

ORDERS FOR WEDNESDAY, MARCH 16, 2005

Mr. CRAIG. Mr. President, I ask unanimous consent that when the Senate completes its business today, the Senate adjourn until 9 a.m. on Wednesday, March 16. I further ask that following the prayer and pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved, and the Senate then resume consideration of S. Con. Res. 18, the budget resolution; provided further that Senator FEINSTEIN then be recognized for 20 minutes as provided under the previous order; further, that following those remarks, Senator SPECTER be recognized to offer the NIH amendment under the limitations provided under the earlier agreement.

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

#### PROGRAM

Mr. CRAIG. Mr. President, tomorrow the Senate will resume consideration of the budget resolution. We will continue the amendment process tomorrow morning. Under the previous order, we will conclude debate on five amendments during tomorrow morning's session. It is anticipated that we will have votes in relation to all five of these amendments around 1 p.m. tomorrow, and we will keep Senators posted as to the timing of these stacked series of votes.

For the remainder of the day, the Senate will continue working through the amendments on the budget resolution. We have made good progress on the resolution thus far, but we still have a long way to go prior to passage. We will be very busy over the next couple of days, and Senators should continue to make themselves available for the remainder of the week.

#### ORDER FOR ADJOURNMENT

Mr. CRAIG. If there is no further business to come before the Senate, I ask the Senate stand in adjournment under the previous order, following the remarks of Senator HARKIN for up to 10 minutes.

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

The Senator from Iowa.

#### PERKINS VOCATIONAL AND TECHNICAL EDUCATION ACT AMENDMENT

Mr. HARKIN. Mr. President, I have an amendment that I just sent to the desk. It is pending. I will not call it up now or ask unanimous consent, but I will do so at some point, probably tomorrow. I want to take this time to at least lay out the reasons for this amendment and what it does, because I know what the crunch will be like tomorrow when we come back here.

The budget resolution for fiscal year 2006 basically eliminates funding for an enormously effective and popular education program called the Perkins Vocational and Technical Education Act. The straightforward purposes of my amendment, which I will offer for myself, Senator DURBIN, Senator MURRAY, and others, are, first, to restore funding to the Perkins Vocational Education Act; second, to reduce the deficit; and, third, to offset the costs by rescinding two tax-cut provisions in the 2001 tax bill.

These tax-cut provisions, the so-called PEP and Pease phaseout provisions, are scheduled to start taking effect next year for the first time.

President Kennedy used to say that to govern is to choose. Right now the budget resolution chooses very unwisely. It eliminates funding for a critical education program, vocational education, while allowing to stand two new tax cuts. While these two new tax cuts cost \$23 billion in the first 5 years, after that the costs explode. They will cost at least \$146 billion in lost revenue in the coming decade, with 97 percent of the benefits going to those earning at least \$200,000 a year.

This is the wrong choice. The budget resolution does not reflect the priorities of the American people. Overall, the budget resolution would cut funding for education, the first cut in education funding in 10 years. It underfunds the President's No Child Left Behind Act by \$12 billion. It leaves behind nearly 3 million children who could be fully funded and fully served if title I were funded at the authorized level. And, as I said, it eliminates all the funding for the Perkins Vocational Education Act.

This is one I am particularly concerned about. It is a program that was just reauthorized in the Senate on a bipartisan basis by a vote of 99 to 0. The Perkins Act makes possible a broad range of vocational and technical education programs for millions of young people and adults. It is a true lifeline for students at risk of dropping out of school.

For millions of these at-risk students, vocational education programs are relevant, and they are meaningful. They give kids a reason to stick it out until graduation, maybe to go on to a community college, and they lead to good, solid jobs.

In Iowa alone, elimination of the Perkins Vocational Education Program would impact 93,000 high school students and more than 37,000 community college students. The impact nationwide would be a disaster for millions of students.

We are eliminating the Perkins Vocational Education Program for two new tax cuts? Overwhelmingly for the most affluent? This makes no sense. In fact, it borders on the obscene.

