school board member, and prior to entering the Senate probably spent more time in the area of education, particularly young children, certainly, than any other Member of this body.

When she speaks about education and what happens in the classrooms and to the teachers, she is talking on the basis of a lifetime experience. She makes a compelling case. I welcome the opportunity to join with her.

I want to take a moment of the Senate's time and ask whether the kind of situation we are facing in Massachusetts is typical of what she is finding in her State or if she has heard about it in other States.

In my own State of Massachusetts, we passed effectively a "no child left behind" bill 4 years prior to the time we passed it here in the Senate. As a result, over a 7-year period, we find Massachusetts is No. 1 in the country in the fourth grade and No. 1 in the eighth grade. We reduced the disparities with regard to race more than any other State. It is because of those accepted concepts which the Senator from Washington has talked about: smaller class size, well-trained teachers, supplementary services, parental involvement, evaluation of the children themselves, and support from the local communities.

These are the things for which she has fought. But when you fail to do that—I have here before me a copy of the Boston Globe newspaper of February 19, which talks about what is happening in the region: "Deep Cut in School Systems Taking a Toll on Educators." It lists school systems feeling the effects because of the cutbacks, because of the failure of us to provide for No Child Left Behind, plus what is happening in the State.

Boston has lost 396 teachers. They have closed six schools. They have cut the budgets on individual schools and eliminated programs.

For Braintree, they have lost 56 teachers and increased class sizes.

Bridgewater-Raynham Regional has lost 35 teachers, increased class sizes, added a \$175 bus fee, \$200 athletic fee, and a \$50 extracurricular fee, being paid by parents.

Fitchburg lost 47 teachers, increased class sizes, added a \$180 annual bus fee, and raised the athletic fees from \$30 to \$40.

Haverhill lost 143 teachers, closed 6 schools, increased class sizes, eliminated full-day kindergarten, added a \$250 music fee, and raised athletic fees from \$50 to \$300. As we all know, in education, if the child works in music for 3 to 4 years, their average goes up 50 to 75 points in their test to go on to college.

The list goes on.

Lynn lost 85 teachers, closed 3 schools, eliminated full-day kindergarten and prekindergarten.

Pittsfield lost 51 teachers, increased class sizes, eliminated afterschool programs, added a \$100 student activity fee.

Let me read this and ask whether this is something the Senator has seen. Here we have this extraordinary superintendent, Thomas Giancristiano, who has been in education for 30 years.

Let me read from the story:

On good nights, the superintendent fretted. On the bad nights sleep vanished. Hours before dawn, thousands of dollars and cents reeled in his head. Thomas Giancristiano would lie in his bed in his Peabody home,

eyes open and red, and make deals with the school finance devil.

How many custodians do we need, the Winthrop superintendent would ask. How many secretaries? If we keep the libraries closed, can we keep one more kindergarten teacher?

That is what is happening out in the schools. Men and women who have worked a lifetime trying to educate our children, this is what they are going through.

Going back to the article, he then saw the cutbacks that took place in his school district:

It was a hard moment to watch: A confident, likeable, optimist with 30 years of education experience was faced with cutting 17 teaching jobs. He chose instead to cut himself.

Giancristiano's voice was steady, his pique never showing. Only his reddening eyes displayed his anger.

"Either you do not support me, or you do not support your children," he read from notes.

This is happening across the country. This is what this budget is all about. We have a chance to do something for these schools or we can provide the additional kinds of tax breaks for the wealthiest individuals.

The amendment of the Senator from Washington is responsible because it pays for itself and also helps reduce the deficit. I commend the Senator. I intend to speak longer, but I am just wondering, since I listened to the Senator speak and since she is back home every weekend talking to parents and schoolteachers and superintendents, whether the kind of stories I mentioned very briefly are happening in her State and are having a similar kind of impact on the men and women who have devoted their lives to provide greater educational opportunity to children in the State of Washington.

Mrs. MURRAY. Mr. President, I thank the Senator from Massachusetts for defining for all of us what I think we are seeing across our country in every school and every classroom where the morale among our educators who are responsible for caring for our children every day has declined dramatically.

The Senator will remember not that long ago when the Senate passed a bill to increase class sizes in kindergarten, first, and second grades. As I traveled around my State at that time, teachers were so enthusiastic. They were excited about being given the opportunity to help their young students learn to write and learn to do math so they could be successful in life.

That atmosphere has changed dramatically. Now you travel around to classrooms and they are begging and pleading for help. Every teacher says to me: I want to do the right thing. I want to be accountable. I want my students to be able to succeed. I want to make this work. But my class size is twice as large. I get less time with parents. I am paying more out of my own pocket for basic supplies. We don't have enough books for all of our students. And even more so, I am spending

every single second teaching to this test because my students don't have art and music and other things that help them be well-rounded adults.

We can change this. We can make it better. We can do what we promised 2 years ago and fund this and really make a difference in our children's lives.

I thank the Senator from Massachusetts for his question. I yield 10 minutes to the Senator from Montana.

Mr. BAUCUS. I thank my good friend from Washington.

Mr. President, I don't know what the debate is all about. This is a no-brainer. It is an absolute no-brainer. All of us, when we are home talking to our teachers and to our communities, to school boards, know this is the right thing to do. It is clear. There is no contest. There is no debate.

Congress passed No Child Left Behind trying to set levels of accountability. But then Congress did not provide the money to implement No Child Left Behind. It is contributing to all the cut-backs in our elementary and secondary schools about which we are hearing. I hear this constantly at home. I daresay that every Member of the Senate, when he or she returns home, finds the same comments.

Again, I don't know why we are debating this amendment. It is pretty clear. I highly compliment the Senator from Washington. I don't know anybody who believes more and has spent more personal time helping to educate our Nation's children than the Senator from Washington, who is a school-teacher. She is right. We should take our cues from what she is telling us.

There is another reason to vote for this amendment. How are we paying for it? Closing tax loopholes. That in and of itself should be enough to pass the amendment. Also, we are closing tax loopholes to do something that is good; that is, supporting education.

Education truly is a means of developing our greatest assets. We have built the strongest, the most diverse economy on the planet, basically through education. There is more mobility, more opportunity in America, and one reason is our educational system.

We have pushed the technology horizon. We have developed a quality of life that is the envy of much of the world. There is no doubt that we can further improve our economy and our quality of life. But it is important to note that it is the investment in education that has essentially brought us to where we are, and it is an ongoing investment. You cannot stop investing in education. You have to keep going for obvious reasons.

Fully funding No Child Left Behind is a no-brainer. It is obvious we should do this. Our people back home want us to do it. If you took a poll at home, should No Child Left Behind be paid for, the results would be overwhelming because people at home know what a tight spot elementary and secondary education is in.

We are not giving our children our best shot. We have a moral responsibility to leave this place in as good a shape or better than we found it. That applies to the environment, education, the general conditions in which the America public finds itself. It is unfortunate in a certain sense—we are kind of lucky in another—that we have to accelerate our support for education. Why? Because the world is changing so quickly. New technologies are developing worldwide so quickly. We, therefore, have an obligation to accelerate our emphasis on education generally, and that is at all levels. It is Head Start, elementary and secondary, continuing, 4-year colleges, graduate education. It is at all levels.

Clearly, a key part of that is No Child Left Behind. So far this administration is giving words to the concept. It says vote for No Child Left Behind, but it has not backed it up with dollars.

A Presidential candidate years ago once asked: Where is the beef? I will ask the same question: Where is the beef? Where is the support? Where is the funding?

We have an opportunity to assist our children by providing them with the necessary resources to help them meet the challenge. Under No Child Left Behind, Montana was promised \$71 million in 2005 to comply with the new educational standards. What does this budget include? Half of that, \$46 million, and that is a shortfall. Add to that all the other pressures schools are facing.

Again, this is a no-brainer. I compliment the Senators from Washington and Massachusetts. Both of them work very hard for education.

Jack Kennedy once said:

Our progress as a Nation can be no swifter than our progress in education.

I think we all agree. Funding education is key to maintaining an American workforce that can compete in the world economy. Education is critical to keeping jobs and creating new jobs in the United States. A big problem we know is the offshoring of American jobs. It is very serious. We deserve to give it an answer.

I don't believe the answer has been given to us thus far by this administration. We have heard nothing. It is *laissez-faire*: Let things happen. So what if people lose their jobs. It is good in the long term. That is essentially what the administration is saying.

I believe in order to keep our country strong we have to do something positive. We have to take some action. We must advance policies to help create new jobs in the United States, undertake measures designed to keep good-paying jobs in the United States.

Finally, when jobs are lost in trade, we need to retrain workers and help them get back in the workforce as quickly as possible. That is why I believe it is right that one of the priority amendments on this side of the aisle addresses jobs. It is why at the appro-

priate time I will offer an amendment that will set us as a country on the path to accomplishing those goals.

We must begin where the jobs begin. We must adopt policies to create jobs in America. One of the best ways to do that is by supporting research. Most of the innovative research done in the United States is at universities and research institutes which attract students from across the globe. Over the last 20 years, Federal research funding in the physical sciences and engineering as a percentage of GDP has actually declined. It has declined by nearly one-third. I believe we should reverse that trend, increase Federal spending on basic research. The money we spend will come back to us many times over in the creation of new jobs and new industries making products yet to be invented.

If we want to support Federal spending on research, we should support the National Science Foundation. The NSF funds research and education in science and engineering through a variety of successful programs. It accounts for roughly 20 percent of all Federal support to academic institutions for basic research, a crucial engine of innovation for our economy.

NSF funds have helped discover new technologies that have led to multibillion-dollar industries and created countless new jobs. The list is astounding: fiber optics, radar, wireless communication, nanotechnology, plant genomics, magnetic resonance imaging, ultrasound, and, yes, the Internet. All were made possible by work in the basic sciences and engineering funded by the NSF.

Each year, the NSF helps fund over 200,000 students, teachers, and researchers. Many of these people take their NSF-supported work into industry, where they found company startups selling new products and new technologies. That means one thing: jobs. Fully funding NSF will lead to more jobs.

When the President signed the National Science Foundation Authorization Act of 2002, the intent was to double in 5 years the funding devoted to the NSF. Not fully funding NSF shortchanges America's future.

The amendment I am offering will fulfill the promise of the NSF Act and restore funding to its fully authorized levels. That means providing \$7.4 billion in fiscal year 2005, \$8.5 billion in 2006, and \$9.8 billion in 2007. All told, that is \$7.4 billion above current levels—certainly money well spent.

Our future depends upon our ability to continue to innovate, and that depends upon the support we give to America's innovators—our scientists and engineers. We should fully fund the NSF.

At the same time, we must ensure America's families can afford higher education, which is an important part of the solution. This is the key to America's continued prosperity. Education provides the skills necessary to unleash the creativity of our citizens.

We should improve, consolidate, and expand the educational tax incentives that already exist and make them more effective. There are many ways.

We can expand and extend the deduction for tuition expenses, expand the Hope and lifetime learning credits, craft targeted incentives for student pursuing science and engineering careers, and focus on programs to make it possible for nontraditional students to obtain an education. These are all good options.

We need to ensure that young Americans are not discouraged from obtaining postsecondary education because of costs. That is the American dream, to get an education. We should not discourage it. Tuition costs have risen considerably in recent years, and our Federal assistance programs have not kept up.

Increasing tax incentives can help to lessen the burden on students, and allow students to attend the schools that best fit their needs, whether 4-year colleges or 2-year colleges, which can also provide vocational and technical training.

I ask for an additional 2 minutes.

Mrs. MURRAY. Off of the Senator's time.

The PRESIDING OFFICER. The Senator is recognized for 2 additional minutes.

Mr. BAUCUS. Different students will opt for different types of training. That is good. We need workers with different skills to fill all the new jobs that are constantly being created.

One thing is sure: We need to train more engineers. Listen to this, Mr. President. We train only half as many engineers as does Japan. We train only half as many engineers as does Europe. We train only a third as many as does China. Think how many engineers China is going to train next year and the year after that and the year after that. Where will we be? Engineers play a critical role in the development of new jobs and new industries. We should encourage students to pursue training in this vital field.

We need to help displaced workers to receive the retraining needed to succeed in a changing economy. There is one thing they can be sure of: Things will always change. Jobs will change. Workers should be equipped with the tools to change with these jobs. Education is certainly the key.

The amendment I am going to offer will put a downpayment of \$10 billion into our workforce. The U.S. economy is the most flexible, vibrant, dynamic in the world. We have to keep it that way. We owe that to the ingenuity of the American people and their relentless thirst to create and innovate.

I urge my colleagues to join me in a positive response to offshoring. It should not be negative; it should not be protectionism. It has to be positive. I am offering a sound, positive approach. Create jobs in America by fully funding the National Science Foundation and support education. That is one of the keys to our long-term prosperity.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, before my friend and colleague from Montana leaves, I want to say this amendment increases taxes by \$17.2 billion. It increases taxes next year by \$13.2 billion.

For the information of colleagues, we are assuming next year, on the reconciliation, which is all that is going to happen this year—or maybe all that will happen—that is the total child credit, it so happens. Some people say, well, this is assuming revenue loophole closings. That is not accurate. This resolution says increased taxes by \$17.2 billion. We are assuming that the child credit is going to stay at \$1,000 per child. So these two are in direct conflict. I want everybody to know this is a big spending increase in an area where we already have big spending increases—enormous, if you go over the last few years.

In spite of that, it is a big tax increase. In fact, it is a lot bigger tax increase than the amendment we voted on yesterday. I want people to know this is a tax increase that is very large.

Mr. BAUCUS. Will the Senator yield on that point?

Mr. NICKLES. Yes.

Mr. BAUCUS. Will the Senator read the first line of the description of this amendment?

Mr. NICKLES. I am reading the amendment where it says offered by Senator MURRAY and "on line"—

Mr. BAUCUS. Above that, further up.

Mr. NICKLES. The purpose?

Mr. BAUCUS. Yes.

Mr. NICKLES. It says, "by closing tax loopholes."

Mr. BAUCUS. Does the Senator disagree that we should close tax loopholes?

Mr. NICKLES. But that is not what this amendment does. That is the purpose. The amendment says: "On page 3, line 10, increase the amount by \$13.2 billion." That is increasing taxes, an instruction to the Finance Committee.

Mr. BAUCUS. By closing tax loopholes.

The PRESIDING OFFICER. The Senators all address each other through the Chair.

Mr. BAUCUS. The purpose is to close tax loopholes.

Mr. NICKLES. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. NICKLES. I have the floor. I want to make sure my colleague knows how to understand what these amendments say. If you read lines 1, 2, 3, and 4, that increases taxes by \$17.2 billion over the resolution. Our resolution assumes continuation of the existing tax law. So this would increase taxes by \$17.2 billion over existing law.

All we are assuming, frankly, in the big amount we have for next year, since that is the bulk of our tax increase, it happens to be for the child credit. So I am telling my colleagues,

we talk about closing loopholes—and there are some out there. I know the chairman and ranking member are trying to do that with the leasing provision. I happen to support that. But you are spending it as well.

This resolution says increase taxes. The purpose doesn't make law; the purpose doesn't change the resolution. You can put anything up there. You could have as a purpose to make everybody feel good and to have nice incomes in education. That can be your purpose. But when you are amending the budget resolution, you are saying how much money to spend and how much money to tax. This resolution says to raise taxes by \$17.2 billion and raise spending by \$8.6 billion.

I might also say that it raises spending by \$8.6 billion in the first year. One would think you would not do that for 1 year and drop it down. So you can assume it would be 8.6 for a multitude of years. This is really like a \$100 billion amendment on the spending side over 10 years, and then on the tax side, I don't know how many. If you multiply this out over the years, it increases taxes by 17.2 and spending by 8.6.

Mr. BAUCUS. If the Senator will yield, the only way to close tax loopholes is by raising additional revenue. That is the only way you can do it. There is no way to close loopholes otherwise. Does the Senator agree that he will work with me in closing loopholes and if not by raising revenue in some other way? The purpose of the amendment is to raise revenue by closing tax loopholes. I assume the Senator agrees with me that is the best way we should raise the revenue, although technically we have to have the numbers in here; otherwise, the amendment serves no purpose.

Mr. NICKLES. Mr. President, I enjoy working with my colleague from Montana on the Finance Committee, and I am one who is more than willing to close loopholes. I also tell my colleagues that my friend from Montana and the Senator from Iowa have used almost every loophole closer, multiple times.

I am happy to close loopholes, but this amendment does not close loopholes. This amendment tells the Finance Committee to raise taxes by \$17.2 billion, period. The Finance Committee can do it any way they want. I am just telling the Senator that is exactly what it says.

What we have assumed is we are going to allow the child tax credit to go forward. Maybe that is not a correct assumption. Maybe families are not going to get to keep the present tax law. Maybe the child tax credit will be reduced from \$1,000 to \$700. Maybe the marriage penalty relief we have in the year 2004 will not happen in 2005. I am afraid, if this amendment is adopted, it will not happen.

Ms. LANDRIEU. Will the Senator yield?

Mr. NICKLES. Not just yet. My point is—and I have not even alluded to the

education issue, and I am going to hand that to Senator GREGG who knows far more about education than this Senator—no matter what level we had in this resolution, I was more than confident somebody would say that is not enough for education. I have looked at the total education function we have, and it totals \$97.6 billion. That does not include the additional \$5 billion—yes, it does. That includes the \$5 billion Senator GREGG has put in for higher education reauthorization.

I looked at what we spent. That is \$97 billion. In 1990, we spent \$39 billion, almost three times as much. In the year 2000, we spent \$49 billion. It is right at twice as much as we spent in the year 2000. We have had dramatic increases in education—dramatic increases—including the last several years. But no matter what that amount is, people are going to say that is not enough and, oh, yes, we want to increase taxes a lot more and throw a lot more money at it. I am just not sure that is the correct result we should be following.

I want everybody to know this is a tax increase. I want everybody to know this is a humongous increase in this program. I have not figured the percentage.

Ms. LANDRIEU. Will the Senator yield?

Mr. NICKLES. With this additional money, it is a 40.6-percent increase. For everybody who says we want to balance the budget, how do you balance the budget and simultaneously increase programs by 40 percent? This fictitious point of let's close loopholes, if there are loopholes out there, I am sure the chairman and the ranking member of the Finance Committee want to close them because they have a lot of demands. I am all for closing loopholes, but that doesn't fly. The amendment says raise taxes by \$17.2 billion.

Ms. LANDRIEU. Will the Senator yield?

Mr. NICKLES. I yield the floor.

The PRESIDING OFFICER. The Senator from Washington controls the time.

Mrs. MURRAY. I yield to the Senator from Louisiana 10 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 10 minutes.

Ms. LANDRIEU. I thank the Chair. Mr. President, I thank my friend from Washington.

I wanted to ask the Senator from Oklahoma, before he leaves, since he has gone on record several times this morning as to what loopholes he would agree to close, would he for the record indicate or give us some idea what some of those loopholes would be and how much money could be generated by those loopholes, because there are many people in Oklahoma, Louisiana, Massachusetts, and Washington who would be interested in identifying those dollars so we could apply them to fulfill the promise the President made to fund education. As the Budget chair-

man, I am very interested in what specific loopholes he would be willing to close.

Mr. NICKLES. To answer my colleague's question, in the budget resolution we assume \$20 billion of revenue loopholes and that, frankly, is to pay for the tax cuts we have in this bill.

Ms. LANDRIEU. Can I clarify? The loopholes the Senator from Oklahoma is supporting are going to fund additional tax cuts for those at the higher end of the tax cuts?

Mr. NICKLES. The Senator is absolutely incorrect. The loopholes we are closing basically will pay for extending present law. What we assumed in this budget resolution is continuation of present law, plus the AMT fix.

Ms. LANDRIEU. I thank the Senator from Oklahoma. I have the floor. I want to make clear for the record, as the Senator from Oklahoma just clarified, he and the administration are willing to close loopholes, but only if the savings from those loopholes go to make permanent the tax cuts that drain the education budget and leave our children at risk. I am glad we got that cleared up.

Let me begin the remarks I wish to make this morning.

The Senators from Massachusetts and Washington are absolutely correct about the dire situation in our States and communities all across the Nation. They are also correct that one of the strongest aspects of the American dream—and I could argue the strongest aspect of the American dream—is the dream parents have for their children, the dream Americans share that no matter how tough their life has been, no matter how shortchanged they might have been when they started, they work hard because they want their children to get the kind of education that will help them be the human beings parents dream their children can and should be and to make their communities stronger.

When this administration took office, they noted that dream. The President said:

The time has come for excuse making to end. With this No Child Left Behind Act, we have committed the Nation to higher standards for every public school, and we have committed the resources necessary to help children achieve those standards. We want accountability with results, and we are willing to fund it.

That is what was said, but is not what was done. Budgets are difficult to put together. This document does not look very thick, but this document is a blueprint. This document sets a course for the Nation. This document, if it is not written correctly, cannot meet the promises I have just described.

You know what, Mr. President, this document does not meet that promise. This document does not provide the money promised to every Governor, every superintendent, every teacher, and every parent in this Nation. This document is short \$9 billion, and not one Senator on the other side is willing

to close one loophole to fill that hole. They are only willing to close loopholes to give more tax cuts. That is the debate on this floor, and that is the choice the American people are going to make in the next election.

With the surplus disappearing, with the war at hand, with the war on terrorism perhaps escalating, the question is, Do we want to make some adjustments in our plans to provide tax cuts or do we want to provide some tax cuts and fund education, invest in homeland security, and support our troops? That is the issue. But this administration, faced with the facts of declining and evaporating surpluses, faced with the facts of a war that is costing more than we anticipated, faced with those facts, chooses to ignore the facts and put out a budget that goes straight dead ahead 100 miles an hour into deficits and in doing so robs the opportunity, pulls the rug out from under every superintendent, every Governor, and every teacher because they are struggling in the schools.

This is what the President says, but this is not what he does. This is what the President says:

Once failing schools are identified, we will help them improve. We'll help them help themselves. Our goal is to improve public education. We want success, and when schools are willing to accept the reality that the accountability system points out and are willing to change, we will help them.

We are doing this in Louisiana. We have received accountability. We have identified our schools which are failing. We believed the President, but when we turned to him to ask him and this administration to help us hire new teachers, help us to train the teachers who need to be certified by a date certain the President and the administration forced us to do in this act, when we asked them please help us put on two new classrooms in these schools because we have to meet these new goals, they said we do not have any money, because he wants to extend the tax cuts permanently. He will close the loopholes, but not for them. Sorry, kids, we cannot close the loopholes. I have to close the loopholes for people who need tax cuts.

Now I am going to talk about the increases in education. I know Senator KENNEDY is going to speak about this and he knows these numbers better than I do. I will admit, and I understand and know—so don't anybody bother coming to the floor to tell me I do not understand—there is increased funding in education. I am clear and so are the people in my State that the Federal Government has increased funding. That is not the point. The point is, the increases have not been what the administration promised and do not help us meet the new goals that have been mandated on every county and every parish in this Nation.

I will also say, if the Senator from New Hampshire wants to come to the floor and debate this issue—and as Senator MURRAY knows very well—the increase in education in 2001, which was

the last budget of the previous administration, was 19 percent. That is how much the increase was. The next year is 2002, which was 18 percent. In the years of the President's budget, which is right here—this is the administration's budget and this is the chairman's mark. The chairman's mark is a little different than the President but it is basically the same document. These are the increases they provide: 19 percent, 18 percent, down to 6 percent, 5 percent, and 3 percent. The outyears look even bleaker.

They put No Child Left Behind basically in here, and as we can see, they pulled the rug out from everybody. That is what this election is going to be about.

I know I only have a couple minutes remaining, but I want to say I know, not because I represent and am a leader from my State and I travel just like Senator MURRAY does all over her State, how angry people are about this. The front page of the Washington Post yesterday issued a poll that says 57 percent of the American people polled all over the country do not think the country is going in the right direction.

This budget sets the direction, and 57 percent of the people know what is in this budget, not in every line but they are getting the general gist of it. They do not like it, and I do not blame them. There are many things it does, but one thing it does is it breaks the promise to their kids, and when you start fooling with people's children and you start upsetting the dream people have for their children and their education, there is going to be a repercussion from that.

In conclusion, to use the President's own words: The time for excuse-making has come to an end. We have committed to our schools and our children. We have said if we ask for accountability and results, the Federal Government will be there, will be a reliable partner, and this administration has made different choices.

I end with a quote from another President. We have had many great Presidents in our history, thank goodness, and we had a great one in President Kennedy who said:

I believe we possess all the resources and talents necessary, but the facts of the matter are we have never made the national decisions or marshaled the national resources required for such leadership.

He was speaking about the space program.

We have never specified long-range goals on an urgent timetable, or managed our resources and our time so as to insure their fulfillment. . . . [L]et it be clear that I am asking the Congress and the country to accept a firm commitment to a new course of action—a course which will last for many years and carry very heavy costs . . . if we are to go only half way, or to reduce our sights in the face of difficulty . . . it would be better not to go at all.

That is what I am saying. If we have set a course by this budget, we owe it to our parents, to our teachers, and our children to stay the course, and if we

are not ready to go the whole distance, we should not have started. That is the promise that has been broken.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from New Hampshire.

Mr. GREGG. Mr. President, I have been talking with the manager of the bill on the Democratic side, and he suggested maybe we should enter into some sort of time agreement on this amendment. I see there are a number of people on his side who want to speak. Is there something the Senator recommends?

Mr. CONRAD. I would say first to the people on our side, we are now getting in a real jam and we are also getting further toward vote-arama in a way I think is probably not something we want to do. I recommend we agree to an additional hour on each side, 2 hours equally divided.

Mr. GREGG. Mr. President, I recognize that probably is a disadvantage for us because the other side has been going now for an hour, and although we are probably more succinct and more persuasive in less time—

Mr. CONRAD. That is what we were counting on.

Mr. GREGG. It is still not necessarily a fair division of the time. I would agree to some sort of time limit that gave us a little extra time. If the other side wants to go for an hour and we go for an hour and 15 minutes, which would be 2 hours and 15 minutes on this amendment, that would give them an additional hour—they have already done an hour—and we would get an hour and 15 minutes.

Mr. CONRAD. Would that be acceptable if we took an additional hour on our side and an additional hour and 15 minutes on their side?

Mrs. MURRAY. It is acceptable to me.

Ms. LANDRIEU. Is there any additional time that could be available? This is such an important amendment. Could we take an hour and a half?

Mr. CONRAD. We had hoped to do this in 2 hours. We have already spent an hour, and this would be an additional 2 hours 15 minutes.

Ms. LANDRIEU. I understand.

Mr. CONRAD. It would be agreeable on this side.

Mr. GREGG. I ask unanimous consent that debate on this amendment be for an additional 2 hours and 15 minutes with an hour on the minority side and an hour and 15 minutes on the majority side.

The PRESIDING OFFICER. Is there objection?

Mr. CONRAD. I ask that there be no second degrees.

The PRESIDING OFFICER. Is there objection to the unanimous consent request? Without objection, it is so ordered.

Mr. CONRAD. Is Senator REED seeking time?

Mr. REED. Yes.

Mr. CONRAD. Will Senator MURRAY give time off the amendment?

Mrs. MURRAY. I yield to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I rise in support of the Murray amendment to fully fund the No Child Left Behind Act. This is an important amendment. It will keep our commitment to educational reform in the United States.

There are two keys to the success of the No Child Left Behind Act: effective implementation by the Department of Education and robust funding. Both are presently lacking.

Without the needed resources, we will not meet the law's goals of closing achievement gaps and ensuring an excellent education and opportunity for all children.

When the President signed the No Child Left Behind Act into law 2 years ago, he pledged to support greater Federal investment in education. That pledge has not been kept by this President. He has proposed eliminating some of the No Child Left Behind Act programs, cutting others and only increasing title 1 by \$1 billion. That is over \$7 billion short of the authorized level of \$20.5 billion.

The No Child Left Behind Act was a fundamental change in the way we do business. Part of that change was a commitment to fund all of our aggressive ambitions to help every child succeed. What has been left are the requirements on children but insufficient resources for school systems throughout this country to implement them.

It is no wonder general assemblies across this country, in Utah, in Virginia, Republican assemblies, are revolting against these provisions, not because it is not a good effort at reform. Rather it is because we have not provided the resources to accomplish the reforms. Senator MURRAY's amendment would provide the needed resources.

I believe we have to go ahead and fund these programs, and we will not do so unless the Murray amendment is accepted. I urge support of the Murray amendment. This is not just about giving individual opportunity to every child. That is central and crucial. This is also about our economic future. If we do not fully fund education now in the elementary and secondary years, we will fall further behind in a very competitive world economy. This is about giving every child a chance and making sure our economy and our society works. I commend the Senator for doing that, and I yield the floor to Senator MURRAY.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, the other side is not ready to go. I yield to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Fine, if that is the desire. Mr. President, I ask 10 minutes on the Murray amendment.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. KENNEDY. Mr. President, I mentioned a moment or two earlier what is happening in my own State, in Massachusetts, in the school districts all across that State, a State that was attempting to enhance educational opportunities for the children of Massachusetts. They relied upon the commitment that the Federal Government made a few years ago, some 3 years ago, to try to complete the commitment of that State, in partnership with the Federal Government, in enhancing educational opportunities for the children in our State and in States across this country.

The Murray amendment addresses the nature of the commitment that the administration made to not just the Members of the Senate but to the children and to the parents and to the school districts across the country; that is, we were going to have reform and the resources to make the reform take hold.

What we are talking about is a budget of \$2.4 trillion, and the issue is can we find \$8.6 billion in that \$2.4 trillion. Education is either important or it is not. If we ask families all across this country, people would say, I would think you would be able, in a budget of \$2.4 trillion, to find the \$8 billion to make sure we are going to fund No Child Left Behind. It should not be that big a deal. It is a question of priority.

The Senator from Washington stated what her priorities are. I agree with them, and I think most families in this country would say we can afford that, if it is going to make a difference in the quality of the education of the children of this country.

Let's review very quickly the bidding, what has happened in the period since we passed No Child Left Behind. Since we passed the No Child Left Behind bill in 2002, let's be frank about where the funding is and where it has come from. When we passed No Child Left Behind, the administration asked for \$1.3 billion. We raised that up to \$4.8 billion during the period of the negotiation. That legislation would not have passed at \$1.3 billion. It would not have passed. I can tell you that. I know that.

Then the next year the administration came in for less than \$1 billion and we were able to raise that up \$3 billion more. That is the record. That is the increase right here, as a result of Democratic amendments to the appropriations, right there.

Last year, in the Omnibus bill, the administration asked for a \$900 million cut and we increased it \$1.9 billion.

We will hear from the other side, look at the increases we have had in this area. They are the result of the amendments from this side. We want to continue it. If you like what we have done, vote for the Murray amendment.

Look at what this amendment does right here.

Mr. GREGG. Will the Senator yield on that point?

Mr. KENNEDY. Not just yet, if I have 10 minutes. I will at the end of my time.

Here we are, the cost of the Bush tax cut for those making over \$337,000 in 2005—\$45 billion. It is \$45 billion.

Look at what the Murray amendment has, \$8.6 billion. That is in addition to what was added, in terms of the Budget Committee—\$8.6 billion. This is \$45 billion.

The issue is choices. The issue is priorities. The issue is, as a matter of national urgency, is it more important to give \$45 billion for those making over \$337,000 in 2005, or to provide the full funding for the children of this country? That is the choice. That is the decision we are facing.

The Murray amendment says let's get that money. We can certainly afford \$45 billion—with that budget.

Let's look at what happens if we do not do this, if we do not accept the Murray amendment. What is going to be the impact on the children of this country?

I tried, in just the couple of minutes, to tell what the human impact was on a superintendent who has for 30 years been committed to improving the quality of the life of the children in his district. He was restless. He couldn't sleep. Finally, rather than face the additional cuts he was going to have to provide in this system, he actually resigned. That is happening in schools all across this country. Those are the real stories. That is what is really happening.

If we look at it in the broad sweep of what this means, this chart tells it. Under the Bush budget going out the years from 2005 to 2013, you are going to leave 4 million children behind. Under the Murray amendment and the follow-on, all the children will be addressed; no child will be left behind.

I was absolutely amazed, listening to the other side, saying if we go and approve the Murray amendment this will be a 40-percent increase. Imagine that, a 40-percent increase, thinking this body will never go for a 40-percent increase. In fact, even with that, that will only mean 60 percent of the total funding for No Child Left Behind. We are requiring 100-percent performance by those children. We are expecting 100-percent performance by the teachers. We are expecting 100-percent performance by those people who are providing the supplementary services, and we in the Congress say you do it on 60 percent of the money.

It is like in this Nation, if we passed a voting rights act to apply to all of the country and we say it is not going to apply to 10 States. We will have Social Security for America but we are going to leave 10 States out.

We really didn't mean it when we said we were going to really address the needs of the 12 million children who fall into the category of title I. We didn't really mean it for all of them. We said it in the bill. We require it in the legislative proposal that in 12 years

they have to be proficient—except you are not funding it. What sense does that make?

It would have been like President Kennedy saying, you are going to go to the Moon, and we appropriate enough money to go up 50 miles and say we have had a success. You either do it or you don't. We were either serious at the time when we passed No Child Left Behind, like we were on voting rights, like we were on Social Security, like we were on Medicare, and like we were on going to the Moon. Or we are not. That is what the issue is. That is what the issue is in the Senate. Either children have that priority or they do not. The Democrats believe they do.

We find there is more than enough money in here right now to be able to do it. There is more than enough money in here to be able to do it.

I am glad to yield to my friend from New Hampshire if he still has a question.

Mr. GREGG. I will try to recall it.

Mr. KENNEDY. Mr. President, I will be around for a little while. I know there are others who want to speak. I will withhold the remainder of the time but I will be around, ready to answer any questions. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. Mr. President, I appreciate the comments of the Senators supporting the position represented by Senator MURRAY. But I do believe it is important to understand from where we come and where we are going, relative to educational spending in this country, and specifically in this Congress, and who is accountable for what. Because, obviously, the representation coming from the other side is that this President and this Republican Congress has not been as committed to education as we should have been.

It is a hard case to make, honestly, in light of the history of educational spending.

Let us return to the scene of the crime, as they say in the business of reviewing evidentiary facts. The scene of the crime is the Clinton administration, its spending on education, and its woeful efforts in the area of special education and title I. The scene of the crime is the Clinton administration and its failure to address the fact that for generations low-income children had been left behind in this Nation.

That is what this is about. You can throw out all the numbers you want. But the issue is whether we as a Nation will continue to abandon the low-income child and leave him or her in school systems which simply shuttle him or her through, meaning when he got to the end of his or her academic career—if you can even call it that—in our school systems, he or she was unable to participate in the American dream because she couldn't read and he couldn't write relative to their peers.

The President of the United States, George Bush, came into office and he

said, Let us do something about this. Let us address the issue of the fact that so many children in this Nation for generations have been shuttled through the system. He proposed the No Child Left Behind Act as a way to address that. The No Child Left Behind Act is not only about money in a tangential way. No Child Left Behind is really about the philosophy of whether a low-income child should enter the school system at a level at which they are not competitive with their peers and be left in that school system for the rest of their academic career and come out at a level that is not competitive with their peers.

The No Child Left Behind Act is an issue of whether we are going to try to take the children in this country who come from a low-income family and give them a shot at the American dream by bringing their education up to a level where they at least know what they need to know in order to participate in our society, which is a very academically oriented society—a society which depends disproportionately on your educational ability in order to obtain success.

The President proposed the concept which was to say to local school districts throughout this country, You decide, school districts, what children in your school know in the third grade, in the fourth grade, in the fifth grade, in the sixth grade, in the seventh grade, or in the eighth grade. You decide. We as a Federal Government are not going to tell you. You go out as a community, you sit down and brainstorm and decide what your fourth graders should know, what level of math, what level of composition capability, what level of English. Then once you decide that, you set up a process, a regimen, where you evaluate whether the children in your school system are meeting those obligations, are meeting those standards, are learning English at the level and writing and spelling at the level you, the local school district, decide is appropriate.

One of the key things the President said was don't cover up the low-income child by putting them in a large group with all the other children in the school system—what is called disaggregation. Let us look at these different groups, whether they come from minority backgrounds, whether they come from low-English backgrounds, or low-income backgrounds. Let us find out what each group of children actually is learning.

Let us not say just because fourth graders in the school system which has a lot of kids and who come from average income families that are doing well on the scores as a gross number, but that school system is working well when we know for a fact the low-income kids in that school system are still being left behind—disaggregation.

We set up a system. The President proposed a system where we go out and say to the local school, You find out, you find out, parents, teachers, and

principals, what children should learn in these elementary school grades and say whether the children by income groups or by ethnic groups are learning.

Those two ideas were rather radical. But the radical idea was we were actually going to tell the parents in the school system whether their children are being taught, whether they are learning at a level that is going to bring them up to their peers. Low-income parents—most of whom, by the way, are single parents struggling to make ends meet—are finally going to know whether their children in that school system are learning what is necessary in order to make them competitive as defined by that school system and as defined by their peers. If the parent finds out their child is in a school system that is not teaching that child, then we are going to give the parents some tools to try to correct that problem. We are going to allow public school choice. We are going to allow extra help for low-income kids so they can be brought up to speed if they aren't up to speed with their peers. We are going to allow the school districts to go into schools, which unfortunately have systemic failures, or large percentage failures, and put more resources into those schools to try to correct their problems.

This was the idea. It was revolutionary, and it has fundamentally improved education in this country. Everywhere you go in this country today, school districts are addressing the issue of whether the children are learning, whether the low-income kids are learning, whether they are being assessed, and the information is being put out to the public and the public is making assessments as to whether it is right.

This bill has been one of the most creative and aggressive bills we have ever passed as a Congress, or even the States, in the area of trying to correct what has been a fundamental problem in which our public school systems, regrettably for years, were passing low-income kids off and not giving them a shot at the American dream. It is working.

We incessantly hear from the other side about the failure of the bill. Why are we hearing that? Is it really because it has not been funded? No. It is because there is an educational establishment out there which does not like the fact it is being held accountable. This isn't about funding. This is a raw attempt by the educational establishment to try to undermine the No Child Left Behind Act law because they do not like the fact they are being held accountable. They do not like the fact low-income kids are finally getting a chance, are finally learning something, or are being told they have to learn something.

That is what this debate is about. Let us not try to color it with money because it is not about money. Let us get into the money issue to prove that is not the case.

If money were the issue, the prior administration would have poured a lot more money into this program than they did. They did not. If money were the issue, the school systems in this country would not have enough money to do the assessments that are the essence of this whole bill. They not only have enough money to do the assessments, but they have more than enough money to do the assessments under this bill. If money were the issue, the money we have already put in the pipeline would have been spent. There wouldn't be any available.

What we find is there are literally billions of dollars of money in the pipeline which have not been spent as a result of the fact this law has been aggressively funded.

Let me put it in context. The last time the President of this country was a Democrat and the Congress was Democratically controlled was 1995. You would have thought at that time, if you listened to the rhetoric around here, title I and the programs under title I which still existed at that time—the No Child Left Behind Act obviously wasn't the law—would have been funded right up to the authorization amount. That is all we have heard about from the other side on this bill.

Surprise. It wasn't. It wasn't even close to the full authorization amount in 1995. Not only that but the increases which flowed into the account under a prior administration were minuscule in key areas such as title I and special education.

I heard the good Senator from Massachusetts come down here and say all the new money that has gone into title I, or most of it, is the result of the fact they offered amendments on the other side and those amendments made the changes in these programs and added all of this extra money. I appreciate the fact he at least gives credit to this administration for putting a larger amount of new dollars into the education accounts. That is nice, because it is true. There has been a huge infusion of new dollars into the education accounts.

This chart shows that in real terms. I appreciate the fact the Senator from Massachusetts basically acknowledged it. The last year of the Clinton administration, it was \$42.2 billion in education accounts. As of this year, there will be \$58.7 billion in education funding, which shows the rather dramatic increase.

Ms. LANDRIEU. Will the Senator yield?

Mr. GREGG. I will yield when I finish my statement. I would be happy to.

If we go to title I, we will see in the last year the Presidency and the Congress were controlled by the Democratic Party, there was \$6.7 billion spent on title I. When the Republicans took over the Congress, by the way, that started to move up. In the years since President Bush has come into office, that number has jumped dramatically, so we are now up to \$13.3 billion being spent on title I.

The same is true of IDEA, which is a more startling number because the Clinton administration never proposed increases in IDEA until the last year and they were the result of a Republican Congress forcing those increases into the Clinton administration. Again, the IDEA numbers went down during the first years of the Clinton administration and started to go back up when the Republicans took control of the Congress. I was very involved when we demanded \$1 billion a year. This President has proposed more increases in the first 3 years in IDEA funding—\$1 billion each year onto each prior year—than the Clinton administration proposed in their entire 8 years in office. This is an example of that during the Clinton administration. IDEA funding was increased by \$1.4 billion over their 8 years. In three years in office, President Bush has increased that money by \$3.7 billion.

It brings me back to a side issue. I found it entertaining that basically if we listen to the Senator from Massachusetts, he said all this new funding which has flowed into the various accounts—and it has been dramatic, as shown by the first chart, into special education and title I—it was a function of amendments offered by the Democratic leadership and the Democratic membership of this Congress. I point out I am not aware the Democratic Party controlled the Congress for these 3 years and it certainly did not control the Presidency, so I am not sure how they managed to do that. The fact is we could not pass the amendments unless the President agreed to them, signed the bills, and the Republican Congress agreed to them and passed it.

What can be pointed out is when the Clinton administration and the Democratic Congress did control the issue of funding, had unilateral control of the issue over funding because they had both Houses of Congress and the Presidency, their accounts went down. It was not until a Republican Congress and a Republican Senate made it its No. 1 priority under Senator LOTT, Senator SPECTER, and other Members of this Congress that we started to see the IDEA funding go back up dramatically.

This is a very substantive point because it makes the case that what we are hearing from the other side is truly politics, the politics of education, not the substance of education. The substance of education is whether a low-income child in America today is better off in the system than they were 3 years ago. There can be no question but that child is. Finally, after years and years and years, we are finding out whether that child is being educated at the same level as his peers, through assessment, and when we find that out and if we discover that child is not being educated up to his peers, we put in place systems to address that.

It is also important while we are on this topic to address the nature of this amendment. The amendment does not actually say the funding will go to edu-

cation. The amendment sets up a reserve fund. The only thing the amendment actually does is raise taxes. It raises taxes by \$17 billion and puts that money in an account. That account may or may not get spent. What we do know is it will raise taxes.

What does \$17 billion in new taxes account for? We heard from the other side it will go against those wealthy Americans who are making too much money and we need to tax them some more. That may philosophically be what they want to do, but as a practical matter that is not the effect this amendment would have. The proposals which are most at risk today in the tax laws do not impact wealthy Americans; they impact moderate- and middle-income Americans. It is the child tax credit that lapses, it is the marriage tax penalty which goes back into place, and it is the 10-percent bracket which gets kicked back out if we do not extend the tax reductions which are on the books.

Ironically, the \$17 billion of higher taxes which this amendment is going to force on the American people is probably going to be borne primarily by people who are married, because the spousal deductions and the marriage tax penalty, if not extended, add up to \$15.7 billion, an ironic joining of numbers but clearly a logical place where it will occur. If the \$17 billion tax increase occurs, it will occur as a result of these extenders not being put in place. Therefore, the spousal tax, which is \$15.7 billion and which basically says if you are married you should not have to pay more than if you were separated, will end up being most likely the place I suspect this tax increase will occur.

This amendment is unique in that it does not really impact the education accounts because it puts it into reserve. It does, however, raise taxes, and most likely on married people.

While we are on the subject of how well funded No Child Left Behind is, we should go into some specifics. The No Child Left Behind part of title I—and what we have are charts that reflect how significantly we have increased funding under title I since President Bush came into office. Over the 8 years President Clinton was in office, he raised the dollars into title I by \$2.6 billion. In the 3 years since President Bush has been in office, we have seen a \$4.6 billion increase or almost twice as much, at least 70-percent higher funding levels from President Bush as from President Clinton.

The argument is made that is still not enough, that we should be funding this to the full authorized level. I have been around this place for 11 years and I think I understand we do not fund at authorized level and everyone in this institution understands the authorized level is a statement, not a number. It is a goal. But it is not necessarily the goal that will be reached.

What proves that beyond any serious doubt is the fact when the Democrats

did control both the Presidency, the House and the Senate, they did not fund title I at full authorization. If there is credibility to their argument today, they would have had to have funded the authorization at its full level back when they controlled the Congress. But there is not credibility to their argument because they did not do that.

In fact, when we look at the level of funding increases that occurred during their administration when they had the Presidency and when they held the Senate, it was pretty much flat funded, and it has only been with President Bush that the dramatic increases in these accounts happen.

Do we have enough money in the pipeline to address title I and No Child Left Behind? That is an argument we hear a lot about. We do know the number has increased dramatically. States are getting a lot more money. In fact, a lot of states are not pulling down the full amount they have available to them. We know there is some good anecdotal information coming in right now that says No Child Left Behind is being adequately funded.

I was interested to see a recent study by two public officials in Massachusetts, one of whom was the Massachusetts State school board chairman and another who was a member of the school board in Massachusetts. James Peyser is chairman of the Massachusetts Board of Education and Robert Costrell is a professor of economics at the University of Massachusetts at Amherst, on leave, and currently serves as the chief economist for the Executive Office for Administration and Finance.

These two gentlemen did a study of how much money was coming in under No Child Left Behind and whether it was adequate. The report says they thought there was sufficient money in the pipeline in Massachusetts to effectively implement the law.

Here are a few things they cite: The \$391 million of Federal Department of Education money that has been set aside specifically to administer the additional State assessments required under No Child Left Behind is more than adequate.

That was their conclusion.

They did say:

Although new funding may be needed in the future, the authors observe that "The needed dollar amounts are relatively small and could be met easily by allocating funds from lower-priority problems."

Another finding:

Shortfalls in federal support of school technical assistance, as required under No Child Left Behind, are small at present but are likely to grow significantly as more schools are found to be in need of improvement. To fill the gap, the authors call for greater flexibility in federal guidelines. "Much of the gap can be filled," Peyser and Costrell explain, "by allowing states to allocate more of their federal dollars to supporting turnaround efforts in low-performing districts."

The estimated cost of testing required by No Child Left Behind runs at

\$20 per student, a small fraction of the per-pupil cost in the United States. Today, the per-pupil cost in the United States is \$7,392. Interestingly enough, if you take the \$391 million that the Federal Department of Education has set aside—and this is not their numbers—to do the assessment work, you find it exceeds the \$20 by a rather dramatic number. I know in New Hampshire, for example, it exceeds it by a factor of almost 10. In fact, the dollars increased per pupil from 2000 to 2004 in Federal spending, these two gentlemen discovered, was about \$300 per pupil across the country, which certainly far outstrips the cost of the per-pupil testing requirement, which is the primary requirement in this law.

So you have folks who are very intimately involved in this business in Massachusetts concluding that the funds which are flowing, which have represented a very significant increase in funding—as shown by this chart, \$13.3 billion right now under this budget—more than exceeds what is needed to efficiently deal with the No Child Left Behind requirements.

One of the reasons we hear a lot about No Child Left Behind not being funded I think is that most States and school districts today are under significant pressure. But the pressure is not coming from No Child Left Behind; the pressure is coming from local property tax burdens and State revenues.

We have gone through a recession and those States have contracted in their revenues. Property taxes have gone down. As a result, school districts find themselves under pressure. I do not deny that. Everybody recognizes that. But because money is fungible, people easily identify the Federal dollars as being less than what are required to fund what traditionally would have been cost driven by and funded by local property taxes and State dollars.

The No Child Left Behind function is well funded. In fact, in this bill we have increased it again. It is up another \$1 billion specifically have increased special education funding in this bill by \$1 billion. We have done that, by the way, without repealing the child tax credit. In fact, we plan to extend that. We have done that without requiring parents—people who are married—having to pay more in taxes by not extending the marriage tax penalty relief language. We have done it by retaining the 10-percent expansion so low-income people pay much less in the way of taxes. All of that would be at risk—all three of those areas—were the \$17 billion of new taxes, which this amendment represents, to be adopted.

I do not believe this amendment is legitimate from a standpoint of addressing the concerns of No Child Left Behind. I do not believe it is consistent with what happened in this Congress when the Democratic Party controlled the Presidency and the House and the Senate. It requires full funding of an authorization level, which was not done at that time.

I do believe it would have a huge detrimental impact, potentially, especially on married women and men, as a result of its ironic identity with the cost of extending the marriage penalty, which is \$15 billion, which is essentially the amount of taxes this bill would raise.

I believe it is hard to defend this amendment either on a substantive ground that it is going to make No Child Left Behind work better or on a policy ground that it is consistent with historical actions in this Congress—funding full authorization—or on the ground that raising taxes makes good sense because I do not think you can support raising taxes, especially when it might have such a dilatory effect on married people or people with children. Therefore, I strongly oppose this amendment.

Mr. President, I would yield to the Senator from Louisiana on her time.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GREGG. Mr. President, I think the Senator from Louisiana had a question. I yield to the Senator from Louisiana, but I ask that the time for this question be taken off the side of the Democrats.

The PRESIDING OFFICER. Does the Senator from Washington yield time to the Senator from Louisiana to ask a question of the Senator from New Hampshire?

Ms. LANDRIEU. I would be happy to ask the question, but I think the Senator from Washington would like to ask the question, and then I assist her in that.

Mr. GREGG. Mr. President, I have not yielded the floor yet.

Mrs. MURRAY. Then, I will yield time to the Senator from Louisiana to ask the Senator from New Hampshire a question.

The PRESIDING OFFICER. Is that acceptable to the Senator from New Hampshire?

Mr. GREGG. As long as my answer is also coming off the time of the Senator from Washington.

Mrs. MURRAY. No, I will not agree to that.

Mr. GREGG. Then, Mr. President, I reserve the remainder of our time.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, the Senator from New Hampshire has strewn a number of arguments across the floor that need to be responded to. Every one of them has a very legitimate, responsible answer.

I used to teach preschool, and I am reminded of the kids who came in and threw all their toys on the floor and then trying to figure out which one to pick up first to try to make it look better. Frankly, there are so many arguments out here that I want to respond to—and I know the Senator from Louisiana wants to respond to—but every one of these arguments can legitimately and clearly be denied.

First, let me respond that this amendment does not raise taxes despite the rhetoric from the other side. This amendment closes loopholes, just as the Republican budget requires within itself in order to pay for this. That is legitimate. It is not raising taxes. It is closing loopholes. I think it is an argument all of us in the Chamber understand.

Senator LANDRIEU has been listening carefully to the Senator from New Hampshire on his argument about funding and funding increases, and she is going to respond to that. I will yield her time to do that.

But let me point out, when President Clinton came into office in 1993 and 1994—and the Republican chart that was up only talked about 1993 and 1994; it did not talk about the tremendous increases later—the President's No. 1 priority at that time was to balance the budget, which was extremely out of whack. President Bush, when he came into office—and that chart was showing us the numbers of increases at that time—his No. 1 priority was to cut taxes. That is the difference.

