

Federal Government's failure to keep its education promises.

Custer is one those communities. It is a small ranching town in western South Dakota. Last year, Custer went to a 4-day school-week to balance its budget—and it still ended the year with a deficit. This year, Custer has to find an extra \$300,000 to replace the 70-year-old boiler in its elementary school. It has no idea where the money will come from.

In Faith, SD, the town's only school building was condemned in June. The people of Faith have no idea how they will replace their school. The local tax base can produce only a fraction of the cost. For now, the children of Faith are attending classes in double-wide trailers.

During the debate on No Child Left Behind, I fought to include a Rural Education Assistance Program to address the unique circumstances of schools in small towns like Custer and Faith. That program, too, is underfunded in the President's budget. In South Dakota alone, the shortfall in rural education this year is \$700,000.

Nearly every district in our State has laid off teachers in the last few years. They have cut advanced placement courses, art programs, foreign languages, vocational education programs—you name it. Wall, SD, has eliminated its entire middle-school staff. High school teachers in Wall now teach high school and middle school. Rural districts are forming consortia to share administrators and education specialists.

Across the country, schools are laying off teachers and other employees, and cutting programs, bus routes, textbook purchases, and other expenses. Many communities are rationing Title I funds—limiting them to elementary schools only—because, they say, if they had to include high schools, there wouldn't be enough left for elementary schools to make a difference.

The refusal by Republicans in Washington to adequately fund Federal education programs is not the only reason many public schools are having a difficult time balancing their budgets. But, at a time when many State and local governments are still struggling, these Republican unfunded education mandates are making a difficult situation worse in many places.

And it is going to get much worse. That is not speculation. The Bush administration's own internal budget documents project more than \$5.5 billion in cuts for elementary and secondary education in fiscal years 2005 through 2009. Those cuts are more than six times larger than the education increases they are calling for in this election year. That is from the President's own Office of Management and Budget.

If we really couldn't do any better, that would be one thing. But this is a matter of choice, not necessity. At the same time the President and Congressional Republicans are telling us that we can't afford—or don't need—to keep

the education promises the Federal Government makes, they insist that Congress needs to create tens of billions of dollars in new tax breaks for millionaires and wealthy corporations. That is the wrong choice for America. Real reform requires real resources, otherwise it is just an empty slogan, or worse—a set-up for failure.

As they start this new school year, most children probably aren't paying any attention to what goes on in Washington. But what we decide here about education will have a profound effect on their future. During the education appropriations debate, Democrats are going to fight to keep the education promises our Government has made. We hope our Republican colleagues will join us—for our children's future, and for the future of our democracy.

I yield the floor.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will be a period for the transaction of morning business for debate only for up to 60 minutes, with the first 30 minutes under the control of the Democratic leader or his designee and the second 30 minutes under the control of the majority leader or his designee.

Mr. REID. On behalf of Senator DASCHLE, I yield 10 minutes to the Senator from Illinois, and following him 15 minutes to the Senator from Massachusetts, Mr. KENNEDY.

The PRESIDING OFFICER. The Senator from Illinois.

HEALTH CARE IN AMERICA

Mr. DURBIN. Mr. President, yesterday President Bush went to Battle Creek, MI. The purpose of his visit, of course, was in preparation for the election but also to raise a critical issue, and the issue is the same one we have discussed this morning: health care in America. President Bush was outspoken in attacking Senator JOHN KERRY for having the nerve to suggest we need to change health care in America.

In criticizing JOHN KERRY, President Bush, quoting from the morning newspaper, said JOHN KERRY's proposal would be ultimately a Government takeover of medicine. It would be a massive, complicated blueprint to have our Government take over decision-making in health care. Bureaucrats would become the decisionmakers.

Once again, the Republican Party and President Bush wave the bloody shirt that if anyone suggests a change in the health care system in America today that they are calling for socialism and more bureaucracy.

What the President refuses to acknowledge and what the leadership on the Republican side of the Senate refuses to acknowledge is the health care system in America is in crisis. Since this President took office, census figures show 3.8 million more Americans are uninsured. In addition, the Kaiser Family Foundation study released last week said families are paying on average \$1,000 more out of pocket for health coverage this year than in the year before the President was elected.