Our friends on the other side might claim the budget resolution does not expressly eliminate the vocational education program, but the reality is this

budget resolution effectively endorses the budget proposed by President Bush, and President Bush endorsed eliminating the Perkins program.

So there are only two ways to retain funding for vocational education under this budget resolution: either cut other educational programs or increase the overall allocation for education.

This chart here shows what I mean. Right here basically you have a puzzle. We put it all together. This is education. We have title I, we have after-school centers, we have special ed, bilingual ed, impact aid, Pell grants—all the things that make up our education plan.

What is left out? Vocational education, ed tech, TRIO, Safe and Drug-free Schools, arts education. These are left out.

Someone on the Budget Committee might say, we didn't say that voc ed couldn't be funded, but here are all the things we fund. If you want to put voc ed back into the puzzle, what do you take out? Because, you see, this is the limit. We only have this much money. If you put voc ed in, do we take the money away from title I or do we take it away from Pell grants? How about special ed; do we take money away from special ed to put it back in? Or do we make the square bigger and then put it in, so we don't take anything away from the educational programs that are already there.

That is exactly what my amendment accomplishes. We add more overall funding to the educational budget. How do we do this? Where do we get the money? My amendment offsets the cost of restoring the Perkins program. It also reduces the deficit by rescinding two tax cuts that have not even taken effect yet. Both of these tax cuts, the so-called PEP and Pease provisions, were enacted in 2001 and they start next year.

We have a unique opportunity. We are not proposing to repeal or undo a tax cut that is already in effect. Rather, we are saying that because of radically transformed budgetary circumstances—that is the huge debt we are in, the deficits we are running up—we are not going to go forward with two new tax cuts that haven't even taken effect yet, two new tax cuts we can no longer afford.

When PEP and Pease were put in in 2000, the argument was made that we had all of these budget surpluses that were left over from President Clinton, and we could afford it. That was then and this is now.

Because of the surge in Federal spending, because of the deficits since President Bush has taken office, the surpluses left by President Clinton are gone. Instead, we are looking at projected deficits in excess of \$200 billion a year, and annual deficits in excess of \$500 billion a year decades from now, unless we straighten out our house.

It makes good sense to stop these two new tax cuts from going into effect next year—\$146 billion that this will cost us over 10 years.

Who gets the gravy? Here it is right here. Under PEP and Pease, the tax cuts that start next year, for those making over \$1 million, when they are phased in, \$19,234 a year; \$500,000 to \$1 million, \$4,000 a year; under \$75,000 a year, you get nothing, zero.

In fact, if these two new tax cuts go into effect next year, 97 percent of all the benefits will go to people making over \$200,000 a year. Fifty-four percent will go to people making over \$1 million a year. We can't afford these tax cuts.

There are two things we can't afford. We can't afford these tax cuts, and we can't afford to underfund and to eliminate the Perkins vocational education bill.

We now have a unique opportunity to rescind these tax cuts before they even go into effect.

The Perkins program is a lifeline to low-income Americans struggling to obtain job skills, the essential rung on the ladder of opportunity.

I also refer to this editorial that was in the Washington Post, February 22, last month. "PEP, Pease, Presidents."

I will refer to this. It says:

The cuts would repeal two provisions enacted as part of the first President Bush's deficit reduction plan. The provisions—known as PEP, for Personal Exemption Phaseout, and Pease, for its author, the late Rep. Donald J. Pease of Ohio—essentially make more income of wealthy Americans subject to taxation.

As they said:

Given the deficits that have piled up on his watch, and the growing costs of war in Iraq, it makes sense to ask: Why does President Bush think this tax break is necessary?

It is not necessary. It hasn't even started yet. I will lay 10 to 1 that not one Senator in this Senate on either side of the aisle has ever been contacted by someone making over \$200,000 a year who says we have to have it. Nonsense.

My amendment basically says we are not repealing these, we are just saying these two tax cuts won't go into effect next year. We will save a lot of money. We will put that money into deficit reduction, and we will put the money into restoring Perkins funding.