I remind my colleagues on the other side, the reason the budgets for education were increased is because Democrats demanded it. I know they have forgotten this, but Democrats were in control in the Senate from about June of 2001 until January of 2003, when much of those increases were in place, because we came to the floor and said it needed to be done.

I know my colleague, Senator LANDRIEU from Louisiana, is here. I yield to her such time as she needs to respond.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Mr. President, I thank the Senator. I appreciate the leadership of the Senator from Washington.

I am sorry the Senator from New Hampshire has left the floor because I do have about five points to make.

The first point I want to make is, while I respect his leadership in education, and while I think he has absolutely put the best spin possible on the situation that we face, I would say, in Louisiana, that dog just won't hunt.

Those numbers don't add up. His charts do not tell the true story. People in Louisiana and throughout this country are very anxious right now because what they want to hear is the truth, the whole truth, and nothing but the truth. While I am not saying those specific numbers were not correct, the truth is not just about giving the specific numbers; it is about the whole picture.

I will begin with the truth and the facts to put it in reference. I wish they would put the chart up, but they may not because they will not be able to defend it. But if they would put the chart back up that shows the years they put up there—1993, 1994 and 1995—the Senator said when the Democrats were in charge in 1993, 1994, and 1995, we did not

have that much of an increase in education. That is true.

But what is also true is that the previous Republican administrations had left this country in such debt and in such despair and the deficits were so high that we could not contribute money to any program of any substance because the country was going broke.

So it is true we could not spend that much money on education because we had to take care of the deficit, this big red line. So we had to cut back.

Although Republicans say the Democrats don't know how to cut back and Democrats never will cut budgets, that is absolutely not true. We, under good and solid leadership, started trimming back. And we had to raise some revenues to get the country back into surpluses. When we did get back into surpluses, the budget numbers will reflect that there were increases made by the Clinton administration in education.

I will submit this document for the RECORD. It is a little scratched up and it is not very clear. I am sorry I don't have it in big print. But it will be put in the RECORD. If anybody wants to argue about this page, they are more than welcome. This is the official document of the U.S. budget. Nobody will refute these numbers. They are all right here.

What they say is that there were increases of 15 percent, 12 percent, 12 percent, 6.2 percent, 12 percent, 18 percent. It is true that as we got surpluses, we gave more money to education. But what is also true is this budget, which Senator MURRAY is trying to amend but the Republicans won't allow it, is saying that this budget, then, with these surpluses, wants to take some of that surplus money and commit it to education. This budget says, no, we are going to commit to it tax cuts, all to tax cuts, and no money to education.

In addition, when President Bush came into office, which was 2001, although we had increased funding for education as the condition of the country improved and we were doing as much as we could, the truth is, the President came into office and said:

Even though we are increasing money to education, the past administration didn't do a good job, and I, as the new leader of the country, am going to put in a new law. We are going to step up the requirements and we are going to have accountability. If we do that, then I will fund those new efforts. As you know, he and the Republican leadership have decided they are not going to fund it. They are going to provide tax cuts.

Let me talk about pressure. I know the Senator from New Hampshire, who was Governor and is now Senator, understands pressure. I don't know exactly what he was talking about. Maybe he could clear this up.

But when I supported No Child Left Behind, 40 percent of the teachers in Louisiana were uncertified and their average salary was \$27,000 a year. We are one of the lowest in the country. But when that law was passed, a mandate was put in that all of those teachers had to be certified by next year, 2005. We are in 2004. I don't know if the Senator from New Hampshire thinks that is not pressure, but let me tell you, my superintendents are feeling some heat. My legislature is feeling some heat. I am feeling some heat in a good way, because 40 percent of the teachers in Louisiana aren't certified. In this budget, which promised to help train them, help increase their skills, help recruit them, the funding is not there to do it. That is what I call pressure.

Let me talk about the pipeline for a minute. The pipeline issue came up because our Secretary of Education, supported by this administration, after calling all the teachers in America and one of the leading organizations a terrorist organization, which he has apologized for but a lot of people don't think the apology went far enough, after calling them terrorists, he appeared before the committee and said, from a letter:

States are not fully utilizing the Federal education funds available to them in a timely manner, allowing billions of dollars to remain in the federal Treasury instead of improving education for our children.

He has put in writing, for this administration, a charge to every Governor, every superintendent, and every administrator across the country basically telling them, I don't know what you all are complaining about, because you have a lot of money.

Wait until you see the reaction that is going to happen across the country. It starts with the superintendent of Iowa who has gone on record as saying:

The implication that we have let huge sums of federal money languish, that the funds are at our disposal to use at our discretion, or that we have not been good stewards of the public money is not only unfair, but it is patently insulting.

If this administration, the Republican leadership, wants to continue to insult everyone in America who is trying their best across party lines, across racial lines, across geographic lines to improve education, if they want to keep putting out insults such as this, they may go right ahead. But that dog doesn't hunt. The arguments won't stand. The facts do not justify the story that is being told.

I am going to conclude with this. The facts are these: When the country was in huge deficits, which the Republicans, in large measure, were responsible for because of their irresponsible policies, everything had to be cut back. And as soon as the surpluses started to appear, which was a good thing and everyone worked on making that happen, we said: Let's set a new course for education and invest money but not just throw money at the problem. Because I agree money is not the solution, but let's have accountability and we will find results.

We started down the path. We believed the administration. We pressed on, and then the rug was pulled out from under our feet. That is what this budget is about. That is what Senator MURRAY's amendment is about. I am proud to be a cosponsor of it and that is the truth.

I ask unanimous consent to print the following material in the RECORD.

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

DEPARTMENT OF EDUCATION, DISCRETIONARY SPENDING
[Program level—in millions of dollars]

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 President	2001– 2005(\$)	2001– 2005
Program Level		24,709	24,712	23,036	26,645	29,903	33,521	35,606	42,231	49,936	53,114	55,662	57,339	15,108	35.8%
Budget Authority		24,709	24,712	21,738	26,645	29,753	28,765	29,363	40,097	49,506	53,114	55,651	57,339	17,242	43.0%
Difference		0	0	1,298	0	150	4,756	6,243	2,134	430	0	11	0		
Program Levels															
Enacted (plus 2005 President)		24,709	24,712	23,036	26,645	29,903	33,521	35,606	42,231	49,936	53,114	55,662	57,339		
Change from previous year (\$)		858	3	-1676	3,609	3,258	3,618	2,085	6,625	7,705	3,178	2,549	1,677		
Change from previous year (%)		3.60%	0.01%	-6.78%	15.67%	12.23%	12.10%	6.22%	18.61%	18.24%	6.36%	4.80%	3.01%		
4 year average (1997–2001)									12.20%						
4 year average (2001–2005)													7.95%		
President's Requests															
Program Level		26,753	26,281	26,378	25,829	29,686	32,601	34,685	40,088	44,541	50,310	53,139	57,339		
Request vs. previous enacted year (\$)		2,903	1,572	1,665	2,793	3,041	2,698	1,164	4,482	2,310	374	25	1,677		
Request vs. previous enacted year (%)		12.17%	6.36%	6.74%	12.13%	11.41%	9.02%	3.47%	12.59%	5.47%	0.75%	0.05%	3.01%		
Enacted vs. Request (\$)		-2,044	-1,569	-3,342	816	217	920	921	2	5,394	2,804	2,523	0		
Enacted vs. Request (%)		-7.64%	-5.97%	-12.67%	3.16%	0.73%	2.82%	2.66%	5.35%	12.11%	5.6%	4.7%	0.0%		

Ms. LANDRIEU. I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I understand the Senator from Wyoming is on the floor. I want to set up some

time allotment for our side so we can go back and forth. Under our time, I yield 10 minutes to the Senators from Delaware, 5 minutes to the Senator from New Mexico, and 10 minutes to the Senator from Minnesota. We will alternate time with the other side as they require.

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

Mr. CARPER. Do I understand that Senator BIDEN and I have 10 minutes to divide among ourselves?

Mrs. MURRAY. The Senator has 10 minutes. I assume that is equally divided. If you need more than that, I am happy to yield it.

Mr. CARPER. What I would like to do is have maybe 5 minutes to talk on your amendment, and then Senator BIDEN and I wish to welcome some special guests.

Mrs. MURRAY. That is fine. I will yield the time on my side to allow them to do that.

Mr. CARPER. I thank the Senator.

I will say a word, if I can, in support of Senator MURRAY's amendment to fully fund No Child Left Behind.

In 1995, the Congress passed, with the urging of many Governors, unfunded mandate legislation that said Congress and the Federal Government should not tell the States what to do and then not provide the money to do it. The Federal Government should not be taking money away from States without providing an offsetting amount of revenue for the money taken off the table for the States.

If we fail to adequately fund No Child Left Behind, yet at the same time mandate higher performance requirements in classrooms, whether it is in Delaware, Washington, New Hampshire, South Carolina, or in New Mexico, we are putting in place an unfunded mandate. I have been visiting a number of schools in my State over the last couple of weeks. What I have asked is, what have you done with the extra money we have given you as a result of No Child Left Behind? I got some interesting answers.

A lot of the money is being invested especially in title I increases, in early childhood. We are seeing some remarkable results. These children who are doomed to fail, instead of going on to failure, have age 3 and age 4 quality prekindergarten programs, and age 5 full-day kindergarten programs, and extra learning time that follows beyond that, and there are remarkable results.

By the time these kids are in the third grade, they are doing basically as well as the kids coming from places where we expect success. We are cutting in half our revenues to special education. I urge my colleagues to support the amendment proposed by our colleague from Washington to fully fund No Child Left Behind.

I will add a few comments to that, if I may. Every minute, the Bush administration spends \$991,000 more than it takes in—every minute. During the 2

minutes I have been talking, we have spent about \$2 million more than we are taking in.

In 2001, the first year I was here, and when George Bush was President, he said:

We can proceed with tax relief without fear of budget deficits.

He was wrong.

He said:

Our budget will run a deficit that will be small and short-term.

He was wrong.

In 2003, he said:

Our current deficit is not large by historical standards and is manageable.

He was wrong.

Now he says:

The deficit will be cut in half over the next 5 years.

He is wrong again.

My friends, our budget deficit this year is going to be about a half trillion dollars. When you actually take away the surplus funds from Social Security that mask the Federal budget deficit, it is even larger than that. While there is a little downtrend starting this year for a couple years in the budget deficits, the real budget deficit, the operating deficit, is about \$450 billion. Then it climbs steadily up. The boomers, my generation, will begin to retire, and we are looking at a budget deficit for 2014 of about \$785 billion. That is three-quarters of a trillion dollars. Those are operating deficits, not debt.

I wish we had a chart of the debt. We do.

In 1962, I was a 15-year-old kid growing up in Danville, VA. It is hard to see the red ink down there on the chart because it wasn't very much. It was less than a trillion dollars; it was a couple hundred billion dollars. In 1982, we hit \$1 trillion. In 2003, last year, we exploded up to about \$6.8 trillion. You can see this leveling off from about 1998, 1999, and 2000. That is what happened in the last administration and in the very beginning of this administration.

What happens now, starting in 2003, is the debt—real debt, how much we are borrowing as a country from the Bank of China and banks in Japan, and from people all over the world—goes from where it is today, about \$7 trillion, to in 2014 some \$15 trillion.

There are going to be about 29 or so babies born in Delaware today. They are going to be facing something I call a birth tax. Some of my colleagues on the other side talk about a death tax, which is their term for the estate tax. I am talking about a birth tax. For every baby born in my State today, they will face a debt of \$35,000 apiece when they come into the world. So do their brothers and sisters and parents and grandparents. By 2009, it is going to be over \$35,000. That is the kind of welcome to the world we are giving children in my State, and other States as well.

The fastest growing entitlement program in the Federal budget is not the

Medicare plan or Social Security or Medicaid. The fastest growing entitlement program in our Federal budget is servicing our national debt, as you can see from the last chart I shared with you.

In 2009, our Federal Government will spend some \$1.5 billion per day in interest on our national debt. In 2009, the Federal Government will spend more money servicing the debt than we spend on the entire defense for our country.

I will say that again. In 2009, we are going to spend, if we stay on this track, more money servicing the Federal Government's debt than on defending our Nation.

Let's get real. I don't have the time to go through this entire chart, but this is instructive. The debt we are going to have this year—about \$521 billion—is actually more than all of our nondefense discretionary spending. We could get rid of the EPA, the housing programs, the education programs, and homeland security on the appropriations side—everything but defense—and we would still have a deficit of about \$55 billion or \$56 billion.

There will be a vote later this week, beyond the vote on the Murray amendment. I think it will be offered by Senator FEINGOLD of Wisconsin. It speaks to getting real. There was a time not too long ago when we were real. When somebody came to the floor and said, I want to raise spending by some magnitude, they had to come up with an offset. If they wanted to raise spending, they had to cut spending someplace else or raise revenue by that amount. Similarly, if I or anybody else wanted to come here and say, let's cut taxes by some amount of money, we had to come up with an offset. That is common sense in my State. That is just common sense. We used to do business that way here.

A couple of years ago, those pay-as-you-go rules lapsed. We need to reinstate them. We have the opportunity to do that this week. In an hour or so, we are going to vote on the Murray amendment to avoid an unfunded mandate and make good to those kids born in Delaware today and around the country so they are not saddled with a huge debt to face for the rest of their lives, and to give them a chance to be successful in school and in life.

The PRESIDING OFFICER (Ms. MURKOWSKI). The senior Senator from Delaware is recognized.

Mr. BIDEN. Madam President, I am told we used up a lot of the time, necessarily. I ask unanimous consent to have an additional 5 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. GREGG. Reserving the right to object, I didn't hear that.

Mr. BIDEN. Earlier the distinguished Senator from Washington yielded to Senator CARPER and me to allow us to both acknowledge support for her amendment and then a total of 10 minutes of morning business to speak to another issue.

The PRESIDING OFFICER. There is 1 minute remaining of that time.

Mr. BIDEN. Madam President, I ask unanimous consent that my colleagues would permit an additional total of 10 minutes, divided between the junior Senator from Delaware and myself.

Mr. CONRAD. I am happy to yield that time.

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

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

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. I yield to the Senator from Wyoming such time as he may consume.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Madam President, I rise in opposition to the amendment. I really appreciate the comments of the Senator from New Hampshire where he went over the No Child Left Behind legislation and what it really does. The No Child Left Behind legislation is to get kids to be able to read and do math, hopefully by the time they are in third grade but definitely by the time they graduate from high school, and to have some confidence in it. Every State has the right to set their own standards and they have to follow them, but the idea is to get them to do reading and math.

We held some hearings in Wyoming. I had the Department of Education come to Wyoming and talk about some of the rules and there were concerns about the law and some of the ways it affected Wyoming. We are a very rural State. We have a large State. We have very small populations. We have some different classrooms than in other places and we needed to be sure when the rules were written they would work for Wyoming, which has a very tough law that was already in place before No Child Left Behind even came along.

It has increasingly difficult standards that have to be met over the next several years, and they adopted that as their No Child Left Behind standards. I do not want people to have the impression No Child Left Behind forced the States to do all of these things. Yes, it did force some of the States to do some of these things, but a lot of the States were already doing things to make sure no child got left behind.

I appreciate the President joining those States and encouraging in a very forceful way the other States to do that, too.

Incidentally, I had people drive as far as 200 miles to come to one of these hearings and we are going to hold two more of them in Wyoming yet. But I did have one person stand up and say there is not anything in No Child Left Behind about improving physical education and that is very important. If people are not healthy, they cannot do well in school.

I pointed out there also is not anything in No Child Left Behind that says

they have to have competence in science until several years from now, and that is very important. We are starting with some very basic points. If a child cannot read and do math, they do not stand much of a chance. Their choices in life are very limited, and the President recognized that.

He did not say: On the average, we want everybody to be able to read and do math. He said: I want every child in this country to be able to read and do math.

That is where we are starting. Now, we have places we can go with that, science will be added in, and other things can be added in, but we are trying to do something very basic. We also get the impression from this discussion the Federal Government provides all of the money for education. That is not true and it never was true. I do not think it was ever intended to be true. We used to provide about 7 percent of the education dollars in the United States. The local people provided the rest of it.

It always fascinated me that for the 7 percent in education funding we provided, we caused 50 percent or more of the paperwork. Yes, we really tie a lot of things to our money that does not have anything to do with local control. It has to do with jobs in Washington because if we have a lot of reporting that has to be done, somebody has to make sure those reports are filled out.

I had a school superintendent who came out for one semester. He spent some time in my office, and actually I had him go down to the Department of Education and look at where his reports were going and what was done with them. He was fascinated to find out they read all of them. He was tremendously disappointed to find out that is all that happened to them, and he did not see why we were filling out reports that just provided people with a job to make sure the report was complete.

There is a lot of room to eliminate paperwork. That would save time and money at the local level, which is absolutely essential.

I also wish there was more in the bill that dealt with parental responsibility. When the parents are involved in a child's education, the child does better. Again, we focused on reading and math and what the schools could do because that is where the money goes.

We held a hearing last week and one of the people present mentioned that in one area of the country, Washington State, there was a high school that forced the parents to sign up the courses for the kids. That is a fascinating concept. Kids in high school can go sign up for their own courses, and when they do they will say: This one looks easy, and this teacher is easy for an A, and I like doing this because it is a little more outdoors. But when the parents look at it, they say: I want my kid to excel and these are the things he or she will have to do or be able to do to excel in the school. It

makes a whole lot of difference in what the kids take. The biggest difference is the parents have to pay attention to what they want their kids to be able to do and make sure the plan they are signing their kids up for will make that kind of progress.

In the discussion over our priorities on the current budget, my colleagues continue to suggest funding for education is being ignored. Well, we have had some charts that show it is not being ignored; it has been greatly increased under the Bush administration.

We had a fascinating display of a chart on the other side that gave the impression the reason the Clinton administration had declining amounts going into education funds was because there was a deficit and they were trying to overcome the deficit. I remember when I arrived here 8 years ago we were trying to force that balanced budget constitutional amendment. We failed by one vote, but it had a positive effect. The positive effect was both sides of the aisle understood we needed to do a better job on balancing the budget, and we did. That helped grow the economy, and the economy's growth is really what provided the money. We did not cut programs. We increased programs. We did not eliminate programs. We added new programs. The growth of the economy kept ahead of the spending.

There have been a number of things that have affected the economy lately, but a very important part of this discussion is, we are on the U.S. budget. We are not appropriating. We are not doing Finance Committee work of figuring out what the taxes should be. We are doing a budget. The purpose of a budget is to set targets. Maybe that is not a good word to use on this floor, but I think it is a very important word to use. It reminds me of a cartoon that I saw of a grizzly bear that had this big target on his chest, and the other bears gathered around and said: Oh, rotten birthmark, rotten birthmark.

Targets are important, and all the budget does is set targets up. We do not shoot at them. We do not decide how big the rings are going to be. But we set targets up.

Now, if my colleague will listen to the debate we are having, sometimes we are suggesting the target be moved a little higher. Sometimes we suggest the target be moved a little to the left. Sometimes we suggest the target be moved a little to the right. Listen carefully and see if anybody ever suggests moving the target down. No. That is not good politics. It is important politics, but it is not good politics.

What we are going to do is set the budget, the targets. Once those targets are set, the authorization committees get to work with them. They are the ones who actually work with the rings of the budget. They decide what the priorities are and how big each of those ought to be, and then the money gets turned over to the Appropriations Committee. They are the first ones

that get to shoot at the target. When that comes to the floor, we get to shoot at the target. Everything before that is setting up targets.

A lot of the discussion we have heard this morning is based on three assumptions I believe are mistaken. The first assumption of my colleague from Washington State is that raising taxes, by repealing some or all of the recent tax reductions, will not have a negative impact on the economy. I noticed that the discussion changed a little bit to loopholes, and it was pointed out that in the budget there are some loopholes. We talked very specifically about some loopholes, how big those loopholes are and whether they could be achieved in the budget assumption. I think in order to add to that, a person would have to figure out what those other loopholes are. There is a limited amount of loopholes. There are some real ones that can be identified. They can have a price put on them. But if that is not done, what is being talked about is the common campaign tactic of saying we are going to take it out of waste, fraud, and abuse.

Yes, probably in many of the Government programs there is waste, fraud, and abuse. If you add it up, there is a limited amount of it. Finding it and eliminating it is a whole other problem. The same with loopholes.

So when they talk about the money here, they are talking about raising taxes, which would repeal all or some of the recent tax reductions, and it would have an impact on the economy.

The truth is, a tax increase would hurt economic growth, which is the most important factor in terms of revenue. I mentioned that how we were actually able to come up with surpluses was growth, not reducing programs.

The second assumption my colleague is making is that the Federal Government is somehow responsible for creating new jobs. As a former small business owner, I know firsthand that expanding Government is not the best way to create jobs. Taxing small business is not the best way to create jobs.

We keep talking about these rich people out there. A lot of those rich people are not rich at all. They have businesses and, because they are single proprietorships or partnerships or subchapter S corporations, whatever profit shows up on the balance sheet goes to the bottom line on their taxes. It is considered to be money they have earned on which they need to pay taxes.

But having been a small businessman, this is how that really works. Yes, your business shows a profit at the end of the year. Yes, it is honest accounting. But you don't get to take the money out. Hopefully, you have a growing business, and a growing business needs ever more amounts of revenue. That is what the big corporations do, too. Their profits don't get paid out every year in the way of dividends. They stay in the corporation to grow the corporation.

The difference is, if you are a regular corporation you pay a small tax on the money that stays in there. When the dividend gets paid out, there are additional taxes that get paid on it. So it is not very appealing to the small businessman to use that form of corporation. But if they go with the subchapter S, or single proprietorship, there are some advantages to that, but the big disadvantage is they pay the tax in the year the balance sheet shows they earn it and they don't get to take that out.

When we are talking about raising taxes on the rich people in this country, that is a nice phrase people like to use but most of those business owners I know don't consider themselves to be rich. They do consider themselves to have a good business and they are employing a lot of people.

When we are talking about businesses, we are talking about small businesses, we are talking about 90 percent of the businesses in this country, and we are talking about the vast majority of jobs in this country. I can tell you for a fact when somebody works for a small business, they understand how tenuous their job is. They understand how fragile some of these small businesses are. They don't have the vast market to fall back on. If there is a small change in their market, it can mean the end of their job; the same as a change in taxes can make a difference in whether that person stays in business or goes to work for somebody else, abandoning the business and losing jobs.

When we are talking about taxes, we have to keep that in mind. The Federal Government can leverage resources. We were talking about job training, too. They can leverage resources to help train individuals for available jobs, but job creation is something done best by the private sector in this economy and it functions best when the Federal Government is not taxing these small businesses beyond the point where they are sustainable.

It has been interesting. When we were back in the times of the mega mergers, when the big companies would combine together to form an even bigger company, and then have what they called a downsizing, or a "right sizing"—that is when they would lay off 6,000 or 9,000 people; I called it laying people off—when that happened, the small businesses of the country picked up those employees. So it is not the big businesses of this country that do the job for us; it is the small businesses in this country. And a change in taxes affects those small businesses.

I am also confused as to why my colleagues argue for additional funding for programs that they argue will help generate jobs, yet they continue to oppose naming conferees to the Workforce Investment Act, which would help train individuals for jobs that are already available.

The Workforce Investment Act passed last year. Senator MURRAY and I

worked on that, along with Senator KENNEDY. We got it out of committee unanimously. We got it through this body unanimously. Now we can't name a conference committee. Until a conference committee is named and we can work out the differences with the House, improvements to that bill are not available.

Training for 900,000 people is in jeopardy. Training for people who could upgrade their skills to fill in the kinds of jobs that are available in the country versus the jobs they are trained for. It is 900,000 jobs a year and we can't have a conference committee to get that done. It makes more sense to me that we would try to fill the jobs that are available now rather than spending more Federal dollars to try to create jobs.

The third assumption my colleagues are making is that this Congress is not maintaining its commitment to education. I would like to point out to my colleagues that under this Federal budget resolution, Federal education funding will be at its highest level in history. It will come close to doubling since the year 2000—doubling. We doubled the National Institutes of Health's budget over a period of about 8 years, but this President has nearly doubled the education budget since 2000—nearly doubled it. It amazes me.

The opposition, of course, is upset with that because this President has had the audacity to take the leadership on education. Leadership in education used to be from the other side of the aisle. But this President said, We are going to do it, and he put the dollars behind it to do it. It amazes me that, despite these increases every year, we hear about how this administration and the current congressional leadership failed to support adequate funding for educational programs, particularly title I of No Child Left Behind.

The truth is, these programs have seen enormous increases over the past 4 years. Even so, my colleagues assert that we are somehow undermining our commitment to education.

I am reminded of the debate this body had over last year's budget resolution. We heard over and over from our minority colleagues that the Federal commitment to education was too small. Despite all of the discussion surrounding our failure to support education funding, the current Senate leadership has increased spending for title I and other educational programs more than any other Congress in history. Yet my colleagues argue that is insufficient. They argue we need to raise taxes to support more education spending.

What is the impact of all this new spending on education? State and national studies show that funding for No Child Left Behind is adequate. I would like to remind my colleagues from Massachusetts that a study in their State suggested that more than enough funding is available for implementation of the law. Opponents of the budget resolution might suggest that other

States have found that funding for No Child Left Behind is insufficient and that more money is needed. Many of these estimates are based on some risky assumptions. Some of these studies are anticipating costs more than 10 years into the future.

As an accountant, it strikes me that these studies are missing the point, because they are suggesting that current funding is inadequate for challenges that are not even going to appear for 5 or 10 years in the future, if they appear at all.

I asked for some information about the title I grants for local educational agencies to see what kinds of increases we have had between 2001 and 2005. I was fascinated to see Louisiana, which has been part of the discussion this morning, had a 46.9-percent increase in funding. Massachusetts got a 24.1 percent increase in Title I. New York got an increase of 65.2 percent. Rhode Island got an increase of 76 percent. Washington State got an increase of 47.9 percent.

The Senator from Louisiana also mentioned they didn't have enough money. It is kind of fascinating to me that out of the discretionary funds, those that weren't used reverted to the U.S. Treasury. I have the list by State. Louisiana surrendered 6.37 million to the United States Treasury. All together more than \$154 million was returned to the Treasury. All of it isn't being used.

I spoke to one Wyoming superintendent. He said the biggest problem with title I was they needed more flexibility to be able to shift that money to salaries because they already have all they can possibly buy with title I. I thought that was interesting.

I also would like to point out to my colleagues that the "wealthy" individuals who would be paying for these increases couldn't possibly afford to fund all the additional spending my colleagues in the minority are recommending. They would have to earn much more than \$1 million a year. As my colleague from Utah has pointed out repeatedly, it is the small business owners who will be paying the bulk of these taxes.

I don't believe you want to send the message to the people who managed to achieve the American dream and finally have financial security that the Federal Government will then turn to them and ask them to surrender a much larger portion of their income and call it their "civic duty." I shouldn't have to remind my colleagues that the highest tax rates in this country already apply to the wealthiest Americans. The graduated tax scale relies largely on the wealthiest 10 percent of Americans for most of the Federal Government's revenue already.

The "wealthiest", as I have explained, are the people who are business owners who are putting most of that back into a business. My colleagues are suggesting these Americans

don't contribute enough and if these Americans were truly interested in their country's well-being, they would agree their taxes should be even higher. I think that is simply ridiculous.

I don't believe the tax increase is the only option we should consider. We are discussing a budget that would provide \$814 billion in discretionary spending. My colleagues are saying that simply is not enough money.

Reflecting on my experience as an accountant again, when a company is running deficits there are two things that can be done: They can raise revenue or they can cut spending. This body has shown an insatiable appetite for new spending, but there is a genuine lack of support for reductions in spending. We talk about tax loopholes, we talk about fraud, waste, and abuse, and we talk about tax increases, but we don't talk about truly cutting because we haven't got the will to do it. Even when we talk about increases, it is not enough.

I mention the targets we put up for the budget, the targets the appropriators actually see. We talk about raising them, moving them to the right or moving them to the left, but never lowering them.

In the President's budget, there was some tremendous leadership. The President actually suggested cutting some programs. Why did he suggest cutting programs? He suggested it because Congress imposes on the Federal Government the Government Performance and Results Act. We said every federal program in this country has to do a report every year. In that report they have to show what their application is, what their goals are, how they are going to accomplish it, and how that fits with the money they are spending. They have to tell us what the job is they are doing and how they are getting it done.

It might be interesting to people who are listening, that in some of the agencies some of their programs failed those reviews. They aren't doing what they said they would do. According to the reports those people are writing, they are not doing their job. The President said if they are not doing their job, let us cut the program.

I can tell you that on the Budget Committee we did not do that. That is not in the budget. We didn't cut any of those programs no matter how bad the Government Performance and Results Act showed them to be. That would have been \$5.9 billion. I hear that is not enough to do anything, but it would be a big part of what we are trying to do in this amendment for education. We are not cutting those programs. We will have constituents and interested people who will try to prove the Government Performance and Results Act reports were absolutely wrong.

We need to have some courage to cut some things, to revise some things, and to consolidate some things. That is what businesses would be doing. Businesses have to make cuts when reve-

nues go down unless they can figure out a way to get those revenues to come up. They usually do both. They try to figure out a way to get the revenues to come up, but they also cut programs that don't work. They get rid of products that aren't selling.

For some of those programs, the products are only selling to the people who are employed by the programs—not to all of them. For some of them, it was probably a gross error in writing their report. But if we ever cut some of those, I would bet there would be a lot more attention paid to their own reports on performance and goals. That is something we ought to be doing.

Even under the current budget circumstances, my colleagues are asking for even more spending. At what point can we say enough is enough? How much Federal spending is adequate? I think I have said enough about raising taxes and why this body must oppose any effort to finance additional government spending by levying further taxes on our citizens.

Discretionary education spending has increased by 64 percent since 2000. In real dollars, there has been more than a \$13 billion increase in discretionary program funding since 2000. Of that total, \$4.5 billion has been in title I alone. More than enough has been dedicated in spending to cover the mandatory expenses of the No Child Left Behind Act. Additional increases are both unnecessary and irresponsible given the current budget situation. As we speak, States are waiting on new increases even though they have nearly \$6 billion in unobligated funding to them. Almost \$2 billion of that total is title I funding. It is time we stop taxing and spending to meet needs that have not presented themselves yet.

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

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Madam President, I ask unanimous consent to add Senator SARBANES and Senator BINGAMAN as cosponsors of this amendment.

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

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BINGAMAN. Madam President, I rise in strong support of the Murray-Kennedy amendment. This would fully fund the No Child Left Behind Act. The question of how much money the Federal Government should provide to local school districts to assist in meeting the goals of the No Child Left Behind Act was something we discussed extensively when the bill was being written. Many of us urged that those figures be higher than they wound up being, but the authorizing legislation contains figures which we think the Congress should honor and should step up to and fund. That is exactly what this amendment would do. I congratulate my colleagues, Senator MURRAY and Senator KENNEDY, for putting this amendment forward.

As I am sure has been discussed extensively, the core idea behind the No Child Left Behind Act was we would require States and school districts to establish what would be considered performance goals for their students, that they would make what we call "adequate yearly progress" in achieving those goals, and that the Federal Government is committed to provide assistance in doing that. Unfortunately, we have fallen short. Unfortunately, this President has not asked for the full funding on that legislation in any year since it has been in effect. Again this year, he has not asked for that funding. This amendment would try to correct that problem. I believe it is a very meritorious amendment.

I want to particularly spend my very few minutes here focused on one particular program I have spoken about many times on the Senate floor. It is very important in my home State of New Mexico; that is, a provision in the No Child Left Behind legislation the President signed which calls for the Federal Government to assist local school districts in trying to keep kids in school. It was dropout prevention efforts by the Federal Government to assist the local school districts in pursuing those. The idea was, as you are requiring more and more of students, teachers, and schools, there is a great temptation on the part of those schools and those teachers to just say, let's look the other way and allow some of these poorly performing students to leave school. That way we can get our standards up and everyone will be happy.

Unfortunately, that has happened. It is happening in my State. It is happening in many States in the country. We are not doing what we committed to do—we, the Federal Government are not doing what we committed to do in that legislation to assist schools in heading this off. We committed in the legislation to provide \$125 million per year to assist in dropout prevention. This year, this current year, we are providing \$5 million—not \$125 million but \$5 million. Considering the number of school districts in this country, the number of students who are at risk of dropping out, this is a ridiculously low figure.

Unfortunately, if we are not able to adopt the Murray-Kennedy amendment, we are going to be faced with a situation where when we come to the Appropriations Committee, they will say there is no money to fund this. It was funded at \$5 million. Maybe we will continue to fund it at \$5 million again. Essentially, the Federal Government is going to once again take a walk on any responsibility to assist with solving this problem.

I believe firmly when we allow a student to drop out of school before they graduate, we are leaving that student behind. We are leaving that child behind. Clearly, we need to make a priority out of this. This is a problem that particularly affects my State. We have

a very large Hispanic and Native American population. The graduation rates among those groups are slightly better than 50 percent. That means we will find half of the Hispanic and Native American students who started in the 9th grade actually going through that graduation ceremony. That is a terrible indictment of our education system. The least we can do is put in the small amount that was contemplated when we wrote the No Child Left Behind Act.

This is very important to schools throughout my State, to the larger schools, also to the rural schools. I hope it is a correction that can be made. I hope very much the Murray-Kennedy amendment is adopted so the funds will be there to actually accomplish this objective.

I yield the floor.

Mr. KOHL. Madam President, I rise today in strong support of the Murray amendment. I am proud to cosponsor this amendment, which will finally provide the funding that Congress and the President promised when No Child Left Behind became law.

I supported the No Child Left Behind Act because I believed it would provide a real chance for real reform. For the first time, the Federal Government would provide the resources that schools, teachers and principals need to help all students succeed. And in return, we required real accountability for results. Teachers, principals and school boards are working hard to live up to their end of the bargain as they work to meet the requirements of the new law. Now they are counting on us to live up to our end.

Unfortunately, the President's fiscal year 2005 budget request—and the budget resolution before the Senate today—fall far short. This budget resolution falls \$8.6 billion short of what was authorized under No Child Left Behind. Just when we're asking schools to do more, this budget resolution takes away the very funding they need to succeed.

It might be easy to dismiss this shortfall when you talk about it in terms of billions of dollars. So I want to tell my colleagues here what this shortfall in funding has actually meant for schools in my State of Wisconsin. In 2003, Milwaukee Public Schools received an \$8 million increase in Title I funds. But the new requirements for supplemental services and transportation for students to better performing schools cost over \$10 million. In other words, the new mandates cost \$2 million more than the total increase MPS received, and they had to make up the difference. To cover the costs, they were forced to cut their popular summer school program, which had served 17,000 students.

This is just one example. Across Wisconsin, school districts are being forced to cut staff and increase class sizes, cut music, art and foreign language education, and cut textbook purchases. Some have even had to keep their

schools colder during the winter months to cut down on their heating bills, or restrict how many pages students can print from their computers. These are certainly not the results we want.

Problems exist at the State level, too. Our State Department of Public Instruction is working hard to implement the new law. But they believe they will need more funding to create new data systems to meet new data collection and reporting requirements. They will also need more funding for technical assistance teams to help schools and districts in need of improvement.

It is time that the Senate and the President lived up to the promises that were made. The Murray amendment would establish a reserve fund to add \$8.6 billion to the Budget Resolution for the purpose of fully funding No Child Left Behind. At the same time, this amendment lowers the deficit by \$8.6 billion. The amendment is fully offset. I hope my colleagues will support this important amendment and finally provide the funding that our students need to succeed.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

• Mr. JOHNSON. Madam President. I want to express my strong support for Senator MURRAY's amendment to the budget resolution to fully fund the No Child Left Behind, NCLB, Act.

Adequate funding is a necessity for school districts to continue to achieve adequate yearly progress. When Congress passed and the President signed NCLB, we set standards of achievement to improve education for all. However, I have been woefully disappointed with the administration's refusal to make good on the promises it made to provide state and local school districts with the resources they need to implement the NCLB reforms. The administration has underfunded NCLB by \$26 billion since 2002.

In my home State of South Dakota, education officials and educators are working very hard to meet the requirements of this law. It is irresponsible for the Federal Government to say that States and school districts must meet the requirements in this law, while we do not meet the promises made in this law to provide funding to do so. Under NCLB, South Dakota should receive \$62.3 million for Title I for Fiscal Year 2005. President Bush's budget would shortchange South Dakota by \$24.6 million. This would result in 8,029 South Dakota children being denied full Title I services for which they are eligible. This is unacceptable to me.

As I travel South Dakota and meet with superintendents, principals, educators, school board members, and parents, I hear about how hard our schools are working to provide the best education possible to their students. However, this trend of continuing to underfund NCLB commitments will only make it more and more difficult

for our local school districts to meet the adequate yearly progress requirements of the law.

This Congress and the administration have an obligation to uphold our promise that no child be left behind by the public education system. I encourage my colleagues to support Senator MURRAY's amendment, which would go a long way in helping our schools meet the challenges in NCLB.●

Mr. DODD. Madam President, when this President came to office he called himself the education President and called for significant reforms. When he offered these reforms he promised to provide us with the resources needed to implement them. Taking him at his word, this body took up and enacted the No Child Left Behind Act two years ago. Yet here we are, only 2 years later, and No Child Left Behind is being underfunded by \$8.6 billion.

When we passed the No Child Left Behind Act we pledged to expect more, and provide more, to our Nation's schools. And yet this pledge is not reflected in this budget. I have to ask, how do my Republican colleagues and the administration, expect us to raise test scores, provide high quality teachers and prepare students for the 21st century without the funds to do so? Furthermore, who is it that they expect to feel the burden of these cuts? I can tell you who it will be.

First, it will be the States. States that need every dollar possible to do more than they have ever been asked to do before. States that are experiencing the worst fiscal crisis in decades. Second, it will be the localities. With less funds to do more, hard decisions will have to be made at the local level. Should local taxes be raised? Should music and art be cut? Should after school programs be eliminated? Should physical education classes be cut in the midst of a childhood obesity epidemic? Ultimately, the students will suffer. They will not be given the teachers that they need. They may not get the tutoring that they were promised. Music, art and foreign language may no longer be a part of the curriculum. After school programs could be cut.

When we passed No Child Left Behind, we made it clear that we were expecting more from our schools—and rightfully so. We were expecting more so that American children—all American children—children in the suburbs, children in our inner cities, children in our rural areas—would have real opportunities to reach their full potential.

This past September, some Connecticut students went back to schools that were labeled under performing by No Child Left Behind. And yet this budget is not committed to helping them overcome that label. This bill will not give them the added funds they need to fully perform.

If we fail to adequately fund No Child Left Behind, our States, our localities, our school districts, local taxpayers, and most importantly, our children,

will suffer. Budgets are about priorities. What priority could be more important than ensuring the future of our children by providing them with a first-class, world-class education.

Mrs. CLINTON. Madam President, I support the Murray-Kennedy amendment to meet the funding promises in the No Child Left Behind Act.

When I voted for the No Child Left Behind Act I thought we made a deal with our local school districts—we would ask more of them and we would provide the resources to allow them to meet those expectations. Today it is clear that this administration has deliberately chosen not to play by its own rules and has instead reneged on the promises it made to teachers, parents and millions of poor school children across the Nation.

For a third year running, this administration has shortchanged the reforms included in No Child Left Behind. Instead of helping ensure these children are not left behind, this administration has had a clear record of promising false hopes and of cutting resources targeted towards improving educational opportunities for all children.

This Democratic amendment ensures the President and the Republicans in Congress live up to their commitments to fully fund programs like Title I, English Language Acquisition, literacy programs, after school and rural education and that is why I am proud to cosponsor it.

We all know that there is no greater path to opportunity than education. Unless we fully fund No Child Left Behind, millions of needy students will be denied the opportunity to achieve the American dream.

I have visited schools across the great state of New York and I know firsthand that our school districts are doing their part to help students learn at higher levels. Yet they continue to struggle with critical funding shortages to fully serve all children in need.

The Murray-Kennedy amendment would help ensure that 4.6 million children get the quality education they need and deserve. For New York, this funding will help close the \$765.7 million gap in Title I funding between the funding proposed in the Republican budget and the amount that was promised to my state when we passed No Child Left Behind. With these resources, New York schools could decrease class sizes for 834,117 students, expand preschool to 105,689 eligible children and certify 102,740 teachers.

The more we hold off on funding these reforms, the more it will cost school districts to meet the requirements to increase test scores and the numbers of highly-qualified teachers. That is why we are falling further behind every year we fail to live up to that commitment.

I strongly urge my colleagues to support the Murray-Kennedy amendment.

Mr. LIEBERMAN. Madam President, I rise as a cosponsor to express my support for the amendment offered by my

distinguished colleague from the State of Washington, Mrs. MURRAY, and my distinguished colleague from the Commonwealth of Massachusetts, Mr. KENNEDY, to fully fund the No Child Left Behind Act and to improve overall funding for education and training programs. I believe it is critical that my colleagues in the Senate adopt this amendment which represents a critical investment in America's future.

A little more than 2 years ago, in this Chamber, we made a bipartisan commitment to leave no child behind. This landmark legislation has the potential to strengthen our public education system. It represents an ambitious Federal effort to dramatically revitalize public education by closing the achievement gap, making sure every classroom has a qualified teacher, and giving parents and students adequate choices to ensure that their children receive a quality education. Adequate funding, however, is essential in order to give our public schools the support and resources they need to implement the act, and to meet the goals embodied therein.

The amendment before us will ensure that the budget resolution fully funds the No Child Left Behind Act at its authorized level. We have all heard complaints with this law; the predominant one being that it is another unfunded Federal mandate. Schools across the Nation are struggling to meet the requirements of the law. However, they have been shortchanged by this President, and they are being shortchanged again by the budget resolution before us—shortchanged to the tune of \$8.6 billion. How can we expect our schools to embrace the act when their hands are tied by lack of funding? This issue has become so pronounced that 18 States have considered a resolution that would grant them a waiver from the law. I urge my colleagues to adopt this amendment to assure our school systems will receive the funding levels they were promised when the law was enacted.

This amendment will signal to our schools and school districts that we will meet our end of the bargain, in order to make public education in this country first class for every child in America. It will signal to our State and local education leaders that we will stand behind our commitment to them, and give them the support they want and need to do their job for our children. The \$8.6 billion being allocated by this amendment can be used to ensure that we have highly qualified teachers in our classrooms, provide additional afterschool programs, send resources to schools identified as "in need of improvement," supply tutoring and supplemental services, and give students specialized instruction in reading and mathematics. It can also be used to leverage additional State and local resources for public education in this country. Finally, I would like to point out that not only does this amendment pay for itself, but it also dedicates an

additional \$8.6 billion for deficit reduction.

I commend the Senators from Washington and Massachusetts for offering this amendment as an investment in our Nation's future. I am proud to be a cosponsor. Our schools and students need adequate resources to meet the high expectations that have been placed upon them. I urge my colleagues to support this amendment.

Mr. LANDRIEU. Madam President, I rise today in support of Senator MURRAY's amendment that, put simply, proposes to close unfair tax loopholes and use the funding closing them brings to fulfill the promises we made to the parents, teachers, principals, superintendents and, most importantly, our children. For the past hour, my colleagues from across the aisle have tried to put a different spin on this amendment, claiming that it raises taxes to cover increased spending. That is what they would like the American public to believe because then their opposition to it is easier for them to explain. But the fact of the matter is, the underlying budget resolution now before us already proposes that we close these very same tax loopholes, the only difference is that under this budget the revenue generated would be used to pay for new tax cuts for corporations and millionaires. So it seems what we have here is a difference in priorities. Democrats are against tax evasion and for investments in education and Republicans are against tax evasion and for tax cuts for those who do not need them. That is a choice I will leave to the American people come this November.

Two years ago, we challenged our schools to reject mediocrity and failure and to embrace excellence and high standards. We laid out legislation that provided a blue print for reform and we promised we would be there every step of the way, in partnership, to bring about change in our public schools. I was one of the 13 Members of the U.S. Senate who advocated for the kind of change embodied by the No Child Left Behind Act long before it became a part of President Bush's political platform. I believe in the potential of this law, its founding principles, and the direction it leads our Nation. It is by no means a perfect law. No law, in the history of Federal involvement in education, has ever been perfect on the first try. But that does not mean we must abandon it and go back to the drawing board. What we must do is come together to both fund it and fix it.

As the old saying goes, "talk is cheap." Unfortunately, this administration does pay a great deal of lip service to principles such as accountability, teacher quality, innovation and school choice, but are not willing to do a whole lot to be sure that these principles are reflected in the budget. For example, this administration says the following when it comes to the importance of teacher quality. "We know

that our children's future depends on their education. And the quality of their education depends on our teachers. Strong schools and quality teachers are the President's priorities," Laura Bush said on the First Anniversary of the Passage of NCLB.

Yet, what they do to fulfill the promise of a qualified teacher in every classroom is a different matter. In this year's budget, President Bush proposes to cut funding for Troops to Teachers and freezes funding for grants to States to improve teacher quality. What this means is that States like my own, are faced with the congressionally mandated challenge of closing the gap in the number of qualified teachers, and have had to try and meet this challenge with approximately \$100 million less than they were promised.

The administration maintains that their goal is to improve public schools. In fact, in January of 2001, President Bush made the following promise: "Once failing schools are identified, we will help them improve. We'll help them help themselves. Our goal is to improve public education. We want success, and when schools are willing to accept the reality that the accountability system points out and are willing to change, we will help them." If this is not a promise, I am not sure what is. States like Louisiana believed in this promise and they believe in accountability. For the past 4 years they have been working hard to identify schools that were failing and turn them around. They have done such an outstanding job that they were just recognized by Education Week for having one of the best accountability systems in the country.

Is President Bush fulfilling his promise to support and encourage these efforts? No. He is pulling the plug just when they need help the most. This year's increase in education, which has been shrinking a little more every year since Bush took office, is the smallest increase in education spending in 7 years. What's worse, is that according to his budget, next year, not coincidentally a year after the election, education funding will be cut by \$1.5 billion.

Our schools need more than lip service and empty promises, they need help. Now, I have asked the President and my Republican colleagues, why the President would not provide States with the resources he promised would be available to support their efforts. Here is what they tell me. They say, "Senator LANDRIEU, the President did not make any promises when it comes to funding, the funding levels listed in the law are just goals. Congress never appropriates as much as they authorize."

I think it is important for the American people to be able to separate fact from fiction. Let me tell you what the facts are on this point. When a program is a high enough priority for the President, you can bet it will be funded. Let me give you some examples.

Last year, Congress appropriated \$1 billion for a program called the Millennium Challenge Account, a brand new foreign policy program proposed by the administration. The President demanded \$1 billion and he got a full billion. Same was true for the tax package in 2003. Congress authorized the passage of a \$350 billion tax cut and we spent all \$350 billion. Medicare, the Iraq Supplemental, the Compassion Capital Fund, the list goes on and on.

The Secretary of Education claims that the reason for the decreased financial support from the administration is because States have too much money and are not even spending what they already have. In the words of Ted Stilwell, the school chief from Iowa, "The implication that [States] have let huge sums of federal money languish that the funds are at our disposal to use at our discretion, or that we have not been good stewards of the public's money is not only unfair, but patently insulting." Here are the facts: According to data from the U.S. Department of Education, States are actually spending their federal money faster than expected. As of February 20, using normal spending rates, States should still be waiting to spend about 7 percent of their Federal education money from fiscal years 2000 to 2002. As a matter of fact, States have spent all but 6 percent.

What our kids need is less excuse making, fewer empty promises, and more leadership. In the words of President Bush himself, "The time for excuse making has come to an end. Accountability for results is the law of the land."

I would like to close my remarks this morning with one final Presidential quote. "We possess all the resources and all the talents necessary. But the facts of the matter are that we have never made the national decisions or marshaled the national resources for such leadership. We have never specified long-range goals on an urgent time schedule, or managed our resources and our time so as to insure their fulfillment . . . Let it be clear that I am asking the Congress and the country to accept a firm commitment to a new course of action—a course which will last for many years and carry very heavy costs . . . [but] if we were to go only halfway, or reduce our sights in the face of difficulty, it would be better not to go at all."

Many of you may be saying to yourselves sounds like something President George Bush said when he urged Congress to pass the No Child Left Behind Act, perhaps the most sweeping reform of Federal education policy since 1965. But you would be wrong. This was from a speech given by another President making a historic challenge to the Nation. This is an excerpt from the famous "Man on the Moon Speech" delivered by President John F. Kennedy.

In 1961, President Kennedy presented a bold challenge to Congress and the Nation: to reach for the stars, to put a

man on the moon within the next decade. Most thought he was over ambitious, perhaps even crazy. It was such a large task, it could never be done. Put a man on the moon in less than 10 years? In June on 1969, 8 years and 1 month after this speech, Neil Armstrong and Buzz Aldren landed on the moon and Neil Armstrong uttered the immortal phrase, "one small step for man, one giant leap for mankind."

The difference is that President Kennedy was not only willing to make the challenge. He was willing to stand strong and provide the leadership and the resources necessary to meet it. In 1961, all tolled, the United States was spending \$1.6 billion, the equivalent of \$8.7 billion today on space programs. By 1966, just 5 years later, we were spending \$7 billion, which is close to \$30 billion in today's dollars. But it was more than just money, he provided the leadership and the support. He made commitments and he stood by them. This program was more than his speech for the day, it was a top priority. And it worked. History may have been very different if it hadn't.

In the words of the late President Kennedy, "if we were to go only halfway, or reduce our sights in the face of difficulty, it would be better not to go at all." We made a promise to our States, more importantly, to our children. The Murray amendment fulfills that promise, it stays the course and that is why I am proud to support it.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I yield myself such time as I might consume off the 18 minutes remaining on this side.

Madam President, once again I remind the Senate about some of the issues that face the Senate Committee on Finance which I chair and how certain assumptions being made by some of the amenders of the budget resolution might be affected by that or how their decisions might affect decisions we have to make.

First of all, there is the general proposition with all budgets and all amendments that pretend to dictate to committees where they ought to get the money or what legislation they ought to pass. This is just a recommendation that has no force of law. It can be entirely ignored by any of the committees, including the Committee on Finance. So when there is a premise certain loopholes ought to be closed, certain tax rate changes ought to be made to affect upper income limit people, the people voting on this amendment and similar amendments ought to understand they are voting on numbers they are giving us, nothing else, because we will have to make those decisions not just on the substance of the dictates of the budget resolution but also on the responsibility to report a bipartisan bill.

We will have yesterday, today, and much more tomorrow, a whole series of amendments coming from the Democrat side of the aisle, trying to dictate

something Democrats want Congress to accomplish, but with almost no Republican support. The Senate Finance Committee cannot function under that sort of partisanship. We have to get things done in a bipartisan way. If people who offer amendments to the budget expect their amendments to be adopted, it starts with bipartisanship. I have not seen that in very many of the amendments we have had thus far. I guarantee, nothing will be done by the Senate Finance Committee in a strictly partisan way. That is a dead end. That is an alley with no opening. We have to report a bipartisan bill if we expect to get it through the Senate.