It tells us that health care is becoming more expensive, more exclusive, and, frankly, that the average working family doesn't have a fighting chance under this system. What is the response on the Republican side of the aisle? What is the response from President Bush? More of the same. Don't rock the boat. We cannot say anything negative when it comes to the enormous profits that are being garnered by the drug companies and the HMOs.

But families and businesses across America understand the reality of health care today. When the Republican leader comes to the floor of the Senate and announces that we don't have time in the remaining weeks of the session to consider the issue of re-importing drugs from Canada or other countries, what he has basically said to thousands of seniors and families across America is that we are going to protect American drug companies and their profits at any cost. That is what has happened with our own prescription drug plan for seniors, and it is what is happening for the agenda for the Senate.

Look at what happened to premiums across America. On this chart is a trendline. I don't have to go year by year. Ask any employer in America what has happened to health insurance premiums and they will tell you that every year it is more expensive. I go around Illinois and meet with good, solid, God-fearing Republican businessmen who tell me: Senator, we cannot take it anymore. There is no way we can deal with these annual increases in health insurance. What are you doing in Washington about this? The honest answer is, under the Bush administration and the Republican-controlled Congress, absolutely nothing. So what do these businesses do? They will tell you over and over again they have no choice. How big an obstacle is health care cost in hiring new employees? And 78 percent say it is an obstacle. They cannot hire a new person because the cost of health insurance is so high.

What about the health insurance companies, the HMOs? How are they faring as these health insurance premiums go up? Do the premium increases just reflect the fact that it costs more to provide health care? Look at their profit margins. HMO profits from 2002 to 2003 went from \$5.5 billion to almost double that amount, \$10.2 billion.

You ask yourself, why is the President criticizing JOHN KERRY for bringing up meaningful health care reform

to help working families and help small businesses and large businesses as well? Because the HMOs don't want anybody to rock the boat. The Bush administration, whether they are dealing with the drug companies or HMOs, is going to protect their profit margins, even at the expense of adequate health care for Americans.

When you take a look at what JOHN KERRY proposed, I don't believe it is radical. Would you be in favor of reducing the tax cuts for people making over \$200,000 a year and taking that money and expanding the coverage of health insurance in America? Is that a radical idea? No, that is a commonsense idea. People making over \$200,000 a year are not going to miss that tiny tax cut as a percentage of their income. But when you put that money together, you are able to address some of the serious problems facing us.

I believe President Bush forgot the obvious. Average working people cannot keep up with the cost of health insurance and health care in America. His administration has done nothing, absolutely nothing, to deal with it. What do they do when JOHN KERRY comes forward and says it is time for us to have a bipartisan discussion on bringing the costs of health care under control and expanding coverage? President Bush goes to Battle Creek, MI, and accuses him of socialized medicine, huge bureaucracies. He says, "A Government takeover of medicine." Those days have passed.

It has been over 10 years since the Congress and the Government in Washington have had a serious conversation about the cost of health insurance. In that period of time, the private sector has been in charge. The private sector has done to health care what you would expect them to do. They have raised the cost and reduced the risk. So every year you find your health care premiums going up and coverage going down while their profits go through the roof. If you want 4 more years of the same, you will have a chance to vote for it on November 2.

Also, consider that Congress—this Chamber, the Senate, and across the rotunda in the House—has failed to meet our responsibilities under Republican leadership. When we have the Republican leader come before us today and say we don't have time to deal with the reimportation of drugs before we adjourn for a recess this year, trust me, if the Republicans continue in control of this Chamber, there will be another excuse next year.

Despite the best efforts of Senator DASCHLE, Senator DORGAN, Senator KENNEDY, and so many others, we are not going to have an opportunity to help people across America deal with the soaring costs of health care until there is a change in leadership and attitude. It is time for business and labor, Republicans and Democrats, to come together to face this health care issue and to do it in a bipartisan fashion. We can do it, but we need a change of leadership to achieve it.

Mr. President, I yield the floor.

Mr. REID. Will the Senator from Massachusetts allow the Senator from Michigan 2 minutes?

Mr. KENNEDY. I am delighted to.