We just recently voted 99 to 0 to reauthorize the Perkins program. Every Senator said, yes, we need vocational education. The President sends his budget out and says get rid of the whole thing. And this budget has the same money figures in it for education that the President wants.

Now is our opportunity. We can vote to not let these tax cuts go into effect. We can do two good things: Reduce the deficit and make sure we continue with vocational education in this country.

I ask unanimous consent to have printed in the RECORD a copy of the Washington Post editorial.

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

[From the Washington Post, Feb. 22, 2005]

PEP, PEASE, PRESIDENTS

Here's a modest tax proposal for President Bush: Cancel two tax-cut provisions that

haven't yet taken effect. These tax cuts weren't part of Mr. Bush's original tax proposal but were inserted into his 2001 tax package. They begin to phase in next year unless Congress acts. And 97 percent of the cuts will go to the 4 percent of U.S. households with incomes greater than \$200,000; more than half to the 0.2 percent of households with annual incomes of more than \$1 million. During the first 10 years they are fully in effect, they will reduce government tax revenue by close to \$200 billion, including interest, and possibly much more it, as the administration has promised, there are adjustments to the alternative minimum tax (which would otherwise recapture some of taxpayers' savings from these breaks).

The cuts would repeal two provisions enacted as part of the first President Bush's deficit reduction plan. The provisions—known as PEP, for Personal Exemption Phaseout, and Pease, for its author, the late Rep. Donald J. Pease (D-Ohio)—essentially make more income of wealthy Americans subject to taxation. In a perfect tax world, PEP and Pease would be abolished. They are complex and at times unfair (for example, PEP penalizes those with larger families). PEP and Pease would be great candidates for change in the broader tax overhaul Mr. Bush is planning.

But of all the complicated tax provisions in the most complicated tax code in the developed world, why repeal these two? After all, even if PEP and Pease were untouched, wealthier taxpayers would reap big benefits from the remaining tax cuts. For example, in 2010, when the repeal is to be fully effective, households with incomes of more than \$1 million will get tax cuts averaging \$108,000 from other tax provisions adopted in 2001 and 2003, according to calculations by the Tax Policy Center. With the effect of estate tax repeal, this group will reap average cuts of \$133,000. Getting rid of PEP and Pease brings that total to \$152,000.

Given the deficits that have piled up on his watch, and the growing costs of war in Iraq, it makes sense to ask: Why does President Bush think this tax break is necessary?

To reiterate, Mr. President, President Kennedy used to say that "to govern is to choose." Right now, the budget resolution chooses very unwisely. It eliminates funding for a critical education program: the Perkins act, while allowing to stand two new tax cuts worth. While these two new tax cuts cost \$23 billion in the coming 5 years, the costs explode after that. They will cost at least \$146 billion in the coming decade—with 97 percent of the benefits going to those earning at least \$200,000 a year.

This is the wrong choice. The budget resolution does not reflect the priorities of the American people. In fact, it doesn't reflect what President Bush says are among his top priorities. Overall, the budget resolution would cut funding for education—the first cut in education funding in 10 years. It underfunds the President's No Child Left Behind Act by \$12 billion. It leaves behind nearly 3 million children who could be fully served by Title I if the program were funded at the authorized level. It underfunds special education by \$3.6 billion—just 3 months after the President signed a new IDEA reauthorization law. And it eliminates all funding for vocational education, school counselors, education technology, safe and drug-free schools, and 44 other edu-

cation programs totaling over \$4 billion.

I am particularly concerned that the budget resolution totally eliminates funding for the Perkins vocational education program—a program that was just reauthorized in the Senate on a bipartisan basis.

The Perkins Act makes possible a broad range of vocational and technical education programs for millions of young people and adults. Vocational education combines classroom instruction, hands-on-laboratory work, and on-the-job training. This is a true lifeline for students at risk of dropping out of school.

For millions of these at-risk students, vocational education programs are relevant. They are meaningful. They give kids a reason to stick it out until graduation and perhaps go on to community college. And they lead to good, solid jobs after graduation.