The other thing I want my colleagues to understand, and why they should vote against this amendment, is it assumes gaining certain revenue from loophole closings. I can tell you of tens of billions of dollars we are going to get from closing loopholes, but we are doing that because of the responsibility of the Senate Finance Committee, first of all, has to have a fair Tax Code, and secondly because we have the obligation, if we are going to make tax changes, to have those offset. Without revenue neutrality we do not have bipartisanship, and without bipartisanship nothing is going to get through the Senate.

A lot of very popular tax provisions Democrats or Republicans expect me to get passed before this year is out, like the marriage penalty, like the \$1,000 tax credit for children, and the 10-percent bracket so we can help low-income people pay less tax because they need that money themselves to live rather than sending it to us to spend—both Democrats and Republicans expect me to get that passed. We are going to use the revenue from the loophole closings to fund those provisions. We cannot have that money spent on appropriated accounts. It has to be used to offset this social and economic policy that is involved in doing away with the marriage penalty—the \$1,000 child credit and the 10-percent bracket, and even in addition to that, maybe, finding some bipartisan solution to bringing finality to what the estate tax ought to be in America as opposed to what it is now or what it will be in 2011 when we go back to just the \$1 million exemption.

Those are things we are going to do. Obviously, we ought to close these tax loopholes and shelters because they are unfair. Some of them are outright schemes for corporations to avoid taxation. However, we cannot use that money twice. It will be used once. It will be used by our economy to establish a fair tax policy.

In addition to that, and unrelated to my position on the Senate Finance Committee, how I react to the debate we have had thus far on this amendment—particularly when I hear some Senators on the other side say something like this: Don't tell me we have increased education spending by 60 percent, because I know that.

What that Senator wants us to hear is we have not appropriated what somebody thought we ought to appropriate, which we seldom do anyway. I am well aware of that. I am well aware of promises that were made by an administration on education expenditures, maybe in the first year of this administration, but what I have not heard from the other side of the aisle is, they decide how money ought to be divided, is what happened on September 11 and the war on terror and how that changes everything. How has that changed everything?

You put your resources behind the men and women in battle. You put your resources behind winning a war. That has caused the President of the United States and the Congress, in turn, to divert some money from domestic expenditures to the war on terror, to the Defense Department, and to homeland security. That is what is different now from the time when people thought this administration made certain promises on a lot of Federal programs, not just education.

It seems to me a responsibility we have when we overwhelmingly pass a resolution for war that, if we are going to put our men and women on the battlefield, you have to give them all the resources it takes to win that effort. If you do not, you should not be going to war.

Now, those who voted against that resolution may have the privilege of voting against funding our men and women in the battlefield, but it seems to me, regardless of whether you voted for the war resolution or not, you have a responsibility to stand behind our men and women.

That is what has changed between promises being made on education and today. There has been a diversion of money. But even considering all that, this administration, on the present budget and on previous budgets, has put education No. 1, after the war on terror—including Afghanistan and Iraq—and after homeland security, because education is the domestic program that gets the biggest increase in expenditures over anything else.

With that in mind, I ask that we defeat this amendment. I ask that it be defeated because the revenue supposedly being used is the revenue we are going to use to make the Tax Code more fair to implement the social and economic policy we have that we call doing away with the marriage penalty, helping families, by keeping the \$1,000 child credit, and helping low-income people to pay less tax and to have more money in their pockets so they can support their families to a greater extent.

I yield the floor.

The PRESIDING OFFICER (Mr. CHAMBLISS). Who yields time?

The Senator from North Dakota.

Mr. CONRAD. Mr. President, I ask the Senator, could I have 2 minutes off the amendment?

Mrs. MURRAY. Mr. President, I would be delighted to give the Senator from North Dakota 2 minutes.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 2 minutes.

Mr. CONRAD. Mr. President, we have heard a lot of talk that the amendment of the Senator from Washington raises taxes. Well, it does not raise taxes on anybody except those who are engaged in the abuse of tax loopholes. Because that is what the amendment of the Senator from Washington provides: that tax loopholes are closed in the amount of \$8.6 billion.

All this talk about middle-class tax relief has nothing to do with this amendment—nothing. She is not talking about, in any way, affecting the 10-percent bracket or the childcare credit, or any of the other middle-class provisions—not at all.

The Senator from Wyoming indicated this is going to increase taxes on people, on small businesspeople, on middle-class taxpayers. It is not. It is aimed at tax loopholes.

Let's talk about the type of tax loopholes that one might consider. There is now, across the land, a scam going on of enormous proportion. New York has sold their subway system to a group of private investors, and then they turn around to lease it back, and the private investors get to depreciate the New York City subway system. New Jersey sold off their sewer system to private investors, which then depreciate the sewer system and then get away with a dramatic reduction in their taxes. These are scams.

The administration, to its credit, has said we ought to close these loopholes. They think it will raise \$33 billion. The amendment of the Senator from Washington is \$8.6 billion to keep the promise of No Child Left Behind—no tax increase, an end to scams.

It does not end there. The Joint Tax Committee did a thorough analysis of the Enron scandal and found a series of abuses that could be closed which would save billions of dollars in closing tax loopholes—no tax increase but stopping the scams.

And it does not end there. We have the spectacle of certain companies and certain wealthy Americans renouncing their U.S. citizenship—Mr. President, I ask for 30 seconds more, if I could.

Mrs. MURRAY. Mr. President, I yield 30 seconds to the Senator.

The PRESIDING OFFICER. The Senator is recognized for an additional 30 seconds.

Mr. CONRAD. We have the spectacle of certain wealthy individuals and major corporations renouncing their U.S. citizenship to avoid U.S. taxes. Closing down that loophole saves \$3 billion.

Now, if anybody wants to vote against closing loopholes, let them vote against the amendment of the Senator from Washington. She is closing those loopholes in order to fund our kids' education. That is exactly what we ought to do.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mrs. MURRAY. I thank the Senator from North Dakota for that clarification.

Mr. President, I yield 10 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 10 minutes.

Mr. DAYTON. Mr. President, I commend my colleague, the Senator from Washington, for her amendment, along with Senator KENNEDY, and for her dedicated and lifelong efforts to improve the quality of education for all of our Nation's children. She has been a pioneer and a champion in the Senate, as she has been in her career as an educator. She knows whereof she speaks.

Once again, we are encountering the same old arguments from the other side of the aisle. Personally, I am tired of going back to 1993 or 1994 to try to explain or excuse what it is we are doing or not doing right now for education in this country. I want us to do what is right for now, to respond to the needs that exist now. I have said it in other debates on education funding, and I will say it again: If President Bush proposed more money than President Clinton, then President Bush deserves that credit, in my eyes. If the 108th and the 107th Congresses provided more money for education than previous Congresses, and more than President Bush has proposed at times, then this Congress deserves that credit, in my eyes.

But we are not doing this for ourselves. We are not trying to keep some scorecard. We are not trying to fiddle around with percentages or other things. We are doing this for America's children.

The important question we ought to all be asking ourselves is, Are we doing enough? Are we providing the money needed to do what we all said should be done to leave no child behind?

That is this President's proclamation. He set that standard for us and for the country. That is the law we passed. It is a great standard. It is an important standard, and we all seem to agree that should be the standard. So the question we need to ask ourselves is, Are we budgeting the money necessary to achieve that result?

When the Pentagon and Joint Chiefs of Staff have said they needed more money to win the wars in Afghanistan and Iraq, we have provided that money, with bipartisan support, overwhelmingly.

When the President and Secretary Ridge have said they needed more money to protect our homeland, to provide protection and safety for all our citizens, we have done so on a bipartisan basis. Some of us, including Senator MURRAY, has urged we do more.

We have set the objectives in the Congress along with the administration. We defined the standards of mili-

tary victory and national security, and we have provided the money necessary to succeed, because that is what is important, that we succeed at these most important goals we set for our Nation.

Now, we have also increased the Federal deficit enormously to do so. We cut taxes very significantly, especially for the wealthiest people in this country. People whose annual income is greater than \$1 million are receiving, this year, on average, a tax reduction of \$113,000. It has not bothered the majority enough to make any of those adjustments.

When I hear these concerns expressed about these onerous tax burdens that are imposed on the superrich, the multimillionaires and billionaires of America, or the large corporations that Senator CONRAD pointed out are not paying their fair share of taxes, not paying the percentage of their taxes owed as our small business owners pay, then I must say, I think some of that is crocodile tears.

With all deference to the chairman of the Senate Finance Committee, whom I admire enormously and who has dealt with these matters, as somebody who comes from—or at least before I got mixed up in politics—the category of the wealthy, I would be glad to sit down with him and go through it to discover how easily we can find the money to pay for what he said he wants to do on taxes and what Senator MURRAY is proposing to do on education. It is not an either/or.

Nobody on this side wants to jeopardize the increase in the child tax credit which was passed with overwhelming bipartisan support. In fact, it was originally a recommendation from this side of the aisle, but it has bipartisan support. The same with eliminating the marriage penalty and expanding the 10-percent bracket. We are not going to do one thing to affect those extensions.

This is about education. Somehow that is treated differently by the other side. We can't close any of the tax loopholes. We can't allow the millionaires or billionaires to escape one penny of taxes they owe. We can't increase the deficit. Once again: Gee, we can't find the money we need for education.

We are also told there is extra, unused money in the Federal pipeline going to State and local governments for public schools. I have heard that in the years I have been here: Head Start has positions for kids that are unfilled because there isn't a need or demand. Special education has more money than they know what to do with. For No Child Left Behind, there is more than enough money being provided.

When I tell this to educators and school board members and others in Minnesota who are involved with education, they think I am joking. They think Congress must be seriously out of touch with reality. Where is this pipeline, they ask, and if some States have more money than they need or know what to do with, would they

please send it on to Minnesota. I doubt my State is alone because all the national organizations involved in these matters have said for years, Head Start is being funded about half for the kids who are eligible.

Again, Congress set these standards years ago. Congress defined what the eligibility was for these programs. We are not making these numbers up out of whole cloth. We are supposed to be setting the measure of what qualifies a child for Head Start, the kids who need it.

Almost 30 years ago the Federal Government promised to pay for 40 percent of the cost of special education. It is less than half of that today. President Bush has increased it. This Congress has increased it every year. Still it is less than half. So the question is not what is the percentage; the question is, are we keeping a promise we made almost 30 years ago. At least in Minnesota, when it is not being met, it has to be met, in most cases, with higher property taxes or cutbacks in the quality of education for all students.

Title I, again, is seriously underfunded and has been for years. In Minnesota's case, less than half the students are eligible by the Federal definition of what qualifies the child in poverty, with all those disadvantages, for title I funding, the additional funding that is supposed to give that child the chance he or she deserves and certainly is now entitled to by law under the President's initiative—less than half of those students in Minnesota, and we are going to lose money under the new formula.

In all these major areas of Federal Government responsibility for the education of our children, we have been providing far less than enough, far less than our own laws and our own statements of intent have called for. I don't know whose fault it is. I don't think that is relevant. I know whose responsibility it is today. That is what matters. It is our responsibility. It is our responsibility to provide the funds necessary to fulfill our part of the bargain with States and local governments and school boards and the schools and, most importantly, with the children of America. If we are not willing to do that, then let's change the law.

In Minnesota we have laws against consumer fraud. I would say if we don't address these funding shortfalls, to call this No Child Left Behind violates the spirit at least of that law. If we are not going to do more than we are doing now, let's at least have the honesty to tell the truth to the American people. We didn't mean it. It sounds good; great slogan, but, sorry, it is not enough of a priority for us.

Tell the States: You come up with the money for these unfunded mandates, for the additional part of special education, which in Minnesota costs our schools about \$250 million a year, real money. No pipeline I am aware of can come up with that kind of money the schools in Minnesota need.

Let's tell school boards: Yes, you keep on raising local property taxes in order to make up for what the Federal Government has promised but isn't providing. Then let's have the honesty to tell the children, the future of America: Sorry, you are not important enough.

I can only speak for Minnesota, but in my State schools are cutting classes, opportunities. They are laying off teachers. Class sizes are increasing; sports and extra curricular activities are being cut back. You have to pay a special fee just to be a student. We know here in Washington that money is needed and should be spent and would be spent, but, sorry, we are not going to provide it. We have other, more important priorities.

That is what the Murray amendment is about. It is a moment of truth for this body, the Senate. Do we mean what we say, no child should be left behind? Do we mean it? Are we willing to fund that as we funded other important national priorities, or is it not important enough in the scheme of things to do what we promised to do?

Senator MURRAY has given this Senate, before the eyes of the Nation, this moment of truth. What are our priorities? Do we keep our promises? Do we do what we know should be done and say must be done, and what every child in America deserves to have done, which is provide the funding necessary for quality education to leave no child behind?

I thank the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I thank the Senator from Minnesota and all of our Democratic colleagues who have spoken. When the Senator from Minnesota was speaking, I couldn't help but think of someone he remembers well. During the whole debate of No Child Left Behind, Senator Paul Wellstone, who was on the floor during that debate saying: We are giving a promise I don't believe we are going to keep. Everyone assured him: No, no, we will put this accountability in place. We will fund this.

The Senator from Minnesota speaks from his heart, as I know Senator Wellstone would have admired him for, in reminding all of us what is happening to our children and to our schools because we haven't kept the promise all of us said we would keep when the debate took place several years ago.

How much time remains on both sides?

The PRESIDING OFFICER. The Senator from Washington has 8 minutes, and the Senator from New Hampshire has 8 minutes 33 seconds.

Mrs. MURRAY. Mr. President, let me ask my colleague from New Hampshire if he intends to use any more time on their side. I have a few more minutes I would like to speak.

The PRESIDING OFFICER. The Senator from New Hampshire has 8 minutes 33 seconds remaining.

Mrs. MURRAY. And our side has 8 minutes.

The PRESIDING OFFICER. Seven and a half minutes now.

Mrs. MURRAY. I was inquiring how much time the Senator from New Hampshire intended to use, or if he wanted to go now.

Mr. GREGG. How much time does the Senator need to close?

Mrs. MURRAY. I would like 5 minutes.

Mr. GREGG. I have no problem having the Senator close now and we can go to a vote.

I am sorry. I can't do that. I guess I will speak for about 8 minutes and then yield to the Senator.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, it has been a good debate. It certainly has outlined the issues involved. I want to reemphasize some points made by the chairman of the Finance Committee who spoke about how the \$17.2 billion of tax increases in this amendment work. It is the only real part of this amendment.

The amendment represents it is going to take this tax increase and use it to fund No Child Left Behind at the fully authorized level. It can't do that for parliamentary reasons. It is unable to make that clear event within the amendment.

The only clear event within the amendment that does actually occur is there is a \$17.2 billion increase in taxes. The point which the chairman of the Finance Committee made, and which I think needs to be reemphasized, is those dollars could easily, if they are raised in this manner, end up significantly impacting our ability to allow people who are now benefiting from no longer having to pay the marriage penalty; those folks could end up paying the marriage penalty because we won't be able to extend the relief from the marriage penalty tax.

If taxes are raised under this bill, those dollars could easily absorb the money intended to be used for the purpose of addressing the issue of the child tax credit, which is a \$1,000 tax credit. The extension of that might well be impacted. Those dollars, if this tax is put in place, could potentially impact the ability of this committee to finance the continuation of the expansion of the 10-percent bracket for low-income Americans so they have to pay less burden. Why is that? He made the point, and I thought rather well, that that is because he intends to use the alleged loopholes recited here by my colleagues, which loopholes should legitimately be closed.

There is no reason people should be selling and leasing back the subway system of New York, and the President supports making sure that loophole is closed. He intends to use that revenue in order to fund the ability of people to get a child tax credit of \$1,000, to avoid having to pay a penalty because they

get married, and to assist in expanding the 10-percent bracket.

As he makes the point, rather legitimately, if the dollars are siphoned off from those loophole closures that are planned under the budget, put in place, and are already in place and accepted as part of this budget, if those dollars are siphoned off and end up flowing pursuant to this amendment into a reserve account, he won't have the dollars available to him as chairman of the committee to accomplish those tax relief efforts.

We are playing with some serious fire here. Basically, the risk of this amendment is, No. 1, raising taxes \$17.2 billion over what we need to do; but No. 2, it puts at risk the ability of the chairman to address the use of the taxes that have been put in place in this budget through loophole closings to jeopardize the use of those taxes for the purpose of addressing the marriage tax penalty, the child tax credit, and the 10-percent bracket. A very important point.

Secondly, this amendment represents the goal is to fully fund No Child Left Behind at the authorized level. I believe we have discussed this at some length, but I think it is worth emphasizing again. Authorization numbers are guideposts. Rarely, as a Congress, have we met authorization numbers. The proof is in the pudding.

The last time the Congress was controlled by the Democratic Party and there was a Democratic President, title I was not funded to the full authorization level. It was funded significantly below the authorized level. In fact, this President's commitment to funding education has dramatically outstripped the prior President's commitment or actions in this area. I am sure he had a commitment, but he wasn't able to find the dollars.

This President has made a huge commitment in the area of funding education, and the dollar increase has been a billion, billion, billion, billion—cumulative billions for the special education accounts, and a billion and a half to a billion cumulatively for title I and for No Child Left Behind.

I see the chairman of the Finance Committee. I was trying to restate, probably nowhere near as well as the chairman can, the effect of this \$17.2 billion credit on his ability to do the extenders, which are so important to low-income families and married people and people with children.

I yield the remainder of our time to the chairman.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 3 minutes.

Mr. GRASSLEY. I thank the Chair and I thank the Senator from New Hampshire for his great leadership in dealing with education.

I spoke about the necessity of the Finance Committee having the freedom to use revenue we can raise by closing these tax loopholes, and the necessity

of getting a bipartisan bill out of committee to do it. I think the Senator from North Dakota spoke very well about some of the problems we have with corporations and schemers and scammers using the Tax Code to avoid taxation, by ridiculous things like leasing a subway for a city in the United States, where there is no risk or economic substance to the process. We want to close those loopholes.

I thought I ought to bring to the attention of the Senate one of the bipartisan bills out of committee that was using some of those loophole closings. They definitely have an impact upon some major industries and jobs in this country where they are going to be hurt, because the World Trade Organization has ruled contrary to our trade agreements, the foreign sales corporation, and the extraterritorial income provisions we have had to make to make our business competitive with European business. Since that is ruled out, a lot of jobs in major corporations—Microsoft and Boeing, to name a couple—are going to be hurt and be uncompetitive because of that.

We are taking some of the loophole closing money that is available to offset the revenue, to reduce corporate tax from 35 down to 32, so our businesses can be competitive. We can save jobs at Microsoft and Boeing which would otherwise be uncompetitive as a result of the foreign World Trade Organization ruling.

I don't want the Senate Finance Committee's hands to be tied by a scheme that thinks this money can be used four or five times and can be spent on domestic programs, when we have to have this money to offset very important tax provisions we want to get passed. Saving jobs through this JOBS bill that was before the Senate last week, and will be up again in 2 weeks, is an ideal place to use that revenue.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, I yield a minute to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 1 minute.

Mr. CONRAD. Mr. President, let me just say the amendment of the Senator from Washington does nothing to raise taxes on middle-class taxpayers, on wealthy taxpayers, on anybody but people who are engaged in tax scams and tax dodges, because her proposal is to close tax loopholes to the tune of \$17 billion.

As we look in the budget, there is a relatively modest amount of money being raised to close tax loopholes. We know there are tens of billions of dollars, according to the administration, in potential tax loopholes that could be closed.

In addition, let me say to my colleagues I met with the revenue commissioner 2 weeks ago, who tells me the tax gap—the difference between

what is owed and what is being paid—was \$255 billion for 2001 alone. Let me repeat that. The tax gap—the difference between what is owed and what is being paid—is \$255 billion for 2001 alone. There is plenty of money to be raised in tax loophole closings and the end of tax scams and the end of the tax gap to fully fund the amendment of the Senator from Washington and the middle-class tax relief all of us want to see continue.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, I know we are going to have a vote in a few minutes. I will wrap up a few things. There has been a lot of stuff strewn across the floor about this. We need to remember what this amendment is all about. It is about keeping a commitment all of us made when we voted to pass No Child Left Behind.

We told our schools, essentially our children, our communities, our families across this Nation that we were going to put in place accountability; that we wanted our students to learn, we wanted them to achieve, and we wanted them to be able to go on and get the skills they needed to be out in the job market.

The Senator from Iowa talked about Microsoft and Boeing and making sure we can be competitive. The best thing for Microsoft and Boeing to be competitive is to have an educated workforce of young people who have the skills they need to come in and do the kinds of jobs to be competitive in an international marketplace.

When we passed the No Child Left Behind Act, we said we were going to put those standards out there, but that was a two-pronged promise, and the other promise was to fully fund No Child Left Behind.

I have been amazed, sitting on the floor all morning listening to the other side say: We never intended to fully fund No Child Left Behind. I am shocked. I thought during the debate we had an agreement that we would have accountability and that we would have funding. Now to come back 2 years later and say, We never intended to fully fund this act, what kind of promise is that to our children? We are going to make you take tests and meet standards, and every year we are going to increase those standards and we expect you to live up to it. But here in Congress we can get behind some kind of statement that we never intended to fully fund it? That doesn't fly in my home.

I think it is imperative that we face the American people and tell them that when we in the Senate make commitments, we mean it. When we make a promise to fund education, to make sure our students have the skills they need, and they can meet those accountability requirements, we keep it. That is what this amendment is about. It is as simple and as clear as that.

I heard those on the other side argue that this is not a real amendment. I

heard them say that it just sets up language. The language that I use in this amendment is the exact language that the other side has in the budget to set up a reserve fund for transportation, to set up a reserve fund for Iraq and Afghanistan funding, to set up a reserve fund for fire suppression. Are those not real, either? If those are not real, then I accept the argument that mine is not real. But if they want to stand out here and say we are fighting for fire suppression, that their budget covers Iraq and Afghanistan, that their budget covers transportation, then this amendment covers the No Child Left Behind funding.

This amendment is real. It is exactly real. No one can hide behind the fact it is not real. It is real to every child in every classroom across this country.

There is a revolt going on in this country. Any Senator who has been home and been in a school knows it. Any Senator who has talked with legislators at their homes—and I know there have been discussions in Virginia, Utah, and many other States across the country—knows they do not want this mandate anymore and to take off the handcuffs because we have not funded it.

We have not lived up to our obligation to our children, to our communities, to our families, to our States, and to everyone else in this world who cares about education because we have not funded this bill.

My amendment is basic and simple. It says we will follow up on a promise we made 2 years ago to fully fund No Child Left Behind. I am more than at ease to go home and tell my constituents that I am fighting to make sure their children get a good education and we follow up on a promise. That is the decision every Senator is going to have to make when they vote on this amendment. Whose side are you on, on the side of making sure we keep our promises, making sure our children have the ability to learn and we do not just tell them they have to live up to standards, or on the side of hiding behind smoke and mirrors?

I intend to go home and tell my families in every community across the State that I am going to fight every single day I am here to make sure their children have quality teachers, their children have quality classrooms, their children have the ability to have good curriculum, their children are able to learn the skills they need from highly qualified teachers because that is what we promised them in this bill.

This amendment is about keeping promises. I urge my colleagues to vote for the Murray-Kennedy amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. The time of the Senator has expired.

Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to amendment No. 2719. The clerk will call the roll.

The bill clerk called the roll.

Mr. REID. I announce that the Senator from South Dakota (Mr. JOHNSON) and the Senator from Massachusetts (Mr. KERRY) are necessarily absent.

I further announce that, if present and voting, the Senator from Massachusetts (Mr. KERRY) would vote "yea."

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

The result was announced—yeas 46, nays 52, as follows:

[Rollcall Vote No. 35 Leg.]

YEAS—46

Akaka	Dorgan	Lieberman
Baucus	Durbin	Lincoln
Bayh	Edwards	Mikulski
Biden	Feingold	Murray
Bingaman	Feinstein	Nelson (FL)
Boxer	Graham (FL)	Nelson (NE)
Breaux	Harkin	Pryor
Byrd	Hollings	Reed
Cantwell	Inouye	Reid
Carper	Jeffords	Rockefeller
Clinton	Kennedy	Sarbanes
Conrad	Kohl	Schumer
Corzine	Landrieu	Stabenow
Daschle	Lautenberg	Wyden
Dayton	Leahy	
Dodd	Levin	

NAYS—52

Alexander	Dole	Miller
Allard	Domenici	Murkowski
Allen	Ensign	Nickles
Bennett	Enzi	Roberts
Bond	Fitzgerald	Santorum
Brownback	Frist	Sessions
Bunning	Graham (SC)	Shelby
Burns	Grassley	Smith
Campbell	Gregg	Snowe
Chafee	Hagel	Specter
Chambliss	Hatch	Stevens
Cochran	Hutchison	Sununu
Coleman	Inhofe	Talent
Collins	Kyl	Thomas
Cornyn	Lott	Thomas
Craig	Lugar	Voinovich
Crapo	McCain	Warner
DeWine	McConnell	

NOT VOTING—2

Johnson Kerry

The amendment (No. 2719) was rejected.

Mr. NICKLES. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. NICKLES. Mr. President, I thank our colleagues. We spent most of the morning on one amendment. I discussed this with my friend and colleague from North Dakota and said I know a lot of Members have education speeches they want to make. We were pretty generous with time allotments for those amendments. But I really want to tell our colleagues that generosity with time is coming to a close. We are going to start picking up the pace rather substantially. That means we are going to have a lot more votes. It means I am doing everything I can to avoid a vote-arama which Senator BYRD and I have discussed many times. We think it is demeaning to the Senate to have a large number of votes where Members are voting with almost no debate. We are making a great concession on our side. It is easy to debate and say now the time is up and have a vote-

arama. I think that is demeaning to the Senate.

I have discussed this with my colleague, Senator CONRAD. We are willing to consider more amendments with time agreements, have a shorter debate time, and try to dispose of amendments so we can avoid the necessity of being here very late Wednesday, Thursday, Friday, and/or Saturday. We are going to complete the bill. But let us try to cooperate, Democrats and Republicans, proponents and opponents. We all have various issues on these amendments, but we are going to have to move quickly. That last rollcall vote was 25 or 26 minutes. The time limit is 15. I expect to be calling for regular order shortly after 15 minutes. We have three or four very significant amendments that will be coming up. Senator BYRD, I believe, is going to offer an amendment dealing with striking reconciliation. I believe Senator STEVENS and Senator WARNER may be offering an amendment on defense. Excuse me. Senator LINDSEY GRAHAM and Senator BUNNING have an amendment we hope to be able to accept. That shouldn't take too long. Senator BYRD has an amendment on reconciliation. We expect an amendment dealing with defense. We expect an amendment dealing with pay-go. Those are three or four major issues. We might stack the votes. I will consult with my colleague from North Dakota as far as the timing of the votes.

We have had a significant debate. It is time for us to dispose of these amendments so we can avoid the so-called vote-arama.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, might I add my voice to the voice of the chairman. We are rushing toward another vote-arama. We have 58 amendments noticed on this side already. Some of them are duplicative. On some of them, one Senator is offering many more than one amendment. I am asking our colleagues to please let us exercise discipline. Let us reduce the number of amendments. I propose to my colleague that we consider entering into a time agreement at least on these next few amendments. If we could agree, for example, on 30 minutes or 40 minutes equally divided on the next amendment, and then an hour equally divided on an amendment on reconciliation, then an hour on an amendment at the designation of the chairman, and then an hour equally divided on pay-go, and stack the votes, we could then have a series of three votes at about 5:45 which might accommodate some. I know there are plans for this evening by some. At least we could get a series of important votes concluded.

Mr. NICKLES. Mr. President, I appreciate my colleague's excellent suggestion. I am not ready to enter into a consent on all of those amendments. I think the Senator from South Carolina has indicated he wants 45 minutes on his amendment. I am willing to enter

into an agreement on Senator BYRD's amendment. I don't think I am ready to go yet on the Stevens-Warner amendment. I need to consult with them first. If we can enter into an agreement on those two amendments, I am happy to do that.

Mr. CONRAD. I am happy to enter into an agreement of 45 minutes equally divided on the Graham amendment and an hour equally divided on the Byrd amendment.

Mr. NICKLES. I have no objection.

Mr. BYRD. Mr. President, reserving the right to object, I am not yet ready to enter into an agreement on my amendment.

The PRESIDING OFFICER. Objection is heard.

Mr. NICKLES. Mr. President, our order would be then to consider the amendment offered by Senator GRAHAM and Senator BUNNING.

The PRESIDING OFFICER. Under the previous order, the next order of business is the amendment of the Senator from South Carolina, Senator GRAHAM.

The Senator is recognized.

AMENDMENT NO. 2731

Mr. GRAHAM of South Carolina. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from South Carolina [Mr. GRAHAM], for himself, Mr. DASCHLE, Mr. BUNNING, Mr. LEAHY, Mrs. CLINTON, and Mr. DEWINE proposes an amendment numbered 2731.

Mr. GRAHAM of South Carolina. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To enhance military readiness by creating a reserve fund to provide TRICARE benefits for members of the Selected Reserve of the Ready Reserve, fully offset through reductions including unobligated balances from Iraqi reconstruction, and a reserve fund to provide Montgomery GI Bill benefits to members of the Selected Reserves)

On page 28, after line 7, insert the following:

SEC. 304. RESERVE FUND FOR GUARD AND RESERVE HEALTH CARE.

If the Committee on Armed Services or the Committee on Appropriations reports a bill or joint resolution, or an amendment thereto is offered or a conference report thereon is submitted that expands access to health care for members of the reserve component, the Chairman of the Committee on the Budget may revise allocations of new budget authority and outlays, the revenue aggregates, other appropriate aggregates, and the discretionary spending limits to reflect such legislation, providing that such legislation—

(1) would not increase the deficit for fiscal year 2005 and for the period of fiscal years 2005 through 2009, or would offset such deficit increases through reduction of unobligated balances from Iraqi reconstruction; and

(2) does not exceed \$5,600,000,000 for the period of fiscal years 2005 through 2009.

SEC. 305. RESERVE FUND FOR MONTGOMERY GI BILL BENEFITS.

If the Committee on Armed Services or the Committee on Appropriations reports a bill

or joint resolution, or an amendment thereto is offered or a conference report thereon is submitted, that increases benefit levels under the Montgomery GI Bill for members of the Selected Reserves, the Chairman of the Committee on the Budget may revise allocations of new budget authority and outlays, the revenue aggregates, other appropriate aggregates, and the discretionary spending limits to reflect such legislation, providing that such legislation—

(1) would not increase the deficit for fiscal year 2005 and for the period of fiscal years 2005 through 2009; and

(2) does not exceed \$1,200,000,000 for the period of fiscal years 2005 through 2009.

Mr. CONRAD. Mr. President, with the indulgence of the Senator, might I repeat the request. I think we might have it worked out so we can enter into a time agreement on the next two amendments, if the chairman would be willing to repeat the request.

Mr. NICKLES. Mr. President, I ask unanimous consent that the amendment by Senator LINDSEY GRAHAM and Senator BUNNING be limited to 45 minutes without second-degree amendments, and I ask unanimous consent that the amendment to be offered by Senator BYRD be limited to 1 hour equally divided without second-degree amendments.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. GRAHAM of South Carolina. Mr. President, I ask unanimous consent that Senator CHAMBLISS and Senator ALLEN be added as cosponsors.

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

AMENDMENT NO. 2731, AS MODIFIED

Mr. GRAHAM of South Carolina. Mr. President, I ask unanimous consent to add the word "and" on page 2 to lines 4 and 16 of my amendment.

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

The amendment (No. 2731), as modified, is as follows:

On page 28, after line 7, insert the following:

SEC. 304. RESERVE FUND FOR GUARD AND RESERVE HEALTH CARE.

If the Committee on Armed Services or the Committee on Appropriations reports a bill or joint resolution, or an amendment thereto is offered or a conference report thereon is submitted that expands access to health care for members of the reserve component, the Chairman of the Committee on the Budget may revise allocations of new budget authority and outlays, the revenue aggregates, other appropriate aggregates, and the discretionary spending limits to reflect such legislation, providing that such legislation—

(1) would not increase the deficit for fiscal year 2005 and for the period of fiscal years 2005 through 2009, or would offset such deficit increases through reduction of unobligated balances from Iraqi reconstruction; and

(2) does not exceed \$5,600,000,000 for the period of fiscal years 2005 through 2009.

SEC. 305. RESERVE FUND FOR MONTGOMERY GI BILL BENEFITS.

If the Committee on Armed Services or the Committee on Appropriations reports a bill or joint resolution, or an amendment thereto is offered or a conference report thereon is submitted, that increases benefit levels

under the Montgomery GI Bill for members of the Selected Reserves, the Chairman of the Committee on the Budget may revise allocations of new budget authority and outlays, the revenue aggregates, other appropriate aggregates, and the discretionary spending limits to reflect such legislation, providing that such legislation—

(1) would not increase the deficit for fiscal year 2005 and for the period of fiscal years 2005 through 2009; and

(2) does not exceed \$1,200,000,000 for the period of fiscal years 2005 through 2009.

Mr. GRAHAM of South Carolina. Mr. President, I will give a quick overview and yield to Senator BUNNING for as much time as he needs to explain his portion of the amendment. Then we will go to Senator DEWINE and Senator DASCHLE and myself to finish.

I compliment Senator NICKLES for helping us work this out. This is the amendment we have been talking about for almost a year now, setting aside some money in the budget to address the health care needs of the Guard and the Reserve.

If you are an activated member of the Guard or Reserve, you go into the military health care system called TRICARE. Your family has eligibility for that system. When you come off active duty, you will go back into your private plan, if you have one. If you are uninsured, there will no plan available for you.

We are trying to allow Guard and Reserve members, by paying a premium out of their pockets, to be full-time members of TRICARE so they will have continuity of health care.

Twenty-five percent of the people who were called to active duty for Guard and Reserve were unable to be deployed because of health care problems. Providing continuity of health care year round would be a good measure. I know this will help retention and recruiting.

There is another aspect of this amendment, thanks to Senator BUNNING. What is happening with our Guard and Reserve forces is they are becoming overutilized. There has been a 170-percent increase in Guard and Reserve utilization since 9/11.

The GI bill of rights applies to the Guard and Reserve in a limited fashion. Thanks to Senator BUNNING's efforts, that is about to change.

At this time, I would like to yield to Senator BUNNING to explain what he is trying to do for the Guard and Reserve members with an amendment in terms of the GI bill.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. BUNNING. Mr. President, my amendment provides funds to increase educational benefits for the National Guard and Reserve members under the GI bill. Currently, National Guard and Reserve members are eligible for only \$282 per month under the GI bill. That is only 27 percent of the amount active-duty members can get.

In 1985, Congress set educational benefits for our Guard and Reserve members at 47 percent of the active-duty

benefit level. Since then, it has continued to slip to today's levels of 27 percent. My provision provides the funds needed to bring Guard and Reserve benefits back to that 40-percent mark.

Today, we are using our National Guard and Reserve, as Senator GRAHAM said, more than ever. They are being deployed away from their homes and families for longer periods of time and put in harm's way. We should provide them with educational benefits that reflect the contributions they make to our national security.

I urge Members to support the Graham amendment.

Mr. GRAHAM of South Carolina. Mr. President, I thank Senator BUNNING on behalf of all the Guard and Reserves. He has made a real difference in their lives. This is long overdue. I appreciate what the Senator has done to make this a better amendment.

I yield 3 minutes to Senator LEAHY.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I am glad to join my colleagues Senator DASCHLE of South Dakota and Senator GRAHAM of South Carolina in support of this critical budget amendment on the readiness of our National Guard and Reserves. This amendment will allocate resources in the country's long-term budget to implement a comprehensive health insurance program for the 800,000 citizen-soldiers who serve in the National Guard and Reserves.

Last year, the Senate recognized that 20 percent of the Nation's military reserve—over 150,000 citizens waiting to answer the call-to-duty—did not possess health insurance. During a vote here on the Senate floor, 85 senators collectively agreed that this was unwise, and more importantly, unconscionable that citizen soldiers ready to fight for their country would arrive for service in less than perfect health because they were uninsured.

As a response to this clear problem, we passed a stopgap health insurance program that allowed reservists to receive fully reimbursed health insurance through TRICARE as soon as they received their orders and maintain that insurance after they had been deactivated.

The centerpiece of the program passed in Congress last year was a provision to allow drilling members of the Guard and Reserve to buy into the TRICARE program on a cost-share basis if they were between jobs or did not have access to health insurance through their employers.

This program guarantees that every member of the Guard and Reserve is covered either through TRICARE or a civilian program. However, the final defense bill last year authorized the program only through the end of this calendar year. This amendment would expand funding for this program for the next 5 years.

More troubling, critical portions of our original proposal, embodied in S.

852, the Comprehensive Guard and Reserve Health Benefits Act, dropped out during the final negotiations.

Missing in the final package was eligibility for employed members of the Guard and Reserve to sign up for the cost-share TRICARE program. This took away health insurance options for our reservists and a necessary mechanism to make the mobilization process easier by eliminating the need for reservists to switch back and forth between health insurance plans when they are activated.

The final compromise also short-changed families of activated reservists who wanted to maintain their civilian health insurance while their loved ones were activated.

That provision would have substantially reduced some of the intense disturbances these long separations create. We crafted this provision to have only marginal costs compared to the size of the benefit for Guard members, reservists and their families.

This amendment will help fund the full program set forth in S. 852: Early health insurance, TRICARE access for all, reimbursements to families for keeping civilian health insurance, and maintaining full TRICARE after deployment. It truly is a comprehensive package. It is, I want to note, the exact same legislation that received an overwhelming 85 to 10 favorable vote during our debate on the defense bill.

The Department of Defense has slow-rolled implementation of the program turned into law last year. They are still not opening up the cost-share program to eligible service-members. Passing this amendment this year on the budget resolution sends a signal to DOD that they need to move ahead more aggressively. But, more importantly, this amendment assures the 130,000 men and women in the Guard and Reserve serving in Iraq, Afghanistan, or at home, and the entire Guard and Reserve force, that we are going to take significant steps to ensure that they are ready to meet the challenges ahead. We are not going to let our Guard down.

To reiterate, this amendment will allocate resources in the long-term budget to implement a comprehensive health insurance program for the 800,000 citizen soldiers who serve in the National Guard and Reserve.

We recognized in the Senate last year that 20 percent of the Nation's military reserve—over 150,000 citizens waiting to answer the call to duty—did not possess health insurance. Think of that, over 20 percent of the military reserve, 150,000 people, with no health insurance. That is unwise and it is also unconscionable these citizen soldiers do not have health insurance.

We passed a stopgap health insurance program that allowed reservists to receive fully reimbursed health insurance through TRICARE as soon as they receive their orders and maintain that insurance after they have been deactivated.

Missing in the final package was eligibility for members of the Guard and Reserve to sign up for the cost-share TRICARE program. We have crafted a provision at only marginal cost compared to the size for members of the Guard and Reserve, and this will help fully fund the program set forth—early health insurance, TRICARE access for all, reimbursements to families for keeping civilian health insurance, and maintaining full TRICARE after deployment.

We need to do this. We cannot continue to ask these men and women to go overseas to serve, basically full time, and have part-time benefits. They are full-time soldiers. They should be treated that way.

Mr. GRAHAM of South Carolina. I yield 10 minutes to the chief author of this legislation, Senator DEWINE.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, I am proud to join this afternoon my colleague, Senator LINDSEY GRAHAM, in support of this very important amendment. I commend him for his great leadership and great work.

I have been a longstanding supporter of both initiatives: extending TRICARE coverage to members of the Guard and Reserve, and also increasing the level of benefits provided to the Selective Reserve under the Montgomery GI bill. I have introduced and cosponsored several bills to address existing inequities with these specific benefits.

Unfortunately, benefits for our Guard and Reserve simply have not kept pace with the increasing role that these individuals are expected to play today.

I commend Senator GRAHAM, Senator DASCHLE, and Senator BUNNING for their great leadership and their continued commitment to these initiatives. I look forward to working with them through the coming months to make these important initiatives a permanent reality.

This is important work. I know of nothing more important that this Senate will be doing in the months ahead. I look forward to making sure we get the job done.

I thank my colleague for the time this afternoon to talk about another important amendment that I have filed, but I am not calling up at this time. I take a moment to talk about this amendment that is cosponsored by Senator LEAHY and Senator COLEMAN, an amendment that I have sponsored.

We live in a world of 6 billion people, the majority of whom live in developing countries. There is a world where, according to UNICEF, out of every 100 children born, 30 will most likely suffer from malnutrition in their first 5 years of life; 26 will not be immunized against the most basic of childhood diseases; and 19 will lack access to clean, safe drinking water.

This is certainly unconscionable. Yet we have seemingly come to expect and indeed accept this as a way of life in the developing world. The tragedy is

that all of this is avoidable. We can do something about it. We can do simple things, really simple things, basic things that can save millions of children's lives every year. The reality is we are not doing enough right now. Candidly, we are tolerating these deaths, and saving these lives simply has not been a priority. Our amendment would change that. And it is, indeed, a step in the right direction.

I take a few minutes this afternoon to share some important statistics about child and maternal mortality. I am often hesitant to come to the floor and talk about statistics. When we hear statistics, it is all too easy to become numb, all too easy to forget the human realities they, in fact, represent. It is important for all to listen to some of these statistics today because they are so unbelievable and so tragic. They represent so many lives, countless lives that could, in fact, be saved; lives that could be saved if we would make the appropriate amount of resources available to people who are in such dire need.

Let's look at the facts. Today, over 10 million children under the age of 5 die each year from preventable, avoidable, and treatable diseases and ailments, including such things as diarrhea, pneumonia, measles, and, yes, malnutrition. Over 10 million children under the age of 5 die from preventable and avoidable diseases. Of those 10 million deaths worldwide, 3.9 million occur in the first 28 days of life. These babies do not even have a shot at living their lives or even getting as old as 2, 3, 4 or 5. Yet two-thirds of these deaths could be prevented if available and affordable interventions had reached the children and mothers who needed them.

Malnutrition contributes to 54 percent of all childhood deaths, and as many as 3 million children die annually as a result of vitamin A deficiency. An estimated 400,000 cases of childhood blindness are reported each year, also, because of vitamin A deficiencies.

According to the World Health Organization estimates, at least 30 million infants still do not have access to basic immunization services, and over 4.4 million children died from vaccine-preventable diseases in the year 2001 alone—diseases such as hepatitis, polio, and tetanus. Of all the vaccine-preventable diseases, measles remains the leading childhood killer, claiming the lives of, it is estimated, 750,000 children—more than half of them in Africa alone. Yet vaccine-preventable deaths could actually be cut in half by the year 2005 if these children were receiving proper vaccinations.

Mr. President and my colleagues in the Senate, we can change the course of these developing nations. We can change this tragic human reality. We can start by providing additional money and support for our child survival and maternal health programs. The fact is, this is an emergency situation. There really is not any other way to describe it. Over 10 million children

dying each year from preventable and treatable illnesses certainly qualifies as an emergency.

It is the equivalent of roughly 55 fully loaded 747 airplanes crashing every day for a year. Think of that. If that were happening, if that many airplanes were going down each day in this country, or anywhere in the world, we know what our reaction would be. It would be all over the news, all over CNN. We would declare a worldwide tragedy, and we would do something about it.

But these problems facing the developing world cannot be resolved through short-term, temporary, piecemeal assistance. If we are to make any real headway in improving the health of women and children in the long term, we need to take some bold and radical steps, and we also need to be committed to supporting, in the long run, maternal and child health programs, and not just now but next year and the year after and the year after that. Our funding simply cannot be administered in a single dose.

If we could look into the future 10, 20, 30, 40 years from now, we would see what is possible with sustained investments in primary health care and public health systems.

An article recently published in the journal, *The Lancet*, suggests that providing, for example, vitamin A as a preventing measure could avert as many as 225,000 deaths, and providing oral rehydration therapy could prevent as many as 1,477,000 deaths. Simple interventions and treatment are not expensive. Oral rehydration salt packets cost about 8 cents apiece—8 cents.

For 4 cents per child, two vitamin A capsules could be given every year to children around the world, saving over 650,000 of them from blindness and death. For 30 cents worth of basic antibiotics given to every child with pneumonia, we could prevent 577,000 deaths. I think you get the idea.

Here is another example: Iodine regulates growth and the metabolism. A deficiency in iodine is the primary cause of preventable learning disabilities and brain damage. Iodine can be introduced into the diet by something as simple as fortified salt—iodized salt—something that is in all our kitchens at home. This simple measure would cost only 5 cents per person annually.

Furthermore, our amendment would allocate additional money to help avert maternal and neonatal death and improve maternal health, including the prevention of obstetric fistulas and other types of injuries and disabilities resulting from childbirth in unsafe circumstances.

The fact is, all pregnant women are at risk for injuries and childbirth complications, which is why it is so important to have skilled attendants—midwives, doctors, or nurses—present at birth. Yet only about half of the world's women give birth with a skilled attendant available.

The child survival and maternal health funding provides resources so

that USAID can provide training and technical assistance in infection prevention and quality of care, as well as needed equipment and supplies to bring health facilities up to a level where they can provide safe and effective emergency pre- and postnatal care. Clearly, child survival interventions do, in fact, work, and they are the most cost-effective tools we have in the struggle for better global health.

We can and we should invest in these programs as they increase developing countries' access to basic health services—services such as vaccinations, immunizations, micronutrient programs, and vitamin supplements.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DEWINE. Mr. President, I ask for an additional 1 minute.

Mr. GRAHAM of South Carolina. Absolutely.

The PRESIDING OFFICER. The Senator is recognized for an additional minute.

Mr. DEWINE. If we can make these investments and work toward equal access to health care, we can help ensure that mothers receive proper prenatal care, that children and families receive nutritional counseling and vitamin supplements, and that children receive the necessary immunizations and vaccinations to live healthy lives.

But tragically, if we fail to make a sufficient and sustained investment in the development of public health systems that provide primary care, mothers will continue to die prematurely during childbirth, children will continue to die from preventable diseases and causes, and life expectancies in these developing nations will stagnate or perhaps even decrease. This is not acceptable.

Mr. President, adoption of this amendment—as I said, it has been filed but not yet called up—will go a long way to save so many children's lives around the world. Therefore, I would ask my colleagues, when this amendment is called up, to join my colleagues in voting in favor of it.

Again, I thank my colleague for his great work to help our Guard and Reserves in relation to what we talked about earlier today. I thank him for his good work in this area.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM of South Carolina. Mr. President, we are all in a thanking mode, and I think it is appropriate that we try to do as much as we can, in a bipartisan fashion, when it comes to the military.

We will have our differences and funding and our differences about priorities in terms of what helps the economy and what helps to control the deficit. But I want to acknowledge the work of Chairman NICKLES' staff and him personally for allowing this amendment to be accepted as part of the budget because working together, in a bipartisan fashion, we are going to

carve out about \$5.6 billion to be utilized to help alleviate the Guard and Reserve health care problems that currently exist. And Senator BUNNING's measured, upgraded GI bill benefits will also be part of the budget. To me, that is a good priority to have made. We have promised to pay for this. I think that is a good statement to have made, too.

Once the authorizing committee gets to work with Senator WARNER, and then, hopefully, Senator STEVENS, who has been a big champion of this cause, they will appropriate what we do on the authorizing committee, that it will be paid for, and that we can bring this program in under the \$5.6 billion amount. Senator MCCAIN and others have ideas of how the employer community can contribute.

But I would like to inform those maybe listening in the Guard and Reserve community that your needs are well understood by this body, and there is a real bipartisan effort to meet those needs.

To those in the Active Forces, I think we have tried to upgrade your benefit package, tried to increase your pay. You have earned every penny of it, and then some. We are trying to improve the quality of life of those people stationed overseas and their families.

This is a team effort. Nothing about the Guard and Reserve takes away from the Active Forces. Forty percent of the people in Iraq, by the end of the year, will be Guard and Reserve members. When a guardsman or reservist is called to active duty, it has its own unique stress. God knows their is stress on our active-duty families who are serving in the military and have their family members in harm's way.

More times than not, when you are called to active duty, your pay goes down. There are provisions in our Federal law that will allow some renegotiating of loans but, at the end of the day, it is a very stressful event financially for families.

This one aspect, health care, is a huge problem that needs to be addressed. As I stated before, about one in four people called from the Reserve and Guard community to active duty are not able to be deployed immediately because of health care problems. The No. 1 disqualifying event is dental problems.

When you think about it, a lot of private plans do not have a dental component to it. So by allowing Guard and Reserve members to be part of the military health care system year round, whether they are deployed or not, I think readiness goes up dramatically.

When we look at writing this bill, that would be one of the selling points. I was in Iraq last summer with a delegation of Senators. The Presiding Officer was with us. It was a wonderful opportunity to understand how difficult service overseas can be and how stressful it is being in harm's way. You come away with a great sense of pride about

all those serving our country. As the Presiding Officer will recall, we had nine C-130 flights in Afghanistan and Iraq. Eight of the nine crews were Guard crews. The last was a Reserve crew. All the 130 crews were from the Guard and Reserve community. That duplicates itself in many other areas—MPs, civil affairs. There is a heavy reliance on Guard and Reserves.

I remember on one of the flights the pilot and the copilot were going to be first-time dads. One person worked for Southwestern Bell. Southwestern Bell voluntarily extended health care coverage for the family, even though he was called back to duty, so that person's wife did not have to change doctors or hospitals. The copilot was a realtor and he didn't have such an opportunity. So his wife had to change doctors and hospitals late in the pregnancy, and it was a very stressful event.

One thing about providing full-time TRICARE eligibility to those who want to pay the premium, we are asking guardsmen and reservists to contribute to the cost. That is only fair, and it is a very good deal. They will be contributing out of their pocket, like their active-duty counterparts. One of the benefits is, your family doesn't have to bounce around from one health care provider to another, even when you change plans. Some people have been deployed already three times. The likelihood of their utilization in the future is greater, not less. Adopting this amendment as part of the budget allows us to take some money to meet those needs.

I need to say this about Senators DASCHLE and LEAHY and CLINTON, and our other Democratic sponsors: We wouldn't be here without Senator DASCHLE. I don't know how to say it any clearer. We would not have made it this far if he had not taken on this cause and pushed as hard as he could push. He has been around here a lot longer than I have. It really did matter. He and I may vote differently for the rest of the week, but I have great admiration for him as a person and we will vote together today. At the end of the week he may have a different view about what the budget does for the country, but we will have agreement on this, that the Guard and Reserve community is one step closer to getting the help they deserve. I publicly acknowledge that and thank him. It has been a very pleasurable, enjoyable experience. We are not there yet, but we are closer than when we began.

I am the only Member of the Senate who is in the Reserves. I recently got promoted and made a joke about that, showing how stressed out we are in the military if I am promoted. I am proud of my service. I have never been in harm's way.