Mr. REID. Senator KENNEDY still has 15 minutes. The Senator from Michigan has 2 minutes.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Ms. STABENOW. Mr. President, I thank my colleagues very much. I thank the Senator from Massachusetts for allowing me to take 2 minutes to follow up on the comments of the distinguished Senator from Illinois concerning what is happening on health care and reimportation.

I just came from a gathering with colleagues on both sides of the aisle and the House of Representatives, speaking out again on why we need to pass that bill immediately. We want to lower prices. We need to allow pharmacists to do business with pharmacists across the border in Canada or other countries where it is safe, and we can drop prices in half.

I also raise one more time this issue of the Medicare premium increase that was announced by the administration over a week ago at the end of the day, on a Friday, in the middle of a hurricane, unfortunately, right after the Republican convention, when the President indicated he was going to lower pricing for seniors for health care, and then we saw an announcement of the largest premium increase in the history of the country—17.5-percent premium increase. Social Security is only going up by approximately 3 percent this year, which means seniors will be moving backward, being put in a real hole as a result of what is happening.

I am pleased to have introduced legislation along with my colleague from Massachusetts and other Members. We welcome everyone's support and cosponsorship, and I hope we can get this taken up as quickly as possible. There will be a 17.5-percent increase in Medicare premiums, and a piece of that, as a result of policy changes to privatize Medicare, is not acceptable. As I indicated before, Social Security is going to go up about 3 percent. Yet, we are going to see the highest increase in Medicare's history in premiums.

The majority of seniors have not asked to privatize Medicare. They have not chosen that option. They should not be paying for it. I urge my colleagues to join us to fix that before we leave this fall.

Mr. REID. Mr. President, I yield our additional 5 minutes to Senator KENNEDY, for a total of 20 minutes.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, first, I commend our leader, Senator DASCHLE, for his presentation this morning and for his constancy and leadership in attempting to bring reimportation legislation before the Senate. He has supported the bipartisan legislation. He reminds us about the importance of it.

I am a strong supporter of that legislation. I am disappointed, as Senator DORGAN is, that we have not been able to address it.

This legislation would have an important impact in terms of grabbing a hold of the problem of the escalation of prescription drug prices. The issues on safety have been addressed. I commend our leader for recognizing this and bringing it to the Senate, and I thank Senator DORGAN for his persistence and leadership. Once again, I commend as well my friend and colleague from Michigan, DEBBIE STABENOW, who has been a leader in pursuing a legitimate prescription drug program for years—certainly since she has been in the Senate. I thank again Senator DURBIN from Illinois for his very eloquent summation about where we are in terms of our health care challenges in this country.

I was somewhat surprised, although I should not have been, reading through the President's statement yesterday.

I ask the Chair if he would let me know when I have 3 minutes left, please.

I was surprised, listening to the President talk about the health care challenges we are facing in this Nation. What troubled me about the presentation is that the President went on to misrepresent what my friend and colleague stands for, and basically what I stand for, in the health care choices that are before this Nation. Then, in a technique which some of us have gotten used to here in the Senate—but certainly I think it is unworthy in the Presidential debate—to misrepresent, distort the position of the opposition, and then to differ with it. That is a debate technique which is used here frequently, but is certainly not, I think, fitting in terms of the office of the Presidency of the United States.

In his comments he mentioned that today we are going to hear a lot of talk about a difference of opinion. It starts with: You know what you expect from a Senator from Massachusetts.

I imagine he was, in all respect, making a reference to the longstanding position I have held which I think is still absolutely essential for this country; that we have a universal, comprehensive program that is affordable, dependable, and reliable, at a price that working families, middle-income families can afford. That has been my position. I have offered legislation for more than 35 years to try to be able to do it. We have been unable to do it and I think the American people have suffered.

When I was reading through the comments of the President, they had a wisp of the kind of comments made 35 years ago when a comprehensive, universal program was proposed. At that time the opponents said, Can you imagine, this bill to have a universal, comprehensive program will cost \$100 billion?

Let me remind America, this year we are going to spend \$1.8 trillion, and \$500

billion of that \$1.8 trillion has been the increase of the cost of health care for American families since this President assumed office. Hello? Hello, Mr. President? Five hundred billion dollars, half a trillion dollars in increases, and what do you get for it? I will come back to that.