Just last week, I met with high school and community college students from Iowa who have benefited from Perkins funding. They are truly an inspiration—and I hate to think of their fate if they had not been given the option of vocational and technical education. But that is exactly what will happen if the budget resolution is not changed. In Iowa alone, elimination of the Perkins Vocational Education program would directly impact 93,000 high school students and more than 37,000 community college students. The impact nationwide would be a disaster for many millions of students.

And we are eliminating this program to make room for two new tax cuts, overwhelmingly for the most affluent? This makes no sense. In fact, it borders on the obscene.

Our friends on the other side of the aisle claim that the budget resolution doesn't expressly eliminate the vocational education program. That is too clever by half. The reality is that the budget resolution effectively endorses the budget proposed by President Bush—and that means it endorses the elimination of Perkins funding.

There are only two ways to retain funding for vocational education under this budget resolution: By cutting other education programs instead . . . or by increasing the overall allocation for education.

This chart shows what I mean. The puzzle represents the Republican budget resolution. Unfortunately, there are a lot of pieces that don't fit. There's no room in the budget resolution for vocational education, technical education, TRIO, and many other programs. The only way to include funding for vocational education is to take out a different piece of the puzzle. So what pieces do the Republicans propose to take out in lieu of vocational education? Do they want to cut Title I? Pell Grants? Special education?

The truth is that the only way we can be assured of saving Perkins funding is by adding more overall funding

to the education budget for that purpose. And that is exactly what my amendment accomplishes.

As I said, my amendment offsets the cost of restoring Perkins—and it reduces the deficit, as well—by rescinding two tax cuts that have not yet taken effect. Both of these tax cuts—the so-called PEP and Pease provisions—were enacted in 2001. One of these tax measures repeals the law enacted in 1990 that scales back the magnitude of itemized deductions that high-income taxpayers can take. The second tax-cut measure repeals another provision enacted in 1990, under which the personal exemption is phased out for households with very high incomes. Under the 2001 tax cut legislation, these two current provisions of law begin to be phased out next year, and are eliminated entirely in 2010.

We have a unique opportunity, here, because we are not proposing to repeal or un-do tax cuts that are already in effect. Rather, we are saying that—because of radically transformed budgetary circumstances—we are not going to go forward with two new tax cuts that have not yet taken effect. . . two new tax cuts that we can no longer afford.

When the PEP and Pease phase-out provisions were passed in 2001, a case could be made—I disagreed, but certainly a case could be made—that these tax cuts were affordable. Thanks to the budget surpluses that President Bush inherited from President Clinton, we were looking at cumulative surpluses of \$5 trillion over the coming decade, enough to eliminate the national debt, and then some. The chairman of the Federal Reserve Board, Alan Greenspan, publicly worried about the impending surplus crisis—What in the world would we do with all these surpluses after we eliminated the national debt? Moreover, President Bush and the other advocates of the 2001 tax cuts assured us that they would total no more than \$1.35 trillion between 2001 and 2010.

Well that was then, and this is now. The tax cuts that were supposed to cost \$1.35 trillion are now projected to cost more than \$2 trillion in the decade after 2010. And because of the surge in federal spending since President Bush took office—including the creation of a huge new entitlement program—the surpluses bequeathed by President Clinton are gone. Instead, we are looking at projected deficits in excess of \$200 billion each year as far as the eye can see—and annual deficits in excess of \$500 billion a year a decade from now if we follow the President's recommendations.

It makes good sense to eliminate these two tax cuts. The fact is, they are a ticking timebomb scheduled to detonate after 2010—a detonation that will further explode the deficits and

debt. The revenue loss because of the PEP and Pease phase-outs would be a relatively modest \$24 billion over the first 5 years. But the revenue loss explodes in the years after that. In the first 10 years after full implementation, the revenue loss will be a whopping \$146 billion.

And who gets these tax cuts? According to the Tax Policy Center of the Urban Institute and the Brookings Institution, 54 percent of the benefits go to households earning more than \$1 million a year. Fully 97 percent of benefits go to households making more than \$200,000 per year.