The one thing I got from that experience, having been on Active Duty for 6½ years, serving overseas—I was in the Guard as a support person in Alaska, doing legal work for families and

military members being deployed—I know how stressful it is for families left behind and how stressful it is for the pilots and their crews.

Here we are 10 years later plus, involved in another major operation to fight the enemies of this country who, if they had their way, little girls wouldn't go to school and there would be only one way to worship God. It would be their way. And if you differed, you would die.

This is a huge event we are undertaking, the war on terrorism. The Guard and Reserve community is playing a bigger role than ever.

The cold war dynamic with the Guard and Reserve has changed with the war on terrorism. They are indispensable. That will not change anytime soon. The stress on the forces is as great as it has ever been in my military career, and the benefit package has not been changed substantially in 30 years. Now is the time to come together, Republicans and Democrats, and put on the table new benefits for those serving their country in a very patriotic and unselfish way.

With that, I yield to the minority leader and my colleague on this effort, Senator DASCHLE.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. DASCHLE. I thank the Senator for his kind words. I have to say, this has been an equal joy for me. The Senator from South Carolina has been an extraordinary partner in this effort. I applaud him for the extraordinary efforts he has made to get us to this point and the leadership he has provided. As he has noted, we may disagree on other issues, but on this there is very strong bipartisan support. I cite his leadership as one of the reasons why.

I can speak for all of those on this side of the aisle who have worked to try to pass this legislation. Senator GRAHAM's efforts, his persistence, and the extraordinary effort he brings to ensuring we succeed is a big reason why we are going to be successful today.

We have actually voted on this three times in the Senate. We have done so with overwhelming margins. It is not often on an amendment that you can generate 80-plus votes. But 87 Senators have already said this ought to be law. Because they have said it ought to be law, we are confident it will become law sooner or later.

The legislation we are offering today very simply recognizes, first, that there are differences between members of the Reserves and the Active Duty. The Active Duty don't have to pay for their health care. We believe that is the way it should be. If you are on active duty and you are defending your country, that ought to be one of the prerequisites of Active-Duty service. We are suggesting that if you serve your country alongside that member of the Active Duty, you ought to have access to that health care, and maybe you ought to pay a little premium.

Our guardsmen and reservists are determined and are accepting of that difference. They just want access to the care. They are willing to pay a premium, unlike our Active-Duty personnel who get it as part of their job, but they do want access. So that is the first big difference.

Clearly, what most people don't understand is this premium is a very significant differentiation between Active-Duty personnel and the Guard.

The second is, this will not be taken out of the Pentagon budget. What we are proposing with this amendment is we add \$5.6 billion. We recognize there are some very important needs within our defense budget that have to be met. We don't want to see this compete with other needs, and that is why we are adding on. But we are also not adding to the deficit. There is a significant unobligated balance in the Iraq reconstruction fund, money that would go to Iraq normally, that is not going to be required in this fiscal year from which this money is taken.

So first, we are not exacerbating the deficit. Secondly, we are not competing with any other programs in the Defense Department. And third, we recognize the difference between members of the Reserve and Active-Duty personnel. So for all those reasons, we think this amendment is very carefully drawn.

Obviously, there is no question about the importance of what it does. It extends coverage to all reservists who are willing to pay the premium. You pay the premium; you have access to the health insurance. Secondly, we provide offsetting coverage when people are called up and they have private coverage that they want to maintain. We are saying, if you are called to service by your country and you are fighting in a faraway land, we are going to ensure that if you have private coverage that you think is important and you want to keep for your family, you ought to have a right to do that.

Finally, we make it permanent. We ought to take out the guessing game. There shouldn't be any question as to whether it is going to be here this year, gone the next, whether some people are going to have to sign up, worrying whether they can sign up in subsequent years.

What Senator GRAHAM suggests with our amendment is, No. 1, it ought to be permanent. We have seen, as the Senator from South Carolina so aptly noted, the biggest callup of members of the Guard and Reserves since World War II. Our dependence upon the Guard and Reserves continues to grow. Forty percent is now the number that is widely recognized; 40 percent of those serving in Iraq are members of the Guard and Reserves. So there is no question this integration of forces is a fact of life.

If we are going to see this integration of forces in the future, we have to recognize that we are going to have to change our benefits and pay structure

to meet the demand and to put some element of fairness back into the system.

This amendment is needed for two reasons. One, it is the right thing to do. When you have 30 percent of those members of the Guard and Reserves who are called up today who have no health insurance, many of whom can't even get the kind of health care they need to be compliant physically with the demands of their job, you need this amendment.

Secondly, when you look down the road and you talk to Governors and the Guard and Reserve decisionmakers, what they will tell you privately, and for good reason, is they are understandably concerned about retention, understandably concerned about meeting the needs.

You will not find more patriotic Americans anywhere than those who serve through the Reserve and the Guard. Nobody is more committed. They give up their jobs, time with their families, and they go to faraway places and sacrifice salary in order to defend their country.

All we are saying is, for all of that, we want you to stay in the Guard and continue to serve your country, so we are going to be a little more fair regarding your access to health insurance. That would be one less problem for them. This amendment does that permanently, and it deserves to be passed overwhelmingly.

We are not going to ask for a rollcall vote because we have had three of them. We think the Senate is on record adequately regarding this legislation. We will be back. This only authorizes it in the budget. We are going to come back with Defense Appropriations to make sure it is also a part of the law as we consider the important aspects of public policy relating to defense in the future.

Again, let me end where I started. Senator GRAHAM deserves great credit for the effort he made to bring us to this point. I am pleased that, on a bipartisan basis, we can pass this with an exclamation point this afternoon. This deserves to be law. This year is the year to do it.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRAHAM of South Carolina. Mr. President, I yield to the Senator from Louisiana.

Ms. LANDRIEU. Mr. President, is there 5 minutes available to speak for the amendment?

The PRESIDING OFFICER. The sponsor controls 1 additional minute. The minority manager of the bill controls 20 minutes.

Mr. CONRAD. How much time does the Senator need?

Ms. LANDRIEU. Five minutes.

Mr. CONRAD. Mr. President, does Senator GRAHAM wish to retain a minute of his time?

Mr. GRAHAM of South Carolina. Yes. I will try to yield part of it back.

Mr. CONRAD. I yield 5 minutes to the Senator from Louisiana off of our time.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Ms. LANDRIEU. Mr. President, I thank those managing the bill, and I thank the Senator from South Carolina for bringing this amendment to the floor. I would like to cosponsor this amendment because it helps our veterans and Guard and Reserve in two very important ways. The Senator's portion of this helps to extend the TRICARE piece and extends also in this amendment the GI benefits for the Guard and Reserve.

As I have said many times, the Guard and Reserve that is protecting us today, that is serving as the core in many instances of our Armed Forces, is not the Guard and Reserve of our fathers' or grandfathers' generations. They are citizen soldiers. They are professional soldiers. Because of policy changes we put into place, the Guard and Reserve now are picking up about 40 percent of the battlefield burdens, and they deserve a greater portion of the overall budget to support them.

Do our active troops deserve support? Absolutely. But our Guard and Reserve, because they are picking up an ever-increasing responsibility regarding this war against terrorism, the war in Afghanistan and the war in Iraq, and even right here on the homefront, deserve more help and support.

I am proud to be a cosponsor of this amendment. I believe it will pass with great support on both sides.

I wanted to take a minute to also talk about something I hope we can find a way in this debate to fix. I want to see if we can find a way to fix the survivor benefit plan, which was enacted in 1972. This survivor benefit plan was a pension benefit for military spouses, after the retirees passed away. We said if the retired veterans wanted to basically pay into a certain account, when the retiree died, their wives would receive 55 percent of the veterans retirement pay.

We created this fund. However, after it was established, budget policies were put into place that basically cut out that benefit. So we now have the unbelievable and untenable situation where spouses—most of them women; I would say 85 to 90 percent are female—who, by the request of our military, move themselves and their families every 2 years, which makes it extremely difficult for anyone to develop any consistency in a career outside the home, even if they were able and willing. Moving every 2 years doesn't give them the opportunity to expand their earning capacity. That was a sacrifice many spouses and their families made to support the men in this case—in most cases—serving in our military and to support the country.

Yet for all that great commitment and service and dedication, we tell them, thank you very much, but we are going to cut your benefits from 55 percent of what you and your spouse put

in, in some instances, down to 32 percent. It is not fair.

There are Senators on the floor—I see the chairman of the Budget Committee—who say we cannot afford to cut back the tax cut to provide for this. They say the tax cut is too important and we cannot even modify it or change it or postpone it or adjust it even in the slightest amount to pay for that.

I disagree. I think we can find a way to adjust the tax cut to pay for the widows who moved every 2 years, paid their own money into the fund, and now they get shortchanged. When we talk about supporting our military families, let's remember the soldier on the battlefield, and let's also remember the soldiers who are at home, both the spouses and children who bear a tremendous burden, who do it willingly and with great patriotism. Let's not ask them to sacrifice when others in this country are not willing to make that same sacrifice.

I will be offering this amendment later, supporting the amendment that is on the floor. Hopefully, we can convince some of the leadership to make adjustments in their tax cut plans to do some things we need to do for our men and women in uniform and their families.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM of South Carolina. Mr. President, I ask unanimous consent that Senators LINCOLN, DAYTON, MURRAY, MURKOWSKI, and MIKULSKI be added as cosponsors.

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

Mr. GRAHAM of South Carolina. Mr. President, as Senator DASCHLE has described, this will be offset. This will be budget-friendly, and it will be a huge deal to military Reserve and Guard families who are sacrificing much for their country. It will help build a better support network. If you are called to active duty for the Guard and Reserve, there is no daycare center on base because there is no base in which to go. There is no counseling service because you are sometimes in a rural community far away from military bases.

This continuity of health care would help dramatically. I urge its adoption.

I thank Senator NICKLES for making this possible. I look forward to writing good legislation to help the Guard and Reserve families.

I ask unanimous consent that all time be yielded back on this amendment.

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

Mr. GRAHAM of South Carolina. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, I compliment my colleague from South Carolina and the Senator from Kentucky, Mr. BUNNING, as well as Senator DASCHLE and Senator CONRAD. We have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2731) was agreed to.

Mr. NICKLES. Mr. President, again, I compliment our colleagues. I urge other colleagues, if they have ideas on amendments, to share them with us and maybe we can work some of them out and eliminate the need for rollcall votes. Rollcall votes take a lot of time and they also don't count on the time for the budget resolution.

I have a unanimous consent agreement on two additional amendments. We have unanimous consent on an amendment by Senator BYRD, dealing with striking the reconciliation instruction, dealing with taxes on the resolution. That is limited to 1 hour. That will begin in a moment.

Following that, I ask unanimous consent that an amendment to be offered by Senators WARNER and STEVENS pertaining to the Department of Defense be limited to 1 hour; an amendment by Senator FEINGOLD dealing with pay-go also be limited to 1 hour, with no second-degree amendments in order.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, it is my understanding, listening to my friend from Oklahoma, the votes will be stacked; is that right?

Mr. NICKLES. That is my intention. I think we can do all these amendments and probably start the votes shortly before 6. These are three important issues, so Members should be advised—I know Members on the Finance Committee wish to speak on a couple of these issues—to be prepared to debate, and Members should expect three rollcall votes shortly before 6 o'clock.

Mr. REID. Will my friend also agree to have 1 minute on each side prior to each vote?

Mr. NICKLES. I have no objection to that request. I modify my request so that the first vote be on Senator BYRD's amendment and then the following two votes, and the managers be allowed to have 1 minute each.

The PRESIDING OFFICER. Is there objection to the request as modified? Without objection, it is so ordered.

Mr. NICKLES. Mr. President, now we will begin consideration of an amendment Senator BYRD will lay down momentarily to strike the reconciliation provision.

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

Mr. CONRAD. Will the Senator withhold?

The PRESIDING OFFICER. Will the Senator withhold his request for a quorum call?

Mr. NICKLES. Yes.

Mr. CONRAD. Mr. President, Senator BYRD is now in the Chamber. While he is going to his desk to present his amendment, I wish to take this moment to urge our colleagues to get their amendments to us so we can review them, so we can eliminate duplication, so we can schedule them efficiently.

If Senators have an amendment they kind of like but really would not need to offer, please withhold. We already have 58 amendments noticed. That is 19 hours of voting. It is going to take discipline if we want to conclude the business on the budget resolution by Friday, which is our common goal. I thank the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia is recognized to offer an amendment. The Senator from West Virginia.

AMENDMENT NO. 2735

(Purpose: To provide for consideration of tax cuts outside of reconciliation)

Mr. BYRD. I thank the Chair. I call up my amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD] proposes an amendment numbered 2735.

Strike Section 201(a) of the committee-reported resolution, on page 24 line 21 through page 25 line 3.

Mr. BYRD. Mr. President, for many years, I have been growing increasingly concerned about the Senate as a forum for debate. Senators at every turn seem bent upon undermining this institution and the vision of our constitutional framers embodied in this upper body of the Congress.

The Senate is the only forum in our Government where the perfection of laws may be unhurried and where controversial decisions may be hammered out on the anvil of lengthy debate. It may be slow; it may be unwieldy; it may be frustrating to some; but it is the best means to achieving compromise, to ensuring an informed citizenry, to protecting the rights of the minority. To shut out the minority by limiting the right to debate is to needlessly and detrimentally infuse partisanship into the legislative process. That is exactly what we are seeing in this budget resolution.

Included in the Budget chairman's resolution are reconciliation instructions to the Finance Committee to report \$81 billion in tax cuts to extend the child credit, marriage penalty, and 10-percent bracket expansion that are scheduled to expire this year. If misused, there is no procedural mechanism in the Senate more contemptuous of debate than the budget reconciliation process, and it is being misused. It is a process that has morphed into an annual exercise where the majority party takes advantage of the limitations on amendment and debate allowed by the

Budget Act to shield controversial legislation from public discussion.

This budget resolution would use reconciliation to circumvent a debate in the Senate about the wisdom of allowing additional tax cuts to deepen the deficit.

I helped to craft the Budget Act in 1974, and I can tell Senators we never in that day contemplated reconciliation would be used to shield from debate legislation that spends the Social Security surplus and increases deficits. We, in that day, never one time envisioned these abuses of the process.

Senators regularly express their desire for less partisanship, longing for the days—the days almost beyond recall—when the Senate accomplished its business without the political acrimony that has marked recent debates.

One reason the Senate avoided such partisanship is because the leaders of the Senate respected the rights of the minority and allowed the Senate to work its will through open and vigorous debate.

In 1981, Republican leader Howard Baker of Tennessee had the opportunity to use reconciliation to pass President Reagan's tax-cut package. Did he use it to do so? No. He chose instead to allow the tax cut to be brought before the Senate as a free-standing bill and fully debated. He said at the time, and I quote Howard Baker:

Aside from its salutary impact on the budget, reconciliation also has implications for the Senate as an institution . . .

I believe that including such extraneous provisions in a reconciliation bill would be harmful to the character of the Senate. It would cause such material to be considered under time and germaneness provisions that impede the full exercise of minority rights.

Now, that was an extraordinary statement of extraordinary vision by an extraordinary Senator, Howard Baker of Tennessee. Let me read it again, and I quote him:

Aside from its salutary impact on the budget, reconciliation also has implications for the Senate as an institution . . . I believe that including such extraneous provisions in a reconciliation bill would be harmful to the character of the Senate. It would cause such material to be considered under time and germaneness provisions that impede the full exercise of minority rights.

That was a statement by a statesman. For almost 20 years, the Senate exercised restraint with regard to the reconciliation process, and until 1995 the reconciliation process served as a helpful mechanism for deficit reduction. Since then, the process has been twisted and contorted by those who find its limitations on debate and amendment too enticing to resist, using it to advance a partisan agenda.

The country is the worse for that legislative opportunism. Would that Howard Baker could again speak from these desks.

Today, the White House is projecting deficits at an alarming \$521 billion for the fiscal year 2004. To pay for its tax cuts, the Bush administration is spending every dime of the Social Security

surplus, money that the President and both parties pledged to set aside to save our retirement and disability system. According to the White House's own numbers, the gross debt just passed the \$7 trillion mark on its way to \$11 trillion in 2009, and there is no credible plan from this administration or this Congress to do anything about it.

In response to mounting budget deficit projections, President Ronald Reagan signed into law 12 bills to increase taxes, including legislation to repeal part of his 1981 tax cut. Similarly, in response to alarming deficit projections in 1990, President Bush's father made the courageous decision to break his no new taxes pledge.

State legislatures and Governors have been making similar decisions over the past 3 years in Alaska, Alabama, Connecticut, Idaho, Nebraska, Nevada, and Ohio. It is what is being debated right now in Richmond, VA.

Senator WARNER recently and courageously declared: Politics be damned. Let's consider what is best for the men and women and their families and children.

The debate about budget deficits is taking place all across this country. Ironically, the one place where debate is discouraged on this matter is right here in this so-called greatest deliberative body in the world today. The tax cut reconciliation instructions in this budget resolution would stifle a debate when it is most needed.

After 3 years of tax cuts and promises of job growth, the country has not reaped the benefits of those promises. We can tout higher economic growth rates. We can tout higher productivity. But none of these statistics mean anything to an unemployed worker. So far there seems to be no robust connection between these particular tax cuts and job creation.

Since January 2001, 2.2 million jobs have been lost. The manufacturing sector has endured 43 straight months of job loss. Discouraged workers are dropping out of the labor pool at a rate of 100,000 per week. One million jobs have been lost overseas. Countless workers, white-collar workers and blue-collar workers, are worried that their own jobs may be next.

The only thing we know for sure at this point is that tax cuts over the past 3 years have contributed to an explosion in debt. Just look at page 189 in the historical tables of the President's budget. After dropping to a low of \$5.6 trillion in the fiscal year 2000, the gross Federal debt has increased to \$5.8 trillion in the fiscal year 2001 to \$6.2 trillion in the fiscal year 2002 to \$6.8 trillion in the fiscal year 2003, and it will continue to increase to an estimated \$10.6 trillion in the fiscal year 2009. These figures are beyond all comprehension.

It is not just election year rhetoric. The IMF, the GAO, and the Federal Reserve are all in agreement that deficits do matter, and they are threatening to

derail the economy of the United States.

That is not all. The deficits also are threatening our ability to save Social Security. I understand why some would prefer not to engage in a lengthy debate about the explosion in the gross debt. The American public already is having trouble understanding why the Congress should enact the \$1.2 trillion in new tax cuts included in the President's budget before we have even figured out how we are going to pay for the cost of the ongoing operations in Iraq.

The budget resolution includes \$30 billion in funds for ongoing operations in Iraq. And that figure is only in here because of the thoughtfulness of the distinguished chairman, only because of his thoughtfulness and foresight in putting the figures in here. The administration downtown didn't put a penny in, not one thin dime.

But that \$30 billion is even less than what was included in the House budget, \$20 billion less than what the administration intends to ask from the Congress, and only enough to finance the first 6 months of the 5-year span in the budget resolution.

The deficits embraced by this budget resolution will prevent the Congress from allocating any money to address the threat to the Social Security system, even though the Social Security actuaries estimate \$1 trillion will be needed to finance the transition costs under the options proposed by the President's Social Security Commission.

Reconciliation protects additional tax cuts from public discussion about the size of the financial burden that will be passed on to our children and our grandchildren, and it leaves hanging questions about deficit and debt and balanced budgets that are clearly on the minds of the American people.

We have hard choices to make that may bring to bear enormous change in our Nation. We should not do so silently. This is no time to sweep problems under the rug. At the very least, we have a duty to the future to discuss and debate so that the public, the people out there looking at us through those electronic eyes behind that Presiding Officer's chair will know our reasoning and hold us responsible, hold us accountable. We should lay down a record so that, if in the end our choices are right, they may have in our example a good and steady guide and they may then say, "Well done, thou good and faithful servant. . . ." and so on. But, also so if destiny so transpires that our choices were wrong, others will not repeat our mistakes.

If we have learned nothing else from the events of the past year, we certainly should have learned the absolute necessity of debate in our democratic Republic. We should have learned the folly of failing to ask questions, of failing to probe and to delve, failing to do our duty as the elected representatives of the people of this great Republic. I

would think by now we should have learned the dire consequences of our failure to insist on debate. The Senate must not shirk its responsibility to engage in debate about these issues.

With the American public, according to recent polls, in such stark disagreement with the current course of our Nation's economic and budget policies, it is time for the Senate at long last to finally engage in an honest debate about the fiscal course laid out by this administration.

In recent weeks the chairman of the Budget Committee has expressed his desire to address the expiring child credit, the marriage penalty, and the 10-percent bracket tax cuts through the regular legislative process. The chairman of the Finance Committee has indicated his belief that including those tax cuts in the reconciliation bill would create a needlessly partisan debate.

The Senate needs time to explore these views. While these reconciliation instructions are viewed by some as only a backup plan if both the House and Senate pass a budget resolution with tax reconciliation instructions, the decision about whether to use reconciliation may be taken out of our hands. The House can force us to take up a reconciliation bill in the Senate containing tax cuts.

The American public deserves the opportunity to better understand how these tax cuts will affect our mounting budget deficits, and to probe whether these tax cuts should be offset. We should allow the Senate to have its debate, not stifle it.

That is the issue on which we will vote. A vote to strike the reconciliation instructions is a vote to allow the Senate to engage in an informed debate. That is what I want. I want an informed debate. That is why I am suggesting we strike these instructions, so we may engage in an informed debate about how to prevent the further deepening of the deficit, and a further worsening of the bitter atmosphere that has, regrettably, engulfed this body.

I urge Senators to vote to strike the tax cut reconciliation instructions.

I ask unanimous consent to add Senators CONRAD and BAUCUS as cosponsors of my amendment.

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

Mr. BYRD. I ask unanimous consent to reserve the remainder of my time. How much time do I have?

The PRESIDING OFFICER. The sponsor of the amendment controls an additional 8 minutes. The majority bill manager controls 30 minutes.

Mr. BYRD. I thank the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I compliment my friend and colleague from West Virginia. He is my friend. He is a valued member of the Budget Committee. He has been on the committee for a couple of years, and I very much enjoyed his participation with us on the Budget Committee.

As a matter of fact, one of my fondest moments, I will tell my friend from West Virginia, in my tenure as Budget chairman, occurred last year. We were in the process of marking up the budget. My first grandson was born. That happens to be day after tomorrow I celebrate his birth. You acknowledged it with a very nice poem, and I want to thank you for that.

Mr. BYRD. Will the Senator yield?

Mr. NICKLES. I will be happy to yield.

Mr. BYRD. You know, my wife and I are the proud possessors of two great-grandchildren, just within the last month. The distinguished chairman's grandson, and Erma's and my great-grandchildren, each of them owes, as of this past Monday, \$24,253.36 on the national debt of the United States. My amendment is for the purpose of keeping down this debt and not increasing the deficit.

Mr. NICKLES. I appreciate my colleague's comment. I appreciate the earnestness with which he says it and makes his case very forcefully, but I am going to urge the opposite side.

Let me say, I don't totally disagree with my friend and colleague from West Virginia. I regret it appears we probably need reconciliation at times to get things done in the Senate. My colleague from West Virginia opined about the great days years past when Howard Baker was majority leader. I remember that very well. I remember passing great tax bills. We actually passed a tax bill in 1981, and in 1986—by 1988 the maximum tax bracket went from 70 percent to 28 percent. The Senator from West Virginia is right, it wasn't done under reconciliation.

But I also say the climate was much better in the Senate. There was a lot more cooperation in the Senate. The Senate was more civil and I wish the Senate would return to those days. I hope we don't need reconciliation to pass the bills we are advocating or encouraging the Finance Committee to do. I think it should be able to be done without reconciliation, if the Senate would work the way it should work.

The Senator from West Virginia knows, though, things have changed. Unfortunately things have changed a lot in the Senate. We used to not have filibusters on judges, never had them in the history of the Senate. Now we have six individuals we can't confirm because they happen to be nominated to an appellate court.

We have a situation today where we can't even get bills, in some cases that have been approved by the entire Senate unanimously—we can't even get conferees appointed. Senator ENZI from Wyoming sponsored a bill that has strong bipartisan support. The Workforce Reinvestment Act passed the Senate unanimously, and we can't get conferees appointed.

I am troubled by how difficult it is or how partisan it is to do a lot of work in the Senate.

Last year, yes, we used reconciliation to pass a tax bill and the tax bill was

a jobs growth bill. To help the economy we did it, and frankly it worked. If we hadn't used reconciliation last year, it wouldn't have passed. The only reason I was advocating, reluctantly, that we use the reconciliation process to pass it was because I thought it was the only way we could pass it. In days of old, you could pass legislation in the Senate with a majority vote, but a lot of times people think we need to have 60 votes to pass everything. I think that is a serious mistake. The tax bill we did pass last year did cut taxes on dividends.

We used to tax corporate dividends higher than any other country in the world. We slashed that tax by half—in some cases more than half—and it worked. We cut the capital gains rate from 20 percent to 15 percent, and it worked. We set the maximum rate for individuals as the same rate for corporations—35 percent—and it has worked. The economy really did start to move. The reconciliation process and expedited procedure helped us to do things that, frankly, in the past we couldn't have done under normal procedures. The only way to make sure there is not a tax increase on my daughter and, frankly, on my grandson is to make sure we have reconciliation.

I appreciate Senator BYRD saying the amount of debt per child born today is very significant. I want to reduce that. We have a budget that is the most significant deficit reduction package before this Senate in years—maybe decades, maybe ever. We take a \$477 billion deficit and reduce it in half in a couple or three years. That is not easily done. I don't think we should raise taxes on American families by not having this reconciliation process. I am afraid that is what will happen.

Some people say you want to give additional tax cuts. The truth is, we want to keep the tax cuts that are now in law. We don't want to have tax increases on American families. If we don't have this reconciliation process, that may well happen. It may be that some Members, for partisan reasons or whatever, would say: I just do not want that to happen. I know President Bush really wants it, and, therefore, they might work hard to see that it doesn't happen. What happens if that is the case? If the tax bill, which is current law, is not extended, there will be a tax increase on American families.

To give you an example, a couple that has taxable income of \$58,100—that is not a particularly wealthy family; I think most of us would say that is a middle-income family—this year, under present law, will pay \$6,000. If we don't keep present law, their taxes will increase to \$7,600; that is for a family of four.

I will outline it. With the provisions that we are assuming in reconciliation, the Finance Committee can reconcile anything. If we give them \$80 billion and say, reconcile the tax reduction, we are assuming—presuming maybe—they would extend present law. We are

not trying to cut taxes further than they are in the year 2000. We are just trying to keep the present tax law from increasing. If we don't do it, they will find with the tax credit we have now that the \$1,000 a child goes to \$700. That is a \$300 tax increase on that family. If they have two kids, that is \$600. If they have four kids, that is \$1,200.

Last year we also did something that a lot of people do not understand but it is very significant in the Tax Code. We have the most significant reduction in the marriage penalty—the imposition of taxes on people and penalizing them because of the fact they are married. It is a higher income tax on couples as compared to individuals. We have the most significant reduction of that tax in history. We basically said for at least the couple they should pay the 15-percent bracket. Basically they should have to double the amount of income that an individual has on the 15-percent bracket. It should be doubled for couples. Individuals who have taxable income pay at the 15-percent bracket—taxable income up to \$29,000. We say that should be \$58,100 for a couple.

If we don't extend present law, they will have a tax increase of \$900. They will be paying 25 percent, not on income above \$58,100. They will be paying 25 percent above any income above \$42,000. That is a \$900 tax increase, if we don't extend present law for a married couple.

My father-in-law and mother-in-law are both retired. Their income is in this category. I don't want them to have a \$900 tax increase. I don't want my son and my son-in-law and my daughter to have a \$900 increase. I want them to be able to get a \$1,000 tax credit. It costs a lot of money nowadays to raise children and to educate children.

We also have an expansion of the 10-percent bracket as well. More people pay more who have a greater amount of income. They pay a 10-percent tax instead of 15 percent. That tax rate used to be 15 percent and was reduced to 10 percent, and we expanded the amount of income covered under that.

To make sure people understand, we are trying to extend present law to make sure that a couple with a taxable income of \$58,100 will not have a \$1,600 tax increase if they have two kids. If they have four kids, it would be a \$2,200 tax increase. I didn't want that to happen to American families.

One way of making sure it doesn't happen is to have reconciliation protection so we can pass a bill. If we get bogged down politically and Senator GRASSLEY and Senator BAUCUS can't get it worked out, if there are endless amendments and people will say we are going to keep amending this thing forever, you will never get an agreement to finish it. It is nice to have at least in the arsenal to get things done a reconciliation process where it can guarantee that we don't increase taxes on American families. That is why this reconciliation provision is in there. It is not a lot of money.

We are assuming, according to the Congressional Budget Office, almost \$12 trillion of revenues to be generated to the Federal Government under present law over the next 5 years—\$12 trillion. I will tell my colleague from West Virginia that we are only reconciling \$81 billion out of \$12 trillion.

Again, I don't consider that new taxes. That is extending present law for American families—for low-income and middle-income American families primarily. They will be the big beneficiaries of this.

I have the greatest respect for my colleague and friend from West Virginia. But I urge our colleagues to vote no on the amendment to strike reconciliation because this is our resource if people are obstructing passing bills. It seems to be more prevalent all the time in the Senate today. Let us maintain some protection for the American taxpayer by using reconciliation, if we have to. We can make sure these tax increases of \$1,600 or \$2,200 for a family of four do not happen. Let us not saddle American couples with a \$900 tax increase. Let us make sure we protect taxpayers and American families. I am afraid, unfortunately, we need reconciliation as an option to make sure they aren't faced with a big tax increase.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, may I get 3 minutes?

Mr. BYRD. I yield 3 minutes.

Mr. CONRAD. Mr. President, let me say we don't need the reconciliation process to extend the middle-class tax cut the chairman has referenced. I support and I will work to get votes to extend the \$1,000 childcare credit, to extend the marriage penalty relief, and to extend the 10-percent bracket. I am absolutely confident that we can get the votes to do that outside of reconciliation.

What is wrong here is to use reconciliation for tax cuts. Reconciliation, which is a fast-track process in the Senate that limits our right to debate, that limits our right to amend, is used for something other than deficit reduction. The only reason Senators agreed to give up their basic rights was because we were in a crisis that required deficit reduction. This is adding to the deficit—not reducing it. The chairman said this budget before us has a record amount of deficit reduction. This budget before us has a record amount of debt increase. This budget before us will increase the debt of the United States by \$2.86 trillion over the next 5 years.

The former Budget Committee chairman, Senator DOMENICI, said this about reconciliation:

Frankly, as chairman of the Budget Committee, I am aware of how beneficial reconciliation can be to deficit reduction. But I am also totally aware of what can happen when we choose to use this kind of process to basically get around the Rules of the Senate

as to limiting debate. Clearly, unlimited debate is the prerogative of the Senate. That is greatly modified under this process. I have grown to understand that this institution, while it has a lot of shortcomings, has some qualities that are rather exceptional. One of those is the fact that it is an extremely free institution, that we are free to offer amendments, that we are free to take as much time as this U.S. Senate will let us to debate and have those issues thoroughly understood both here and across the country.

Finally, the simple fact is, the reconciliation instruction in this budget resolution doesn't assure that those tax cuts—the middle-class tax cuts—will be the ones that are, in fact, brought back to us by the Finance Committee. We all know the budget resolution does not make the specific decisions of how the revenue is raised by the Finance Committee.

The chairman of the committee has said over and over in the Senate, we do not control the specifics of what the Finance Committee does. All this reconciliation instruction does is give \$80 billion to the Finance Committee. They can use it for any tax-cutting purpose.

Again, we can have an extension of the middle-class tax cuts, \$1,000 child credit, and 10-percent bracket, the marriage penalty relief without the blunderbuss of reconciliation.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I will be brief with a couple of comments.

According to the Department of the Treasury, if Senator CONRAD is correct, we give the Finance Committee an instruction and they can do whatever they want, but these three provisions I mention are the only ones that expire at the end of this year that have a lot of popular support because they affect millions of people.

The Treasury Department says if these are not extended, 94 million taxpayers would receive an average tax increase of \$538 if we do not extend these three. Seventy million women would see their taxes increase on average \$662. Forty-six million married couples, including my son-in-law and daughter, including my father-in-law and mother-in-law, 46 million married couples would pay on average an additional \$906 in taxes. Thirty-eight million families with children would incur an average tax increase of \$902. Eight million single women with children will see their taxes increase on average by \$368. Eleven million elderly taxpayers would pay on average an additional \$383. I could go on.

This is important to protect these families, these citizens, these women, these children from a tax increase. I am afraid that reconciliation is the only tool we can have to almost assure them they will not be straddled with a big tax increase for next year.

I reserve the remainder of my time.

Mr. BYRD. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from West Virginia controls an additional 5 minutes.

Mr. BYRD. I thank the Chair.

The distinguished chairman has alluded to the sometimes ill will that exists increasingly within our own premises. That ill will is often engendered by the meddling of the White House. The White House should not meddle in the business of the Congress. Congress should pass bills and the President can decide whether to sign or to veto them.

Last year, the President stepped in late in the debate on the Omnibus appropriations bill and forced the conferees to drop protection for workers to earn overtime. He forced us to change the media ownership rules in order to protect large corporate interests. We should not allow the President to force the Congress to consider legislation through reconciliation.

Moreover, I say to my friend from Oklahoma, this amendment is not about tax cuts. It is about paying for tax cuts. This budget resolution assumes that our gross debt will grow to \$10.6 trillion by 2009. This resolution does nothing to address the staggering debt. In fact, it assumes \$144 billion of additional tax cuts with \$81 billion of tax cuts cloaked within the protection of reconciliation. We should insist on a full debate on whether these tax cuts should be paid for.

We do not need reconciliation to get things done. In 1981, we passed President Reagan's tax cuts without reconciliation. Reconciliation was designed to pass difficult legislation that would help to reduce the deficit. It was not designed to pass tax cuts. We are facing huge deficits. We should have an opportunity to actually debate whether additional tax cuts should be paid for.

May I say to my chairman, I respect him greatly. I am sorry he has voluntarily elected to leave the Senate and not chair the committee. I have tremendous admiration for him. I have always enjoyed his friendship and my associations with him, and I shall long miss him.

I hope, on the note on which we have been playing, Senators will support my amendment.

Does my chairman wish any further time?

Mr. CONRAD. How much time?

The PRESIDING OFFICER. The Senator from West Virginia controls 1½ minutes.

Mr. BYRD. I yield that time to my chairman.

Mr. CONRAD. I thank the Senator.

I yield 5½ minutes off the resolution and the minute and a half that we have in addition for a total of 7 minutes to the Senator from Montana, the ranking member of the Senate Finance Committee.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, all Members ought to think and reflect upon this amendment and how important this amendment is. First of all, let me explain what this amendment does and what it does not do.

What does it not do? It does not prevent any of the middle-income tax cuts

we all want to extend. It does not do that. It does not prevent those tax cuts. It does not prevent Congress from enacting an extension of those tax cuts that we all want to extend. This amendment has no effect on that.

What does it do? It says we should not use the regular Senate rules in deciding whether to extend and how to extend the middle-income tax cuts; that is, the child tax credit, the marriage penalty, and the 10-percent bracket. It says no, create a special rule. Do not use the regular order, the regular standing rules of the Senate in determining how and in what way we extend those middle-income tax credits. This amendment does say do not do that. And Congress will extend those middle-income tax cuts. That is not the issue. We are going to do that.

The issue is twofold. One is, should we pay for them or not? That is the issue. And there are lots of ways we could pay for it, lots of ways that are virtually painless. What are those virtually painless ways? Closing a lot of tax loopholes. There are countless tax loopholes that we can pass very quickly, shelters that are ripping off American taxpayers, post-Enron provisions. There are a host of them. We talk about SILOs, for example. We know we are about to find in the Finance Committee other shelters being used that are not widely known.

That is why we are saying this is a two-for. We are saying to extend the middle-income tax credits, tax provisions, child tax cut, and the 10-percent bracket, and at the same time we are going to clamp down on some tax loopholes. I am not being facetious or joking about this. This is real. There are immense loopholes we can and should close down. I know the Presiding Officer agrees, as most Members would agree. This is a two-for.

We are saying, let's get that two-for, get both of those passed. And we have to pass the amendment of the Senator from West Virginia to do that; otherwise, we are saying change the Senate rules, extend these tax cuts but do not pay for them, do not enact those shelters.

I also add, we have a moral obligation.

We have a moral obligation, I believe, as Senators, as representatives of our people, to leave this place in as good a shape or better shape than we found it. That pertains to the environment. That pertains to the budgets. That pertains to all we do. We are entrusted with such responsibility as U.S. Senators.

And, my Lord, it seems to me, right off the top, at the very least, we could cut back on the irresponsible, large deficits and debts we are going to be leaving our children and our grandchildren. That is a moral obligation you have, I have, and each Member of this body has.

By adopting the amendment of the Senator from West Virginia, we can make good on that moral responsi-

bility, that moral obligation, by saying, sure, we are going to extend the tax cuts, as well we should, but we are going to do it in a responsible way; we are not going to add to the budget deficit; we are not going to add to the debt. It is the only right thing to do. I urge my colleagues, therefore, to pay very close attention to the Senator's amendment and to adopt it.

I might add, there are other issues. I do not think these have been thought through very much. Let me just explain.

The budget resolution instructs the Finance Committee to decrease revenues by \$80.6 billion. This is intended to cover the extension, as I mentioned, of expiring middle-class tax cuts—the 10-percent bracket, the marriage penalty, and the child tax credit. The instruction for this tax bill does not, however, include any instructions to increase outlays.

Why is that important? It is very important. It is an instruction for tax cuts. Why am I saying we need to also increase outlays? It is not called for in the budget reconciliation provision. I say so because these specific tax cuts also require outlays. That is because there is a refundable part of these tax cuts. Let me explain it.

The child tax credit provides a \$1,000 per child tax credit for low- and middle-income families. There are some working, low-income families that do not have income tax liability that this credit can be used to offset. Even so, they are out there working every day paying a good chunk of their paycheck in payroll taxes. For these families whose income does not qualify, we provide, in the law today, as you know, a refundable child tax credit. They do not have the income liability to offset, so they get a refund from the Treasury, and this scores for budget purposes as an outlay.

These reconciliation instructions tell us to extend the child tax credit. But we know that if we extended the child tax credit for all the families that currently receive it, it would take about \$20 billion in outlays. But the reconciliation instruction fails to include this. It does not even mention it. In fact, by definition, therefore, we cannot increase outlays.

So what does this mean? The best I can figure it, it means we should extend the tax cuts for all families—except for the working poor. If middle-income families deserve to get the \$1,000 child tax credit next year, then why not low-income families?

We have heard many times this week: Families should not see their taxes increase next year. We should extend the current tax relief. So why does this budget leave the working poor families behind?

There are about 26 million families that receive the child tax credit. About 8 million of these families receive some refundable credit. That is almost one-quarter of all child tax credit recipients, families making between \$10,500

and \$26,000. Three-quarters of families deserve an extension of the full child credit but not the remaining one-quarter? This does not make sense. Give me a break.

Who are the families that will be left behind? Let's think about that a second. A single mother of one, making \$17,000 a year is left behind. A couple, both working full time at minimum wage is left behind. What other type of family is going to be left behind? Military families. There are a couple reasons for this.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BAUCUS. Mr. President, I ask unanimous consent for 2 additional minutes.

Mr. CONRAD. Mr. President, I give the Senator 2 minutes off the resolution.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator is recognized.

Mr. BAUCUS. Why are military families left behind under this reconciliation instruction?

First, there are many military families that have incomes between \$10,000 and \$26,000 a year. Roughly, 200,000 military personnel fall within this income range. They all get the refundable child tax credit. But under the reconciliation provisions, which the Senator from West Virginia wishes to delete, they would be left behind. They do not get any help.

Second, there are many military personnel with higher incomes who receive the refundable child tax credit. But why do the higher income people receive the refundable child tax credit? That is because they have been called to serve in combat zones. Why is that relevant? Well, the income military personnel receive when they are in a combat zone does not count for income tax purposes. That means it also does not count for purposes of determining the child tax credit. How many are those? At least 40,000. So even though these families make more than the \$26,000, they are receiving the refundable child tax credit because they are in a combat zone.

So roughly a quarter of a million military families are being cut out by the Budget Committee's reconciliation instructions. Families that receive the refundable credit simply because they are serving in a combat zone or simply because they are serving in the military—all these families will be left behind.

We all agree, extending the child tax credit is critical. So why are so many families being excluded?

This reconciliation instruction will not work the way it should. It is not right to cut so many low-income people off and out of the child tax credit. That is wrong. So let's work together. Let's use the regular order and the Senate rules so we can fix some of these discrepancies that exist in the current budget resolution.

I urge my colleagues to support the amendment of the Senator from West Virginia. It is the right thing to do.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. GRASSLEY. Mr. President, I yield myself up to 15 minutes of our 17 minutes for remarks I will have on the subject.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, first of all, I think, based upon my close working relationship with the Senator from Montana and our work on guiding the Finance Committee, from what he said, I have just one disagreement with his position. I think the difference between what he said and the position I am taking is that I, myself, as leader of the committee, want to do things through regular order. I think we can do things through regular order.

But just in case we cannot, since this tax policy is so important to working men and women—not increasing their taxes next year is so important—I want the insurance policy a reconciliation package gives us, just in case there is something unpredictable out there.

Now, I do not think I would have said that same thing in 2001, I would not have said that same thing in 2003, where I believed we needed to absolutely pass something that was going to be so controversial that it would not pass maybe except by reconciliation.

In this particular case, I believe we are going to have the spirit, the bipartisanship to get this stuff done without going through reconciliation. So I think that is the only place I disagree with my colleague. In other words, I am speaking for the budget resolution as it came out of the Budget Committee.

But what we are setting the stage for is a debate on whether the Finance Committee will have an opportunity to reduce taxes for families and children or, in this particular case where we already have these tax reductions in place, to keep them from automatically, without a vote of the Congress, going up next year.

I want to underscore the word "opportunity," because that is what this debate is all about today on the budget resolution, an opportunity—with some assurance because of reconciliation as a shotgun behind the door—for tax reduction.

This vote is not about the tax reduction itself. That debate and vote will come later, on the product of our committee, the Finance Committee, when we mark up tax reduction legislation. This vote today is about whether we will consider the tax reduction under reconciliation or the possibility of using reconciliation because reconciliation, just plain and simple, as we sit here today, is the only way that we can guarantee tax relief to the American people in a timely fashion.

Now, there have been some very strong statements made by some on

the other side of the aisle about tax relief and about reconciliation. Let me say to those who are worried about this instruction, I, as chairman of the Senate Finance Committee, plan to use this as a backstop, not as my primary tool.

My hope is that we deliver family tax relief through regular order. I will not use this instruction, should it survive this vote in conference, unless we have to. We have reconciled tax cuts on several occasions—1995, 1997, 1999, 2001, and we did it last year.

The opposition is not based on precedent. The precedent is very clear. The measures we are talking about are supported on both sides of the aisle. I am talking about the child tax credit, the marriage penalty relief, and expansion of the 10-percent bracket.

Let's be clear. If the Congress does not act, we are talking about a tax increase for nearly every American who pays taxes. It will also help out a lot of low-income families with a refundable child tax credit, if we can deliver this relief. That is another thing I would suggest to people on the other side. If they want a refundable child credit and we get into a hassle where it cannot be done through regular order, it would seem to me they would want to have a process of reconciliation because it guarantees finality. You never get anything until you get to the finality of votes.

A bigger tax credit is a better tax credit. A tax benefit under refundability of \$300 per child means a lot to hard-working men and women in my State, and every State. Keep in mind the opposition has no problem with raising taxes in reconciliation. Somehow that is OK. It has been done many times. If the 1993 Clinton tax increase were repealed today, it would score over \$1 trillion over 10 years. Who is to say that a \$1 trillion tax increase is appropriate in reconciliation, that somehow you can use the process of reconciliation guaranteeing finality, cutting off debate after 20 hours, OK, if you want to raise taxes. That would be for a \$1 trillion tax increase. But somehow it is wrong to do it for a \$90 billion tax reduction. Democrats, in 1993, used reconciliation—within their rights from our view—to further their President's program, a partisanly designed major tax increase. Eleven years later, we are faced with a different situation, though I am hopeful more than one Member on the other side will support the final product. Republicans, by a razor-thin edge, control the Congress and have a President of our party in the White House.

I want to make another point that, for those of us on this side of the aisle, is very compelling, especially in the context of our side's concessions in the power-sharing agreement. We believe the Byrd amendment should not be necessary. Reconciliation affords us a backstop to ensure that tax relief stays in place. I hope the Finance Committee will not need reconciliation. Hopefully,

one way or the other, we will get this tax relief.

A vote against the Byrd amendment is a vote for an insurance policy that tax relief will get to American families.

In closing, I point out this would be a hypothetical family, but presently for the year 2004, this family would be paying \$6,000 a year in taxes. If we don't do anything before this year is out, then automatically certain provisions are going to expire. This family, starting January 1, 2005, is going to be hit with a 26-percent tax increase. You can see it would go up \$600 because the \$1,000-per-child tax credit would expire. When the marriage penalty relief expires, that family is going to pay \$911 more. Why? Just because they are married. If they weren't married, they wouldn't be stuck with this, if they were filing separately. Then because they are going to have expiration of the 10-percent bracket expansion, they will pay \$100 more. That is \$1,611 more in taxes because of inaction by this Congress.

That is wrong. We have a chance to do something about it. We ought to do something about it. I think we can do something about it in a bipartisan way through regular order. But in case we cannot, because this body gets locked up too often—call it a filibuster, it is locked up, no finality. It takes a 60-vote supermajority to overcome it; sometimes you can't overcome it. Then for this family, they ought to be entitled to a reconciliation, shotgun, behind-the-door process so we can guarantee them no tax increase.

It is one thing for us to vote a tax increase: it is another thing to have a tax increase because of inaction by this Congress. That could happen. I don't want that to happen. It doesn't have to happen this way. We can use regular order. But we ought to provide some assurance to this family that they don't get a 26-percent increase in taxes.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Oklahoma is advised he has 7 minutes remaining.

Mr. NICKLES. I compliment my friend and colleague, the chairman of the Finance Committee. He and I were elected to the Senate together in 1980. We have been friends ever since. I absolutely love a person who has intensity on issues. I love a person who likes to get things done. I love it when we actually do something that makes American families better.

The tax bill we passed last year helps American families. It helps this family with a taxable income of \$58,000. I don't know how many times I have heard that the tax cut is a tax cut for the wealthy and the rich. That is hogwash. This proves it. A married couple making \$58,000 in taxable income, if they have two kids, saves \$1,600. That is real. That is significant. Frankly, it happened in large part because of the chairman of the Finance Committee,

Senator GRASSLEY. I compliment him for his work and his speech. He is exactly right.

I want to help American families. That is the reason we want to preserve this option. I compliment Senator GRASSLEY. I urge our colleagues to vote no on the Byrd amendment when we vote.

For the information of our colleagues, I expect we will have three rollcall votes probably at 6 o'clock.

I yield back the remainder of our time on this amendment.

Mr. CONRAD. Might I just take 30 seconds off the resolution?

Mr. NICKLES. I will withhold.

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

Mr. CONRAD. May I say to my colleagues, I have not heard a single Senator who is opposed to extending the middle-class tax cuts. I have not heard a single Senator who is opposed. There is no need for this reconciliation instruction for the purposes of tax reduction. The fact is, this budget resolution does not assure the money will be used for that purpose. We all know the Senate budget resolution cannot compel the Finance Committee to make any specific decision. Again, I would just say to my colleagues, I don't know of a single Senator who is opposed to extending the middle-class tax cuts.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I wish that was the case. But I would like to say that there has been a lot of politics. Maybe this is more a political year because of the election. We can't even get conferees for the Workforce Reinforcement Act, a bill that passed unanimously in the Senate. Yes, you might say everybody is in favor of it, but people might find a reason not to give consent to pass it or they might say: I will pass it, but I want to offer amendments. And maybe those amendments would continue to be offered, more and more amendments.

Tax codes are interesting. The Senator from North Dakota and I both serve on the Finance Committee with Senator GRASSLEY. When you get a tax bill on the floor, you could have an unlimited number of amendments. There are 100 Senators and probably every one of us has different ideas on the Tax Code. We might start debating ethanol subsidies because the Senator from New Hampshire and others believe we have overdone it on ethanol. Before you know it, we might not finish this bill.

The chairman said he wants to make sure we can get it finished one way or another, to make assurances to those families who have kids, or those married couples, that they are going to continue to keep the same taxes so they don't have a tax increase.

This is not about tax cuts. This is making sure they don't have a tax increase. The only way we can make sure they don't have tax increases is to defeat the Byrd amendment.

Mr. President, I yield back the remainder of our time on the underlying amendment.

Mr. NICKLES. Mr. President, I believe the regular order would be to recognize Senator WARNER for his amendment.

The PRESIDING OFFICER (Mr. SMITH). Under the previous order, the Senator from Virginia is recognized to offer an amendment.

Mr. WARNER. I thank the Chair.

Mr. NICKLES. If the Senator will yield for a moment, 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. CONRAD. 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. CONRAD. Momentarily, we will be considering an amendment with respect to the defense budget for the year. That is being worked out now, and Senator WARNER will be here momentarily. Perhaps he is almost ready.

I wish to express the opinion that I do not think it is wise to cut the Commander in Chief's defense request when we are at war. I don't think that is the right policy. I don't think it sends the right signal. I personally believe the increase ought to be paid for. But I think we ought to increase the defense request to what the Commander in Chief has recommended when we are at war.

With that, I see Senator WARNER, so I will stop until he has made his presentation, and then we will have a further opportunity to discuss the pending amendment.

Mr. WARNER. Mr. President, I thank the distinguished Senator from North Dakota. Momentarily, he is quite correct, we will address that.

This amendment raises the caps and we do not have an offset in it. We believe at this point in time the urgency of the matter dictates that we do just what I hope the Senate will do by virtue of adoption of this amendment.

Momentarily, the Senator from Oklahoma will return to the floor and perhaps the Senator will ask if we may proceed.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CONRAD. 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. CONRAD. Mr. President, parliamentary inquiry: How is the time being charged?

The PRESIDING OFFICER. Time is being charged against the resolution. The quorum calls are being equally divided.

Mr. CONRAD. We are not charging time against the amendment then.

The PRESIDING OFFICER. That is correct.

Mr. CONRAD. I do not want to take action without consulting the other side, and the chairman is not in the Chamber at the moment. So I will not make a request at this point. Maybe if we can ask the floor staff to check if we want to be charging time to the amendment on an equal basis. I asked that question because we have tried to carefully calibrate this so we would have a voting window starting at 6 o'clock. Maybe if people can check, and while that is being done, I will add a few thoughts on this question.

I agree with Senator WARNER we ought to increase the defense allocation to the request of the Commander in Chief when our troops are engaged in combat. I think that should be done.