The basic point, so all of us know what JOHN KERRY is fighting for, is to let the American people buy the same kind of insurance policy we have. Who are we? We are Members of the Congress of the United States. We are Senators of the United States. We are executive members of the U.S. Government. We have a very good program. JOHN KERRY believes that same program ought to be made available to the American people. But President Bush does not, nor does the Republican leadership. That is the basic difference.

We know we have a very good program. There is not a Member of this body, not a single Member of this body who doesn't have the Federal Employees Insurance Program. It is an excellent one. We pay 25 percent of the premium and the taxpayers pay 75 percent. That is true with regard to the President of the United States. I wonder, for all those people who were out in that crowd yesterday listening, what percent are they paying for their premiums? I doubt if 2 percent or 3 percent or 4 percent of the crowd he was talking to have the same quality of health insurance we have in the Senate.

It bothers me when we have statements which misrepresent what my friend and colleague is fighting for, which I believe in very deeply. That the American people are entitled to and should have the same kind of health insurance everyone in this body has. That is the issue.

This President says no to that. The Republican leadership says no to that. In the meantime, what they do reminds me very much of what they did with regard to the Iraqi policy. They misrepresent, they distort, and they basically deceive the American people with regard to the facts of the opposition. That is what they have done with regard to Senator KERRY's position.

We have a campaign on. I was here during the debates on the Medicare program. We had legitimate debates on it. It is true the Republicans overwhelmingly opposed Medicare, as they opposed Social Security. So when you listen to a lot of our colleagues—including this administration—talk about how they are for comprehensive universal health care, we ought to say: Hello? When did that come about? We haven't heard that for the last 4 years.

I challenge any Republican to identify the legislation that has been advanced, put before the Senate, that would provide the kind of comprehensive, universal health care coverage at the cost people can afford. It is not there. This administration has not fought for it, doesn't believe in it, and is distorting and misrepresenting the program JOHN KERRY has offered.

There has been reference today to "Medical Costs Eat At Social Security." I wonder if the President mentioned that yesterday. When the actual publication of the Medicare actuaries came out, they designated these increases, not by dollars, but by lines. That is because this administration has been hiding the costs of their various programs. It even says here at the bottom of the article which Senator DASCHLE has had printed, that Foster, who is one of the principal spokespersons for the administration "is at the center of another dispute over missing data. He said he withheld from Congress higher cost estimates for the Medicare law last year. . . ."

Hello? Here it is, the administration trying to hide the costs of Medicare, and complaining, out in Michigan, about the costs of Senator KERRY's health care program. The article says Foster "withheld from Congress higher cost estimates last year at the direction of a Bush appointee."

A Bush appointee? Hello, Mr. President, why haven't you mentioned this in your comments about Senator KERRY?

That would be sad enough, if it weren't for the real results of these increases and in particular the failure of this administration to get a handle on health care costs and on prescription drugs. With the passage of what I call the good-for-nothing Medicare bill the President referred to as—well, he talks about:

I was sent to Washington to do something, so we modernized Medicare . . . [Listen to this, so we modernized Medicare] with the Medicare bill that was passed just this last year.

We will come to that in a moment. But let's look at what is happening to the increased costs on Social Security. I draw your attention to this chart entitled "The Bush Medicare Program, Health Costs Impoverish Senior Citizens."

These are not the figures of the Senator from Massachusetts. These are the figures of the Office of the Actuary, Department of Health and Human Services. The chart they used in the article, "Medical Costs Eat At Social Security," is for a 65-year-old. This is for an 85-year-old. These are the members of the "greatest generation." These are the men and women who fought in World War II, the great generation that lifted the Nation out of the Depression, fought in World War II.

By 2006, 43 percent of their Social Security benefit is going to be used to pay for the premium and the copayments under Medicare. In 2016 it will be 52 percent. By 2026, it will be 65 percent. That is 43 percent by 2006. How are our seniors going to do it? Well, Senator KENNEDY, we have had an increase in the cost of health care, and this has been terrible but this administration has tried to do something about it. Baloney. This administration has done nothing about the health care costs that are out of control.