What does that mean for a taxpayer? When the phase out is fully phased in by 2010, the tax cut will save the average taxpayer making over \$1 million nearly \$20,000 per year.

But almost no taxpayers making less than \$150,000 will receive even a penny of tax cuts under these provisions.

These are two tax cuts that we cannot afford. They are two tax cuts that their beneficiaries do not need.

The deficits and debt are exploding because of actions by the President and Congress. To quote the cartoon character Pogo: "We have met the enemy, and he is us." But we now have this unique opportunity to rescind two unnecessary and unaffordable tax cuts before they take effect.

Such a modest mid-course correction is exactly what President Ronald Reagan did in 1982. He realized that his 1981 tax cuts had overshot, and that they were projected to cause the kind of monster deficits we are experiencing today. President Reagan did the prudent and responsible thing: he pared back some of his tax cuts. Today, we need to show that same kind of restraint by not allowing the PEP and Pease provisions to go forward.

The difference, or course, is that President Reagan repealed tax cuts that had already taken effect. What we are proposing, today, is simply to not allow two new tax cuts to go forward—tax cuts that haven't yet taken effect.

The Perkins program is a lifeline to low-income Americans struggling to obtain marketable job skills. It is an essential rung on the ladder of opportunity that we extend to our young people.

So I come back to President Kennedy's remark that "to govern is to choose." We can't have it all. We must choose. And today we are confronted with this choice. We can go forward with these two new tax cuts, overwhelmingly for people who don't need them, while eliminating Perkins funding for vocational education. Or we can say, "Two trillion dollars in tax cuts, mostly for the affluent, is surely enough. Let's rescind these two new tax cuts before they go into effect. And let's redirect that money to education. . . to giving millions of young Ameri-

cans the vocational skills they need to succeed in the global economy.'

Certainly, all who favor creating an opportunity society should be in favor of this amendment. So should all who believe in basic fairness and equity.

Indeed, if all the millionaires who stand to benefit from these two new tax cuts were here in this chamber, today, and voting on this amendment, there is no doubt in my mind that the vast majority of them would vote "yes." They would say, "We have already made it. America has already blessed us with wealth and comfort. By all means, withhold these latest tax cuts, and redirect that money to vocational education students so they can graduate, so they can have opportunity, so they can achieve the American dream as we did."

Let's restore Perkins funding and let's reduce the deficit. I urge my colleagues to join me in a resounding, bipartisan vote on this amendment. We voted 99-0 to reauthorize the Perkins program. Now let's vote to keep this proven, effective program alive and thriving for millions of students across America.

I will close by saying I hope we will get this amendment up for a vote tomorrow so Senators can express themselves on it.

I yield the floor.

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#### ADJOURNMENT UNTIL 9 A.M. TOMORROW

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate stands adjourned until 9 a.m. tomorrow.

Thereupon, the Senate, at 10:06 p.m., adjourned until Wednesday, March 16, 2005, at 9 a.m.

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#### NOMINATIONS

Executive nominations received by the Senate March 15, 2005:

##### DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

JAMES H. BILBRAY, OF NEVADA, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION. (NEW POSITION)

PHILIP COYLE, OF CALIFORNIA, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION. (NEW POSITION)

ADMIRAL HAROLD W. GEHMAN, JR., UNITED STATES NAVY, RETIRED, OF VIRGINIA, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION. (NEW POSITION)

JAMES V. HANSEN, OF UTAH, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION. (NEW POSITION)

GENERAL JAMES T. HILL, UNITED STATES ARMY, RETIRED, OF FLORIDA, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION. (POSITION)

CLAUDE M. KICKLIGHTER, OF GEORGIA, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION. (NEW POSITION)

SAMUEL KNOX SKINNER, OF ILLINOIS, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION. (NEW POSITION)

BRIGADIER GENERAL SUE ELLEN TURNER, UNITED STATES AIR FORCE, RETIRED, OF TEXAS, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION. (NEW POSITION)