I also believe we ought to pay for it. As I understand it, under Senator WARNER's amendment, the increase will be made to increase the budget allocation to the request by the President—I agree with that—but it will not be paid for. With that I do not agree. When presented with a choice, I will vote to increase the spending to the request by the Commander in Chief because I do not think it is appropriate policy not to fully fund the Commander in Chief's request when our troops are engaged in combat half a world away. Our troops right now are engaged in direct combat in Iraq and Afghanistan and, of course, in addition to that, we are engaged globally in the war on terror. That does not mean we should not pay for these additional expenditures. Already we see record budget deficits.

We see in this budget resolution the debt of the country being increased by \$2.86 trillion over the next 5 years. That is a stunning amount of money. The assertion by some that the deficit is being reduced really pales in consideration and in comparison to what is happening to the debt.

The increases in the debt under this budget are simply staggering—\$2.86 trillion over the next 5 years. That is before the baby boomers retire, that is before the full cost of the President's tax cuts explode because they increase geometrically right beyond the budget window.

I would hope we would increase what is in the budget for our national defense to the amount requested by the President, but we do it in a way that is paid for. I think that would be the right approach. Unfortunately, Senator WARNER's amendment has half of that formula. He will have the increase in funding but will not have the appropriate offsets.

We will have a vote later on the question of paying for this increase. I hope my colleagues are on notice on what this amendment will involve, and hopefully we will be on this amendment soon.

I will withhold my request if the Senator from Missouri wants to take some time. Can we go on to the amendment then? The Senator from Missouri will

speak with the understanding that the time will, at a later moment, be taken off the time of the amendment so we can try and stay on schedule.

I thank the Chair. I thank my colleague.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. TALENT. Mr. President, I thank my friend from North Dakota for accommodating me and allowing me to speak for a few minutes about the amendment we all know is going to be offered in a few minutes by our friend and colleague, Mr. WARNER from Virginia.

I do thank and congratulate Chairman WARNER and also Chairman STEVENS, not just for producing this amendment I think is so important, but also for their work over the years in sustaining America and keeping faith with the men and women who keep faith with us every day and serve us on the front lines and on the back lines and throughout the world to keep our country safe.

I want to suggest to the Senate there is no more serious amendment we will consider in this debate on the budget than the one Senator WARNER is about to offer.

America is deeply engaged in the world in all respects, and it should be, it needs to be. It is a difficult task, but it is one we bear every day as a nation in a lot of different ways.

Yet despite all our other efforts, despite our diplomatic efforts, despite our participation in international organizations, despite the coalitions we have built around the world, despite our foreign aid, despite our exhortations based on our philosophy, despite the power of our ideas, as important as all of that is, America's security and the security of our allies and our friends around the world depends and continues to depend on the reality and the perception of our military power.

That is what is at stake in this amendment today. The President of the United States has submitted a defense budget which states a requirement of \$421 billion for the national defense. In my judgment, that is quite probably too low. I have argued for 10 years, first in the House and now in the Senate, that we are not adequately funding our defense establishment.

I simply offer very briefly as evidence of that the fact the Joint Chiefs of Staff recently submitted, in response to a question from Congressman IKE SKELTON, my old and dear friend from the other body, about what their unfunded requirements were. In other words, what are their requirements they were not able to get into the President's budget.

They submitted \$12 billion in unfunded requirements, and that is just their top priorities: \$6 billion for the Army; \$2.5 billion, roughly, for the Navy; \$2.5 billion for the Air Force. I think it is more than that, based on my years of experience. I believe we could

add \$15 billion to \$20 billion to the budget for procurement alone without overfunding America's military. I will explain in a minute why we are in this position.

The Army needs to be bigger. I supported an amendment that was offered by the Senator from Rhode Island, Mr. REED, last year to increase the size of the Army. I think it needs to be another 30,000 to 40,000 men and women. I am pleased to say the administration is moving in that direction now, at least on a temporary basis, but that requirement was not included in the President's budget. Half of military housing is inadequate. That was not provided for in the President's budget. There are other quality-of-life needs we would like to meet.

Many of us here would like to resolve the issue of concurrent receipt, for example, so we can allow our military retirees who also have a military disability pension to keep both their retirement they earned and the disability benefits they deserve. That is not included in the budget. I could go on on behalf of my belief that the \$421 billion the President has asked for is probably too low.

Now, I am sure it will be said by some in the debate on this amendment that the President's budget increases defense from last year by 7 percent and that is too great. That is above the rate of inflation.

Our spending on defense as a percentage of gross domestic product is less than it was prior to World War II. We spent 47 percent of our discretionary funds on defense in 2002 compared to 60 percent in 1990, and we are at war. It is time for us to get as serious as the men and women in America's military are about winning this war.

I went into the Congress in 1993. It was just after the outgoing first Bush administration had, in response to the cold war, cut the size of America's military establishment by about a quarter to establish what they called the Bush base force, which, by the way, is probably about what we need today, in my judgment.

The incoming Clinton administration then cut the size of the force an additional 25 percent, to about a third, depending on which branch of the service we are talking about. I argued all throughout the 1990s that we were not funding even that undersized force adequately.

All throughout those years, we were tacitly engaging in the assumption in this Congress that there was not any real threat to the United States; that with the end of the cold war in some sense history had ended as well.

Well, history had not ended. It had not ended all those years. It was just frozen and it thawed out with a vengeance on September 11. All the ethnic and regional rivalries of the world—fanaticism, nationalism, extremism—have risen up now to threaten us and once again we rediscover we do, indeed, need America's military and we do, indeed, need to fund it.

The question today is whether we are going to be serious on behalf of that responsibility. The force is too old. The reason it is too old is that all throughout the 1990s we were not buying enough new, what they call in the military, platforms, trucks, and planes.

When the capital stock is not replenished, it gets old. The average age of an aircraft in the U.S. Air Force is 22 years; the bombers, over 40 years; Navy and Marine aircraft, 18 years. We do not have enough ships in the Navy. We have 294 ships in the Navy. The Chief of Naval Operations, the Chief of Staff of the Navy, says we need 20 more today. His vision for the future is 375 ships, and we are not buying enough to get us there. We are not buying enough to maintain a 300-ship Navy.

I could go on. I have done it before, at least when I served in the other body. Some evening I will probably have occasion to spend 45 minutes or an hour discussing this.

To his credit, and in the face of the threat presented by the terrorist war, President Bush has regularly submitted substantial increases in the defense budget to this Congress. To its credit, this Congress has supported those increases. Along with the tremendous dedication of America's military and the vision and leadership of those who are running it, it is helping. We need to stay at least on that course.

It would be almost a historical abdication of our responsibilities were we not to provide for at least the amount of money the President of the United States has asked for America's military while America's military is fighting a war for us.

The only argument against it is that the deficit is a problem. Well, yes, the deficit is a problem. We are in a war. Members who do not believe that should read about it. It is in the papers every day. We are in a war. We are also in a recession.

I have not gone back and checked the Almanacs but I cannot imagine a time when the United States has been in a war and a recession and has not run a deficit. If my colleagues are worried about the deficit, let me suggest what will increase the deficit: If we lose the war, I guarantee that will increase the deficit. We do not have to lose it; we just have to suffer another significant attack on our homeland, and it can happen. That will increase the deficit. In fact, all we have to do is encourage America's enemies—and we have enemies around the world—to believe that we will not see this through, that we will retreat. I guarantee that will increase the deficit a lot more than the amendment of the Senator from Virginia proposes to do.

Let's not be shortsighted. I have confidence that this Senate will not be. I do not want to sound like a scold; I really do not. I am proud of what the Congress has done the last few years in supporting our military.

I serve on the Armed Services Committee. I am proud to be on that com-

mittee. An hour ago I left a hearing, which I had the honor of chairing, of the Seapower Subcommittee, where Senator KENNEDY is the ranking member. We had several hours in which we considered the capacity of our military to move goods around the world. One of the areas of jurisdiction of the subcommittee is on airlift and the capacity of our marine resources, civilian and military, to move goods around the world. I was astounded, amazed, and encouraged by how much we have improved the efficiency of that part of the service. We are all in debt to the men and women who work there and who run that, both civilian and military. I am pleased this Congress has sustained their efforts, and I know we will sustain the efforts of our men and women in America's military today.

They are doing their job. The question is whether we are going to do ours. They are watching. Our enemies are watching to see what the Senate does today. I am not sure exactly the form in which the Warner amendment will be offered. I do know it will restore the approximately \$7 billion that the committee reduced and cut from the President's submission. We need to pass that amendment. We need to do our job in winning this war and protecting the American people.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NICKLES. 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. NICKLES. I believe, under the consent request that we had entered into previously, we have had debate on the reconciliation amendment by Senator BYRD. I believe next in order would be Senator WARNER to offer an amendment, and then Feingold on the pay-go amendment. It is our intention to vote on all three of these back to back hopefully as close to 6 as possible. We have had a little break, and I apologize for that, but it would be our intention to try to have debate on both amendments and vote as close to 6 as possible.

I now yield to my friend and colleague Senator WARNER to manage our time on this amendment.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, it is my understanding that there is an hour equally divided. Am I correct on that?

The PRESIDING OFFICER. The Senator is correct.

Mr. WARNER. Mr. President, I thank both managers of the bill for their cooperation.

Mr. CONRAD. Will the Senator yield for just a moment?

Mr. WARNER. Yes.

Mr. CONRAD. One of the things we discussed, if I can say, is there was a

slight amount of time used here in discussion on the amendment. One of the things that was discussed was the possibility, perhaps, of charging that time to the amendment once we got on the amendment so we could hold to the schedule of being as close to 6 o'clock as we could be. Would that be agreeable?

Mr. WARNER. No objection.

Mr. NICKLES. Mr. President, how much time had both sides used?

The PRESIDING OFFICER. The Senator from Missouri used 11 minutes, and the other side has not used any.

Mr. CONRAD. We did, actually. I spoke.

The PRESIDING OFFICER. Five minutes?

Mr. CONRAD. Yes.

Mr. NICKLES. Mr. President, I ask unanimous consent there be 40 minutes on the amendment to be equally divided.

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

AMENDMENT NO. 2742

Mr. WARNER. Mr. President, 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 Virginia [Mr. WARNER] for himself and Mr. STEVENS, Mr. MCCAIN, Mr. INHOFE, Mr. ROBERTS, Ms. COLLINS, Mr. CHAMBLISS, Mr. GRAHAM of South Carolina, and Mr. TALENT, proposes an amendment numbered 2742.

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

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

The amendment is as follows:

(Purpose: To increase the amounts provided for national defense (050) for fiscal year 2005 for new budget authority and for outlays)

On page 4, line 4 increase the amount by \$6,997,000,000.

On page 4, line 5, increase the amount by \$262,000,000.

On page 4, line 6, increase the amount by \$358,000,000.

On page 4, line 7, increase the amount by \$405,000,000.

On page 4, line 8, increase the amount by \$432,000,000.

On page 4, line 12, increase the amount by \$5,506,000,000.

On page 4, line 13, increase the amount by \$1,855,000,000.

On page 4, line 14, increase the amount by \$799,000,000.

On page 4, line 15, increase the amount by \$550,000,000.

On page 4, line 16, increase the amount by \$480,000,000.

On page 4, line 20, decrease the amount by \$5,506,000,000.

On page 4, line 21, decrease the amount by \$1,855,000,000.

On page 4, line 22, decrease the amount by \$799,000,000.

On page 4, line 23, decrease the amount by \$550,000,000.

On page 4, line 24, decrease the amount by \$480,000,000.

On page 5, line 3, increase the amount by \$5,506,000,000.

On page 5, line 4, increase the amount by \$7,362,000,000.

On page 5, line 5, increase the amount by \$8,161,000,000.

On page 5, line 6, increase the amount by \$8,711,000,000.

On page 5, line 7, increase the amount by \$9,191,000,000.

On page 5, line 11, increase the amount by \$5,506,000,000.

On page 5, line 12, increase the amount by \$7,362,000,000.

On page 5, line 13, increase the amount by \$8,161,000,000.

On page 5, line 14, increase the amount by \$8,711,000,000.

On page 5, line 15, increase the amount by \$9,191,000,000.

On page 7, line 25, increase the amount by \$6,900,000,000.

On page 8, line 1, increase the amount by \$5,409,000,000.

On page 8, line 5, increase the amount by \$1,594,000,000.

On page 8, line 9, increase the amount by \$442,000,000.

On page 8, line 13, increase the amount by \$145,000,000.

On page 8, line 17, increase the amount by \$48,000,000.

On page 22, line 9, increase the amount by \$97,000,000.

On page 22, line 10, increase the amount by \$97,000,000.

On page 22, line 13, increase the amount by \$262,000,000.

On page 22, line 14, increase the amount by \$262,000,000.

On page 22, line 17, increase the amount by \$358,000,000.

On page 22, line 18, increase the amount by \$358,000,000.

On page 22, line 21, increase the amount by \$405,000,000.

On page 22, line 22, increase the amount by \$405,000,000.

On page 22, line 25, increase the amount by \$432,000,000.

On page 23, line 1, increase the amount by \$432,000,000.

On page 39, line 18, increase the amount by \$6,900,000,000.

On page 39, line 19, increase the amount by \$5,409,000,000.

On page 40, line 2, increase the amount by \$1,594,000,000.

Mr. WARNER. Mr. President, in this amendment, I am joined by Senator STEVENS, Senator MCCAIN, Senator INHOFE, Senator ROBERTS, Senator COLLINS, Senator CHAMBLISS, Senator GRAHAM, Senator CRAIG, and Senator TALENT.

The amendment is very simple. It restores funding for the Department of Defense to the level requested by the President for fiscal year 2005. Specifically, this amendment will add \$6.9 billion to the level contained in the pending budget resolution for the national defense 050 budget function.

As we review our budget priorities for the coming year, it is clear many important programs must compete for limited resources. Hard choices must be made. As we individually wrestle with the hard choices we must make, I remind my colleagues we have no more solemn responsibility than that imposed by the Constitution of the United States and that is to provide for the common defense of this great Nation, the United States. This is the most important function of the Federal Government.

The President requested \$420.7 billion for defense-related activities for fiscal year 2005. That request includes funding for the Department of Defense, the defense activities of the Department of Energy—that's roughly two-thirds of the total Department of Energy budget—and a significant amount for the intelligence community.

Our military service chiefs—the Chief of Naval Operations, Chief of Staff of the Army, the Commandant of the Marine Corps, Chief of Staff of the Air Force—all four service chiefs came before the committee and asked that we authorize and obtain the full amount requested by the President.

As you well know, having spent a considerable portion of my career in the Department of Defense, each year the President goes to the Department for their recommendations, a budget is made up and it is submitted and it finally is submitted to the Office of Management and Budget on behalf of the President and Congress.

Recognition must be given that we are a nation at war. Those are the very words used by our distinguished colleague, the manager of this bill, moments ago. Terrorists brought this war to our shores on September 11, 2001. President Bush, together with a coalition of nations, responded forcefully and effectively. This Chamber provided a resolution expressing support for the President to bring the war on terrorism to the terrorists.

Hundreds of thousands of our servicemen and women are now deployed around the world defending our Nation in Operation Enduring Freedom, Operation Iraqi Freedom, and other military operations in the ongoing war on terrorism. Hundreds of thousands more are forward deployed in Korea, the Balkans, at sea and elsewhere, protecting American interests and deterring aggression.

I wonder if our Nation realizes that well over half of the United States Army today, some 320,000 men and women, proud to wear the uniform of the United States Army, are deployed overseas, over half of the total standing Army—leaving their families behind, going into harm's way to protect us. Others stand vigilant at our borders and at our ports and in our skies here at home. We have an obligation, in my judgment, to live up to the President's budget request, which budget request was carefully prepared in consultation with the Chiefs and other senior members of the defense force.

What have our Armed Forces accomplished in the last few years? The simple answer is, everything we have asked of them and more. They have confronted brutal regimes in Afghanistan, and Iraq and given the people of those regions hope, and an opportunity to experience freedom and democracy. In Iraq, together with a coalition of nations, they liberated a repressed nation—a country larger than Germany and Italy combined—in roughly 3 weeks. The Armed Forces accom-

plished this with unprecedented precision, and with casualties far below estimates. This level of professionalism is what we have come to expect of our military.

Such expectations must be tempered by the realization that the magnificent professionalism of our Armed Forces is a product of strong leadership, patriotic young men and women, supportive families, great American technology, and strong, consistent resources. All of these things require the long term support of the Congress in the form of funding, guidance and support.

At a time of unprecedented demands on our military, it is critical that we provide our men and women in uniform—active, reserve, and National Guard—the funding they need to continue to successfully accomplish their missions. To meet the challenges we now face around the world, and to prepare for the future, the President has proposed a budget that includes \$420.7 billion for national defense. It is a prudent request that maintains the readiness of our current force and makes the investments necessary to develop and field the capabilities that will keep our Nation safe from the uncertain threats of the future.

We are blessed with a military that has responded to the demands of a post-September 11 world with extraordinary commitment, but even the best military has its limits. The pace of recent operations is putting increased demands on our forces around the world, increased demands on our Reserve and National Guard units, and increased demands on military families. Our military has dedicated personnel—active duty, reserve, guard and retirees—and families who must be fairly compensated with competitive pay and a good quality of life. Our military has equipment that has been heavily used in recent operations that must be repaired or replaced, and new capabilities that must be developed and procured to meet future threats. And finally, our military has an aging infrastructure that must be modernized.

In my opinion, the President's budget request for defense has struck the proper balance to accomplish these goals. At this critical time in the war against terror, when we are asking so much of our uniformed personnel and their families, and when we are seeking the continued cooperation of our allies, what message do we want to send? We must send a message of continued commitment and resolve by supporting the level of funding for defense requested by the President. Our military deserves no less.

At this time, Mr. President, I yield the floor and grant such time as the distinguished Senator from Alaska may desire.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, in a time of war, and we are at war—we are at war against terrorism; that's the leading war we are still involved in; we

have activities in Haiti; we have them in Afghanistan and they are persisting in Iraq—it is my feeling the request of the Commander in Chief should be met in full, and that's what this amendment does. It meets in full the request of the President, submitted in his budget for the activities of the Department of Defense not directly connected with Iraq and Afghanistan. We are going to see that in a supplemental, I assume, sometime after the first of the year.

But as a practical matter, this budget is a very thin budget for a military stretched as thin as it is right now around the world. As the Senator from Virginia says, more than half of our men and women in uniform are outside the United States at this time. It is a matter of just simple justice, as far as I am concerned. The Commander in Chief's request should be honored. I hope the Senate will support this request.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, I support the amendment by the Senator from Virginia, the distinguished chairman of the Armed Services Committee. He has been a member of the committee for many years. He understands our defense and national security needs.

I believe the fundamental message is we are in a war. We are in a war. We are in a war. The fact is this money is needed in order to prosecute the conflicts in Afghanistan, in Iraq, and around the world, as we fight the war on terrorism and attempt to thwart the possibility of a terrorist attack on the United States of America and our citizens.

Clearly, we are going through a period of transition in the military, and one that is going to be somewhat expensive, but there is no doubt we have to adjust our military in order to meet the needs of an ever-changing and, in some respects, larger threat to our security than we have faced in the past few years.

Also, I have the greatest respect for our colleagues here in the Senate and the distinguished chairman of the Budget Committee and the ranking member. But I did note, with some interest, that the chairman of the Budget Committee in the House suggested a moratorium on earmarks for 1 year. Why would he do that?

Well, I show my colleagues a very interesting Congressional Research Service chart which shows that in 1994, there were 4,126 earmarks; in 1996, it went down to 3,023 earmarks; and it has gone steadily up geometrically; and in 2004, there were 14,040 earmarks—amounting to a grand total of \$47.9 billion—\$47.9 billion.

Rather than cut \$7 billion out of defense, why don't we cut \$7 billion out of \$47.9 billion of pork-barrel projects, such as the \$3 million to study the DNA of bears in Montana, the Cowgirls and Cowboys Hall of Fame, and the elves up in North Pole, AK, that got some more money this time?

Why don't we cut \$7 billion out of \$47.9 billion in earmarked funds? That comes from the Congressional Research Service, up from \$23.7 billion in 1996. Why don't we show some courage, make some choices, and cut this, rather than cutting \$7 billion out of defense?

I would hope my colleagues on the Budget Committee at some point would seriously consider a moratorium on earmarks—just for 1 year. It might be a nice thing to see.

Mr. President, I support the amendment from the Senator from Virginia and I hope the choices we make are not to cut into our Nation's security but to cut into the pork-barrel spending which has absolutely run amok in this body. It is a disgrace, and there is no excuse for it. I hope we will start attacking the wasteful and pork-barrel spending rather than the men and women in the military.

I support the amendment.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I compliment my colleagues, Senators STEVENS and WARNER. I intend to support this request.

Senator STEVENS, when I first brought to his attention that we needed to stay with the cap of 814, brought to my attention very strongly, repeatedly, that he wanted to have the President's full request in. This amendment does that.

The reason we brought a resolution out at 814 was to make sure a budget point of order wouldn't lie against the entire resolution and frankly kill the resolution. We would have to have 60 votes. The amendment Senator STEVENS and Senator WARNER are introducing fully funds the President's request and frankly it increases the caps to do so. It takes 60 votes to pass the amendment. It increases the deficit by \$7 billion. It means we are going to have increases in defense spending by \$27 billion, 7.1 percent. It is a big increase, but frankly we have big challenges with our defense.

I happen to agree with Senators WARNER and STEVENS, when we have troops in the field who have their lives in jeopardy day by day, being fired upon, we need to give them support as requested by their Commander in Chief.

I hope our colleagues will support this amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, can the Chair advise me what the time situation is on both sides?

The PRESIDING OFFICER. There are 12 minutes 50 seconds remaining on the Republican side, 20 minutes on the Democratic side.

Mr. CONRAD. Mr. President, speaking for our side, I again want to indicate I intend to fully support the amendment of the Senator from Virginia, joined in by the Senator from

Alaska. Is this a Stevens-Warner amendment at this point?

I just think we need to send a very clear message. When we are at war, when our troops are in jeopardy, when they are in combat zones, when the Commander in Chief makes a request, we need to honor that request.

Look, I believe we ought to pay for this increase. I believe we ought to offset it with either additional revenues or spending cuts in other areas because the deficit is at record levels now and this just increases it. We are seeing dramatic increases in the debt.

We had a right to offer second-degree amendments to this amendment to provide a pay-for. We basically did not exercise that right, in an agreement to get a number of amendments up and voted on before 7 o'clock tonight. But it is our intention, with a later amendment, to offer a means of paying for this increase.

Without that before us at the moment, the choice becomes do we increase the defense expenditure to meet the request of the Commander in Chief or do we not?

I believe the imperative is clear. I believe we must raise the defense expenditure level to meet the request of the Commander in Chief when we have troops in combat half a world away fighting day and night for this country.

It is my intention to ask our colleagues to support the Warner-Stevens amendment. At a later time, it will then be my intention to ask our colleagues on both sides to find a way to pay for it and to suggest specific ways we might do that. I hope colleagues will keep an open mind on that subsequent amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I very much appreciate the support of Senator CONRAD on this amendment. We have worked together now on two or three amendments. We have agreed to some amendments. That is good progress.

I also want to correct the RECORD. I said it was my understanding that this increases the defense amount by 7.1 percent. That is the OMB figure. The Congressional Budget Office figure is 6.8 percent. I was accurate by saying it would increase defense spending by \$27 billion.

I yield the floor.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mrs. BOXER. Mr. President, this budget resolution is \$6.9 billion below the President's request for defense spending for fiscal year 2005. I am voting for the Warner amendment to restore this cut.

I am doing so because I believe we should pay for our activities in Iraq

and Afghanistan within the budget. I do not believe we should pretend those costs do not exist and then have the President come back to Congress saying we did not give him enough money and he needs more.

We must have truth in budgeting. The costs of our operations in Iraq and Afghanistan should be included in the budget; the costs should be paid for with regularly budgeted funds. The alternative is further escalating debt.

I am extremely concerned about the runaway debt. If we do not include in the budget the costs of our operations in Iraq and Afghanistan, the President will come back with a request for emergency supplemental funds. Those funds do not have to be offset, thereby adding billions of dollars to our national debt.

Therefore, I will vote for the Warner amendment to restore the cut in defense spending.

Mr. WARNER. Mr. President, I presume the managers desire to have this amendment laid aside for the present time, unless there are other speakers.

I yield such time as the Senator from Oklahoma desires.

Mr. President, would you advise the Senator from Virginia the amount of time we have left?

The PRESIDING OFFICER. Eleven minutes forty seconds.

Mr. WARNER. Mr. President, the Senator from South Carolina desires a couple of minutes following the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Mr. President, I will be very brief. I think everything I would have said has been said by our chairman, Senator WARNER.

We have 325,000 troops scattered around 120 different countries. I chaired the Subcommittee on Readiness for a number of years. That was during the 1990s when we were making cuts in our defense across the board in terms of end strength, in terms of numbers of divisions and numbers of tactical air wings, in terms of the numbers of ships, in terms of modernization, and in terms of readiness. It was very disturbing during that time. I was outspoken at that time that we might be going too far.

Recently we went through this thing of not having adequate body armor. Of course, the Army, in this case, responded with our help and we are able to say now they are taken care of adequately.

In modernization, we are going into the future combat system. We were delayed in the 1990s. Now things are getting back on track. However, we often say we want our troops, our men and women in uniform, to have the very best of equipment and the best support.

Quite frankly, we don't have as good equipment as some of our potential adversaries in the case of our artillery. We are still dealing with World War II technologies when there are five countries that have made a better case than

we have. I don't think the American people want our young people going into combat with anything except the best. That is what this is about. We are in a rebuilding mode right now. We are talking about transforming all branches. We are talking about changing the way our troops are stationed around the world. This is going to be expensive. We are in the middle of a war. I strongly support the increases recommended by the chairman, Senator WARNER.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM of South Carolina. Mr. President, I rise in support of the amendment offered by our chairman. I thank the chairman, Senator WARNER, for doing something that is not easy. We pride ourselves on trying to be fiscal conservatives and taking care of the country's needs and the President's budget request for the military. I applaud our chairman, Senator WARNER, for offering this amendment to make sure we can get the money the President thinks we need to defend the Nation.

One thing I have learned about this whole process is I would not want Senator NICKLES' job. It is very hard to put a budget together which does what we need to do for the economy and for defense of the Nation and other domestic priorities.

But I know where this debate is going. It won't be long before we will have an amendment to counter this amendment saying, all right, we will agree that the military needs more money. I am glad we agree with that, because they do. But then they will start arguing, let us pay for it; let us be fiscally responsible, and let us take money from this group to pay for it. We are going to get into a partisan fight in the name of fiscal responsibility that probably doesn't have a whole lot to do with fiscal responsibility. I think that is sad but we know it is coming.

Let me say this: The No. 1 job of being a Senator, in my opinion, is to make sure we can defend America. We can have all the fights about how you create jobs, and I would argue to my friend—I will be glad to speak on this proposal—if you are worried about losing jobs in America, then you need to be more friendly to people who are trying to create jobs in America. You are not a very friendly crowd to job creation with your proposals. But we will talk about that down the road. I know it is coming.

Let me say this: It is good news for the men and women in uniform at this point in time because we have bipartisan support to make sure there is budget authority to defend America. I thank the chairman on their behalf. I look forward to the debate to come about this issue in terms of domestic politics. But I hope we don't get unnecessarily off script for the men and women who depend on us making sure

they have the equipment when we ask them to fight the war. They probably don't appreciate a lot of the fussing and fighting.

Mr. WARNER. Mr. President, I thank my distinguished colleague.

Mr. President, how much time remains under the control of the Senator from Virginia?

The PRESIDING OFFICER. The Senator has 7 minutes remaining.

Mr. WARNER. Mr. President, we will yield our time if the other side will yield their time and go on to the next matter.

Mr. CONRAD. Mr. President, we are prepared to yield back time on this side. I yield all but 5 minutes of our time reserved for Senator LEVIN. We can proceed with Senator FEINGOLD.

Mr. NICKLES. Mr. President, I thank our colleague, Senator WARNER, chairman of the Armed Services Committee, and also Chairman STEVENS of the Appropriations Committee for their cooperation on this amendment. I am sure the Commander in Chief is grateful for this amendment. I am sure the Chiefs of Staff of the Armed Forces are grateful for this amendment.

For the information of our colleagues, this amendment, in addition to Senator BYRD's amendment and I believe Senator FEINGOLD's amendment, will be voted on probably a little before 6 o'clock. Also, for the information of our colleagues, I know there are other amendments out there. Senator CONRAD and I already realize we are running short on time and the number of days. We are going to finish this bill by Friday. I encourage our colleagues to either not offer amendments or at least work with us so we can accept or dispose of some amendments in one way or another. But if they have amendments, please bring those to our attention tonight. It is our intention to work very late tonight. I hate to do that because our very good friend, Chairman STEVENS, is having a nice event that I would love to attend, but I think our business is to complete the budget this week.

For the information of our colleagues, we expect three rollcall votes shortly before 6 o'clock. I believe the regular order of business now would be for Senator FEINGOLD to offer his amendment.

Mr. CONRAD. Mr. President, we have just now tallied all the amendments that have been noticed. I know the chairman will be interested to know there are 98 amendments pending. Let me say those are amendments that have been noticed to us. They are not necessarily pending before the Senate, but Senators have given notice they intend to offer 98 amendments. It takes 1 hour to handle three amendments. That would be 33 hours of straight voting. We have to get serious. We cannot have a circumstance in which we spend 33 straight hours voting on amendments to the budget resolution. That is an unreasonable proposition. It is an

unreasonable proposition for the Members, and an unreasonable proposition for the administrative staff.

I am sending the message to our colleagues, let's eliminate the duplication. Let's ask Senators to refrain from offering amendments that can be offered later to appropriations bills or to other legislative vehicles. We cannot have 98 amendments voted on this budget resolution. There is no way we would finish by Friday. We have agreed on a common goal of finishing the budget resolution by Friday. We have worked in good faith together. Please, colleagues, let's show some restraint.

We will turn it over to our Senator from Wisconsin, Mr. FEINGOLD.

The PRESIDING OFFICER. The Senator from Wisconsin.

AMENDMENT NO. 2748

Mr. FEINGOLD. Mr. President, I thank the managers for making it possible for me to offer this amendment at this time. 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 Wisconsin [Mr. FEINGOLD], for himself, Mr. CHAFEE, Mr. BAUCUS, Ms. CANTWELL, Mr. CARPER, and Mr. GRAHAM of Florida, proposes an amendment numbered 2748.

Mr. FEINGOLD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To fully reinstate the pay-as-you-go requirement)

On page 46, between lines 2 and 3, insert the following:

SEC. 408. PAY-AS-YOU-GO POINT OF ORDER IN THE SENATE.

(a) POINT OF ORDER.—

(1) IN GENERAL.—It shall not be in order in the Senate to consider any direct spending or revenue legislation that would increase the on-budget deficit or cause an on-budget deficit for any one of the three applicable time periods as measured in paragraphs (5) and (6).

(2) APPLICABLE TIME PERIODS.—For purposes of this subsection, the term "applicable time period" means any 1 of the 3 following periods:

(A) The first year covered by the most recently adopted concurrent resolution on the budget.

(B) The period of the first 5 fiscal years covered by the most recently adopted concurrent resolution on the budget.

(C) The period of the 5 fiscal years following the first 5 fiscal years covered in the most recently adopted concurrent resolution on the budget.

(3) DIRECT-SPENDING LEGISLATION.—For purposes of this subsection and except as provided in paragraph (4), the term "direct-spending legislation" means any bill, joint resolution, amendment, motion, or conference report that affects direct spending as that term is defined by, and interpreted for purposes of, the Balanced Budget and Emergency Deficit Control Act of 1985.

(4) EXCLUSION.—For purposes of this subsection, the terms "direct-spending legislation" and "revenue legislation" do not include—

(A) any concurrent resolution on the budget; or

(B) any provision of legislation that affects the full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of enactment of the Budget Enforcement Act of 1990.

(5) BASELINE.—Estimates prepared pursuant to this section shall—

(A) use the baseline surplus or deficit used for the most recently adopted concurrent resolution on the budget; and

(B) be calculated under the requirements of subsections (b) through (d) of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 for fiscal years beyond those covered by that concurrent resolution on the budget.

(6) PRIOR SURPLUS.—If direct spending or revenue legislation increases the on-budget deficit or causes an on-budget deficit when taken individually, it must also increase the on-budget deficit or cause an on-budget deficit when taken together with all direct spending and revenue legislation enacted since the beginning of the calendar year not accounted for in the baseline under paragraph (5)(A), except that direct spending or revenue effects resulting in net deficit reduction enacted pursuant to reconciliation instructions since the beginning of that same calendar year shall not be available.

(b) WAIVER.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(c) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

(d) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, outlays, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

(e) SUNSET.—This section shall expire on September 30, 2009.

Mr. FEINGOLD. Mr. President, I am very pleased to offer this amendment with Senators CHAFEE, BAUCUS, CANTWELL, CARPER, and GRAHAM.

This amendment is very straightforward. It would simply reinstate the pay-as-you-go rule that has been such an effective restraint on the fiscal appetites of Congress and the White House.

The last 3 years have seen a dramatic deterioration in the Government's ability to perform one of its most fundamental jobs, and that is balancing the Nation's fiscal boxes. We are all familiar with the history. In January of 2001, the Congressional Budget Office actually projected in the 10 years thereafter, Government would run a unified budget surplus of more than \$5 trillion. A little more than 3 years later, we are now, unfortunately, staring at almost a mirror image of that 10-year, \$5 trillion surplus. Instead of healthy surpluses, under any reasonable set of assumptions, we are now facing immense deficits.

We must stop running deficits because they cause the Government to

use the surpluses of the Social Security trust fund for other Government purposes rather than to pay down the debt and help our Nation prepare for the coming retirement of the baby boom generation.

We have to stop running deficits because every dollar we add to the Federal debt is another dollar we are forcing our children to pay back in higher taxes or fewer Government benefits.

When the Government in this generation chooses to spend on current consumption and to accumulate debt for our children's generation to pay, it does nothing less than rob our children of their own choices. We make our choices to spend on our wants, but we saddle them with debts they must pay from their tax dollars and their hard work. That is not right.

This is also why I am offering this amendment to fully reinstate the pay-as-you-go rule. We need a strong budget process. We need to exert fiscal discipline. This amendment would simply return us to the rules by which Congress played for the decade of the 1990s. It would eliminate the exceptions to pay-as-you-go included in last year's resolution that exempt new tax cuts and new mandatory spending included in a budget resolution. The reason we have to get rid of these exceptions is these exceptions facilitate more damage to the Federal bottom line.

I recognize there are some who prefer to provide some exemptions for certain tax and spending policies. In particular, the argument has been made that we ought to exempt the extension of the 10-percent bracket, the child care tax credit, and the marriage penalty provisions. The argument is that these, and possibly other policies, are so worthy that they should not be subjected to pay as you go.

Let me offer what I think are two valid responses to this. First, while there are certainly worthy tax provisions included in the assumptions underlying this resolution, including those I just listed, as the chairman of the committee has pointed out very effectively in the Senate, no budget resolution can actually specify which taxes must be cut and which must be raised. The resolution can set forth levels of tax cuts, but it cannot specify which taxes are cut. It follows that the resolution cannot specify which tax cuts should be exempt from budget enforcement. It can exempt some level of tax cuts from that enforcement, as indeed this resolution does.

But a budget resolution cannot specify which specific tax cuts are to be exempt from budget enforcement. So we have no guarantee at all that these popular and worthy tax cuts I just mentioned, those three, would end up being the ones that would benefit from this exemption that exempts tax cuts from the normal pay-as-you-go requirement on which we have to get the 60 votes to waive the rule.

The second reason, for the specific tax cuts I mentioned earlier—the 10-

percent bracket, the child tax credit, and the marriage penalty provision—I am absolutely sure there will be far more than 60 votes to waive any point of order against those provisions. I even wonder if anyone will propose to put us in a position where we have to waive a point of order. Someone will have to actually raise a point of order. These three sorts of tax cuts have such strong support that it is not, in my view, a serious or genuine objection that the pay-as-you-go rule will prevent them from being extended and continuing.

Reinstating the pay-as-you-go rule makes it harder for this body to make the deficit worse. It does not prohibit these tax cuts. It does not make it impossible to have a tax cut. It just makes it a little harder. That is as it should be. Given our current budget position, we ought to make it harder to make the deficit worse. If new tax cuts or new mandatory spending is not to be offset, then they ought to be only the most worthy of policies, not just anything that can get a majority vote. They ought to be policies that can achieve the 60 votes needed to waive a point of order.

It is very simple. That is what this amendment would do. It is the least we should do to ensure fiscal responsibility and sound budgeting. We must stop using Social Security surpluses to fund other Government programs. We must stop piling up debt for our children to pay off. We must continue the discipline of the budget process.

This is one of those situations where after you have been here a while, you can actually speak from experience. I can speak from experience of having watched in this body. As I came in 1993, we had the largest deficit in American history. Were it not for these budget rules, if it were not for the pay-as-you-go rules, I am certain the parties would not have come together as we did over those years to achieve what almost no one thought was possible—a very solid surplus. Without these rules, the discipline goes away. Without these rules, we are back to the behavior of the 1980s, which my constituents so thoroughly condemn: Unlimited tax cuts on unlimited spending, the blank checks that were written that put this Nation in its worst deficit to date.

We now have a much worse deficit. We now have the largest deficit in American history. It is incumbent upon this body to go back to what we know worked, to what we know put the parties in a healthy competition, to see which party could be more fiscally responsible. We desperately need to return to that discipline now.

That is why I urge my colleagues to accept this amendment that will return the pay-as-you-go rules in full.

I yield the floor.

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

Mr. CONRAD. Mr. President, look, now we are starting to talk about

amendments that are just critically important if we are going to start to do something about the skyrocketing deficits and the accumulation of debt.

The pay-go provisions are budget disciplines to make it harder to add to deficits. We have used these provisions in the past successfully to move from record deficits to record surpluses.

In just a few moments, this body is going to vote on whether it is going to renew those disciplines or we are just going to abandon the ship and keep right on running up an ocean of red ink.

This year, we are poised to run a deficit in record terms of over \$470 billion—\$100 billion more than last year. And last year's deficit was almost \$100 billion more than the previous record.

This is an opportunity for Senators to stand and be counted and be held accountable. Are we going to go back to the budget disciplines that have worked in the past or are we going to let them lapse? They lapsed in 2002, they have not been reinstated, and the deficit has skyrocketed.

What this amendment does is to put back in place the fundamental disciplines that say simply this: If you want new mandatory spending, if you want new tax cuts, you can have them, but you have to pay for them. It is that simple.

Some will say, Well, this does not discipline discretionary spending, which is a third of Federal spending. That is true. We discipline discretionary spending by spending caps. We have a spending cap in place.

The question before us is, Are we going to reenact the budget disciplines on mandatory spending, which is two-thirds of Federal spending? Are we going to replace the budget disciplines on the revenue side of the equation, which have been allowed to lapse?

Let me just put up a statement by the chairman of the Federal Reserve on this question. Federal Reserve Chairman Greenspan, on restoring pay-go, said:

I would, first, Mr. Chairman, restore pay-go and discretionary caps. Without a process for evaluating various trade-offs, I see no way that any group such as a Congress can come to a set of priorities which will be effectively reflecting the will of the American people.

Mr. President, this is the test: this vote. This is going to answer who stands for budget discipline, who stands for getting these deficits and debt under control, and who is going to sit on the sidelines and allow these deficits and debt to continue to skyrocket out of control.

For those who say they are fiscally responsible, here is the test. Here is the test. All the talk is going to be measured in this vote. Do you stand for restoring the budget disciplines that have worked in the past or do you not? That is the question.

I urge my colleagues to support this amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. FEINGOLD. Mr. President, does the Senator from North Dakota want more time off the amendment?

The PRESIDING OFFICER. Who yields time?

The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank my colleague from Wisconsin for his amendment. He offered the same amendment in the Budget Committee. I have great respect for him as a friend and a colleague, but I would urge our colleagues to vote no on the amendment.

We have pay-go in the existing bill. We have pay-go basically for anything that is not in the assumption of the budget resolution. We assume \$144 billion on the tax side. It may sound like a lot of money, but over that 5-year period of time, we are talking about \$12 trillion of revenue. The amount of money that we are saving is a very small percentage.

Now, why do we try to say, Well, you should not have to pay for that? Because almost all of that, with the exception of a little AMT, is present law.

We don't have pay-go if you have a lot of spending bills that sunset. When those are reauthorized, you do not say, Oh, now you have to have pay-go. You have to raise taxes or cut spending to reauthorize the farm bill, for example.

As a matter of fact, I have found about \$1 trillion worth of entitlements over the next several years that are sunset or due to sunset, but they don't have pay-go when they are extended. We have a lot of tax cuts that are sunset that, when they are extended, would have to be paid for. So it really discriminates against taxes, makes it much more difficult to keep tax levels where they are today.

Some people say: Additional tax cuts. I say, no, keep taxes where they are today. This is a much higher hurdle if you want to keep tax levels where they are today. Adoption of this amendment is going to make it a lot harder. It is going to make it a lot harder to continue to have the marriage penalty relief we are now assuming in our budget. That is \$900 for my in-laws, \$900 for my kids, \$900 for any couple in America that makes \$58,000. We are assuming we are going to continue present law.

People say: We want pay-go. We want it to apply to spending and to entitlements. But when you look at the amendment, it doesn't apply to appropriated accounts. It doesn't apply to increases in appropriations for a lot of different activities.

Someone might say: That is handled in the caps. Only if you pass a budget. The idea is to pass pay-go that is going to extend for the next several years, I believe through 2009, regardless of whether you have a budget. We may or may not have a budget. A lot of people predicted last year we wouldn't have a budget. They predicted this year we wouldn't have a budget. We proved them wrong last year, and I hope and expect we will prove them wrong this year.

Spending is not covered. Discretionary appropriations are not covered. What is appropriated is not covered. Next year 820-some billion will not be covered. You could have any kind of increase. As a matter of fact, it almost is an incentive for increases in appropriations because that doesn't have to be paid for. But anything else has to be paid for.

The tax cuts that expire or that have an expiration date—and we have had to do that in the past for a variety of reasons—would have to be paid for. Spending programs don't have to be paid for.

I didn't hear our colleague saying we needed pay-go when we were doing concurrent receipts for retired military personnel. That was about \$40 billion. I didn't hear people say, when we were doing the Medicare expansion, we need pay-go for that. That was \$395 billion, as scored by CBO, and that is permanent. So the Medicare bill, which is going to grow dramatically over the next several years, can continue growing almost unchecked unless a future Congress curtails it in some way. And no pay-go, even if it is \$300 billion the first 10 and maybe \$1 trillion the next 10 or more, no pay-go for that.

So spending can increase rather dramatically. But if you want to continue having a 25-percent tax rate—and by the year 2010 it expires—if you don't pay for it, that rate goes to 28 percent in the year 2011. The difference between 28 and 25 doesn't sound like much. That is 3 percent. That is over 10 percent. That is about a 15-percent increase in an individual's tax rate. That means the marriage penalty relief we just gave would disappear. That is \$1,000. By that time, it will be \$1,000. Right now it is \$911. We are trying to continue that.

Some people say: You want more tax cuts. That is not more tax cuts. That is keeping present law. If we don't keep present law, extend present law, it is going to be a tax increase on families.

What did we assume under our resolution? We assumed present law is extended. Above that, you have pay-go. That is what our resolution says.

I urge our colleagues, think about this a little bit. Frankly, if you are going to have it, it really should apply to any entitlement program that is sunset. That is not in this amendment. What we did in our bill is very similar to my colleague's amendment with the exception of we say we should exempt those things that are covered in the budget. Primarily that includes extending present law on the child credit, on the 10-percent bracket, and on marriage penalty relief. We also included \$23 billion for AMT relief, and we included \$15 billion on the energy bill. That is the bulk of what we have extended or what we assumed. Anything above that has to be paid for, entitlementwise or taxwise.

Again, I congratulate my colleague from Wisconsin, but I urge our colleagues, if they want to protect families and make sure the tax cuts happen, to vote no on the amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I appreciate not only the comments of the Senator from Oklahoma but his leadership on the Budget Committee. I enjoy very much serving with him on the committee. I also appreciate the sort of change of tone from the opposition on this amendment. Everything we have heard about this amendment recently is how we need to have a weaker rule than the pay-go rule. Somehow we have to justify these exceptions that were put in the Budget Committee resolution. Finally the chairman is talking about what we really should be talking about, that we need a strong rule.

What he has done is lay out some things our pay-go doesn't do. That is true. There may be some additional things we should do in this area. But what I am proposing, with the cosponsors, is let's at least go back to the rules we know worked, the rules that brought this country a balanced budget in the 1990s. They were proven to work. That is all this amendment does.

If the Senator from Oklahoma wants to talk about additional steps, I am all for it. Senator GREGG and I, in the Budget Committee in the past, tried for 5-year caps on spending. We were defeated by a largely party-line vote except for Senator GREGG. That didn't work so we tried a 2-year cap, working with Senator CONRAD. That was rejected. We tried 1 year. That is one of the three legs of the stool, the discretionary spending. If the Senator wants to work with me and Senator GREGG and others to propose legislation to deal with that, I am ready to go. In fact, Senator GREGG and I proposed such a bill.

But the chairman knows very well we can't change that on the budget resolution. We have to pass a statutory item in order to accomplish that. So I am eager to do it.

Let's pass this pay-go amendment and let's immediately move on to finish the job by passing the kind of statute that will achieve what the Senator from Oklahoma is talking about.

I can't allow a complete changing of the subject because the truth is the pay-go rules in the proposal before us are not pay-go. They are pay-go minus. It is sort of as though you draft up a budget and after you figure out what you want, then you draft up the rules by which you will draft up the budget. That is the game we are playing here. We don't go into the process saying: Look, we have played by these rules. They have worked. We say: What do we need; what tax cuts do we want; what mandatory spending do we want. And after that, everything else that hasn't gone through the barn door, then we make the rules apply after that.

I suggest that doesn't work. I suggest it is a formula for more fiscal disaster. I suggest it means next year in the Budget Committee the same thing is

going to happen. There is going to be a whole list of tax cuts and other things—mandatory spending—people wanted to get in there. And they will say: We exempt this, and now we will make the pay-go rule apply.

That is making a sham out of the pay-go rules. The ranking member, for whom I have enormous admiration on this subject, hit it right on the head. The people of this country are beginning to realize it has all happened again, that they have been taken. We had rules in place that the American people were thrilled to see work, leading to a balanced budget and a surplus. Those rules are no longer there. Those rules were allowed to expire at a time when this country was undergoing enormous anxiety. But they are catching on. They caught on in 1992, and they sent to Washington people who would deal with the deficit. They are catching on again now. The Senator is right, this vote is "the vote" about whether you are for balancing this Nation's budget or whether you want deficits as far as the eye can see.

Mr. President, I yield to the Senator from Delaware who has been a terrific advocate on this issue.

Mr. CARPER. I thank my colleague for yielding. I thank Senator FEINGOLD and others on our side and the other side of the aisle for their work.

This is an important amendment. He is right. I don't know whether it is the most important amendment offered on this resolution, but it may well be. I would like to take a couple of minutes and look back a few years to some of the things that have been said by folks in our country and actually outside of our country.

I would like for us to go back to 2001, the first year George Bush was President. What he said was:

We can proceed with tax relief without fear of budget deficits.

We found out he was wrong.

A year or so later, he said:

Our budget will run a deficit that will be small and short term.

I am sorry to say he was wrong again.

In 2003, he said:

Our current deficit is not large by historical standards and is manageable.

That, too, is wrong.

This year, he is saying to us:

The deficit will be cut in half over the next 5 years.

Unfortunately, if we look more closely at what is going to happen over the next 5 years and beyond, the deficit may be trimmed a little bit, but it is going to begin to explode when my generation of baby boomers starts to retire in 5 or 6 years.

I want to share with my colleagues another quotation that occurred several years before these. It was not by an American but a fellow from Great Britain, Dennis Healy. In the late 1970s, he was Chancellor of the Exchequer. There was something he called the "theory of holes." The theory of holes

goes something like this: When you find yourself in a hole, stop digging.

We are in a hole. We are in a huge hole. The hole of debt is almost \$7 trillion, up from about \$1 trillion in 1982. It is actually pretty modest compared to the hole we are going to be in in 2014. This red line represents money that we owe somebody. Those somebodies are going to want to be repaid. Do some of the people lending money to Uncle Sam live in this country? A lot of them don't. A lot of them live around the world. As they see this red ink accumulate, and as they see a nation not only living beyond its means financially through our Federal deficits but a nation that buys a lot more from overseas than we certainly sell to other countries, my fear is that what may well happen is those other countries will lend us so much money, but in order to continue to loan us more money, they are going to want a little higher interest rate—maybe significantly higher—as our creditors. If we begin to pay higher interest, we know what kind of adverse effect that can have on the economy of this country.

Look at one other chart. This is about the year 1999, 2000, when the budget deficits turned into surpluses. Now we are back in the soup. This is what the deficit looks like. In 2004, it is about \$600 billion. The reason this looks higher than some of us are used to is because this is the real operating deficit, when you take away the mask that is provided by Social Security. Social Security is going into the surplus, and it makes the operating deficit look smaller because we operate under a unified budget. After dropping down, it picks up to about three-quarters of a trillion dollars. That is 1 year. It will be over a quarter of a trillion dollars in 2014.

A week or so ago Alan Greenspan was before the Banking Committee. He was testifying. During the course of his testimony, and following his testimony, we had the opportunity to ask him questions. I asked him questions about the potential of interest rates rising and what that might do to the economy. He expressed that could happen and, in fact, it would be a chilling one for the American economy.

We also talked about the proposal before us today that Senator FEINGOLD is offering, this pay-as-you-go notion; the idea that if I wanted to raise spending further above the baseline of spending already built into our budget, I would have to come up with an offset. The idea is that if I wanted to lower revenues, cut taxes in some area, I would come up with an offset to equal out that effect.

I asked Chairman Greenspan—there are different approaches to pay-go. One, I call it pay-go "lite," where it would only affect the spending side. If I had a spending increase I wanted to make, I would have to come up with the offset. I said, How about the other side of a pay-as-you-go, on the revenue

side? I was trying to get him on the record to say that the pay-as-you-go should be applied both on the spending side and the revenue side.

This is what he said: What worked in the past is what we ought to do now. That is what he said. What worked in the past is what you, the Congress, ought to do now. What worked in the past? It was a pay-as-you-go approach that applied to both spending and revenues. Frankly, it worked real well in the past. It is not the only thing that worked well, but it was helpful. We have the opportunity to put it back into place. We ought to do it.

My dad, when I was a kid growing up, would say to my sister and me when we would do some foolish stunt and not show any forethought: Just use some common sense. My guess is, if we were on the floor today and I asked Senator FEINGOLD, or Senator CONRAD, or the Presiding Officer, to go back to your childhood and think about things your parents used to say to you, you could all think of something they would say to you to try to drum into your heads. My dad would say more times than I would care to remember: Just use some common sense.