This chart shows that health care costs are out of control. This chart indicates the increase in the premiums that we have seen during the period of 2001 cumulatively to 2004. The blue indicates the CPI during that period of time. What we have seen cumulatively is the CPI has gone up 9.2 percent, and health care costs, 59 percent.

Costs are out of control. Where is the administration's answer to the cost of the control? Why aren't we debating that on floor of the Senate after we do homeland security? Why aren't we doing it? We have an opportunity to do something about it with the reimportation. You just heard the majority leader say we were not going to consider it at this time.

The President says costs are out of control. We say OK. Let us do something. Let us make a downpayment and try to get a handle on prescription drugs. The majority leader and the President say: No. You can't do that. We are not going to let you do that. We are going to block you here in the U.S. Senate.

Here it is with regard to the general costs being out of control in relation to the CPI.

Let us look at health care costs. Family coverage costs have increased in 2004. It was \$6,348; now it is \$9,050. For single coverage in 2000 it was \$2,400; now it is \$3,600.

That is what has been happening over the period of the last 3 years under this administration. What is their answer? No. The one thing we can do about getting a handle on costs and we are not going to let you do it; we are not going to do reimportation.

Look at the Bush record with regard to the price of prescription drugs. This chart, based on data from HHS, CPI and the Bureau of Labor Statistics shows the cumulative changes in the CPI and the cost of prescription drugs from 2001 to 2003. The CPI grew at 6.8 percent over the period of 2001, 2002, and 2003, and the cost of prescription drugs at 51.5 percent. How are our seniors going to do it? They can't do it. They make the choice between nutrition and prescription drugs, between heating their homes and prescription drugs, between food and prescription drugs, in my part of the country, in walling off part of their houses in the wintertime because they can't afford heating oil and prescription drugs. It is happening every single day. Can't we do something about it? Sure we can, as we have pointed out.

The costs of these prescription drugs are a half or even a third of that in other places around the world.

We have ways to deal with both the costs as well as the safety. But no, the administration won't do it. We see that the administration has basically abandoned any effort to do something about getting a handle on costs. We have seen the total amount that has been expended in this country increase by \$500 billion, from \$1.3 trillion to \$1.8 trillion.

We have seen the President talking about the opposition while JOHN KERRY is trying to get a universal comprehensive program. It ought to be a matter of right in this country. The President says no. And we have denial on the floor of the Senate on the day after the President has spoken of doing something about getting a handle on costs, and this administration wants 4 more years? Talk about irresponsibility. They mislead us in going into Iraq. They mislead us in the use of intelligence. They mislead the people of Iraq, and they have done the same thing on health care. How long are we going to take it? What do the American people need?

Here it is with the number of the uninsured—large and rising by 1 million a year in the increase of the uninsured. Look at this. That is the census figure. Look at this. Seventy-three million of our fellow citizens are without health insurance coverage at some point in this year—for at least 1 to 4 months. This is why the Americans who have health insurance know that they are a pink-slip away from losing it.

We have seen an explosion of part-time workers. Do you think they get health insurance coverage? Absolutely not; a fraction of them maybe, but a great majority don't. We see the whole movement away from the employer-based system to part-time work. That is what is happening out here across this country.

Under the Medicare bill, 3 million American retirees are going to be dropped and low-income seniors will pay under newer financial provisions. Premiums are going to be affected and 15 million seniors are going to be disadvantaged under current Medicare. That is the situation. This is the Medicare bill that was passed.

Look at what has happened. Here we have excess payment to HMOs of \$46 billion and a \$139 billion windfall profit to the drug companies. If you want to know where expenditures are, if you want to know what is costing more for the average taxpayers, we have given \$139 billion over the next 8 years as windfall profits to the prescription drug industry, and we have given the HMOs \$46 billion.

My fellow citizens, if you want to go out and invest in something, go out today and invest in HMOs and prescription drugs because we have guaranteed it.

Talk about small business—I wish small business had that kind of guarantees and Government payouts. Talk about competition, it doesn't exist in that Medicare bill. That is what the problem is. The drug industry is doing well and the HMOs are doing well but the average workers are not doing well.

Let us level with the American people about what the real debate is about in this Congress. Let us not distort and misrepresent the position of the opposition. I know the Republicans were against Social Security, I know they were against Medicare, and I know

they were against a comprehensive prescription drug program that would have made a difference. We had a good one which actually got 76 votes. It was bipartisan. It was not this program.