When we have an annual budget deficit that is approaching \$600 billion, when we have a national debt that is now at about \$7 trillion, I think a good test of common sense is, when any Senator wants to raise spending to make this situation worse, or any Senator wants to cut the revenue base to make this situation worse, we ought to say: How are you going to pay for it? If I don't have a good answer, we should not do what I want to do—either raising spending or cutting revenues. In my dad's words, that would be using common sense. We need some common sense. This amendment will provide that.

Mr. FEINGOLD. Mr. President, how much time remains?

The PRESIDING OFFICER. Four minutes remain.

Mr. FEINGOLD. Mr. President, I yield to the Senator from North Dakota.

Mr. CONRAD. I thank the Senator. I will take 2 minutes off the resolution so the Senator will retain his time.

My colleagues, this amendment matters. We have a lot of amendments that are important but that, frankly, are not going to do much about our long-term fiscal condition. This amendment could make a real contribution to getting these skyrocketing deficits under control. Why? Because it says simply this: No new spending on the mandatory side, and that is two-thirds of Federal spending; no new tax cuts that are not paid for, unless you can get a supermajority vote.

This is one of the key budget disciplines we had through the 1990s that helped us save hundreds of billions of dollars on the deficit. This is what helped us move from record deficits to record surpluses. This budget discipline was allowed to lapse in 2002, despite our best efforts.

Senator FEINGOLD and I made a last-ditch attempt to save these budget disciplines and we got 59 votes. We needed 60. Look what has happened since. Deficits have taken off like a scalded cat.

My colleagues, I think this vote is going to be evidence of whether somebody is serious about fiscal discipline and restoring fiscal sanity or whether they just want red ink as far as the eye can see. Make no mistake, that is where we are headed. That is where we are headed under the President's plan.

The President's plan adds \$3 trillion to the national debt in the next 5 years. The budget resolution is a little bit better; it adds \$2.86 trillion to the national debt in the next 5 years. All of this is right before the baby boomers retire.

My colleagues, you cannot leave this Chamber calling yourself a fiscal conservative unless you vote for this amendment. I urge my colleagues to support the amendment of the Senator from Wisconsin.

Mr. MCCAIN. Mr. President, I strongly support the amendment offered by my good friend from Wisconsin.

We are facing a dire financial situation. The projected deficit for the current fiscal year is \$521 billion—that's over half of a trillion dollars—the largest ever. That is why the Congress and the administration must begin taking action this year, despite the fact that it is an election year, to address this crisis. Our failure to start making some of the tough decisions will land squarely on the backs of our children and grandchildren, and their financial future will be strapped with digging out of the holes that have been created by our actions and inactions.

The Federal Reserve Chairman Alan Greenspan testified recently before the House Budget Committee about the seriousness of our rising budget deficit and, more specifically, the impact the deficit is going to have on our future economic stability. He very clearly warned about the consequences of a lack of fiscal discipline, and called for new steps to restrain spending. The Chairman firmly supports reinstatement of the pay-go rules as one such step.

According to a joint statement issued by the Committee for Economic Development, the Concord Coalition, and the Center on Budget and Policy Priorities, "without a change in current (fiscal) policies, the federal government can expect to run a cumulative deficit of \$5 trillion over the next 10 years."

These figures are shameful and frightening. Another astonishing part of this report states that, "after the baby boom generation starts to retire in 2008, the combination of demographic pressures and rising health care costs will result in the costs of Medicare, Medicaid and Social Security growing faster than the economy. We project that by the time today's newborns reach 40 years of age, the cost of these three programs as a percentage of the economy will more than

double—from 8.5 percent of the GDP to over 17 percent.”

The Congressional Budget Office, CBO, also has issued warnings about the dangers that lie ahead if we continue to spend in this manner. According to a recent CBO report, due to rising health care costs and an aging population, “spending on entitlement programs—especially Medicare, Medicaid and Social Security—will claim a sharply increasing share of the nation’s economic output over the coming decades.” The report went on to say that, “unless taxation reaches levels that are unprecedented in the United States, current spending policies will probably be financially unsustainable over the next 50 years. An ever-growing burden of federal debt held by the public would have a corrosive . . . effect on the economy.” Additionally, CBO has projected a 10-year deficit of \$4.4 trillion.

These are alarming figures. It is critical we take action to curtail further deficit spending.

In the 1990s, when we faced what we thought to be the worst fiscal situation possible, we passed the Budget Enforcement Act of 1990, which instituted a number of statutory deficit control rules, including the pay-as-you-go, pay-go, requirements. The statutory pay-go rules were largely responsible for imposing true financial discipline on the Congress when it came to mandatory spending programs and taxes. Unfortunately, those rules expired in 2002.

We have an opportunity today to show the American public that we are serious about digging out of the fiscal hole that faces our country by adopting this amendment to strengthen the Senate pay-go point of order. Although I wish we could reestablish the statutory pay-go rules, we can’t do that in the budget resolution since it is not a law. We can, however, tighten up our own Senate rules to make it more difficult to pass legislation that increases the deficit.

I would like to bring my colleagues’ attention one of today’s editorials in the Washington Post, urging reinstatement of the pay-go rules. I ask unanimous consent that a copy of the editorial be printed in the RECORD immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.
(See exhibit 1.)

Mr. MCCAIN. Mr. President, I want to clarify that I firmly support the three proposed tax extensions in the pending budget resolution. I fully expect that when tax legislation is considered by the Chamber in the weeks ahead, it will include extensions of the marriage penalty tax elimination, the \$1,000 child tax credit, and expanding the 10 percent income tax bracket as called for in this resolution, and I will support such legislation. This amendment is not an amendment in opposition to those provisions, but rather, an amendment to promote fiscal responsibility and protect us from ourselves.

I urges my colleagues to support the amendment.

[From the Washington Post, Mar. 10, 2004]

RIGGING THE BUDGET RULES

When it comes to matters of taxes and spending, members of Congress are like would-be dieters who can’t stop raiding the refrigerator. Recognizing this weakness, lawmakers have resorted in the past to budget rules that act much like a lock on the fridge. During the 1990s, these rules set ceilings on discretionary spending and required that any tax cuts or spending increases in entitlement programs be matched by offsetting spending cuts or tax increases. As with the dieter who knows where the key is hidden, the rules didn’t work perfectly—they could be avoided with a 60-vote majority—but they did help curb lawmakers’ natural tendencies.

The rules expired at the end of 2002, and everyone from President Bush to Federal Reserve Chairman Alan Greenspan to Clinton Treasury Secretary Robert E. Rubin has called for their renewal. “Perhaps the single most important act Congress and the Administration could take at this point to rein in the budget over the next decade would be to re-establish the budget rules that existed in the 1990s,” Mr. Rubin wrote in a recent paper co-authored with the Brookings Institution’s Peter R. Orszag and Allen Sinai of Decision Economics Inc.

But the Bush administration, and some of its allies in Congress, would rig the rules to apply discipline in a dangerously lopsided fashion. The administration proposes strict controls on spending but no restraints at all on cutting taxes, an approach influenced by the administration’s inflated view of the beneficial effect of tax cuts. But even for those who fully subscribe to the administration’s position on the relative merits of taxes and spending, it’s clear that such a rule would simply skew budgetary choices, resulting in spending programs recast in the guise of tax breaks. Mr. Greenspan reiterated last month that the rule ought to apply to both spending increases and tax cuts.

Meanwhile, the budget resolution before the Senate would leave in place the sham version of pay-as-you-go adopted last year, in which the rule applies only to tax cuts or spending increases in excess of what the budget resolution provides. This year’s model would permit \$122 billion more in tax cuts not offset by savings elsewhere. Under this meaningless form of pay-as-you-go, senators promise every year to show spending discipline—the next time around.

An effort to add an evenhanded pay-as-you-go rule failed on a party-line vote in the Senate Budget Committee last week. The Senate should fix that omission before it approves another irresponsible budget. And lawmakers should show discipline by requiring themselves to pay for all their tax cuts—not carving our popular middle-class breaks like the child tax credit, and certainly not speeding up repeal of the estate tax, for special budgetary treatment.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. FEINGOLD. Mr. President, I cannot tell you how pleased I am to have the support of these two Senators. They are two Senators who are consistently devoted to protecting the taxpayers in their State and in the country. I find, more than anything else, people looking for representatives who truly come out here and take the tough votes to protect the interests of the taxpayers.

As I indicated before, they are fighting out that despite all the troubles

of the last couple of years, we have irresponsibly driven up this country’s deficit and debt to a point that is unprecedented in the history of the country.

I am grateful to these two Senators. I remind everybody, this is a bipartisan amendment. We have a Republican cosponsor, and there will be other Republican votes for it. This is not your typical partisan amendment or vote on a budget resolution. This is about what used to be a consensus in this body. We ought to have some rules that are consistent that will apply to all parts of the budget so that we can work together on behalf of the American people to do something about our very serious fiscal problems.

Mr. President, I reserve the remainder of my time.

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

The PRESIDING OFFICER. The Senator from Oklahoma has 24 minutes. The Senator from Wisconsin has 3 minutes.

Mr. NICKLES. Mr. President, to notify our colleagues, it will be my intention to yield some time back and to vote, unless my colleague from Iowa wishes to speak, at quarter to 6. We have three rollcall votes. The first one will be on Senator BYRD’s amendment to strike the reconciliation provisions.

I notify my colleagues that rollcall votes will probably begin in the next 10 minutes.

I have great respect for the authors of the amendment. I support pay-go, but I think it should be pay-go with the present law tax cuts being extended. If we do not, we are going to have tax increases. We ought to let people keep the same tax rates they have today. I do not want to lose the marriage penalty relief. That is what we are assuming in our budget. This boils down to, we have pay-go on everything except these child-friendly, marriage-friendly tax cuts. We want those to continue, maybe not under pay-go.

Some people say let’s raise somebody else’s taxes to pay for them. That is a recipe for getting nothing done. We want to continue present law on the taxes. It is very interesting that present law on spending does not have to be paid for. We have a lot of spending programs that also have sunset provisions, but they do not have pay-go when they are reauthorized, when they are extended.

If you extend the farm bill—I have a whole list of programs—Temporary Assistance for Needy Families, food stamps, Commodity Credit Corporation, veterans compensation, child care entitlements, and State Children’s Health Insurance Program. All these, and many more, are temporary. They sunset. When they are extended, they are assumed to be extended. They do not have to be paid for. But any tax cuts—when I say tax cuts, marriage penalty relief, child credit taxes, the rates that we now have, 35 percent maximum, 10 percent—that 10 percent

is now going to revert to 15 percent unless we pay for it? Oh, that rate that is 25 percent today is going to go to 28 percent unless we pay for it, but we do not make the appropriators pay for incremental expense. They can increase appropriations by any amount. They do not have to pay for it.

My point is we have basically identical pay-go under our resolution as this amendment provides, except we assume present law. I stated a while ago, with exception of AMT. AMT is basically an extension of present law.

The resolution we have before us was well thought out. It says let's keep present law intact, basically. Let's not have tax increases on families. Let's not make it more difficult for people to keep present law. Let's not tax them more next year under some rule, the present law.

I know most of my colleagues do not want to increase taxes on those families, so we put it in the budget. Anything above that has to be paid for. So we have pay-go. If somebody says it does not work, they did not look at the Senate last year. I happened to be chairman of the Budget Committee. I requested somebody to make 60-some budget points of order, almost all of which we prevailed on. If anybody thinks I am not willing to use pay-go or any other budget rule to try and constrain spending, I think the facts will show quite differently.

We will enforce the budget. The question is whether we are going to allow people to keep the same rates they have today or assume they are going to have a tax increase unless we find some other tax increase to pay for it.

I urge our colleagues to vote against this amendment. I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I wish I could say what is in the budget resolution before us is pay-go, but it is not pay-go. It is pay-go without an absolutely critical component, and that is making it apply to the tax cuts. It is almost like saying I want pay-go as long as it does not apply to what I want, and that is not the pay-go that worked in the 1990s. That is not the pay-go that brought us a balanced budget.

I have to reiterate, this does not stop the tax cuts the Senator from Oklahoma is talking about—child care credit, 10-percent bracket, marriage penalty. Not only can all of these survive under pay-go, they will. They just need to get 60 votes. I predict in each case, they will probably get 35 to 40 extra votes on top of that, if anyone even raises the point of order. So it is simply false to say somehow this stops the tax cuts from being extended.

Let's be honest about it. The only reason this exemption is needed is those tax cuts were not made permanent. Had they been made permanent, the Senator from Oklahoma would not have to be worrying about extending

them. Why weren't they made permanent? They weren't made permanent so we could have this phony idea the deficit isn't as bad as it really is out in the future years. It is a gimmick. It is a game to make them temporary so you can say it is not going to cost more in the outyears. Then when it comes time to face the music, what do we do? We say the normal rules do not apply. We do not require ourselves to pay for it, or we do not require the 60 votes that are normally needed.

Without the adoption of this amendment, we have done serious damage to the integrity of the pay-go rules going into the future. A system of rules such as this depends on the integrity of the rules, that they be applied fairly and across the board. Allowing these exemptions, even well-intentioned, with regard to certain tax cuts, undermines the integrity of a system we all relied on to work in the 1990s.

Mr. President, I reserve the remainder of my time.

Mr. NICKLES. Mr. President how much time remains?

The PRESIDING OFFICER. The Senator from Oklahoma has 20 minutes.

Mr. NICKLES. I yield my colleague from Iowa such time as he desires.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I am going to oppose this amendment because this amendment is not about paying for tax cuts; it is about avoiding a tax increase. Although I understand the desire to impose pay-go, it should not apply to current law, and that is a very important distinction.

Under current law, we have a number of tax provisions, including the expanded 10-percent tax bracket, the \$1,000-per-child tax credit, and marriage penalty relief that will expire at the end of this year. If we do not extend these provisions, taxes will go up, and taxes will go up automatically.

As I have said before in several other points I have been making on other amendments, it is one thing for Congress to have guts enough to vote a tax increase, but it is quite another to let taxes go up automatically without a vote of the people. I think that is wrong.

In order to extend the existing tax law, we need to pass legislation yet this year if we are going to have a seamless continuation of present tax law into the year 2005 and beyond. That is what this amendment is all about. We are going to either extend current law or we are going to let taxes go up.

Requiring the Senate to pay for this tax relief we already have in the law, that would not be in the law if we do not take some action this year, could lead to disastrous results. We are talking about disastrous results for families, such as if one is married and they get hit with the marriage penalty, that is a major concern to those families who have to pay more. If they have children and they benefit from the \$1,000 child credit and that credit goes

down, that is going to hit those families to a greater extent.

All families, low income or otherwise, but particularly this 10-percent bracket was put in the law to help low-income Americans pay less taxes. So it is a disastrous result on families, and we should not have to go to the extra extreme of maintaining existing law. If for some reason we could not agree on the necessary offsets that would be required under Senator FEINGOLD's amendment, or if we could not get 60 votes, then current law would expire and taxes would automatically go up, without even any consideration by any of us. There would be 535 people just standing by and letting taxes go up.

Some people may be willing to take that risk, but I do not believe that is the right approach. Consequently, we need to reject this amendment. We need to support working families of America by extending the tax reductions that have already been provided for under current law. We need that to be seamless. We do not want to take any chance somehow somebody is going to say next October, just before we adjourn for the election, well, we will worry about this next year. That is a bad situation to leave the families of America. They ought to know what tax policy is for the long haul.

Certainty of tax policy is the best tax policy. Even if it might not be exactly the right tax policy, certainty of tax policy is better than the uncertain situation we have facing American working men and women today.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I will be shortly yielding back the remainder of our time. I believe our agreement was we would go to the Byrd amendment first. I think we agreed to have 1 minute on each side to recap the debate.

The PRESIDING OFFICER. That is correct.

Mr. NICKLES. I have already asked Senator BYRD to come in. Has the Senator from Wisconsin concluded?

Mr. FEINGOLD. Mr. President, I want to know, do I have 30 seconds remaining?

The PRESIDING OFFICER. That is correct.

Mr. FEINGOLD. Let me point out to the Senator from Iowa, for whom I also have enormous regard and really enjoy working with, he indicated he wanted to make sure this pay-go goes through the way they have it in the budget resolution in order to make sure tax cuts that are current law continue. The fact is they are not in current law. The current law says they shall expire. That is the law. The law is they are going to expire.

In order to continue these tax cuts, a new law must be passed. All I am saying is the pay-go rule should apply to that new law, to those new tax cuts, because otherwise we are not applying the rules that are applied to everything

else. I think it is an important distinction.

It is not by accident these were set up to expire.

They would have been in violation of the budget because they caused deficits in the outgoing years.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, my colleague from Wisconsin is correct, these tax changes we made last year expire at the end of this year. Actually, I think they have been in effect for 2 years. If we do not extend them, it is going to be a tax increase on American families. We are trying to protect American families.

I heard my colleague from Wisconsin say we want to protect taxpayers. That is exactly what we are trying to do. We are basically saying over \$13 trillion in spending and about \$12 trillion in revenues. The only thing we are trying to protect over the next 5 years is \$144 billion. That is basically extending present law to make sure people do not have a tax increase from what their tax rates are today. Above that, we have pay-go. That is basically what our resolution says, with the exception of the energy bill, and perhaps one other minor provision; AMT is an extension of present law.

We do not want the families who are paying taxes today to have a big tax increase, if they have 4 kids, of \$2,200 next year. So we said everything else, yes, is pay-go. We do not have pay-go for the farm bill. We do not have pay-go for all of these multitude of entitlement programs I mentioned. They all sunset. They all expire at a certain period of time. There are some real inequities, almost a bias, for more spending. We do not have pay-go for incremental increases in discretionary spending, but we say, oh, if you want to keep your present tax level, you have to pay for it.

What some people mean by that is we want to have higher taxes on somebody else. The net result could be, especially in a political year, one where the partisan feelings are so strong you would end up with no tax bill, which ends up increasing taxes on American families. I do not want that to happen.

If we look at the total amount of money spent, the difference is \$144 billion. We are saying we want to apply pay-go above everything else. When talking about \$13 trillion, it is not that significant. I think it is important to protect the \$144 billion, so we protect American families so they do not have a tax increase next year.

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

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. On our side, it is my understanding Senator LEVIN has 5 minutes remaining.

Mr. NICKLES. That is correct.

Mr. REID. I ask Senator FEINGOLD have 1 minute of that 5 minutes.

Mr. NICKLES. We could go back and forth all day. I would like to start the rollcall vote very quickly. If Senator LEVIN is in the Chamber, this would be the time for him to speak.

Mr. REID. He is not going to use his time.

Mr. NICKLES. If Senator FEINGOLD wants an additional minute, that will be fine. I will take an additional minute.

Mr. REID. I will yield back the 4 minutes when he finishes his time.

Mr. NICKLES. I would be happy to grant Senator FEINGOLD an additional minute. I will take an additional minute and then we will hear from Senator BYRD and we will vote.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I appreciate the opportunity to debate the Senator from Oklahoma. I join with him on the issue when it comes to the taxpayers. The lesson we learned in the 1990s is the worst thing that can be done to the taxpayers of this country is to run record deficits and destroy the fiscal integrity of this country.

The only question is: Are we going to have across-the-board, tough budget rules to protect the taxpayer dollars, or are we going to have holes in those rules that will make sure the taxpayers get in a deeper hole with the deficits?

Those tax cuts will not be denied because of these rules this year. The taxpayers of this country will get the 10 percent. They will get the continued elimination of the marriage penalty. They will get the child care credit. If we go with my amendment, they will get that and also get the fiscal discipline rules that brought them a balanced budget at the end of the 1990s.

I yield the floor.

The PRESIDING OFFICER. The Democratic whip.

Mr. REID. Mr. President, would the distinguished manager of the bill entertain having the second 2 votes 10-minute votes rather than 15-minute votes?

Mr. NICKLES. I was going to make that request.

Mr. President, I yield the remainder of my time. What we agreed to do previously was to stack the three votes. Senator BYRD would be first. We agreed to have the proponents and opponents each have a minute before each vote. I ask unanimous consent that we vote on Senator BYRD's amendment and that the following two votes be limited to 10 minutes each.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object, I wanted to inquire if I might find a way to speak for not to exceed 2 minutes in opposition to the amendment that is offered by Senators WARNER and STEVENS.

Mr. REID. I have no problem with that.

Mr. NICKLES. I modify my request so that there be 2 minutes on each side prior to the vote on the amendment of Senator WARNER and Senator STEVENS.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. REID. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. REID. I ask for the yeas and nays for the Byrd amendment.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I believe our regular order would be we would revert to the Byrd amendment with 1 minute debate on each side.

The PRESIDING OFFICER. That is correct. Is the Senator yielding back his time on the Feingold amendment?

Mr. FEINGOLD. I ask for the yeas and nays.

Mr. NICKLES. I yield the remainder of my time on the Feingold amendment.

Mr. REID. I yield Senator LEVIN's time.

The PRESIDING OFFICER. Is there an objection to the request of the Senator that the yeas and nays be ordered?

Is there a sufficient second? There appears to be.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. Is there a sufficient second? There appears to be.

The yeas and nays were ordered.

AMENDMENT NO. 2735

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 1 minute.

Mr. BYRD. Mr. President, the debate about budget deficits is taking place all across this country. Ironically, the one place where debate is discouraged on this matter is right here in the world's greatest deliberative body. My amendment would strike the tax reconciliation instructions to the Finance Committee that would shield tax cut legislation that worsens the deficit from a thorough debate in the Senate.

To use reconciliation to increase the deficit is an abuse of the budget process. It doesn't matter whether it is an \$81 billion tax cut, a \$350 billion tax cut, or a \$1.35 trillion tax cut, the Budget Act framers—and I was one of them—did not contemplate all this difficulty, did not contemplate reconciliation would ever be used to worsen the deficit. Not until 1999, after 25 years of restraint, was this abuse of the process first perpetrated.

If this budget resolution passes with these reconciliation instructions included, the Senate will be denied the opportunity to forge a consensus that would allow it to extend these tax cuts and pay for them.

That is the issue on which we vote today. A vote to strike the reconciliation instructions is a vote to allow the Senate to work its will and to permit the further worsening of the deficit. I urge my colleagues to support the amendment, and I thank the Chair.

Mr. NICKLES. I alert my colleagues we are going to start 3 rollcall votes momentarily.

The only way to make sure there is not a tax increase on American families is to pass reconciliation. Maybe we don't need it. I hope we don't need it. Maybe we will have some good bipartisan cooperation and we can extend present law to make sure these families don't have a tax increase, but this is a pretty partisan time. We can't even get conferees appointed to the Workforce Reinvestment Act, which would help people to get jobs. Some people are just playing games. I don't want to play games with the American family. We only reconcile \$81 billion out of \$12 trillion.

I want families to have a tax cut. I want them to keep the same tax law they have today. That is a savings of \$1,600 for a family of four that has taxable income of \$58,000. The only way we can really assure that is going to happen, or increase the likelihood that will happen, will be to have reconciliation. I wish that wasn't necessary, but unfortunately it is. You can have a lot of people play games with the tax bill if it comes through and it has unlimited amendments.

Maybe we won't need reconciliation. Chairman GRASSLEY asked me to make sure we have it as an option, and I think it is important to do so. If we don't, you may well see the \$1,000 tax credit per child go to \$700, you may well see the marriage penalty relief disappear and increase taxes on couples \$900. I urge our colleagues to vote no on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

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

The result was announced—yeas 47, nays 52, as follows:

[Rollcall Vote No. 36 Leg.]

YEAS—47

Akaka	Dodd	Leahy
Baucus	Dorgan	Levin
Bayh	Durbin	Lieberman
Biden	Edwards	Lincoln
Bingaman	Feingold	Mikulski
Boxer	Feinstein	Murray
Breaux	Graham (FL)	Nelson (FL)
Byrd	Harkin	Pryor
Cantwell	Hollings	Reed
Carper	Inouye	Reid
Chafee	Jeffords	Rockefeller
Clinton	Kennedy	Sarbanes
Conrad	Kerry	Schumer
Corzine	Kohl	Stabenow
Daschle	Landrieu	Wyden
Dayton	Lautenberg	

NAYS—52

Alexander	Coleman	Frist
Allard	Collins	Graham (SC)
Allen	Cornyn	Grassley
Bennett	Craig	Gregg
Bond	Crapo	Hagel
Brownback	DeWine	Hatch
Bunning	Dole	Hutchison
Burns	Domenici	Inhofe
Campbell	Ensign	Kyl
Chambliss	Enzi	Lott
Cochran	Fitzgerald	Lugar

McCain	Santorum	Sununu
McConnell	Sessions	Talent
Miller	Shelby	Thomas
Murkowski	Smith	Voinovich
Nelson (NE)	Snowe	Warner
Nickles	Specter	
Roberts	Stevens	

NOT VOTING—1

Johnson

The amendment (No. 2735) was rejected.

Mr. NICKLES. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2742

The PRESIDING OFFICER. There are now 4 minutes evenly divided prior to a vote on the Warner amendment.

The Senator from Virginia.

Mr. WARNER. Mr. President, of the 2 minutes under my control, I would like to give a minute to my distinguished colleague, Senator STEVENS.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, the amendment I have cosponsored with Senator WARNER will restore the President's request for the Department of Defense. I understand the reasons why the Budget Committee did not bring this full number out of the committee, but we wish to restore the President's request in full.

We are engaged in a global war against terrorism. We have troops in Afghanistan, Iraq, and Haiti. More than half of our forces are overseas at the present time. I do not think it is time for us to cut the President's request for the Department of Defense.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I will be happy to follow with the remainder of my time, if the other side wishes to address this issue.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, on this side we urge our colleagues to support this amendment. We think when our forces are in the field, when they are in combat half a world away, we ought to meet the Commander in Chief's request for funding.

We will offer an amendment at a later point in the queue to fully pay for this amendment. We think that is an appropriate way to handle this matter. But for the moment, on this amendment, we think the right vote is to support the request of the Commander in Chief while our forces are in combat.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, how much time do I have?

The PRESIDING OFFICER. Two minutes in opposition.

The Senator from Virginia.

Mr. BYRD. Mr. President, I have the utmost respect for the two authors of this amendment. They know that.

The Defense Department is plagued with accounting problems so severe

that the Secretary of Defense cannot account for billions of taxpayer dollars. The General Accounting Office estimates the very earliest the Defense Department could possibly pass an audit would be 2007, and that is optimistic. The administration does not even know how much time and how much money it will take to fix the accounting problems.

It is absurd that the administration is proposing to cut vital domestic investments while billions and billions of dollars are lost every year in the Pentagon's broken accounting system. Such waste would not be tolerated from any other Department.

I suggest the Pentagon would be more careful with its money if it had less of it to waste. The Defense Department's budget is already bloated at \$414 billion. I cannot support this amendment to add another \$6.9 billion to the budget resolution for the Pentagon when it cannot explain to the American taxpayers how their hard-earned money is being spent.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I say to my distinguished colleague in reply that you have brought this to the attention of the Senate year after year, as you should.

Mr. BYRD. Yes.

Mr. WARNER. We are endeavoring, through oversight and otherwise, to correct it. But those problems in no way are owing to the valor of the men and women in uniform and their families.

Mr. BYRD. Right.

Mr. WARNER. That is what this vote is for.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I want to remind our colleagues, this is a 10-minute rollcall vote. We will have one other vote immediately following that. For the information of our colleagues, it is our expectation to have more rollcall votes, probably to begin at around 8:45.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2742.

Mr. NICKLES. Mr. President, I ask for the yeas and nays.

Mr. WARNER. Mr. President, the yeas and nays have already been ordered.

The PRESIDING OFFICER. The yeas and nays were ordered.

The clerk will call the roll.

The bill clerk called the roll.

Mr. REID. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

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

The result was announced—yeas 95, nays 4, as follows:

[Rollcall Vote No. 37 Leg.]

YEAS—95

Akaka	Dole	Lugar
Alexander	Domenici	McCain
Allard	Dorgan	McConnell
Allen	Durbin	Mikulski
Baucus	Edwards	Miller
Bayh	Ensign	Murkowski
Bennett	Enzi	Murray
Biden	Feingold	Nelson (FL)
Bingaman	Feinstein	Nelson (NE)
Bond	Fitzgerald	Nickles
Boxer	Frist	Pryor
Breaux	Graham (FL)	Reed
Brownback	Graham (SC)	Reid
Bunning	Grassley	Roberts
Burns	Hagel	Rockefeller
Campbell	Harkin	Santorum
Cantwell	Hatch	Sarbanes
Chafee	Hollings	Schumer
Chambliss	Hutchison	Sessions
Clinton	Inhofe	Shelby
Cochran	Inouye	Smith
Coleman	Kennedy	Snowe
Collins	Kerry	Specter
Conrad	Kohl	Stabenow
Cornyn	Kyl	Stevens
Corzine	Landrieu	Sununu
Craig	Lautenberg	Talent
Crapo	Leahy	Thomas
Daschle	Levin	Voinovich
Dayton	Lieberman	Warner
DeWine	Lincoln	Wyden
Dodd	Lott	

NAYS—4

Byrd	Gregg
Carper	Jeffords

NOT VOTING—1

Johnson

The amendment (No. 2742) was agreed to.

Mr. WARNER. Mr. President, I move to reconsider the vote.

Mr. CONRAD. I move to lay that on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2748

The PRESIDING OFFICER. There will now be 2 minutes of debate, evenly divided, prior to a vote on the Feingold amendment.

The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, this amendment will simply return us to the rules by which Congress played in the decade of the 1990s. We eliminate the exceptions to pay-go included in last year's resolution that exempt new tax cuts and new mandatory spending included in the budget resolution, an exception that facilitates more damage to the Federal bottom line.

This amendment will not—I repeat, will not—prevent the extension of the expiring 10-percent bracket or the child tax credit or the marriage penalty. This body will vote to extend those tax cuts by a huge margin, and I will be part of that huge margin. But this amendment will return some of the budget discipline that helped us balance the budget.

Deficits matter. Debt matters. Let's not leave our children and grandchildren with an even bigger tab than we have already stuck them with.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I urge our colleagues to vote no on this amendment. These are the tax cuts we are trying to protect. Everything, basi-

cally other than that with a minor couple other things, is pay-go. We have pay-go on everything that is not assumed in the budget. This chart shows most of it. That is tax relief for American families.

We should protect taxpayers. We do not have pay-go for expansion of entitlements that sunset, but we do for tax cuts that are sunset. That is not fair to the taxpayers. Let us protect taxpayers.

We have pay-go in the underlying resolution. Last year, I and others made 62 points of order to cut spending. We used pay-go. We will use it again this year. We have it in this budget resolution. I urge my colleagues to vote no on the Feingold amendment.

For the information of colleagues, we expect to have about a 2-hour window, and we expect to have more rollcall votes probably beginning about 8:45 or 9 p.m.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. BYRD. How much time was consumed on the last rollcall?

The PRESIDING OFFICER. Nineteen minutes.

Mr. BYRD. Nineteen minutes. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2748. The yeas and nays have been ordered. The clerk will call the roll.

Mr. REID. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

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

The result was announced—yeas 51, nays 48, as follows:

[Rollcall Vote No. 38 Leg.]

YEAS—51

Akaka	Dodd	Levin
Baucus	Dorgan	Lieberman
Bayh	Durbin	Lincoln
Biden	Edwards	McCain
Bingaman	Feingold	Mikulski
Boxer	Feinstein	Murray
Breaux	Graham (FL)	Nelson (FL)
Byrd	Harkin	Nelson (NE)
Cantwell	Hollings	Pryor
Carper	Inouye	Reed
Chafee	Jeffords	Reid
Clinton	Kennedy	Rockefeller
Collins	Kerry	Sarbanes
Conrad	Kohl	Schumer
Corzine	Landrieu	Snowe
Daschle	Lautenberg	Stabenow
Dayton	Leahy	Wyden

NAYS—48

Alexander	DeWine	Lott
Allard	Dole	Lugar
Allen	Domenici	McConnell
Bennett	Ensign	Miller
Bond	Enzi	Murkowski
Brownback	Fitzgerald	Nickles
Bunning	Frist	Roberts
Burns	Graham (SC)	Santorum
Campbell	Grassley	Sessions
Chambliss	Gregg	Shelby
Cochran	Hagel	Smith
Coleman	Hatch	Specter
Cornyn	Hutchison	
Craig	Inhofe	
Crapo	Kyl	

Stevens	Talent	Voinovich
Sununu	Thomas	Warner

NOT VOTING—1

Johnson

The amendment (No. 2748) was agreed to.

Mr. CONRAD. Mr. President, I move to reconsider the vote.

Mrs. CLINTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, for the information of our colleagues, Senator CONRAD and I are trying to work out an agreement on which amendments will be going next. I believe we have an understanding that Senator BAUCUS will offer an amendment. At that point, Senator VOINOVICH will offer an amendment, and I think I will stop there. I know Senator CONRAD is trying to line up one or two more.

It is our hope that people would not want too much time on their amendments so we could expedite as many amendments as possible.

Again I will repeat, we expect votes to occur probably shortly before 9.

The PRESIDING OFFICER. The Senator from Montana.

AMENDMENT NO. 2751

Mr. BAUCUS. I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 2751.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To strike the outlay reconciliation instruction to the Committee on Finance)

Strike section 201(c).

Mr. BAUCUS. Mr. President, this amendment would eliminate the reconciliation instruction in the budget resolution directing the Finance Committee to produce savings in mandatory programs within the committee's jurisdiction. The amendment is based on an assumption in the resolution that our committee would cut Medicaid by \$11 billion over 5 years, and reduce earned-income tax credit outlays by \$3 billion.

Let me begin by clearing up one common misconception. Some may think the budget calls for the Finance Committee to produce legislation that saves \$3.4 billion over 5 years, since that is the figure in the reconciliation instruction. In fact, the Finance Committee would have to produce \$21.6 billion in savings. Why? Because the budget resolution calls for extending the child tax credit and marriage penalty relief. Since a portion of the child tax credit and marriage penalty relief

is refundable, these count as outlays in the budget process. So extending the child tax credit and marriage penalty relief, as the President has proposed and as the budget resolution provides, and which I support and I think the vast majority of Members of this body support, it will have the effect of increasing outlays also by \$18.2 billion over 5 years.

To produce legislation that generates net outlay reductions of \$3.4 billion, and the additional \$8.2 billion cost, the Finance Committee would have to draft legislation to reduce spending by \$21.6 billion—again, not the \$3.4 billion over 5 years, which is the figure in the budget resolution. It would actually have to be \$21.6 billion.

The budget resolution assumes the Finance Committee will pass legislation that cuts Medicaid by \$11 billion and cuts the earned-income tax credit by \$3 billion and comes up with the remaining \$7.6 billion by extending customer fees.

Mr. CONRAD. Will the Senator withhold for one moment? I apologize.

Mr. BAUCUS. Absolutely.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. Chairman, would you like to present a unanimous consent request on time agreements on the next four amendments?

Mr. NICKLES. Mr. President, we have three or four amendments in the queue. I believe they are the amendment of Senator BAUCUS, the amendment of Senator VOINOVICH, the amendment of Senator NELSON, and the amendment of Senator CORZINE.

I ask unanimous consent there be 30 minutes equally divided on each of those four amendments.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SARBANES. Reserving the right to object, can I get in that queue?

The PRESIDING OFFICER. The Senator from Maryland.

Mr. BAUCUS. Mr. President, I reserve the right to object, too.

Mr. SARBANES. Can I get on that queue?

Mr. NICKLES. You would have to talk to your manager.

Mr. CONRAD. I will be happy to make that the fifth amendment.

Mr. NICKLES. What amendment would that be?

Mr. CONRAD. The firefighters amendment.

Mr. NICKLES. I am not familiar with the amendment. I would like to see it. I expect I would agree to it.

Mr. CONRAD. It is the amendment offered in the committee. I would say what we would like to accomplish. The next round of votes has been set for 8:45 or 9 o'clock. We would like to get the next group of amendments debated so they could be voted on at that time. That is why we are trying to have very tight time limits on these amendments. Would that be agreeable to the Senator?

Mr. BAUCUS. Mr. President, actually it is not agreeable. I would like an hour. I may not use it all, but I would like an hour, equally divided.

Mr. CONRAD. Equally divided. I ask the chairman, could we say we have an hour equally divided on that amendment and 30 minutes on the other three, equally divided, and reach that agreement?

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. I will modify the request that there be an hour equally divided on the Baucus amendment and the other three amendments I referred to be equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. SARBANES. I object. I object.

The PRESIDING OFFICER. Objection is heard. The Senator from Montana has the floor.

Mr. BAUCUS. Mr. President, let me just recap briefly so Senators understand my amendment. I explained where we were before the break in the action.

I am offering an amendment which would eliminate the reconciliation instruction to the budget resolution directing the Finance Committee to produce savings in mandatory programs within the Finance Committee's jurisdiction. The amendment, as I mentioned earlier, is based on the assumption in the resolution that the committee would cut Medicaid by \$11 billion over 5 years and reduce the earned-income tax credit outlays by \$3 billion.

Some may think the budget calls for the Finance Committee to produce legislation that saves \$3.4 billion over 5 years, since that is the figure in the reconciliation. Actually, the committee would have to produce savings of \$21.6 billion, and that is basically because the resolution calls for extending the child tax credit and the marriage penalty relief, as the President has proposed, and as provided for in the budget resolution and which I support. I think the vast majority of the Members here support it.

As a consequence of all that, the outlays have to be increased \$18.2 billion over 5 years, and that is, again, because the earned-income tax credit is refundable. So you add it all together and it actually comes up to \$21.6 billion that has to be cut, not the figure of \$3.4 billion contained in the budget resolution.

I might add that I think neither the earned-income tax credit cuts nor the Medicaid cuts make a lot of sense. Let me start with the earned-income tax credit. That is a feature in the Tax Code that President Reagan once hailed as—and let me give his quote:

... the best anti-poverty, the best pro-family, the best yet creative measure to come out of Congress.

I think he is right. The earned-income tax credit has done a lot to lift people out of poverty.

President Bush has not proposed any reductions in the earned-income tax

credit, and with good reason. The earned-income tax credit was created in 1975 as a bipartisan effort to reduce the tax burden on low-income Americans. It provides a powerful incentive for people to work. It has played a very large role in moving poor families from welfare to work. It has reduced poverty.

Nearly 4.8 million people, including 2.6 million children, are lifted out of poverty each year because of the EITC. By all accounts, the earned-income tax credit has been successful, and it has been effective.

While the earned-income tax credit has achieved its policy aims, and I might add with incredible success, a 1999 Treasury audit of EITC returns shows that noncompliance is a problem. And it is a problem. Noncompliance in the EITC has been a problem. I believe, however, that noncompliance on the earned-income tax credit is largely due to errors, not because of fraud. Both the complexity of the tax credit and the complex living situations are responsible for the high error rate.

Let me give an example. There is an IRS publication called publication 596. That is the IRS instructions and forms for the earned-income tax credit. Guess what. It is 52 pages long. Can you imagine somebody sitting down at his or her kitchen table trying to figure out the earned-income tax credit? The IRS takes more pages to explain the earned-income tax credit than it does to explain the complicated alternative minimum tax. Guess how many pages are in that. Eight. They are eight terrible pages, but there are only eight of them. The EITC booklet has 52 pages. Obviously, it is unnecessary complexity.

Senator GRASSLEY and I fashioned a series of reforms that were enacted as part of the 2001 tax cut legislation. The Treasury expects those changes alone will reduce earned-income tax credit overpayments by about \$2 billion a year. So we are doing something about it. We all recognize more needs to be done, and we will all work together to see that this work gets done.

But the remaining work is administrative; it is not legislative. As this administration has indicated, finding ways to identify earned-income tax filers who were not compliant, and to save money by preventing losses to the Treasury, is primarily an administrative issue, not one that can be achieved through legislation. One can't simply wave a wand and pass a law mandating a lower error rate. That takes a lot of administrative work. The IRS and Treasury are working on it now. They are conducting a major pilot project to test new procedures which the agency hopes will reduce overpayments. I hope the Treasury reduces overpayments, and the IRS is also likely to conduct a second pilot this summer. I and other Senators want to see whether these procedures work, while making sure

they don't cause honest, eligible working families to lose earned-income tax payments for which they qualify.

But I believe administrative action is the proper course. Let me reiterate that no legislative remedies are at hand that the Joint Committee on Taxation has found will generate significant savings—no legislation. Reducing errors is primarily administrative, and the budget resolution's reconciliation instructions to the Finance Committee would unfortunately force the committee to cut the EITC itself. It doesn't really address the error rate.

For hard-working, low-income families, the EITC offsets income, payroll, or Federal excise taxes. It would thus raise taxes for these working families; that is, if the EITC were cut.

It is bad enough we continue to let the minimum wage erode. We should not be raising the taxes on the working poor on top of that by cutting the EITC. The Senate should take a firm stand against raising taxes on working Americans.

The chairman's mark in the Budget Committee last week lays out two ways to achieve these so-called EITC savings. One way is a tax increase, pure and simple. The other way is administratively infeasible and would generate strong opposition from small business owners. The only way the second method could be designed so it would save money would be to make it, too, into a tax increase. Let me explain.

The first of two options in the chairman's mark is to repeal the EITC for very poor workers, particularly workers without children. According to the IRS, some 3.7 million low-income workers received this credit in the year 2003 and secured an average tax credit of a little over \$200 each. These workers are among the poorest, lowest paid workers in the country. Only single workers with incomes below \$11,490, and married couples with incomes below \$12,490, would even qualify.

This credit equals a maximum of 7.65 percent of the first \$5,000 in wages these workers earn. As a result, this credit simply offsets some or all of the employee share of the payroll taxes these workers pay. Repeal it and the net Federal tax burden on these workers rises.

Furthermore, if this tax credit is repealed, poor, single workers will begin owing Federal income tax in addition to their payroll taxes when their earnings only reach \$7,950. That is nearly \$2,000 below the poverty line. We can't do that. Such a change would literally tax these low-paid workers deeper into poverty.

The other option the chairman's mark lists for achieving these EITC savings is to require workers to get their EITC payments in their paychecks rather than in the refund when they file their tax returns at the end of the year. This is unworkable.

First, some small employers will find it very difficult to do. They would have to have additional complexity to do it.

Second, many workers will not want to do this because they believe their earnings or their spouse's earnings may rise during the year which would make them eligible for a smaller EITC or no EITC at all, and if they received EITC payments during the part of the year their family's income was lower, they would have to write the IRS a check paying back the EITC when they file their tax returns. Not everyone in this situation is likely to file a separate amended tax return or have the cash to pay the EITC back. As a result, this could actually increase errors. It could increase overpayments as well as causing many families considerable difficulty.

It would not save money. Suppose you instituted this system starting in the tax year 2005. It means next year low-income workers would receive both their EITC tax refund for the tax year 2004 and their EITC payments for tax year 2005 which would be provided in their paychecks throughout the year. The result would be the earned-income tax credit costs would nearly double in 2005. That would increase costs, not reduce them.

This is not the time to cut Medicaid. Medicaid provides a crucial health care lifeline to more than 50 million Americans. It is a critical player in our health care safety net. Medicaid pays for about 40 percent of all births in this country. It pays for almost half of all nursing home days. Its reach stretches throughout the health care system, and substantial costs will be felt in every corner of this Nation if this cut were to proceed.

Even without these proposed cuts, Medicaid beneficiaries and providers are facing a very difficult year. Many States have not yet emerged from their worst financial crisis in several decades, and Medicaid programs have been cut in virtually every State in the past 2 years. In fact, over the past 2 years, States have instituted Medicaid changes that have resulted in between 1.2 million to 1.6 million low-income children, parents, elderly, and disabled people losing coverage and becoming uninsured.

Benefits and provider payments have also been cut, resulting in beneficiaries' reduced access to needed services and greater cost shifting to individuals who are insured. The liability of our health care safety net is threatened. These cuts would have been significantly steeper had Congress not provided States with \$20 billion in fiscal relief last year.

Even after these Medicaid cuts and other budget cuts—and in many States tax increases—States still face a new round of deficits estimated at \$40 billion in the coming year. Despite this news, the Federal fiscal relief is ending with the result that deeper Medicaid cuts are likely. The last thing we need to do now is to reduce Federal funding for Medicaid further and force deeper cuts in Medicaid.

We should instead heed the bipartisan warnings of the National Gov-

ernors Association. In a letter last week, the National Governors Association chair and vice chair, Governor Kempthorne of Idaho and Governor Warner of Virginia, had this to say:

States are currently emerging from the most severe budget crisis since World War II. And nearly every State has enacted difficult cuts to its Medicaid program, including both eligibility levels and provider payments. Federal funding reductions would force States to implement even deeper cuts by restricting eligibility, eliminating or reducing critical health benefits, and cutting or freezing provider reimbursement rates. As a result, the Medicaid funding cuts could add millions more to the ranks of the uninsured and would harm our Nation's health care safety net.

We should listen to the Governors. They are bipartisan. This is not a bipartisan issue.

Opposition to the cuts extends beyond the Governors to hundreds of organizations of hospitals, doctors, nurses, veterans, disability advocates, patients' advocates, and nursing homes.

Some have argued the savings could come—harmlessly, they seem to suggest—by merely cutting "fraud and abuse," particularly in State financing arrangements. But this is a false premise. Not one, not the administration and not the chairman of the Budget Committee—not one—has proposed a policy to limit State financing arrangements they decry. The administration's exhortations on this matter are so vague the Congressional Budget Office has not scored the administration's proposal as producing any savings in Medicaid. No one has even claimed any specific proposals could raise \$11 billion as essentially called for in this reconciliation instruction.

To be clear, Congress has addressed the fraud we hear about.

The Finance Committee takes very seriously its oversight of the programs within its jurisdiction. The committee is dedicated to maintaining program integrity and ensuring taxpayer dollars are used wisely and efficiently. I am as strongly opposed to fraud as any Senator. But mandatory budget cuts are a blunt instrument unsuited to address this difficult, complex problem, particularly in the absence of specific administration proposals the Congressional Budget Office scores as producing savings.

Some have argued this budget reconciliation instruction doesn't matter. They argue if the Finance Committee does not want to make these cuts, then it can simply not act.

But I ask, What if the House committees of jurisdiction do act? If the House passes a reconciliation bill, any single Senator could then use rule XIV to put that bill on the calendar, bypassing the Finance Committee. The Senate could then be facing a fast-track vehicle to make unfair spending cuts that fall in the Finance Committee's jurisdiction without the committee ever having participated in the effort.

I have high confidence in the chairman of the committee, Senator GRASSLEY of Iowa. He will find a good way to

deal with Medicaid and with Medicare. He is very fair. He works with all Senators. I think that is by far the preferable procedure rather than the fast-track procedure as I mentioned under rule XIV which bypasses the committee. It could well happen, if the House acts.

Finally, I note the House budget is likely to reconcile much deeper cuts in these programs while acting as though all such savings can somehow be achieved by wishing away "fraud, waste, and abuse." I am deeply concerned about conference deliberations on this matter.

This reconciliation instruction is a very dangerous provision. It is one that could do real damage. My amendment to strike this reconciliation instruction enjoys widespread support from many Governors, many health care providers, and organizations dedicated to helping the Nation's children, among countless others.

I urge my colleagues to join me in supporting the amendment.

I yield 10 minutes to the Senator from Hawaii to also speak on this amendment.

THE PRESIDING OFFICER. The Senator from Hawaii.

Mr. AKAKA. Mr. President, I rise to support an amendment offered by my colleague from Montana, Senator BAUCUS, the ranking member of the Finance Committee. His amendment seeks to right wrongs perpetuated against low-income families in the budget resolution before us. As he has explained, the pending resolution seeks to make room for further tax cuts by instructing the Finance Committee to make ill-advised cuts of \$21.6 billion from Medicaid and the earned-income tax credit, EITC.

I am already concerned about the reconciliation instructions in the resolution that would further reduce federal revenues by \$80.6 billion for tax cut extensions that we cannot afford. We have felt in the current fiscal year the negative effects of these tax cuts on important domestic programs starved for resources, while we continue to put essential support toward our operations in Iraq and Afghanistan and the global war on terror. I strongly support our men and women in the military who are fighting to preserve our security, and we must not erode further resources from them or the people they are protecting at home by extending tax breaks or making them permanent. Although fully offset relief to lower income families through measures such as the refundable child credit are seductive assumptions under this instruction, I understand that further assumptions in the resolution would allow an earlier repeal of the estate tax in 2009 instead of 2010 and permanency in other areas such as the dividends and capital gains rate structures at a cost of \$22.7 billion. Now is simply not the time for such measures.

With due respect to my colleagues on the other side of the aisle, while we are

seeing small promising signs in the economy, my colleagues seem willing to deny the ability of lower income families to help drive economic recovery by raising their taxes. The resolution would partly fund tax cut extensions and permanency on the backs of the working poor with attacks on Medicaid and the earned-income tax credit, EITC. These are simply mean-spirited actions against working families in this country.

The budget resolution would increase the number of underinsured and uninsured in this country by cutting more than \$11 billion from Medicaid. The impact that this would have on already strained state Medicaid programs and the individuals who rely on this important safety net would be devastating. States continue to face crisis situations with respect to their budgets. We all know that Medicaid makes up a tremendous portion of state budgets, and drastic cuts by states to balance their budgets have swelled the rolls of those without insurance. The Center on Budget and Policy Priorities reports that state cuts over the past 2 years have shut between 1.2 million and 1.6 million people out of the Medicaid Program.

Additionally, the reductions in Medicaid included in the budget resolution will lead to further cuts in coverage and benefits for people in need. They will prevent individuals from being able to access health care, which will increase the burden on our public health system. The uninsured delay seeking medical treatment, which is likely to lead to more significant and costly problems later on than if they had sought earlier, preventative treatment or had access to proper disease management. These cuts will also further erode the ability of the hospitals, physicians, and other medical providers in our communities to meet the health care needs of the community. Our health care providers who already are confronted with inadequate reimbursements, rising costs, and an increasing demand to provide care for the uninsured. A tremendous \$11 billion cut would far exacerbate this problem and perhaps hold tragic consequences for welfare recipients only beginning to rebuild their way to self-sufficiency.

The resolution before us would also strike \$3 billion from the EITC—a refundable credit that helps lower income individuals and families to meet essential needs—food, clothing, housing, transportation, and education. The Census Bureau notes that the credit lifted nearly 4 million people above the poverty line in 2001. This year, families can expect an average refund of \$2,067, which can mean a stay of eviction, transportation to a decent paying job for the year, or food in children's bellies. The EITC can mean the equivalent of a \$2 an hour raise in the salary for working mothers and fathers.

I would like to present a visual image of just which families are reached by the EITC. As you can see in the chart

behind me, courtesy of the Brookings Institution, higher concentrations of EITC recipients are in the dark orange at more than 40 percent, with the percentage decreasing as the colors move to yellow, then blue. We can see how effectively the EITC reaches families and communities in large cities and all across the rural South. Highest concentrations of EITC recipients as a percentage of total filers in a state can be found in Alabama, Arkansas, Georgia, Louisiana, Mississippi, New Mexico, South Carolina, and Texas.

Finally, an analysis of delegations by state clearly shows that the EITC should remain a bipartisan issue. The 18 States that have two Senators from my side of the aisle have 15.2 percent of all EITC earners, while the 19 States with two Senators from the other side of the aisle have an even greater percentage of recipients at 17.2 percent of all EITC filers. All total, EITC assistance of almost \$36 billion is lifting our communities representing meaningful relief for millions of EITC earners, whose numbers grew by 8 percent between tax years 2000 and 2002 due to the economic downturn and longer-term unemployment trends.

Mr. President, in closing, we should not be attempting to produce savings for ill-timed tax cuts by denying such assistance to those in our states who most need it. Without the Medicaid program and the EITC, many families will go without health services and fundamental, everyday priorities. The Baucus amendment seeks to ensure that the working poor will have access to the healthcare that they and their children need, and the financial assistance that will provide for their essential expenses.

I have sent to my colleagues in the Senate a copy of the statement of the low-wage workers. I have also sent a "Dear Colleague" letter to each office on the earned-income tax credit map we have shown.

I hope all of my colleagues will look at the EITC predicament and support the Baucus amendment.

I yield the floor.

THE PRESIDING OFFICER. Who yields time?

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself such time as I might consume.

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

Mr. GRASSLEY. Mr. President, during this debate on this amendment, we have heard there is going to be \$11 billion cut from various programs under the jurisdiction of the Senate Finance Committee. I have the budget resolution in front of me. I defy anybody to tell me where in this budget resolution there is an \$11 billion cut.

I want to make it clear. What has been said, thus far, is based on some assumptions, assumptions that, in the global view of all the possible assumptions that the Senate Finance Committee could draw on to save a little

bit of money, it is in the realm of possibility, but it is a very extreme possibility of just exactly where the Senate Finance Committee ends up to save \$3.4 billion, not \$11 billion. This comes from the fact the budget includes an instruction to the Finance Committee to reconcile \$3.4 billion over 5 years.

Now, if you were talking on "Main Street" in Waterloo, IA, about saving \$3.4 billion over 5 years, out of the trillions of dollars that the Federal Government is going to spend over that period of 5 years, and you wanted to explain to somebody that you could not save a fraction of 1 percentage point, they would say: You better get some businessperson to serve in the U.S. Senate because the average businessperson has to deal with problems like that all the time. It is a small amount of money, but it is still some direction given to the committee.

Now, exactly where we might do that—there has been a lot said tonight, that somehow people know exactly where the Senate Finance Committee is going to get this sort of reconciled figure. I would have to say, I do not know yet. I do not know yet because I have not looked at all the possibilities. I do not know yet for a second reason: that even if I had a very good idea of exactly where this ought to come from, a chairman of a committee, particularly of the Senate Budget Committee, does not run the Finance Committee. We do things in a bipartisan fashion in that committee. Even within the Democrats, there is a difference of opinion, not a unified position among Democrats and, for sure, among my Republican members of the committee there is not a unified position.

It takes a lot of compromise to do anything in the Finance Committee. When you are talking about even saving a fraction of 1 percent—a very small fraction of 1 percent—let me tell you, there would still be a great deal of difference of opinion that it ought to be done. The fact is, there is nothing in this budget resolution that says where we have to save that money. That is our committee's decision.

When you vote this week on this budget resolution or when you vote on this amendment, I want to make it very clear to you that there is nothing in this that says how this money ought to be saved. So I can say to any of my colleagues on the other side of the aisle: I do not want this program cut. Another one says: I do not want that program cut. I can say: There is nothing in this resolution that says I have to cut program "ABC" or "DEF." It is what we can do in our committee.

For sure, there has been a great deal of talk about it might come out of Medicaid or it might come out of the earned-income tax credit. Maybe it could, to some extent. But I do not know that yet. Even if I knew it, I could not produce 11 votes this minute, and that is the way it ought to be. This has to be a thoughtful process.

All we are doing in this budget resolution is making an overview of the fis-

cal policy of the Congress for the next 12 months. That is all we are doing. We are doing that so all the committees of Congress are disciplined. Before the budget resolution, when it came to fiscal matters, every committee and subcommittee in Congress was a kingdom unto itself. And what was the fiscal policy of the Congress of the United States? It was the total action of all the separate committees.

But the Budget Committee is set up so that before you spend money, before you make tax policy, you have a well-thought-out process of keeping within certain limits so that each committee is not a kingdom unto itself, but they are disciplined by the total view expressed in the Congress in a budget resolution—in the Senate and House separately; and then, after compromise between the two Houses, that policy is adopted.

Now, the budget assumes additional savings, but the Finance Committee is not required to reconcile these savings. Striking the \$3.4 billion reconciliation instruction does not remove these other nonbinding savings. These nonbinding assumptions would remain. This amendment does not change any—does not change any—of those assumptions.

The amendment deals with \$3.4 billion, but all the debate has been about certain assumptions, and there is nothing in the amendment that changes any of those assumptions. So what all the debate has been about is not what you are going to be voting on. You are going to be voting on \$3.4 billion being saved. But the debate has been about, "Oh, the money is going to come out of Medicaid; the money is going to come out of the earned-income tax credit" because of some assumptions that were made. But the assumptions are not binding. The amendment before us does not even change the assumptions.

As to the point that the House-passed reconciliation bill could be handled in the Senate under what we call the rule XIV procedure—which is a way of bypassing the Finance Committee—the Congressional Budget Act clearly states that only a bill reported by the Finance Committee is entitled to the reconciliation protections. So you cannot bring something over from the House under rule XIV and have it reconciled. Our committee, and only our committee, has the responsibility to deal with this for the Senate.

Now, speaking to a specific program, I would address the issue that has come up about Medicaid. As chairman of the Senate Finance Committee—we have jurisdiction over the entire Medicaid Program—I am not bound by those budgetary assumptions. That is the third time I have said it. I hope it is clear. The chairman of the Senate Budget Committee and the Budget Committee can put certain assumptions in the resolution, and those are legitimate assumptions to put in the report, although we do not vote on those assumptions. But they are as-

sumptions because it is legitimate for those of us in the Congress to expect the Budget Committee to be responsible. If you are going to put down a figure, you ought to have something to back it up. It should not be pulled out of the clear blue sky. It ought to be based on certain assumptions. That is what the Budget Committee and the chairman did, and that is what they should be doing. Now, I am not bound by those. I have respect for those, though, I want to point out, as I have respect for the work of the Budget Committee and its chairman. But I don't have to share the assumptions that any Budget Committee makes on how to arrive at the figure. In this particular instance, I might have different views about Medicaid. Frankly, I do. But that is not the issue of debate.

I happen to believe Medicaid is a vital safety net program for our most vulnerable citizens. It is for people who are low income. It is for pregnant women. It is for the elderly, for the disabled, and for others. States also spend a significant amount of their budgets on Medicaid. When I look at a program, how we save Medicaid money, if we go there—and we are going to have a responsibility to look at all this stuff; we might not even look at Medicaid at all, but we might—I have to be mindful of any effective changes we make to the Medicaid Program that it might have on the States, because this is a program where there is a partnership between the Federal Government and State governments and, in some States, even local governments.

Last year, for instance, this entire Congress felt very serious about doing something to help States, in addition to what we would do through Federal grants to the States, emergency grants, because most of the States had very tight budget situations. We gave \$20 billion relief to States, of which \$10 billion was just for Medicaid. I say that not that you need to be reminded of it, but I want you to know our committee, even 8 months ago, took into consideration the needs of the States.

I am going to look at how Federal tax dollars are spent, but I also have to know there is some impact they have on the States.

We also have to look at the reality of every Federal program. They ought to be reviewed from time to time. It seems to me we can look at Medicaid not as some sacred cow. Not that it is not a good program, not that it should not be preserved. It is part of the social safety net of our society. It will be maintained. It is a program that is 38 years old. But it is only an extension of a 200-year history our society has had of taking care of the most vulnerable, originally, entirely by counties or local governments. Then the States got involved, and then, in the 1940s, the Federal Government got involved in several ways. Then that was all kind of put together in the 1960s in the Medicaid Program.

There is no reason to think this is some sort of a flawless program that

can't be made a better program. You don't even have to assume it is some program that at least a fraction of 1 percent maybe can't be saved to some extent. No conclusions on my part, but I wouldn't be a very good public official, a very good trustee of the taxpayers' money if I thought any program couldn't be looked at to see could we save a half of 1 percent out of that program.

I am not opposed to reviewing whether there are instances of fraud or abuse in the Medicaid Program, but I want you to know that I will conduct oversight activities and do it in the open. I will do it in a bipartisan manner. I am going to do it with extensive input from stakeholders.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank my colleague, Senator GRASSLEY, chairman of the Finance Committee, for his statement. He happens to be exactly right. The net essence of this reconciliation instruction is to tell the Finance Committee, save \$3.4 billion over the next 5 years. The Finance Committee is an enormous committee. It has jurisdiction over welfare, Medicare, Medicaid, Social Security, a total of about \$4.6 trillion over the next 5 years. Surely this committee can find \$3.4 billion of waste, of money that should not be spent.

Senator BYRD alluded to the reconciliation process and said it is supposed to be used to save money, to reduce the deficit. We gave an instruction to the Finance Committee to do that. Can't we save at least \$3.5 billion out of \$4.6 trillion?

I have heard people say: It is going to mean some cuts in Medicaid. Medicaid has a lot of fraud. I tell my colleagues and my good friend from North Dakota, I may want to do a hearing in the Budget Committee, if the Finance Committee is not willing to do it. Let's get into these intergovernmental transfers. Let's find out about how much some States are ripping off the Medicaid system. I use that term exactly as I meant it, ripping off the Medicaid system, ripping off the Federal Government, taking a program that is supposed to be 50-50 Federal-State and turning it into a program where the Federal Government pays 100 percent.

There are some proprietors who specialize in how to milk the Federal Government on Medicaid where the State doesn't even have a match. They don't have to pay anything. It is all Federal Government. They are doing that today in a lot of States. Maybe they will pay a little payment to the hospital if they will participate. There are a lot of schemes, scams, I think fraud, probably should be totally illegal, some of it may be bordering on illegality, to the tune of billions of dollars. The committee doesn't have to do that. We just said: Look, can't you find at least \$3.5 billion?

We have the appropriators tell us day after day: Wait a minute. We only appropriate maybe about 30-some percent of the budget. Don't make us take the full brunt of any savings plan. What about those entitlements? Year after year people say: We can't do that.

My guess is you could find this amount of savings in a number of entitlements. The committee has jurisdiction over welfare. Are you going to tell me there is not welfare abuse; that it couldn't be tightened up?

One assumption I think we need to look at is the earned-income tax credit. This is a \$36 billion program our Federal Government is writing a check for every year; in some cases, a lump sum in excess of \$4,000 for a family. We find out it has abuse of 27 to 30 percent from fraud or incorrect payments. We can't tighten that up? I didn't say 5-percent fraud. I didn't say 10 percent. I said 27 to 32 percent of fraud or mispayment in the earned-income tax credit program. Surely we can tighten that up. That program over the next 5 years will be about \$170 billion or something. Surely we can find some savings in that program.

Whether you are talking about Medicaid, Medicare—there is fraud in Medicare. We have had some people put in jail because of fraud in Medicare. Let's tighten it up. We have deficits. We can't afford to have fraud. We can't afford to have this kind of cheating system going on day in and day out. It has happened frequently.

So should we not look at the two-thirds of the budget, two-thirds of the budget that many people say: That is untouchable; let's not do anything to Social Security. I don't want Social Security fraud. When you are spending the kind of money we are, there is some fraud. I think we should look at every dollar.

The Finance Committee has enormous jurisdiction and is very capably led by Senator GRASSLEY. He is exactly right: \$3.4 billion out of a total of \$4.6 trillion is .0007 percent. It is not one-tenth of 1 percent. It is less than that. It is such a small figure. Yet some people are acting as if the sky is falling because somebody is afraid maybe their gravy train of abuse might not be able to continue or somebody is saying: Wait a minute, we have been doing that for a long time. I want to make sure I can continue.

I say: What is your program? Let's eliminate some fraud. Let's eliminate some waste. Let's give the discretion to the Finance Committee to come up with some savings. Let's curtail the growth of entitlement programs if they are fraudulent, if they are incorrect.

I have great confidence Senator GRASSLEY and Senator BAUCUS are not going to report anything out of the Finance Committee that is not going to be fair if they are talking about trying to tighten up some of the abuses in the system.

They are not limited. They are not bound. They are not directed to do any-

thing except can't you save \$3.5 billion over the next 5 years when we assume spending under the committee's jurisdiction will be \$4.6 trillion? Surely that can be done.

Again, appropriators have said: Let's not have us bear the full brunt. Let's have savings elsewhere in the budget. These are very minor savings, very doable savings.

I urge my colleagues to vote no on the Baucus amendment.

Mr. KENNEDY. Mr. President, America faces a continuing health care crisis, and this budget makes it even worse for those on Medicaid. For years, that State-funded program has provided health insurance coverage for the poor. Because of the fiscal pressures created by the failed Bush economic policies, States have already had to drop 1.5 million people—half of them children—from the Medicaid rolls. Instead of helping States provide insurance coverage, this budget actually cuts Medicaid further. That is the wrong policy—and this amendment will reverse it.

The Bush administration is out of touch with the reality of the plight of working Americans across the Nation. The unemployment rate continues high, and no end to this crisis is in sight. In addition to struggling to pay their rent and buy food for their families, millions of Americans are also having to go without needed health care.

Almost 44 million Americans are uninsured and this number is rising. Health costs are soaring at double-digit rates each year. As health insurance premiums continue to soar, employees and employers alike worry that they will not be able to keep their coverage.

Those without health insurance pay a cruel price. A third of Americans without insurance say they do without recommended treatment because they can't afford it. A third report not filling a prescription because of cost. Almost half report postponing care because of cost. These facts have real health consequences. According to the Institute of Medicine, 18,000 Americans die every year, simply because they don't have health insurance. Thousands more suffer needlessly or acquire early disabilities.

The Republican budget ignores this crisis, without any credible proposal to protect the uninsured or reduce the rising cost. Instead, the Republican budget makes the problem worse, by slashing \$11 billion from Medicaid over the next 5 years.

Medicaid is a lifeline for 50 million Americans who have no other access to health care. Medicaid provides needed prenatal care to pregnant women. It means that children receive early and periodic screening, diagnosis, and treatment. They get immunizations and other health services. Millions of low-income elderly seniors rely on Medicaid to pay the health and nursing home costs that Medicare doesn't cover.

States are struggling to maintain their share of Medicaid in the face of severe budget deficits. Last year, States had a combined deficit of \$78 billion, and another \$40 billion shortfall is expected this year. The State Medicaid cuts last year would have been far worse without the \$20 billion State relief passed by Congress to help meet it a year ago. We should continue that assistance now, not make the problem worse by slashing benefits to the most vulnerable Americans.

The amendment we are proposing will eliminate the unfair reconciliation instruction that would force the Finance Committee to cut \$11 billion more from Medicaid. These harsh cuts are opposed by more than 155 national organizations, including physicians, hospitals, children, the elderly, women, religious organizations, and professional associations. The National Governors Association opposes these cuts. The American Hospital Association opposes these cuts. The American Medical Association opposes these cuts. The American Health Care Association opposes these cuts. The Children's Defense Fund opposes these cuts. The National Organization for Women and Families opposes these cuts.

The American people understand that these cuts are cruel and counterproductive. They are the wrong priority for America, and I urge the Senate to approve this amendment and preserve health care coverage for millions of Americans.

Mrs. CLINTON. I rise in strong support of the amendment to save crucial programs like Medicaid from being slashed by this short-sighted budget.

This is a time when American families are still struggling to find jobs, and the new jobs they are finding are often low-wage jobs that lack health insurance. In this setting, Medicaid remains an essential "safety-net" in the provision of health and long term care services for millions of Americans.

Meanwhile, even as need is greater, States' revenues are declining, so there are fewer and fewer resources to meet those needs. New York had a \$6.8 billion budget gap last year, \$11.5 billion in '03/'04—that's 25 percent of the general fund. This is a pattern repeated for all the states. Texas had a 15 percent shortfall. Alabama faced a shortage amounting to 16.5 percent of the general fund. And because States, unlike the Federal Government, often face State constitutional provisions that prevent them from carrying a deficit, they are forced to cut benefits to make ends meet, thus slashing eligibility, starving hospitals and physicians, and slashing services. We see that happening all over the country.

But instead of acting to prevent these cuts, and stanch the bleeding, this budget turns the knife further and forces \$11 billion in unspecified cuts to Medicaid at a time when such cuts would cripple states' ability to serve American families in hard times.

We have all been on record supporting the important safety net role

that Medicaid plays when American families are hard-pressed to find jobs. Last year, we worked hard to recognize the existing financial instability threatening the Medicaid program. We provided \$10 billion in temporary State fiscal relief directed at Medicaid. Thanks to this relief, States and local communities have been able to continue to maintain their Medicaid programs and avert drastic cuts in local services. But the fiscal relief is due to expire in 3 months, even as State budget situations remain in critical condition. And as the jobs situation continues to look dire, Medicaid is as critical as ever to ensuring the health of millions of Americans. Now is not the time to make additional reductions in federal Medicaid funding.

We must reject the Medicaid reduction provisions in the budget and, in doing so, take a stand to protect the health and long term care needs of our nation's struggling families, our elderly and disabled. That is why I urge my colleagues to support the Baucus amendment to reduce the amount of cuts that would otherwise have to come from Medicaid.

Mr. CONRAD. Mr. President, I am wondering at this point if we can reach an agreement on the additional time on this amendment. Senator BAUCUS tells me he only requires 5 more minutes.

Mr. NICKLES. Mr. President, I ask unanimous consent there be 5 minutes on each side remaining on the Baucus amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I want to address a couple of points that I think need to be addressed. They are a bit misleading. First, there is no language in the budget that specifically requires the Medicaid cuts. So why pass this? The fact is, with all due respect to the chairman of the Budget Committee, during markup the chairman said basically that we assumed the \$11 billion in mandatory cuts was going to come from Medicaid. That is the chairman's assumption. He made that very clear. He wants it to come out of Medicaid.

As we know around here, that is the general thrust of measures we pass that are in the budget resolution, and that is what is going to happen. As long as I have been here, and I have been here a long time, that is the way this place operates.

There are clearly going to be cuts there. So the point that cuts in Medicaid are specifically required, that is not true. Are they effectively required? Clearly, yes. Also, it has been suggested there is a lot of fraud, waste, and abuse. That is a bit of a disingenuous statement. First, we never condone fraud and abuse. We don't need a statute to allow that. There are anti-fraud and anti-abuse laws. There are no specific fraud and abuse proposals. It just says cut.

If there is no proposal, as I said earlier, Joint Tax has not scored anything that amounts to raising revenue. By logical conclusion, we are going to cut Medicaid; it is that simple. It sounds good, this fraud, waste, and abuse, but it is just going to be a straight cut. There is no specific proposal that addresses that.

Also, we are already so-called cutting waste. There is a \$2 billion savings, a cut in error rates, because the administration is looking at this more closely, which is good. There are a lot of error rates elsewhere in the code, not just for low-income people. It is in sole proprietorships and other categories of taxpayers as well. We are not cracking down on them; we are cracking down on poor people. That is the wrong thing to do.

The main point is this is a cut in Medicaid. That is clearly what is intended. Second, this is not a fraud, waste, and abuse cleanup; it is a cut in Medicaid. Be honest. That is the effective result.

Technically—it is a small point—some of the concern about error rates in Medicaid is because States controlling the Medicaid Programs are undertaking actions that are now being corrected by Uncle Sam. So it is not the fault of the low-income folks. It is not the earned-income tax credit or the refundability portion. That is a small part of the problem. Rather, it just changes the administration of it between Uncle Sam and the States.

This is a good amendment. We should not cut Medicaid. We should not cut folks who get the advantage of the marriage penalty by \$21.6 billion. That is the effect of the cut that is going to be required in the budget resolution.

My amendment says, let's eliminate that requirement and deal with Medicaid and other programs as we normally do in the normal course of business.

I yield back the remainder of my time.

Mr. NICKLES. Mr. President, I think Senator GRASSLEY said it very well. He is chairman of the committee. He said the committee can find \$3.4 billion out of \$4.6 trillion. I think it could be in Medicaid or in the earned-income tax credit. I think it could be in almost any program, such as the welfare program. I have no doubt whatsoever there is plenty of abuse. The administration talked about the intergovernmental transfers. There is lots of abuse.

I am going to embarrass our colleagues by getting into this in detail. I will show people how some States have been ripping off this system—probably to a much greater extent than even what has been bantered about. It is happening today. Many States are doing it.

I will tell my colleagues that we found we had payment abuse in Medicaid in years past. You might remember the program. We had to tighten it up. There has been some tightening of

the intergovernmental transfer but not very much. A lot more could be done.

The Federal Government should not be taking Medicaid dollars and giving it to States to pave roads. In some cases, Medicaid money is being used by States for a lot of things other than Medicaid. I am telling you, I come to this Senate with, I hope, a little bit of credibility. I am not making this up. Maybe a more thorough evaluation in the committees would expose some of this. The earned-income tax program, people don't want to touch it. Yet the GAO says there is an error rate, a fraud rate in 27 to 30 percent, or a 32-percent fraud in a program that spends \$36 billion a year, and we cannot direct the committee to say, Can you not come up with some savings? I am embarrassed.

If we are not going to stay let's at least do some shaving of the growth of some of the fraud in the entitlement programs, two-thirds of the Federal Government or of the budget, if we cannot shave a little spending in this area, shame on us.

For the people who act as if I am a deficit hawk, I want to get the deficit down. The last time we had significant instruction to reduce the growth of some of these entitlements to take out some abuse was in 1997. Some of my colleagues say we got the deficit down. The biggest spending reduction thing we did—maybe one was shutting down the Government in 1995 for a while, but the biggest thing was in the 1997 bill that had reconciliation instructions, had significant savings. A lot of the people taking credit for the great savings we did in the nineties didn't vote for that.

Anyway, to ask this committee to find \$3.4 billion out of \$4.6 trillion over the next 5 years is not heavy lifting, as Senator GRASSLEY alluded to. I agree with him entirely. I think the committee can find this much and more. I urge our colleagues to, at the appropriate time, vote no on the Baucus amendment.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, my understanding of the Baucus amendment is that he has not taken out the savings at all. All he does is take out the reconciliation instruction. The savings are still there.

Let me comment for a moment, if I can, on what Chairman NICKLES is saying, because he is talking about something where I entirely agree with him.

In Medicaid, there are States that are engaged in scams. I don't know how else to say it. What Chairman NICKLES has said is entirely accurate. There are States that have figured out ways of tapping into the Federal Treasury and replacing what should be State funds with Federal funds. There is nobody who studies this who doesn't know what the chairman has said is true.

There are a number of States that have almost made a science out of playing games with Federal programs,

to tap into the Federal Treasury, to advantage their States to the disadvantage of Federal taxpayers and to the disadvantage of other States.

But I repeat, in looking at the amendment of Senator BAUCUS, he has not taken out those savings. Those savings remain in the underlying resolution. It does take out the reconciliation instruction. So I have concluded that the Baucus amendment is worthy of support.

What the chairman has said is something I join in, especially with respect to Medicaid Program abuses. I am very hopeful we will have a hearing on these issues once we get past the budget resolution and the negotiations in which the chairman will have to be involved in the coming days. We ought to put a bright light on some of these States that are engaged in a scam operation.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, we yield back the remainder of our time. I believe the Senator from Ohio has an amendment. He has requested 25 minutes on his side. I know a couple of other colleagues have amendments. We told people to expect votes at 9 o'clock. I would like to get in three or four amendments, if possible. I call upon our colleague from Ohio.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, maybe we can lock in an agreement. Is there any way the Senator from Ohio would take 20 minutes on his side, and we will take 20 minutes on this side? I would even take 15 minutes on this side if the Senator would reduce his time to 20 minutes. That will give us a chance to offer another amendment or two before the voting starts.

Mr. VOINOVICH. Mr. President, I think I need 25 minutes, but it may be 20. I think I need 25 minutes.

Mr. NICKLES. I ask unanimous consent that the Senator from Ohio be recognized for his amendment not to exceed 25 minutes, and the Senator from North Dakota be recognized for 20 minutes.

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

The Senator from Ohio.

AMENDMENT NO. 2705

Mr. VOINOVICH. Mr. President, I call up amendment No. 2705 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Ohio [Mr. VOINOVICH] proposes an amendment numbered 2705.

Mr. VOINOVICH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To balance the budget and lock away the Social Security surplus by establishing a supermajority point of order prohibiting the consideration of any bill that raids the Social Security Trust Fund by exceeding a declining level of on-budget deficits on a fiscal year basis)

At the appropriate place, insert the following:

SEC. . BALANCED BUDGET POINT OF ORDER.

(a) IN GENERAL.—Except as provided in subsection (b), it shall not be in order in the Senate to consider any bill or resolution (or any amendment, motion, or conference report on that bill or resolution) that would result in an on budget deficit larger than—

- (1) in fiscal year 2004, \$639,000,000,000;
- (2) in fiscal year 2005, \$575,000,000,000;
- (3) in fiscal year 2006, \$511,000,000,000;
- (4) in fiscal year 2007, \$447,000,000,000;
- (5) in fiscal year 2008, \$383,000,000,000;
- (6) in fiscal year 2009, \$319,000,000,000;
- (7) in fiscal year 2010, \$255,000,000,000;
- (8) in fiscal year 2011, \$191,000,000,000;
- (9) in fiscal year 2012, \$127,000,000,000;
- (10) in fiscal year 2013, \$63,000,000,000; and
- (11) in fiscal year 2015, \$0.

(b) EXCEPTION.—Subsection (a) shall not apply if—(1) the President has declared a state of national emergency; or (2) the economy is in recession, defined as 3 consecutive quarters of negative growth in Gross Domestic Product.

(c) SUPERMAJORITY.—(1) Waiver.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(2) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

(d) EXERCISE OF RULEMAKING POWERS.—Congress adopts the provisions of this section—(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each house, or of that house to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and (2) with full recognition of the constitutional right of either house to change those rules (so far as they relate to that house) at any time, in the same manner, and to the same extent as in the case of any other rule of that house.

Mr. VOINOVICH. Mr. President, before I speak in regard to this amendment, I would like to comment on the discussion that was going on with regard to Medicaid. There is no question that as a former Governor I observed my colleagues around the country gaming the system, and I was very upset about it. I made it very clear as chairman of the National Governors Association that this was an understanding we had with the Federal Government and that we ought not to game the system.

I will never forget while I was Governor there was a management company, which is no longer in business, that went out to the school districts and showed them how they could use the money they were spending for

health care and use it to game the Medicaid system. They would charge a percentage of the money they were able to bring into the school district. When I found out about it, I went berserk, to put it as nicely as I can, and that stopped. But I do think it is not a sacred cow that ought not be looked at. Just like a lot of mandatory spending we have, it should be reviewed to see if there are ways we can save some money.

Mr. President, I support this budget resolution, and I applaud Senator NICKLES for his diligence and fiscal responsibility. The budget resolution we are considering builds on the success of the resolution Senator NICKLES crafted last year. The fiscal year 2004 budget resolution reestablished fiscal discipline and provided reconciliation instructions for a stimulus package that generated 4-percent economic growth in 2003.

The fiscal year 2004 budget resolution also balanced fiscal discipline with a very real need to stimulate the economy. Although the economy started to grow after the 2001 tax reforms, the growth was very sluggish and did not create many jobs. Real growth in GDP was 2.9 percent in 2001 and 2.8 percent in 2002.

Consequently, the fiscal year 2004 budget resolution included reconciliation instructions for a modest, highly targeted economic stimulus package that Congress adopted in May of last year—a \$350 billion stimulus package. By the end of the year, economic growth reached 4.4 percent, and unemployment had finally fallen below 6 percent. Most experts expect the economy to grow by more than 4 percent this year and for unemployment to continue to fall.

Unfortunately, my own State of Ohio has not participated as fully in the recovery as some of the other States. We need to continue the stimulus measures to make sure Ohio's economy takes off. We have too many people out of work in my State. We have too many people who are concerned about whether or not they are going to have a job. I agree with the President that we should not rest until every American who wants a job has one.

Congress also provided direct assistance to working families last year when we accelerated the phase-in of the child tax credit, eliminated the marriage penalty, and expanded the number of families paying income taxes at the lowest rate of 10 percent. I supported these tax reform provisions when they were enacted last year and even joined with Senator SNOWE and Senator LINCOLN to encourage the Finance Committee to expand refundability of the child tax credit for families with incomes between \$10,500 and \$25,000 per year.

For many families in Ohio, these tax reform provisions meant they could buy presents for Christmas as well as food. For some, it meant they could pay the heating bill. All families bene-

fited from these reforms, and I am proud we supported them.

Fortunately, Senator NICKLES has again crafted a budget resolution that balances fiscal discipline with the need to continue assisting low-income families. The Budget Committee makes hard decisions by assuming a freeze for most spending programs at 2004 spending levels, with increases for high-priority programs and reductions for low-priority, one-time, or expired programs. Nevertheless, the committee recognizes fiscal reality and provides a contingency fund of up to \$30 billion for 2005 to fund ongoing military operations in Iraq and Afghanistan. Also, at long last, the Budget Committee addresses runaway increases in mandatory spending and proposes a \$4.6 billion net reduction in mandatory spending programs over 5 years.

The fiscal year 2005 budget resolution also assumes Congress will act to close tax loopholes identified by the President and by the tax-writing committees. The committee builds upon the budget discipline included in last year's budget resolution by establishing enforceable caps on discretionary spending for 2005 and 2006.

The spending caps are set at levels consistent with the discretionary spending assumptions and are enforced with a 60-vote point of order. The Budget Committee continues a 60-vote point of order against advanced appropriations that exceed current levels.

These budget enforcements proved very important last year. There were 67 attempts to increase spending by waiving the Budget Act, and we successfully fought back 64 of them and saved this country billions of dollars of additional spending.

Finally, the budget resolution assumes continued budget enforcement under existing mechanisms for non-defense emergency spending and pay-as-you-go. In other words, if you want to spend the money, you find offsets or you find revenues that you can increase to pay for them.

Equally important, the resolution before us today includes tax policy assumptions focused on preventing economically damaging tax increases on working families.

The budget resolution proposes to extend the personal tax relief currently scheduled to expire at the end of 2004, including the \$1,000-per-child tax credit, the 10-percent income tax bracket expansion, and marriage penalty relief. The budget resolution assumes a revenue loss of \$80.6 billion from 2005 to 2009 for these proposals and directs the Senate Finance Committee to produce a reconciliation bill to facilitate their enactment.

Let's put that \$80.6 billion in context. I remind my colleagues that in one fell swoop, we spent \$87 billion to provide funding for the war in Afghanistan and Iraq. That just gives us a figure. That is \$87 billion in 1 year, and we are talking about \$80.6 billion over a 5-year period.

These provisions directly impact almost 90 million taxpayers nationwide, and about 4 million of them in my State. If they are not extended, a low-income family of four making \$40,000 a year will go from receiving a small refund of \$30 to paying the IRS an additional \$800. Frankly, these families simply do not have the extra \$800 to send to Washington at this time. So it is critical that we continue assisting them until the job market catches up with the growth in the economy.

I fought very hard for the refundable child tax credit in the 2001 tax reform, addressing the marriage penalty problem that discouraged many people from getting married because they paid higher taxes if they got married, and moving the people in the 15-percent bracket down to 10 percent.

When we enacted tax reforms to provide assistance to working families, I fully supported the sunset provisions that would allow those provisions to expire when they were no longer needed.

Unfortunately, while the economic situation has improved, we are not out of the woods yet. In Ohio, over 96,000 initial claims for unemployment compensation were filed in January. That is why I voted to extend unemployment benefits and that is why I think this Senate should vote in the next several weeks to extend unemployment benefits.

Although this number is more than 5 percent lower than last year, it still represents real families who have lost their principal source of income. Also, many families and individuals who regained employment over the past 6 months must still pay off loans to make up late payments they missed while they were unemployed.

It is time for Congress and the Nation to acknowledge the size of the problem we face. The Federal Government has a serious debt of almost \$7 trillion, annual unified deficits of \$477 billion, and net interest payments that consume 7.5 percent of the Federal budget.

If we see interest rates start to go up in the next couple of years, that 7.5 percent number could go up to 13 or 14 percent because that is what it was in 1999 when I came to the Senate.

Under current policy assumptions outlined in OMB's budget projections, the Federal debt will exceed \$9.3 trillion by 2008 and net interest payments will claim 9.5 percent of our budget. If the private sector corporations ever issued similar financial projections, their stock value would plummet. Their credit rating would be discounted to below junk bond status and no bank on the planet would lend them additional money. During the savings and loan crisis, the Resolution Trust Corporation liquidated companies with healthier balance sheets than the Federal Government can produce today.

Whatever we may desire, until we restore some sort of fiscal discipline to Federal spending we may not be able to

afford any new initiatives, no matter how badly they are needed.

More importantly, we are rapidly approaching the time when much of the debt comes due and we must carefully consider how we will meet this obligation. Currently, we borrow \$160 billion to \$175 billion each year from the Social Security trust fund. As the baby boom generation retires, this source of borrowing will no longer be available, and starting in 2017 Social Security will start cashing in the bonds which make up its assets. If we exercise fiscal discipline now, the Federal Treasury will be able to redeem those bonds with little or no negative impact on the rest of the budget or the economy as a whole.

However, if we dig ourselves into deeper debt, we will only be able to pay our Social Security obligations by raising taxes or with draconian cuts in other Federal programs.

For almost two decades starting in 1980, fiscal conservatives have worked hard to return the Federal Government to a balanced budget. For a short time, after hand-to-hand combat—and I was here for that hand-to-hand combat—we met our goal for 2 years. In 1999, for the first time in 30 years, we had a balanced budget, about \$1 billion; in 2000, we had an \$87 billion budget surplus. That means we did not use Social Security to balance our budget.

However, our success in balancing the budget was short-lived. In the blink of an eye we returned to spending the Social Security surplus running large budget deficits. Today, instead of reducing our \$7 trillion national debt, we are expanding it. Unfortunately, as soon as we achieved success we reversed course in 1998 and have been increasing spending ever since. Do we really want to lose 20 years of hard work? Is it not time we went back to what we were trying to do in 1999 and 2000?

Since 1999, this body has increased Federal spending an average of 7 percent per year. If we maintain this pace, Federal spending will double every 10 years. Instead of doubling spending, we should be cutting it. We have consistently skirted the truth about how much we increase spending and the size of the debt we are incurring.

Advance appropriations and other accounting gimmicks have become commonplace in our budget process. Thank God these last two budgets have gotten rid of most of the gimmicks we have had, but most of the American public does not realize we are spending the Social Security surplus. So although people may be going around Washington saying next year's deficit will only be \$477 billion, it will really be \$639 billion. According to the new CBO projections, we will spend all of the \$162 billion of the Social Security surplus and issue new debt.

Our budget system is broken. Its obvious failure to perform is having serious consequences on our economy and, by extension, future Federal revenues,

deficits, and debt. That is why I am here to talk about our Social Security lockbox amendment.

My amendment is simple. It caps the on-budget deficit at the level projected by CBO for fiscal year 2004, \$639 billion, and reduces it by 10 percent each year thereafter. We are going to reduce it over 10 years so at the end of a 10-year period, we will no longer be spending the Social Security surplus. That means we will really have an on-budget surplus.

This is a very conservative proposal. It has been 5 years since we have had an on-budget surplus. This proposal proposes it will be 15 years from 1999–2000 until we get back to where we were at that period of time.

This proposal has a nice, natural glide. We will go from \$639 billion in 2004 to \$575 billion to \$511 billion to \$447 billion, to \$383 billion to \$319 billion. For my colleagues' information, the numbers I have for the next couple of years, 2005 and 2006, are a little bit above the on-budget numbers the Budget Committee is projecting.

Once we get to the fourth and fifth year, it is lower than the Budget Committee has projected for that 5-year budget, and then we keep going down to zero.

I recognize it would be unrealistic to eliminate the ongoing budget deficit in a single year or even within 5 years. The attempt would require either draconian spending cuts or job-destroying tax increases. It contains waivers to recognize national emergencies or a prolonged recession.

I understand the need for waivers in case of emergencies. This is hard to believe, but Senator MILLER and I drafted a Social Security lockbox that gained the support of the White House. We worked with them for 6 months. We were going to announce it 2 days after 9/11. In other words, we were all set to do it, have a nice press conference, and 9/11 happened. Of course, that changed everything.

Nevertheless, Congress and the President can act now to prevent the on-budget deficit from getting any larger and initiate a 10-year glidepath to reduce the on-budget deficit to zero, thereby limiting transfers from the Social Security trust fund and at the end of the 10 years placing the entire Social Security trust fund in the lockbox.

We need to get this bill passed because today our national debt stands at \$6.2 trillion and until we restore some sort of fiscal discipline to Congress's spending habits, this number is only going to keep going up.

It is immoral—it is immoral—to bequeath trillions of dollars in debt to our children and grandchildren. One of the reasons I came to this Congress was because I was concerned about my children and my grandchildren; that we were going to balance the budget, that we were going to reduce the debt—good, solid Republican principles. We were there in 1999 and 2000, and then we know what happened. We have to return to those days.

I know when people come into the office asking for money for particular projects, I always ask them the same question, and that question is: Is this particular priority worth putting your children and grandchildren further into debt? I have done that with several veterans organizations during the last couple of days. They want mandatory spending for veterans health care. I pointed out to them how bad off we are, that we have a war going on and we have to be concerned about our children and grandchildren, and if we do not do it there will not be anything around in 10 or 12 years for anyone.

It is remarkable. Their attitudes change. Most of them look at me, talk about it, and they say, I understand.

The problem today in America is people do not know how bad our debt is. They still think there is some kind of spigot we can turn on in Washington and take care of all the problems. It is our obligation to do something about that. It is our obligation to make sure people understand how far in debt we are and the tough decisions we are going to have to make.

I applaud the chairman of the Budget Committee for giving instructions to the Finance Committee and saying to them, let's find some reductions in mandatory spending because that is where all the money is going. The discretionary part of the budget is minuscule compared to the mandatory spending.

The amendment I offer today is a good start on the difficult path we must take in order to ensure our economic freedom and security for the future. I urge my colleagues to consider not only what we propose today but also to seriously consider what will happen to our Nation's economy tomorrow if we do nothing.

I ask for the yeas and nays on my amendment, and I yield the floor.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. CONRAD. Mr. President, the stated purpose of the Voinovich amendment, to prohibit consideration of any legislation that would raid the Social Security trust fund, is one with which I strongly agree. It is a noble purpose. But I am afraid this amendment does not come close to achieving that purpose. Here is what this amendment does.

We are looking at a comparison between the CBO baseline deficits, that would be the blue line; the dotted red line would be the Senate GOP budget plan, the deficits under that plan; the green line would be under the Voinovich plan. What one sees is the deficits are higher under the Voinovich plan for the next 3 years than under either the CBO baseline or under the Senate GOP budget resolution. He is actually going further into the hole on the promise that 3 years from now, he will have less of a deficit. He promises

less of a deficit out in 2008 and 2009. Unfortunately, because of the way it is constructed, you cannot even be sure you would have less of a deficit out in 2008 and 2009. What you can be certain of is the deficits will be higher in 2005, 2006, 2007.

Let me show my colleagues what I am talking about. Comparing to the CBO baseline, the deficits of the Senator from Ohio would be \$78 billion higher in 2005; \$121 billion higher in 2006; \$57 billion higher in 2007, with the promise that in 2008, they would be \$24 billion lower and \$89 billion lower in 2009. If you add this up, this is \$256 billion more deficit here and \$113 billion less deficit there. That is more deficits, not less. That is more.

I don't know what kind of a plan this is to save anything. It certainly doesn't save Social Security. It digs the hole deeper. I don't know what the intention was, but I did read what the effect is. Compared to the budget resolution before us, the amendment of the Senator from Ohio would increase the deficit by \$63 billion this year, \$66 billion in 2006, and \$16 billion in 2007. That is a \$145 billion increase in the deficit over the next 3 years, on the promise that it is going to reduce it compared to the chairman's mark by \$180 billion in 2008 and 2009. But because of technically the way it is drafted, you have absolutely no assurance it is going to save on the deficit out in 2008 and 2009 either. All I can say is the words are good, the sentiment is good, but the proposal goes in exactly the wrong direction. It increases the deficits, it increases the debt. It makes no sense to this Senator.

Mr. VOINOVICH. Will the Senator yield for a question?

Mr. CONRAD. I will be happy to yield.

Mr. VOINOVICH. I think perhaps the Senator is misinterpreting the amendment. Fundamentally what this says is we are going to use these numbers to get down, in 10 years, to an on-budget surplus like we had in 1999 and 2000. You are right, the amount of reduction in this amendment allows for a higher debt, but the fact is, all this says is you can raise a point of order if it exceeds this amount. I am not suggesting we reach this amount. All I am saying is, understanding the way things work around this Senate as I have observed during the last 5 years, we just go straight down and we have this opportunity to raise a point of order if the amount of money exceeds the numbers we have in our proposed amendment.

It is a very simple way of achieving what my colleagues on the other side of the aisle have talked about for a great period of time. The purpose of it is to allow us to raise a point of order. It takes 60 votes to waive that point of order in terms of spending.

Mr. CONRAD. Mr. President, if I could say this to the Senator, the problem I think he has with his amendment is he has assumed the CBO baseline unadjusted. I know this sounds like in-

side-the-beltway gobbledygook, but let me say this to the Senator. There was a supplemental appropriations bill approved last year of \$86 billion. I think all my colleagues will remember that. The problem with the numbers the Senator from Ohio has chosen is he has built that supplemental appropriations bill—that was a one-time increase of \$86 billion—into that baseline figure. He has that \$86 billion built in, going out all the years into the future. As a result, what you wind up with is much higher deficits than if you used the adjusted baseline the chairman of the Budget Committee has adopted.

The chairman of the Budget Committee quite wisely and with strong support from the ranking member adjusted the CBO baseline by taking out the future years' adoption of the one-time supplemental. The effect of the Senator's amendment is to create higher deficits—or at least the potential for higher deficits—in each of the next 3 years by the amounts that I talked about. These are the amounts: \$256 billion over the baseline that was adopted by the chairman. I say to the Senator, I think that would just be a profound mistake.

Mr. VOINOVICH. Will the Senator yield for a question?

Mr. CONRAD. I am happy to yield.

Mr. VOINOVICH. I wonder if he had a chance to see the numbers I used in this amendment?

Mr. CONRAD. Yes.

Mr. VOINOVICH. I think there is no question that in the first 3 years the number is a little higher than what you projected, assuming this \$86 billion hit we had last year. But the fact is, if you look at the numbers for 2008 and 2009, the last 2 years of the 5-year budget resolution, our numbers are below the numbers projected by the Budget Committee. In effect, in the first 3 years it may be a little higher. That doesn't mean we are necessarily going to spend that money. But when we get to the fourth and fifth year, our numbers are below the numbers projected in the budget.

Mr. CONRAD. I would just say this to the Senator. I have great respect for the Senator from Ohio. I think he has been one of the most levelheaded Members here on issues of fiscal discipline. I think this amendment in technical detail is flawed, and you will increase or give the potential for substantial increases in the deficit in the first 3 years, compared to the adjusted CBO baseline, a \$256 billion increase.

My experience around here is the promise of more deficit reduction in the fourth and fifth year is a distant hope, and what you presented is a present threat of substantially increasing the deficit. I think that will be just most unwise for the body. It is higher than the adjusted CBO baseline, higher deficits, higher deficits than in the underlying Senate budget resolution.

I hope my colleagues will resist this amendment.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. VOINOVICH. Mr. President, if we look at the practicality, I just used these numbers because it was 10 percent a year. But the fact is a budget point of order will lie against the numbers that you are projecting in the budget that came out of the Budget Committee. In other words, if we exceed your numbers, you are saying this number I am proposing is going to provide we can spend up to that amount of money.

I am saying the number coming out of the Budget Committee creates a point of order you can't go beyond.

Mr. CONRAD. Mr. President, let me say to the Senator that I know his intentions are good. I really do. I have great respect for the Senator.

The problem is, technically, with the baseline that has been adopted, his numbers leave just so much room for additional deficits for these first 3 years, and I don't think you will ever catch up to it.

Chairman NICKLES and I agreed with the Senator totally about adjusting the baseline so that one-time expenditures didn't get built into future years' expenditures. Unfortunately, the Senator from Ohio has taken the unadjusted Congressional Budget Office baseline that has the one-time expenditures and includes them going forward in each and every year. That adds hundreds of billions of dollars to expenditures over the next years of this budget. What you are left with, as I have described, is higher deficits for the first 3 years, with the promise that I am afraid will prove ephemeral, that you are going to get lower deficits in the fourth and fifth year. I don't think that is a trade we ought to make.

Mr. VOINOVICH. Mr. President, will the Senator yield for a question?

Mr. CONRAD. Yes.

Mr. VOINOVICH. Mr. President, the Senator from North Dakota has been here longer than I have. He is the ranking member of the Budget Committee. I have been interested in this budget for a long time, as he knows. I would like to ask him if we could achieve this in 10 years through a real on-budget surplus. Most people would say it would be miraculous. But the point I am making is you could argue about this number. You can make a big deal out of it in terms of we know we are going to do this and you are going to raise these issues. But the real issue is to try to get down to where we were 5 years ago. I can assure you, for this Congress to achieve this will be something very significant and cause a great deal of discipline in terms of extending tax reductions, and so forth.

In effect, in order to get here we are going to have to have some pay-go restrictions in order to make that happen.

All I am saying is, say what you want about these first couple of years, down the road the Senate could achieve what I have on this chart. It would be a wonderful gift to the American people because we could guarantee to them that

we are going to have a true on-budget surplus.

Mr. CONRAD. Mr. President, I don't want to prolong this debate. But I say to the Senator that I think the intention is good. I think the legal effect of what is before us does not accomplish the Senator's purpose. In fact, what we would wind up with is room for greater deficits in the first 3 years, and you would never catch up in the outyears.

Mr. VOINOVICH. I can't understand that because the numbers provide for the budget point of order. How can you say, if you have the number, that you have a budget point of order, that you are not going to achieve these numbers?

Mr. CONRAD. Because what is critical to having a budget point of order that is actually effective in reducing deficits and debt in the future is having a baseline that really gets you the result you want. Unfortunately, the baseline the Senator has provided will not lead to the result as depicted on the graph. That is our conclusion.

Mr. VOINOVICH. Mr. President, I would like to reiterate if we were able to achieve what this graph shows, it would be the greatest gift we could give to our children and grandchildren because it would mean that we have been fiscally responsible. The way we are trying to achieve it is to say we are not going to use the Social Security surplus. When we were able to get that on-budget surplus in 1999 and 2000, I remember how we always had to wrestle in order to not use the Social Security surplus. It was a way that we were able to control spending. That is exactly what we are trying to do with this amendment.

Mr. NICKLES. Mr. President, I wish to compliment my colleague from Ohio. I appreciate the amendment. If his amendment had our deficit projection level for the first few years and then went down to zero, I would probably support him. I can't support an amendment that would have higher deficits than what we project in our budget. I have the greatest respect for my colleague. He is very sincere. He is a deficit hawk. He is very interested in getting down to zero, as I am.

Mr. VOINOVICH. Mr. President, will the Senator yield for a question?

Mr. NICKLES. I would be happy to yield.

Mr. VOINOVICH. I would be more than happy to take my amendment and put the numbers of the Senator from North Dakota in for the first 3 years so that it will take care of the problem the Senator made reference to and handle it that way so it eliminates any allegations that somehow this amendment is going to allow for increased spending. I would be more than happy to do that.

Mr. NICKLES. Mr. President, for the information of our colleagues, momentarily we will be taking up the Nelson amendment. We will have a very short 10 minutes on each side on that amendment, and I expect we would have three rollcall votes.

Mr. SARBANES. Mr. President, will the Senator yield for a question?

Mr. NICKLES. I am happy to.

Mr. SARBANES. The Senator mentioned three rollcall votes, and then stay on the floor for other amendments to be offered.

Mr. NICKLES. I would be happy to do that temporarily for some period of time. I know Senator CORZINE has an amendment. I think he was next in line to lay one down. I was expecting that would be the first amendment we would vote on tomorrow. But I will be happy to consider it. I know the Senator has an amendment that deals with homeland security. I think Senator COCHRAN will be debating that issue. I am not sure he wants to debate it tonight. I would like to get the rollcalls started pretty quickly so we can get people home by 10 o'clock, or not too late thereafter.

Tomorrow, for the information of our colleagues, is going to be a very tough day. We will have a lot of votes tomorrow. I expect we will have a lot of votes on Friday. I am trying to cooperate to dispose of as many amendments as possible. I will be happy to work with my colleague from Maryland to get in his amendment.

I have asked Senator CONRAD to line up amendments on his side. I am trying to line up amendments on my side.

Mr. SARBANES. What problem would it cause if we were to offer the amendment after the votes and maybe even discuss it for a few minutes?

Mr. NICKLES. I might not have any objection. I would like to ask Senator COCHRAN. I just wanted Senator COCHRAN to be able to respond to my colleague from Maryland. We may be able to do that. We could actually set aside the Corzine amendment and discuss the amendment of the Senator from Maryland. I am willing to consider that.

Mr. VOINOVICH. Mr. President, I understand from talking to the desk in order to amend my amendment to reflect the numbers that were in the budget that came out of the Budget Committee, I need consent from my colleagues. I would like to move to amend and insert the numbers that were in the budget resolution to eliminate the problem Senator CONRAD has brought to our attention so the numbers would reflect his numbers. And, I might point out the number in the third and fourth year is below the number the Senator from North Dakota has in his budget numbers.

Mr. CONRAD. Mr. President, I would be constrained to object. I object because even with that change, he would still be substantially above the Congressional Budget Office adjusted baseline. And he is still left with an utterly unenforceable mechanism. I would be happy to sit down and talk with the Senator as to why that is the case. We would object.

The PRESIDING OFFICER. The objection is heard.

Who yields time?

Mr. NICKLES. Mr. President, the order we have agreed upon now would

be to recognize the Senator from Florida. I ask unanimous consent there be 10 minutes on each side on the Senator's amendment.

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

The Senator from Florida.

AMENDMENT NO. 2745

Mr. NELSON of Florida. I call up amendment numbered 2745.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. NELSON], for himself, Mr. CORZINE, Ms. MIKULSKI, Mr. SCHUMER, and Mr. NELSON of Nebraska proposes an amendment numbered 2745.

Mr. NELSON of Florida. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To create a reserve fund to allow for an increase in Veteran's medical care by \$1.8 billion by eliminating abusive tax loopholes)

On page 3, line 9, increase the amount by \$1,620,000,000.

On page 3, line 10, increase the amount by \$162,000,000.