But then the hand of the White House ruled and we have massive giveaways to the drug industry and to HMOs. That is why we see the increase—a failure of leadership on health care in the last 4 years, and the denial on the floor of the Senate to our Democratic leaders and to this party to do something about it.

We want to do something about it. We have a bipartisan bill to do something about it. Why, Mr. President, when you make those speeches out there in Michigan, why don't you call up the Republican leadership and do something about it?

I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Utah.

HEALTH CARE

Mr. BENNETT. Mr. President, I came to the floor to speak on another subject, but after listening to the Senator from Massachusetts I want to try to respond to some of the comments he made.

There is no question that we have a health care crisis in this country. There is a great deal of disagreement as to why. There is no question that the issue is tremendously complicated and does not lend itself to a solution with a single silver bullet. I am interested at the suggestion that the silver bullet to solve the rising health care costs is to allow drug reimportation. We have had that suggestion made here this morning. I would like to talk about that for a moment.

The evidence is that drug importation or reimportation, whichever phrase you choose, does not, in fact, produce major savings, except on an anecdotal basis; that is, one senior here or there might receive a significant benefit but overall the benefit of importation is very limited.

A recent London School of Economics study shows that parallel trade in drugs in Europe where they have importation back and forth across the borders has resulted in a savings of less than 2 percent by consumers. A World Bank study found that parallel trade in Sweden cost consumers as much as it saved them after accounting for reshipping and repackaging costs as well as profits for the traders.

So to stand here and say, whatever the decibel level, that we can somehow solve the problem if we just adopt the reimportation legislation that is being proposed is to go in the face of previous experience. I would be willing to adopt this just to prove the point if there were not a downside connected with it that our friends on the Democratic side do not talk about.

I have a sister-in-law who is a very aggressive shopper. She is a senior. She is very familiar with the Internet. She

makes sure she gets the best deal in every circumstance. She takes prescription drugs and gets on the Internet and discovers that she can find a price cheaper on the Internet, if she buys overseas, than the price she can get at her local druggist.

She came to me and asked: Bob, is this a good idea? Now, I am not one of your constituents. I don't want a political answer. I am your sister-in-law who is trying to save money, and I want the truth. Is this a good idea for me to get my prescription drugs in Canada where the prices are so much lower?

I said to her: Based on what I know, if you get on a bus or a plane and drive to Canada and walk into a Canadian drugstore and buy the goods over the counter, chances are you will get reliable drugs at a lower price, and that will be the thing for you to do. On the other hand, if you get on the Internet and order these drugs to be shipped to you across national boundaries, there is no guarantee whatever that the drugs you will get will be the drugs you think you are getting.

Indeed, if we are going to talk anecdotal evidence, as we have been in the Senate, there are plenty of examples of people who have gotten on the Internet, gone to a Web site that appears to be in Canada, purchased drugs in Canada at a lower cost, and said to themselves: Aren't I a hero for being able to lower my drug costs so much.

Then when the drugs arrived, they found that while they may have been transshipped from Canada, they were produced in Bangladesh or Nigeria or wherever else in the world. There is absolutely no guarantee the drugs they are buying at such attractive lower prices are, in fact, the drugs that are outlined on the label of the bottle or box they receive.

Indeed, one of the interesting things that has started to happen is not only are we seeing degradation of the quality and accuracy of drugs being shipped across borders as a result of Internet sales, the Canadians themselves are beginning to lose control of the quality in their pharmacies. There are so many different sources of drugs now available that even within the network of drug distribution points within Canada, they cannot be sure of the purity and state of their drugs.

I am interested that there are those in the Senate who have said the drug companies are making enormous profits, and all we need to do is cut out those profits, lower the price of drugs, and everything will be fine, and at the same time they are insisting we have to have more research. What has lowered the cost of health care on a per person basis? It is the introduction of new wonder drugs. Where did the new wonder drugs come from? They do not come out of the air. They do not come as a result of Federal legislation. We cannot pass a bill in the Senate that says there will be a new drug that will solve this, that, or the other problem. Drugs come as a result of research.