On page 3, line 11, increase the amount by \$7,000,000.

On page 3, line 12, increase the amount by \$2,000,000.

On page 3, line 17, increase the amount by \$1,620,000,000.

On page 3, line 18, increase the amount by \$162,000,000.

On page 3, line 19, increase the amount by \$7,000,000.

On page 3, line 20, increase the amount by \$2,000,000.

On page 4, line 20, increase the amount by \$1,620,000,000.

On page 4, line 21, increase the amount by \$162,000,000.

On page 4, line 22, increase the amount by \$7,000,000.

On page 4, line 23, increase the amount by \$2,000,000.

On page 5, line 3, decrease the amount by \$1,620,000,000.

On page 5, line 4, decrease the amount by \$1,782,000,000.

On page 5, line 5, decrease the amount by \$1,789,000,000.

On page 5, line 6, decrease the amount by \$1,791,000,000.

On page 5, line 7, decrease the amount by \$1,791,000,000.

On page 5, line 11, decrease the amount by \$1,620,000,000.

On page 5, line 12, decrease the amount by \$1,782,000,000.

On page 5, line 13, decrease the amount by \$1,789,000,000.

On page 5, line 14, decrease the amount by \$1,791,000,000.

On page 5, line 15, decrease the amount by \$1,791,000,000.

At the end of Title III, insert the following:
SEC. . RESERVE FUND FOR VETERANS' MEDICAL CARE.

The Chairman of the Committee on the Budget of the Senate shall revise the aggregates, functional totals, allocations to the Committee on Appropriations of the Senate, discretionary spending limits, and other appropriate levels and limits in this resolution by up to \$1,800,000,000 in budget authority for fiscal year 2005, and by the amount of outlays flowing therefrom in 2005 and subsequent years, for a bill, joint resolution, motion, amendment, or conference report that

provides additional fiscal year 2005 discretionary appropriations, in excess of levels provided in this resolution, for veterans' medical programs, included in this resolution for the Department of Veterans Affairs.

Mr. NELSON of Florida. I ask unanimous consent Senators CORZINE, MIKULSKI, SCHUMER, and NELSON of Nebraska be added as cosponsors to my amendment.

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

Mr. NELSON of Florida. Mr. President, we have arrived at the moment of truth on veterans. Veterans have been all over this Capitol today pleading their case regarding their health care. There is not one Member from any one of our 50 states who has not heard from veterans the tales of woe, the tales of inefficiency, the tales of long waits, waits as much as 6 months to get an appointment with a VA doctor to get a prescription.

The way I approached this amendment was to go to the deliberations of the Senate Veterans' Affairs Committee and to find and be guided by their bipartisan analysis of the Veterans' Administration budget, concluding we must add \$1.8 billion in order to adequately fund the health care requirements of veterans.

Listen to the words of the Secretary of Veterans Affairs when he testified last month to the House Veterans' Affairs Committee. Secretary Principi said:

I asked for \$1.2 billion more than I received.

In other words, even the Secretary of the VA is calling for more money.

The President's budget makes up the difference for these cuts in trying to rely on copayments from veterans on enrollment fees. To pay, the administration has tried to impose this tax—and it is a tax—on the hard-earned benefits of veterans in the past, but the Congress has not and is not going to allow it. We simply cannot accept a budget that includes access fees and higher prescription drug copayments.

What this budget assumes is the number of VA patients requiring mental health care will decrease next year. If you believe that, you believe in the tooth fairy because the bipartisan analysis of our own Veterans' Affairs Committee finds no basis for this assumption and wholeheartedly rejects the President's \$60 million cut in the funding for mental health care.

To make matters worse on veterans health care, there are 60,000 veterans nationwide who have enrolled in the VA and have waited for 6 months or longer for an appointment. This is according to the Senate Veterans' Affairs Committee. Failure to provide more funds is going to result in longer waits and a higher risk to the quality of the care.

Then there are a couple of other complicating factors. If anyone thinks because we have so many World War II veterans and because of their age their numbers are declining, think of all the

veterans who were deployed in our Armed Forces serving in Operation Enduring Freedom and Operation Iraqi Freedom: 287,000 service members have served or are serving in those missions. The veterans health system has struggled, to make matters worse, with war-related problems from the first gulf war, with hundreds of thousands of American soldiers serving on the ground, while we cannot begin to estimate future demand on the veterans health system.

Indeed, because of wonderful improvements in the way our military operates its health care on the battlefield, this present operation in Iraq has fewer deaths. But because of the nature of the war, there are many more injuries. At the end of November of last year, a few months ago, the number of soldiers medically evacuated from Iraq was almost 11,000, both battle and non-battle related. This means what? It means our veterans are surviving at higher rates, hallelujah, but they are going to also, more likely, depend on the VA for future medical care related to those injuries.

When we look at the President's budget for the Veterans' Administration, it reflects only a 1.8 percent increase in medical care funding over last year's appropriation. Overall medical care inflation, according to the Bureau of Labor Statistics, was 4 percent. So if we have medical care inflation at 4 percent with the President's budget only rising at something under 2 percent for veterans medical care funding, where is that going to leave our veterans? We must recognize the health care costs are growing more rapidly and reflect this in the rapid rise in the VA budget.

From where do I get it? I get it from tax loopholes. Since I only have 10 minutes, I will not give examples of tax loopholes. If anyone wants these examples, they have been discussed over the course of the last several days.

It is simple. Take the money, \$1.8 billion increase for veterans medical care, which is woefully, inadequately funded in the President's budget and you get that out of closing tax loopholes where corporations are taking advantage of tax provisions that, in essence, allow them to pay less taxes than are owed. It is a simple tradeoff. That is what I am proposing.

Why don't we do something for the veterans?

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, to advise our colleagues, it now appears we will have a vote in a couple of minutes. The first will be a 15-minute rollcall vote, the second will be a 10-minute rollcall vote. It appears we will have two rollcall votes tonight. The first will be on the Baucus amendment dealing with striking the reconciliation instruction and the second will be an amendment by Senator NELSON.

If my memory serves me correctly, we voted on a similar amendment yes-

terday. I wonder how many times we will have to vote on various issues. This amendment is very similar to the one from yesterday in a couple of respects. One, it has billions of dollars of tax increase, has billions of dollars of spending, except the spending is sheltered into a reserve fund so some people say this gives more money to veterans medical care, but it does not do that. It does not increase money to veterans medical care. It creates a fund and maybe that money would go in there if the Appropriations Committee did such and such. But you can count on what it does do; it increases taxes.

My colleague has very legitimate concerns—I share some of those concerns—about veterans health care. Let me mention a couple of facts on veterans. We are increasing the total amount of money going to veterans on mandatory and discretionary by 14.5 percent. I believe I said this yesterday. That is a lot, especially when you consider you are trying to do a budget that is almost deficit neutral.

We did add \$1.4 billion for medical care. I understand people want more. I know people wanted more even if we did not do anything. No matter what we put in, they would want more because they think they are scoring political points.

I will also say we have taken total veterans function 700—mandatory and discretionary—from \$47.5 billion in the year 2001 to \$70.4 billion. That is an enormous increase.

I understand the demands. I understand the challenge it is. But I urge our colleagues to vote no on the amendment.

The PRESIDING OFFICER. The Senator from Florida.

Mr. NELSON of Florida. Mr. President, this amendment is significantly different from the one defeated yesterday by a very narrow vote. That one was for a \$2.7 billion increase, but it also had a commensurate like reduction in the deficit, so the total amount taken out of tax loopholes was \$5.4 billion. This amendment has only \$1.8 billion taken out of tax loopholes to give to veterans for their medical care.

What easier tradeoff—we, all the time, have to make tradeoffs around here—what easier tradeoff is there than to do this on tax loopholes, for example, that allow a corporation to go out and buy a bridge, turn around and lease it back to a municipality, and because it technically owns the bridge, depreciate the value of that bridge? That is a sham kind of tax loophole, and that is the kind of stuff we can go after to fund, to stand up and support the men and women in uniform who have served this country.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, how much time does the Senator from Florida have left?

The PRESIDING OFFICER. Twelve seconds.

Mr. NICKLES. Does the Senator yield his time? I am going to order some votes.

Mr. NELSON of Florida. Mr. President, I will be happy to yield back the remainder of my time, urging a vote for the veterans of this country.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, we are ready to begin voting. We are going to have two votes tonight.

Mr. President, I yield the floor.

AMENDMENT NO. 2705 WITHDRAWN

Mr. VOINOVICH. Mr. President, I ask unanimous consent to withdraw amendment No. 2705.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank my colleague from Ohio. He is my very good friend. He makes some excellent points. I compliment him. He is what I call a deficit hawk, and I compliment him.

I look forward to working with him on a lot of ideas. Some of his ideas are in this resolution. Some of his ideas for budget reform were in last year's resolution. I will remind my colleague from Ohio, we used some of your budget points of order you suggested to me over a year ago, this year, throughout the year, to save a lot of spending.

I compliment my colleague from Ohio for his work, and I look forward to continuing to work with him.

AMENDMENT NO. 2751

Mr. President, we are now ready to vote, first on the Baucus amendment. I expect it will be a 15-minute rollcall vote. I do not expect to let it go much beyond 15 minutes. I ask unanimous consent to have the second rollcall vote be limited to 10 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. NICKLES. Mr. President, I yield back the remainder of our time.

I ask for the yeas and nays on the Baucus amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

Without objection, the question will first occur on the Baucus amendment.

The question is on agreeing to amendment No. 2751.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. MCCONNELL. I announce that the Senator from New Mexico (Mr. DOMENICI) is necessarily absent.

Mr. REID. I announce that the Senator from West Virginia (Mr. BYRD), the Senator from South Dakota (Mr. JOHNSON), and the Senator from New Jersey (Mr. LAUTENBERG) are necessarily absent.

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

The result was announced—yeas 53, nays 43, as follows:

[Rollcall Vote No. 39 Leg.]

YEAS—53

Akaka	DeWine	Lieberman
Baucus	Dodd	Lincoln
Bayh	Dorgan	Mikulski
Biden	Durbin	Murray
Bingaman	Edwards	Nelson (FL)
Bond	Feingold	Nelson (NE)
Boxer	Feinstein	Pryor
Breaux	Graham (FL)	Reed
Cantwell	Harkin	Reid
Carper	Hollings	Rockefeller
Chafee	Inouye	Sarbanes
Clinton	Jeffords	Schumer
Coleman	Kennedy	Smith
Collins	Kerry	Snowe
Conrad	Kohl	Specter
Corzine	Landrieu	Stabenow
Daschle	Leahy	Wyden
Dayton	Levin	

NAYS—43

Alexander	Enzi	Miller
Allard	Fitzgerald	Murkowski
Allen	Frist	Nickles
Bennett	Graham (SC)	Roberts
Brownback	Grassley	Santorum
Bunning	Gregg	Sessions
Burns	Hagel	Shelby
Campbell	Hatch	Stevens
Chambliss	Hutchison	Sununu
Cochran	Inhofe	Talent
Cornyn	Kyl	Thomas
Craig	Lott	Voinovich
Crapo	Lugar	Warner
Dole	McCain	
Ensign	McConnell	

NOT VOTING—4

Byrd	Johnson
Domenici	Lautenberg

The amendment (No. 2751) was agreed to.

Mr. STEVENS. I move to reconsider the vote.

Ms. CANTWELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, for the information of our colleagues, we will have one more rollcall vote tonight. That will be on the Nelson amendment. It is a 10-minute rollcall vote.

I warn my colleagues, we have allowed these last rollcalls to go a little long. Tomorrow we are going to have a lot of votes. I am going to yield back a lot of time tonight or tomorrow. So we are going to be having a lot of votes. We are doing that to try to make this a more orderly process because we do not want to have a vote-arama that will go all night long tomorrow.

I will cooperate with my colleague, and I thank Senator CONRAD for his cooperation. I urge my colleagues to expect a long, hard day tomorrow. I urge my colleagues, when we have debate, to keep the time limited so we can consider additional amendments and conclude this resolution by sometime tomorrow night or sometime Friday. But we will stay here until we complete this resolution.

VOTE ON AMENDMENT NO. 2745

Mr. NICKLES. Mr. President, we are now going to vote on the Nelson amendment. I urge my colleagues to vote no. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to amendment No. 2745. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. MCCONNELL. I announce that the Senator from New Mexico (Mr. DOMENICI) is necessarily absent.

Mr. REID. I announce that the Senator from West Virginia (Mr. BYRD) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

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

The result was announced—yeas 46, nays 51, as follows:

[Rollcall Vote No. 40 Leg.]

YEAS—46

Akaka	Durbin	Lieberman
Baucus	Edwards	Lincoln
Bayh	Feingold	Mikulski
Biden	Feinstein	Murray
Bingaman	Graham (FL)	Nelson (FL)
Boxer	Harkin	Nelson (NE)
Breaux	Hollings	Pryor
Cantwell	Inouye	Reed
Carper	Jeffords	Reid
Clinton	Kennedy	Rockefeller
Conrad	Kerry	Sarbanes
Corzine	Kohl	Schumer
Daschle	Landrieu	Stabenow
Dayton	Lautenberg	Wyden
Dodd	Leahy	
Dorgan	Levin	

NAYS—51

Alexander	DeWine	McConnell
Allard	Dole	Miller
Allen	Ensign	Murkowski
Bennett	Enzi	Nickles
Bond	Fitzgerald	Roberts
Brownback	Frist	Santorum
Bunning	Graham (SC)	Sessions
Burns	Grassley	Shelby
Campbell	Gregg	Smith
Chafee	Hagel	Snowe
Chambliss	Hatch	Specter
Cochran	Hutchison	Stevens
Coleman	Inhofe	Sununu
Collins	Kyl	Talent
Cornyn	Lott	Thomas
Craig	Lugar	Voinovich
Crapo	McCain	Warner

NOT VOTING—3

Byrd	Domenici	Johnson
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The amendment (No. 2745) was rejected.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. NICKLES. Mr. President, that is the last vote tonight. I believe Senator CORZINE has an amendment he is going to lay down. We will possibly discuss it tonight. I believe he wants to discuss it a little bit, I am not sure. I have to see what the amendment is. I am not sure what it is.

I don't know if there are any other amendments that will be introduced tonight. But I want to let all our colleagues know we are going to be starting pretty early tomorrow, and we will have a lot of votes. My guesstimate is I will yield back a lot of time so we will be on amendments tomorrow. We handled a lot of amendments today. I haven't counted the number. We accepted some, we disposed of some, but

we are going to have a lot more amendments tomorrow night, and tomorrow night we are probably going to be working a lot past 10 o'clock. I regret that. I would love to change the way budgets are done.

I urge our colleagues, not all these amendments have to be offered. I urge our colleagues if you have amendments, if you can work them out with Senator CONRAD and myself, we are happy to try to do that. That might save a lot of time. Rollcalls take a lot of time. We still conduct rollcalls the way it was done 200-some-odd years ago. It takes a little while, and that is fine. But I encourage our colleagues to think of the major amendments we really need to vote on, and that they feel compelled to vote on, and we will try to have those together and give everybody a fair crack at amending this budget resolution.

I hope some of our colleagues, if they have had success in passing an amendment, maybe they would consider voting for the resolution, not just trying to tear the resolution down or change it and continue to oppose it.

Anyway, I urge our colleagues tomorrow to expect a long day with a lot of votes. Maybe we can conclude tomorrow night. More than likely we will conclude sometime on Friday.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I add my voice to the chairman's and indicate to our colleagues we have now been able to substantially reduce the list on our side. I report to the chairman a very substantial reduction. I think we have eliminated, now, more than 50 of the amendments that have been noticed. But that still leaves us with over 40.

At three amendments an hour, that would be 13 hours of straight voting. It is not just going to be straight voting because we still have time on the resolution. We still have eight or nine amendments that are going to require more extended time during the day, before we get to vote-arama.

I think, just eyeballing it, we are probably talking 4 hours before we get to vote-arama. Then we have at least, as I have indicated, 13 hours of votes after that, if people do not back off and show restraint.

We have the night. We have the night to think very carefully about what kind of quality of life we want for ourselves over the next 2 days.

We have had very significant debates, significant amendments. Let's try to close this out and do it in a way that has the dignity the Senate should have. Yes, we will have significant additional amendments and debate, but let's eliminate the duplication and try to have a reasonable number of amendments so we can be done by a reasonable time on Friday.

I thank the chairman for working with me as we have to try to move this process.

I also thank very much Senator CORZINE, who is a very valuable mem-

ber of the committee, who has been extraordinarily patient. We almost achieved a unanimous consent that would have allowed his amendment to be voted on this evening. It did not happen. I thank him personally for his patience and his graciousness.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Mr. President, I compliment both the chairman and the ranking member for their leadership in this debate. I hope people understand how civil and effective the views in the debate have been carried forward. They will be pleased to know we have pulled the other three amendments I submitted.

Mr. CONRAD. I thank my colleague.

AMENDMENT NO. 2777

Mr. CORZINE. With that, Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Jersey [Mr. CORZINE] proposes an amendment numbered 2777.

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

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

The amendment is as follows:

(Purpose: To eliminate tax breaks for those with incomes greater than \$1 million and reserve the savings to prevent future cuts in Social Security benefits)

On page 3, line 9, increase the amount by \$20,000,000,000.

On page 3, line 10, increase the amount by \$31,000,000,000.

On page 3, line 11, increase the amount by \$34,000,000,000.

On page 3, line 12, increase the amount by \$39,000,000,000.

On page 3, line 13, increase the amount by \$36,000,000,000.

On page 3, line 17, increase the amount by \$20,000,000,000.

On page 3, line 18, increase the amount by \$31,000,000,000.

On page 3, line 19, increase the amount by \$24,000,000,000.

On page 3, line 20, increase the amount by \$39,000,000,000.

On page 3, line 21, increase the amount by \$36,000,000,000.

On page 4, line 20, increase the amount by \$20,000,000,000.

On page 4, line 21, increase the amount by \$31,000,000,000.

On page 4, line 22, increase the amount by \$34,000,000,000.

On page 4, line 23, increase the amount by \$39,000,000,000.

On page 4, line 24, increase the amount by \$36,000,000,000.

On page 5, line 3, decrease the amount by \$20,000,000,000.

On page 5, line 4, decrease the amount by \$31,000,000,000.

On page 5, line 5, decrease the amount by \$34,000,000,000.

On page 5, line 6, decrease the amount by \$39,000,000,000.

On page 5, line 7, decrease the amount by \$36,000,000,000.

On page 5, line 11, decrease the amount by \$20,000,000,000.

On page 5, line 12, decrease the amount by \$31,000,000,000.

On page 5, line 13, decrease the amount by \$34,000,000,000.

On page 5, line 14, decrease the amount by \$39,000,000,000.

On page 5, line 15, decrease the amount by \$36,000,000,000.

At the appropriate place, insert the following:

"SEC. . RESERVE FUND TO PREVENT CUTS IN SOCIAL SECURITY BENEFITS.—If legislation is reported by the Senate Committee on Finance, or an amendment thereto is offered or a conference report thereon is submitted that would extend the solvency of the Social Security Trust Funds and prevent future cuts in Social Security benefits, the Chairman of the Senate Committee on the Budget may revise the aggregates, allocations, and other appropriate levels and limits in this resolution by not more than \$160,000,000,000 to reflect such legislation."

Mr. CORZINE. Mr. President, this is an amendment that is very simple in nature. It calls for the elimination of tax breaks for those with incomes greater than \$1 million, that is less than two-tenths of 1 percent of income-tax payers in the United States with incomes greater than \$1 million, and reserves the savings for the Social Security fund. I emphasize that is two-tenths of American taxpayers, basically setting a new bracket, returning it to 39.5 percent for those who have adjusted gross income over \$1 million.

The amendment uses the savings to establish a reserve fund for Social Security which would be used only to extend the solvency of the Social Security trust fund and prevent future cuts in Social Security benefits. It is straightforward.

Social Security represents the best of America's values. It promises all Americans, if you work hard, pay your taxes, play by the rules, you can live out your life in dignity. Social Security is not a handout. It is not welfare. It is an earned benefit. It honors and rewards work, a basic American value. The promise of Social Security, when you get right down to it, is a guaranteed promise of retirement security. Regardless of how long you live, regardless of the rate of inflation, regardless of the state of the economy or the state of the stock market, you worked all your life, you contributed to our Nation's productivity. Social Security promises you will have enough to have dignity in your senior years.

In fact, the benefits promised by Social Security are quite modest. The average monthly benefit is about \$900; \$900 per month for a senior. I don't think, at least not in New Jersey—that is not exactly luxurious living that one would be benefiting from, from Social Security. But it does provide an important safety net.

For nearly one-third of the seniors in retirement, it is at least 90 percent of their income or more—one-third. For another one-third it is 50 percent or more of their retirement security. And for the balance, it is a major support, that third third; it is a little less than 50 percent but a significant part of their retirement security.

As a result of Social Security, the poverty rate among seniors today is less than 10 percent. It is actually about 9 percent. Without the program, nearly half of all retirees would live below the poverty level—48 percent is what the calculations would be—which, by the way, is where seniors were before the institution of Social Security. It has provided a major support for the quality of life for America's seniors.

We hear a lot of conversation around here about the problems facing Social Security. Let me first say that talk is way overblown. Even if Congress does nothing, the Social Security system is secure and solvent to 2042. After that date, a substantial portion of benefits could continue—about 75 percent, I guess, according to the actuaries.

That said, we all have a responsibility to address the long-term solvency problem of Social Security. It is not in crisis, but it needs to be addressed. It is better to deal with it earlier rather than later. That is one of the reasons I believe my amendment makes sense. If we get started on that process now, we can protect seniors as time goes forward.

The Social Security trust fund faces a long-term shortfall. The last 30 years of the trust fund needs to be addressed. We ought to be preparing for it. That is what I am trying to talk about.

Given the angst that so many people in the country have with regard to Social Security, the President proposed a very radical reform program which we heard about in the State of the Union. It is something I think we ought to start putting money aside for now to protect our seniors as we go forward.

The reality is that this budget resolution does nothing to preserve or save Social Security. That is why I think it is so important that we address it. This is one of those means to do it.

Actually, this budget resolution in many ways will make the problem worse. This budget resolution takes every penny out of the Social Security trust fund and spends it either on funding additional tax cuts or spending it on other programs, depending on how you look at it. But the fact is, over the next 10 years we are going to—if we don't eliminate tax cuts or some portion of it—use \$2.5 trillion. That is the cost of the Bush tax cuts over the next 10 years. That is almost dollar per dollar what would be coming into the Social Security trust fund over the period of time ahead. That is what the excess is. Almost dollar for dollar, we match the funding of those tax cuts and use up the Social Security trust fund. I don't think that is what the American people had in mind. I know they don't have in mind running this country deeper and deeper into debt. In fact, this budget resolution continues what this Congress and this President have done over recent years, which is absolute abandonment of fiscal discipline.

For the year 2005, the majority is proposing that the Government run a deficit of more than \$512 billion with

this resolution. That is the full on-budget element, and I think it is very hard to argue it is fiscally responsible. In fact, I consider that a pretty egregious figure hardly reflecting the kind of fiscal responsibility we all seem to hold close to our chests. Even that figure is misleading because it excludes known costs such as the cost of addressing the alternative minimum tax beyond 2005; similarly, the cost of our continued presence in Afghanistan and Iraq after 2005.

By the way, I compliment the chairman and others for putting together a resolution that actually acknowledges there will be additional expenditures. But I don't think we have addressed it.

Most importantly, we are not addressing, and there is no allowance for, the provisions that are embedded in Social Security reform that is talked about both by the President and many of those on the other side of the aisle.

Everyone knows that the total cost of the transition to private accounts, which is so readily embraced by many, will be over \$1 trillion and that nothing is allowed in this budget for the beginning of that transition. I think it is even more aggravated with regard to where we will end up relative to what the reflected budget deficit is that is included. I think it will be considerably larger.

We are fooling ourselves if we think that running such deficits comes without a cost. In the long run, these deficits will have a substantial impact on our economy and on every American family.

In January of 2001, the Congressional Budget Office projected that by the end of 10 years we would have \$36 billion in publicly held debt. Instead, today we are looking at a projection of \$5.5 trillion by 2008. It is a rather significant swing in cashflow by this country. It calls into question whether we are really thinking about the long-run impact this is going to have on our Nation. Our level of national savings will go down, interest costs will go up, investment will go down, and the end result is likely to be a reduced standard of living in the long term for all Americans.

There is one thing that is absolutely certain in this context, and that is the certainty that every American will be carrying the debt burden that goes well beyond where we are today, which is about \$24,000 per person and up to about \$35,000 just in 2009. I hate to see how this explodes over the longer period of time because we have all seen the charts about how deficits grow as the baby boomers retire. We have a real problem. It is going to undermine the quality and level of standard of living in America through a period of time.

That is why I believe we need to revisit at least some of the huge tax breaks enacted in recent years. Over the next 75 years, the cost of the Bush tax cuts is about \$12 trillion in present value terms. By contrast, the amount

needed to ensure the long-term solvency of Social Security is less than \$4 trillion. This is what the tax cuts cost for 75 years. This is how much it costs to fix Social Security, according to the actuaries. In other words, those tax cuts cost more than three times the entire Social Security shortfall.

What will happen if we make the tax cuts permanent, as the President wants? It is a real problem in our capacity to fix this problem; by the way, Medicare as well. It will lead inevitably to benefit cuts in Social Security, and more than likely will be dealt with quite deeply.

Many of us, by the way, have thought and long suspected that the rising deficits of recent years have been no accident but rather part of a strategy designed to force deep cuts in Social Security and Medicare to change the basic underlying fix of the social safety net we have in this country.

Recently, it became a little more clear in a lot of people's minds exactly what is going on here. No less a figure than the Federal Reserve Chairman, Alan Greenspan, came out and publicly stated it is time to do two things: make permanent tax breaks which go largely to those doing the most well in our society, or make significant cuts—long run cuts—in Social Security benefits. No doubt many politicians who believe in such an approach were hoping to defer this debate until after the election. But I think we need to have that debate out in the public and fully understood.

I compliment Chairman Greenspan for at least raising this issue so it is on the table. I don't necessarily agree with the strategy of execution, of making permanent these tax cuts which undermine our ability to deal with it, but I think it is absolutely one we need to debate.

We need to be saving today to make sure we can protect those benefits for tomorrow. We can't do it if we are going to continue to live with this absolute binge of tax cuts, especially for the most fortunate. Yet that is what this resolution proposes. That is why I feel so strongly we should take steps to try to address something that is so fundamental to the American people.

My amendment proposes to limit those tax breaks that go to those with incomes greater than \$1 million.

By the way, just returning to the tax bracket at the very high end, .2 percent of the American taxpayers use those savings to establish a Social Security reserve fund. The fund would be available only for legislation to extend the solvency of the Social Security trust fund and to prevent future benefit cuts. This would not entirely save Social Security's long-term challenge. Roughly \$4 trillion is what we have, but it is a heck of a downpayment. It is about \$1 trillion on the present value basis in the direction of a big step towards trying to preserve and make sure we can deal with the Social Security shortfall over a period of time.

Again, let me recap why this amendment is so important. Social Security is a promise we must keep. It is a promise millions of hard-working Americans will depend on to keep them out of poverty in their old age. Keeping that promise in the future will require increasing our savings now. That is why we cannot afford to build massive deficits with huge new tax breaks for the most fortunate Americans among us.

We need to be disciplined. We need to be responsible. This amendment says instead of going deeper and deeper into debt, let's save a portion for the future. Let's hold off on tax breaks for those with incomes greater than \$1 million so we can keep our promise to Social Security and prevent future benefit cuts for our seniors as the years go on.

That is the right thing to do. It is the responsible thing to do. I hope the majority of my colleagues will support the amendment.

The PRESIDING OFFICER (Ms. MURKOWSKI). The Senator from Oklahoma.

Mr. NICKLES. Will the Senator yield?

Mr. CORZINE. Certainly.

Mr. NICKLES. I am trying to figure out how the amendment would work. You are assuming the highest income level people would have no reduction in their tax rates going back to 2001, so their personal income tax rate would be 39.6 percent?

Mr. CORZINE. The Senator is right, except for the 2001. It is moving back up to the 39.6 percent rate for those over \$1 million.

Mr. NICKLES. If the Senator will yield further, would that include the rate on capital gains?

Mr. CORZINE. It would.

Mr. NICKLES. And the rate on dividends?

Mr. CORZINE. It would.

Mr. NICKLES. Madam President, I have great respect for my colleague from New Jersey, but this is one of the worst amendments I have seen. This is a tax increase of \$160 billion. The Senator from New Jersey can assume it will only be on millionaires, but you cannot do that. Therefore, it is a direction to the Finance Committee to raise \$160 billion. It assumes it would be saving Social Security, but it will not. It will not in any way, shape, or form. He assumes it will be put into a trust fund to save Social Security, but it will not. It raises taxes \$160 billion.

I will talk about, if he was correct, how bad that would be. It would be kind of interesting to say everyone in the country gets a capital gain rate of 15 percent, but if you happen to be at an income level of such and such, your capital gain rate is twice as high; it is 39.6 percent. That is very strange.

I assume, too, if you had dividend rates now and we set them now at 15 percent, and that helped the market a lot, and we tax dividends higher than any other country in the world, but we helped that in last year's bill by cutting dividends to 15 percent, and you

say dividends will be taxed for everybody in the country at 15 percent except for the highest income people, that will be at 39.6 percent, you are getting into a mess as far as administering the Tax Code.

What about this instruction to increase it \$160 billion? How does that save Social Security? I tell my colleagues, Social Security has a \$4.9 trillion unfunded liability. If this makes sense to do it to Social Security, the unfunded liability over 75 years for Medicare is 3 or 4 times as high. The last estimate I had was \$15.3 trillion for Medicare. We made it worse last year when we expanded the Medicare benefits.

First, if we went with the amendment's assumption, you would be increasing the maximum rate at least to 39.6 percent. The maximum rate on corporations is 35 percent. So why would we tax individuals who happen to be proprietors, who own their own business, who happen to be the individuals who are creating about 80 percent of the jobs, and probably 80 percent of the people who pay maximum rates are individuals, self-employed proprietors, maybe doctors and lawyers, hiring a lot of people, but we will tax them higher rates than we tax Exxon and we tax Goldman Sachs, the corporation. They pay 35 percent, but we will say we will have these individuals pay an additional tax up to 39.6 percent, and then to say we will put it into a fund, that just will not work.

What we would do, the net essence, is raise taxes \$160 billion. Presumably we will put it into a fund, but with the deficit situation we have right now it will be spent. It is absurd to think it would not be spent. It will be spent.

You might have an IOU in that fund, but if the Government collects the taxes—I made this speech yesterday; I don't want to be redundant, especially this late—all money will go into one pot, and if you want to have a little paper entry that says IOU over here and you have another fund that says IOU, and someone assumes it is to pay Social Security, that is not the way it works. It would not work that way.

I appreciate my colleague's amendment. I hope our colleagues would vote no on this amendment to raise taxes by \$160 billion on a lot of small business entrepreneurs throughout the country. I think it would be slamming the door on economic recovery right off the bat. I urge our colleagues to vote no. We will vote on this amendment tomorrow morning.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Madam President, would the chairman acknowledge the \$160 billion is only for 5 years? If you were to implement this policy over the full 75-year timeframe, the present value would be roughly \$1 trillion. My calculation is not down to the last decimal point. But the point being not that \$160 billion will save Social Security, nor \$1 trillion, but doesn't the

Senator think we ought to be making steps, even if it is not this approach, to begin to address these shortfalls as we go forward?

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Madam President, I don't think this economy needs a big tax increase. I have not figured out percentagewise what it would be if you applied it to upper income, but it is an increase of about 15 percent, I guess maybe 14 percent on some of the most productive people we have in the country.

That is a good way to encourage a lot of people to go overseas. That is a good way to encourage more business in other areas. That is a good reason for people to outsource more to other countries that do not have tax rates this high.

I find this to be very shortsighted. This is a big tax increase. It would not be funneled into Social Security. If you want to do that, increase the payroll tax. Some people think we will save Social Security by increasing some people's income tax. That is not my opinion. Very shortsighted. We pay Social Security right now. It is basically an unfunded, defined benefit plan. It is a rollover type plan, money coming in, money going out. Right now a little more is going in than going out, but there is significant liability. It has never been a funded, vested plan. It is basically a pay-go system, paid for under the payroll system.

Some think it should be changed. I happen to think maybe it should be changed in line with what the President suggested, where we move it from a defined benefit to a defined benefit plus a defined contribution plan; where we allow individuals to take a percentage of their payroll and put it in their own bank account where they own it and they control it and they are not dependent on Government promises to provide future benefits.

That is a debate for another day. That would help save the system. I used to be a trustee of a private pension system. Our system, like millions across America, moved away from a defined benefit system to a defined contribution system. Federal employees have done the same thing. Frankly, that will continue happening and will continue happening. We need to let individuals have the opportunity to grow, own, invest, and control part of their retirement funds, including Social Security retirement funds.

This, however, is not that solution. This is a solution that says let's not only have the payroll tax—and I might mention, the payroll tax is already very large. The payroll tax of Social Security is 12.4 percent of payroll. Matching employee and employer, 6.2, 6.2, 12.4 percent of all payroll going up to \$7,000 is paid into Social Security. That is a lot. That is thousands and thousands of dollars.

Incidentally, the individuals get a crummy deal because they have to pay

taxes on it before they make their contribution. So they have to use aftertax dollars to make their Social Security contribution.

This is not a great deal for individuals. They can do a lot better if they were able to invest some of their own money in their own accounts, and let it grow—hopefully, grow tax free—so they would not be so dependent on Government.

This solution says, let's have not only the payroll taxes and the demographic challenge that we have with payroll taxes—because right now you are going to have a lot more people drawing the benefits and fewer people paying as the baby boomers retire—but let's create a tax surcharge or an income tax just on a very small percentage and really sock it to them. And we will say we are putting that into a fund.

All that fund would be used for would be to maybe reduce debt or maybe finance more spending. The direction in this amendment is: Well, let's create a fund. Basically, the Finance Committee might create a fund, but there are going to be more taxes raised. It would be a \$160 billion tax increase over the next 5 years.

I do not doubt my colleague from New Jersey; it may be \$1 trillion over the next umpteen years. I think it would be very shortsighted economic policy.

Marginal rates make a difference. I used to run a manufacturing company. I used to have a janitor service. Marginal rates made a difference when I had a janitor service because I found out I was working just as much for the Government as I was for myself. And why would you build or expand?

The Senator's amendment would move us very close to 40 percent, not counting State income tax, not counting city income tax, if you happen to live in some cities. If you add all that together, people will say: Why should I grow, build, or expand? If they do not expand, they are not creating jobs. This is a very bad amendment if you want to grow the economy.

The real future of Social Security is going to be dependent on a growing economy. This amendment would be sending the signal we are not interested in growing; we would rather have you leave.

So I urge my colleagues to vote no on the amendment.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Madam President, I would like to make just a couple observations relative to the views of the Senator from Oklahoma.

The last time I checked, when marginal rates were 39.6 percent for a whole wider range of Americans—and I do believe marginal rates and large increments do make a difference on the motivation to work—the economy grew for 8 straight years, producing 22.5 million jobs. We had 4, 5 percent productivity, the highest growth in small business in the history of the country.

It is hard for one to imagine just exactly how that marginal rate ended up being so dampening to economic growth given the reality of the economy's performance in the 1990s. And now what we are talking about with this suggestion applies to two-tenths of 1 percent of taxpayers.

I would also suggest that there are many differentials already in the Tax Code with regard to tax payments on dividends. It is not a flat application of the dividend rate for all businesses. So there are many circumstances where you could end up having a differential of rates.

I think the choice that we are making here is: Is it worthwhile to protect guaranteed benefits—again, where one-third of Americans now are 100 percent dependent on Social Security as their sole protection for their senior years and another third are 50 percent or more dependent? Do we want to continue to have a social safety net, a guaranteed benefit for Americans? I think that is a compact and a trust we put together.

This is one of the ways that we can begin to address it: a \$1 trillion present-value step, if we were to implement it. So I hope my colleagues will take into account whether we want to maintain Social Security with its guaranteed benefit structure or are we going to put ourselves at risk, having to change that program because we do not have the long-term actuarial protection of the ability to fulfill the obligations that are accumulating by Americans who work, the fundamental value that we take on here.

The folks from the State that I call home tell me that Social Security is vital to their long-term security. And I hear from those folks that they would like to see a program that is not at risk, but they want to maintain that guaranteed benefit.

This is one of those steps we can take to make that happen.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. ENSIGN. Madam President, I have just a couple thoughts to share tonight on the Senator's amendment and on Social Security in general.

The Senator from Oklahoma mentioned what the Senator's amendment would actually do: raise taxes, supposedly to put into a fund to save Social Security.

First of all, it directs the Finance Committee to raise taxes. You cannot tell the Finance Committee, in a budget resolution, what taxes to raise. It could easily raise taxes on the child tax credit. It could easily raise whatever taxes it chooses to raise. You cannot direct the Finance Committee on what taxes to raise. We all know that.

Any of the amendments that have been put forward today that say, well, just raise the tax on millionaires, you have to be on the Finance Committee to be able to direct that. That may be your desire, but that is not the way the

budget resolution works. You can just direct the amount of money for the Finance Committee to raise. And I think the Senator from New Jersey is aware of that.

As far as putting it in a fund, this Senator has only been here for 3 years. I was in the House of Representatives for 4 years prior to this. The one thing I have learned around here, first of all, is that there is no Social Security trust fund; it is a bunch of IOUs. It is simply an accounting system that we have. Taxpayers, basically in the future, will pay taxes to fund this accounting gimmick that we know as a trust fund.

In most companies, the way they set up trust funds, they actually take the money and invest it. That money accumulates. There are actually real assets. There are not real assets, other than the word of the United States, in the Social Security trust fund. That is really all we have.

Mr. CORZINE. Will the Senator yield for a question?

Mr. ENSIGN. Let me make a few points, and then I will be happy to yield.

There is no cash. There are Treasury bills, basically financing debt that we have for the long term. And we get a very low rate of interest on those for the Social Security trust fund.

The pension systems of companies and States have real assets in them. The State of Nevada has the Public Employees Retirement System. It is a system that a lot of States have.

Most teachers, police officers, and the like are not in the Social Security system because they are in a pension system. The easiest way to explain that is, instead of the taxpayers of today paying for the retirees of today, the retirees' money that they earned while working got put in a system that earned money, so that when they retired they started getting that money back out with interest.

For retirees of today under Social Security, theirs was put in a paper account. It has earned a tiny amount of interest, but the workers of today pay in taxes for their retirement payments. That is how it works. It is a complete difference.

By the way, for the State of Nevada, since we have had our PERS system—I think for 25 or 30 years, whatever it has been—the average rate of return has been 11 percent. Social Security is about 2, 3 percent, somewhere in there—1 percent. It is a lot lower, we know, than 11 percent.

If Social Security would have been set up as a retirement system, as a pension system with real assets, what the Senator is trying to do—put money into that system—may work. But it is not set up that way.

It is set up as a pay-as-you-go system. All this money you give to Congress today, they will spend it. I have been around here 3 years, but it is obvious: If you give more money to this Government, it is going to spend it. It

is an easy way to get reelected, just giving money to people.

So while the Senator from New Jersey wants to put it in to save Social Security, it is not going to do that.

As a matter of fact, it will raise the baseline which will put more liability into the future.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Mr. President, if I might ask the Senator from Nevada a simple definitional question, I think government bonds and treasury bills are assets. They may not be as high yield assets as those available to the investment profile that is the Nevada PERS fund, but then again, it is also an asset that provides presumably greater security and less volatility and less risk to those who would benefit from it down the road. Social Security, while it has pay-as-you-go characteristics, has never been a system that was without accumulated reserves or deficient reserves.

There is a time for us to have a debate about Social Security that goes further than we do tonight, but my view is if we reduce the amount of borrowings that are taken out of the Social Security trust fund to fund everything else we do in government, we would be a lot safer in the long run, and that is what my amendment is really to accomplish.

The reserve is going to lower actually the amount of borrowing the Federal Government has to do.

I think it is up to us to express the self-discipline of not having unlimited tax cuts and also discipline with regard to spending. It is not just on the spending side that we have shown a lack of discipline that has allowed us to get to \$5.5 trillion of publicly held debt.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. ENSIGN. If I may respond to the Senator from New Jersey, first of all, we have a difference of philosophy. The ranking member on the Budget Committee and I had this discussion last night. There is a difference in philosophy. This Senator believes in cutting tax rates, giving entrepreneurs more of their own money. For instance, when I was practicing as a veterinarian, I was a sole proprietor. If I wanted to expand my business, I looked at my costs, and I looked at rate of return. Part of that was taxes. Could I justify expanding my business. I looked at the cost of borrowing. I looked at the cost of taxes. I looked at all those variables. The higher you raise the cost of taxes, the less expansion of business you are going to get, the fewer jobs you are going to create.

While we have to have tax rates that allow what we believe in to be funded, there is a balance there. I believe if we raise taxes, as you are suggesting, especially as fragile as this economy and this economic recovery is, it could send us back into a double-dip recession as

we have seen this economy do historically several times.

I think raising taxes would actually threaten the Social Security trust fund because, as the Senator from Oklahoma said, the only real security for the Social Security trust fund as it is set up today is a strong economy.

We have the baby boomers who are retiring, this huge demographic shift. When Social Security was first set up, there were 39 workers for every one retiree. The retirement age was 65. The average age when people died was 63. That is why a pay-as-you-go system worked for all those years. We had plenty of workers to pay for the retirees. We are down to less than four workers for every one retiree today. We are going to two to one. In future years, if we continue with the birth rates and the increase in age that people live, we will be down to one to one. A pay-as-you-go system does not work in that regard.

It is an important debate to have. I realize we are not going to solve this on the budget resolution, but the bottom line is, a strong economy is the only way in a pay-as-you-go system, a growing, strong, healthy economy is the only way for you to be able to have enough revenues coming into the Federal Government to be able to pay Social Security retirees.

If we want to change the system, and I believe in changing the system, keep it the way we have now, but for the future having similar private accounts, whether it is like we have a Nevada PERS or whatever it is, to where you have real assets that are returning a better rate of return than many other countries in the world are changing their Social Security systems into, if we have that, that is a better way for the long-term solvency for Social Security, in this Senator's opinion. But the current system would be threatened by the amendment of the Senator from New Jersey because we are in the situation of a fragile economy, and tax increases could send us into a double-dip recession.

Mr. BUNNING. Mr. President, I express my support for the budget resolution.

We have seen tough economic times take jobs from the average American. We have seen new spending in the face of terrorism and war increase the deficit. Today we respond with a budget resolution that will set the correct tone for our country.

We now see that the President's tax cuts we passed in 2001 and 2003 are jumpstarting the American economy and providing us with some positive movement in job creation. This budget will extend the tax reductions that have fueled our economy and have helped the average American worker.

Thanks to this budget resolution, we will reduce the deficit by \$139 billion to a total deficit of \$338 billion in 2005. Our reductions follow the President's plan to cut the deficit as a percentage of our economy in half by 2006. We will

hold the line with an \$814 billion cap on discretionary spending and even decrease mandatory spending by \$5.7 billion.

This budget is a blueprint for America tomorrow that recognizes the realities of today. Those realities call for strong budgets for our military and for the State Department. There are real threats on the horizon that we cannot ignore. We must have the manpower, infrastructure, and intelligence network to protect all Americans from the threat of terrorism. We cannot afford to lose sight of the importance of these programs.

Of course, spending more in the budget to protect Americans means that some other worthy programs will have to face a little belt-tightening. But as we review our spending levels, we have an opportunity to allocate some new monies and focus on new priorities.

One such program is the Pell Grant program. Since 2001, Pell Grant funding has increased by 47 percent. In committee, I was able to amend the budget resolution to increase Pell Grants for students who are willing to work harder in high school. This \$33 million program will allow students who participate in a "State Scholars Program" to receive an extra \$1,000 for their college education.

We will seek out those students who work harder and strive for better college preparation from their high school education and reward them with more money for college. Motivating our young Americans to learn today will create a skilled workforce tomorrow.

Another area we have expanded is veteran's medical research. The Budget Committee unanimously agreed to my amendment to add \$536 million in funding over 5 years for veteran's medical and prosthetic research. That is a 25 percent increase in fiscal year 2005 funding over this year's level.

We owe it to the men and women of the armed forces to expand these programs. And breakthroughs in medical research funded by this program will benefit all Americans, not just those in uniform.

But one of the most important provisions this budget addresses is the tax cuts we have fought so hard to enact over the last few years. We have to stop the average American from getting a tax increase next year. That is why this budget will extend several provisions that are set to expire at the end of this year, including the \$1,000 per child tax credit, the 10 percent income tax bracket expansion, and marriage penalty relief.

We passed these tax cuts to help the American family. And just as America is finally getting back on track and creating new jobs, we can't throw the weight of a tax increase on the shoulders of working Americans.

This budget offers responsible spending, protects the tax cuts that have stimulated our economy, and cuts the deficit. We have taken a hard look at our priorities and how we can help the

economy. But we're getting stiff resistance from across the aisle. They have attacked these needed tax cut extensions and sensible spending policies.

But they offer no constructive criticism or alternative solutions. They just throw rocks and complain about our budget proposal. When they ran the Budget Committee, they couldn't even get a budget that could pass on the floor of the Senate.

We also hear complaints about Social Security. Where is their plan to grapple with the future of Social Security? Where were they when the Clinton budgets "spent" the Social Security Surplus?

As our Budget Committee chairman said this morning, this budget will treat Social Security exactly the same as past budgets. The trust fund balances are available for future benefit payments, just as they were described in the fiscal year 2000 Clinton budget, which said, "they do not consist of real economic assets that can be drawn down in the future to fund benefits." We'll keep our Social Security money in treasury bills just as we always have and in fact, are required to do by law.

I am ready to tackle the problems Social Security will face in the next several decades. I, unlike many who just complain about the problem, have spent a lot of time thinking about Social Security, particularly during my time as chairman of the Social Security subcommittee in the House. In the past, I have even drafted and introduced an option for improving the system. Very few can say that. All can complain, but few are willing to be constructive.

I hope my colleagues can look past the partisan bias and rhetoric coming from some across the aisle. We drafted in the Budget Committee a serious proposal that addresses spending levels and our economy.

I support this budget before us today because it recognizes the realities of our world, the necessity to limit spending, and the importance of creating jobs and keeping the average American on the road to economic recovery. I urge my colleagues to support the budget resolution before us.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

• Mr. JOHNSON. Mr. President, as the Senate considers the fiscal year 2005 Federal budget, I want to address what I believe are the deeply misplaced priorities of the Republican budget plan and the dangerous fiscal course facing the Nation.

In 3 short years, the Nation's fiscal health has deteriorated to the point of turning a record budget surplus of \$236 billion in 2001 to a gaping projected budget deficit of \$477 billion. Instead of working to steady the country's fiscal condition, the budget plan the U.S. Senate is considering will contribute an additional \$179 billion to the Federal budget deficit over the next 5 years by permanently extending tax

cuts for the richest one percent of American taxpayers.

There is another approach. It is an approach that strengthens the fiscal integrity of the government, while addressing the pressing needs of the 40 million Americans without health insurance, ensuring the solvency of the Social Security trust fund, as well safeguarding the homeland.

On Thursday, March 4, on a party line vote, the Senate Budget Committee approved a budget that adheres too closely to the President's budget plan and sets the wrong priorities for securing the homeland, creating the conditions for job growth, and tackling the out-of-control Federal budget deficit. Under the budget plan the Senate is considering, the Federal budget deficit would actually increase \$179 billion above the Congressional Budget Office CBO baseline. To forestall a further run-up on the government's credit card, the Senate should amend the Republican budget plan by identifying a combination of spending reductions and increases in revenues that will achieve the goals of reducing deficits and strengthening the economy.

In 2001, President Bush pushed through a sweeping tax cut on the rationale that the historic budget surpluses built up during the Clinton administration justified reductions in taxes. At that time, the Federal budget was at a record budget surplus of \$236 billion and I, along with many of my colleagues in the Senate, agreed that taxes should be reduced. Now that the fiscal condition of the country has swung deep into the red, it is necessary and prudent to reevaluate permanently extending tax breaks for the highest income levels. Such an approach, in combination with focused spending discipline, could reduce the deficit that threatens the long-term fiscal health of our country.

Instead of pursuing this approach, President Bush is asking Congress to make permanent the tax cuts that have put us in this situation. Since the United States is already in red ink, obviously the money for this new distribution will require decreases in important domestic spending and borrowing from the Social Security trust fund. I believe this is a terrible idea when other pressing budget priorities are shortchanged and cut.

Our Nation's veterans are currently on year-long waiting lists to get access to VA health care, our rural hospitals and nursing homes are on the verge of closing because of inadequate Medicare/Medicaid reimbursement, our schools are struggling to stay open due to reduced budgets, and the President says we don't have the funds for South Dakota's water projects. Some may see the people affected by these cuts as "special interests." I see them as South Dakotans who should not be short-changed to provide tax cuts that overwhelmingly benefit the wealthiest one percent of Americans.

I remember when being a conservative meant living within one's means,

and that is the strategy our Nation ought to return to. President Clinton had it right when he called for a secured a balanced Federal budget—that meant we were not borrowing from Social Security, we were not creating huge new debts for future generations to pay off, we were creating millions of new jobs, and we were not jeopardizing Medicare and Social Security. Government is about priorities, and the Bush administration's budget priorities are wrong in too many instances. I will continue to do all that I can to redirect our Nation's resources to an agenda that better meets America's domestic needs and our international moral obligations.●

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Madam President, we have had a good debate. I appreciate our colleagues staying this late. We have been on this bill for a little over 13 hours today. I think we have made a lot of progress. We are going to have to make a lot more progress tomorrow.

MORNING BUSINESS

Mr. NICKLES. Madam President, I ask unanimous consent that the Senate now proceed to a period of morning business with Senators permitted to speak up to 10 minutes each.

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

2004 WOMEN IN SCIENCE WEEK

Mr. DASCHLE. Madam President, the degree to which our Nation prospers in the 21st century will depend on our abilities to develop scientific talent in our youth, to provide lifelong learning to a well-educated workforce able to embrace the rapid pace of technological change, and to raise the level of public scientific and technological literacy.

That is why I am proud to announce a very exciting series of events taking place this week in my home State of South Dakota.

We urgently need to upgrade American students' knowledge and skills across the educational spectrum, particularly in mathematics, science, and technology. Results of an international science and mathematics study conducted in 2000 indicate that "children in the United States were among the leaders in the 4th grade assessment, but by high school graduation they were almost last." Part of the problem is that many girls and young women in junior and senior high school lose interest in science and technological careers.

As we work to develop the finest scientists and engineers for the 21st century, our human resources policy must move beyond simply the supply and demand of personnel and address the composition of the science and engineering workforce. Achieving diversity throughout the ranks of the scientific and technical workforce presents a formidable challenge; the number of