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Senate

The Senate met at 9:30 a.m. and was called to order by the PRESIDENT pro tempore (Mr. STEVENS).

PRAYER

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

Let us pray.

Almighty God, thank You for Your promise to guide us by Your spirit. Give us wisdom to clearly comprehend Your promptings in our hearts so that we may follow You. Guide us away from contention and teach us to build bridges instead of walls. Keep us from sowing seeds of negativity so we will not reap a harvest of regret.

Bless the Members of this body in their legislative work, and keep them safe from harm. Give them a patience that persuades and a speech that brings unity. As they wrestle with the conundrums of our times, help them to seek timely advice.

Empower us all with the self-control that will enable us to honor Your Name.

We pray this in Your powerful Name. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore 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.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will be a period for the transaction of morning business for up to 60 minutes, with the first half of the time under the control

of the Democratic leader or his designee and the second half of the time under the control of the majority leader or his designee.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, this morning after our 60 minutes of morning business, we will resume debate on the Interior appropriations bill. Last night we reached an agreement which provides for debate and votes on the final amendments. We will start off with two amendments relating to pesticides. If all time is used on those two amendments, we will be voting at approximately 12:30. I hope we will not need all that debate time, but that we can expedite some of the votes in order to finish the bill at an early hour today. We will be voting on the bill throughout the day on the remaining amendments to the Interior bill. We will finish the bill today.

As a reminder to my colleagues, we need to keep things moving as efficiently as we possibly can because we have a lot of other work to consider this week, including the Homeland Security bill, possibly the CAFTA legislation, a highway extension, in all likelihood a welfare extension, and there are other appropriation measures and nominations that may become available for Senate consideration.

I know we have a lot of Members who are traveling and, specifically for BRAC reasons, are going back to their States. But we need to keep voting, keep the amendments coming forward to make progress for the American people.

We have today, Thursday, and Friday to accomplish a great deal. I encourage my colleagues to come to the floor. If

you don't need extended debate, please take into consideration that we have a lot to do to finish this bill today.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

APPROPRIATIONS

Mr. REID. Mr. President, through the Chair to the distinguished majority leader, it is my understanding that sometime this morning CAFTA will be marked up and likely come out of committee. Is that the leader's understanding?

Mr. FRIST. That is my understanding.

Mr. REID. As the leader mentioned, we are going to go to Homeland Security appropriations next, is that right?

Mr. FRIST. That is the plan, although right now the Interior bill is taking an extra day, a day longer than I thought, so we are going to have to adjust the schedule appropriately given the fact the Interior bill was not finished yesterday as we had anticipated.

Mr. REID. As I spoke to the leader, because Senator DOMENICI and I have done the bill for so long, if we needed to do a bill in a shorter period of time, an appropriations bill, I think we could do ours in a day at the longest. I don't anticipate any trouble with that.

As I said privately and now I say publicly, I think we have a tremendous obligation to see what we can do to move appropriations bills. Before we leave, I would like to get two of them done. When we get back in July, after the obligations that you and I have set up—stem cells, China trade, native Hawaiians—then I hope we could get some more appropriation's bills done, but I know that is a big order.

In relation to what the majority leader has said, I do not think anyone should plan on staging their votes

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



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when they think there are going to be a lot of people here, when everybody will be here, because all week we will have a lack of attendance. People are flying all over the country attending BRAC hearings. That will be the way it is all week long.

I think we have to plow forward and try to get as much done as we can as soon as we can because we do have the Fourth of July festivities around the country starting as early as Saturday.

The PRESIDENT pro tempore. The majority leader.

Mr. FRIST. Mr. President, in part in response to the distinguished Democratic leader, the week right now, with just Wednesday, Thursday, Friday—we have a lot to do. He looked ahead to next month. Again, that is the short list. We have a possible flag amendment, we have a possible gun liability, so July—in addition to stem cells and the others he mentioned, in addition to the appropriations. I say all that because we have Members who, on Mondays and Fridays say, We are not going to be there.

This Friday, even though it is before a recess, we are going to be gone and we will have the opportunity to go back to our States and do all the things that are very important for us to do. But we need to keep plowing through, working Wednesday, Thursday, and Friday. I made it clear to my caucus if it is necessary we will be voting Friday. I don't want to give a time on Friday, but our colleagues right now in their minds say, well, it is Thursday, time to get out, we are on recess, and therefore we are not going to stick around.

I want to put our side on notice, and I hope the distinguished Democratic leader will do likewise, because we have the appropriations bills—and I think there are several, Energy and Water—legislative branch should not take much time, but we have a number of others that will. Homeland Security is probably going to take some time to do. I again encourage our colleagues to offer amendments today, let's finish this bill, and then move on to other business. Then also, Friday, if we can't finish our business, we are going to need to be voting on Friday.

The PRESIDENT pro tempore. The Senator from Rhode Island.

PROGRESSIVE PRICE INDEXING

Mr. REED. Mr. President, I rise today to express my deep concern about the President's proposal to peg initial Social Security benefits to the growth in prices rather than wages, and the negative impact this so-called progressive price indexing scheme would have on future retirees.

The current method of calculating retirees' Social Security benefits was first put into place in 1979. Since then, the initial benefit level has risen with the growth in wages, ensuring that benefits reflect increases in living standards over time. Wages tend to

grow faster than prices, so the effect of the President's proposed change would be a substantial reduction over time in initial benefit levels to people making more than \$20,000 per year.

Two recent reports by the Democratic staff of the Joint Economic Committee indicate the extent of the benefit cuts that future retirees would face under the President's proposal. The first report, entitled "What If President Bush's Plan For Cuts In Social Security Benefits Were Already In Place?" finds that if a price indexing approach like President Bush's had gone into effect in 1979 instead of the current method, middle-class workers retiring this year would receive a benefit 9 percent smaller than they will get under current law.

This chart illustrates that for 65-year-olds, if we had adopted in 1979 this indexing proposal, they would be receiving roughly \$1,400 less per year than they would under the current system. The current system replaces wages. It keeps up with a growing standard of living. It keeps seniors out of poverty and able to afford all their expenses. This chart illustrates the fact that these cuts would have been very real and very significant.

This second chart indicates that Social Security under the President's plan will replace a smaller percentage of wages because it would be tied to prices, not wages. This chart also shows that if in 1979 we had adopted progressive price indexing rather than wage indexing—for 65-year-olds, they would be receiving upon retirement 4 percent less than under current law, but for the 45-year-olds, the drop is significant. In effect, we are not keeping up with the cost of living. We are not keeping up with the standard of living. That is the essence of the President's proposal.

What we are seeing with this proposal is another way to cut benefit levels for seniors. It will affect, if it is put in place, not just the seniors who are retiring after that date, the 65-year-olds, but the whole generation of Americans who will follow.

Price indexing would also hit middle-income workers much harder than upper income workers because middle-income workers rely on Social Security for a much larger percentage of their retirement income than do upper income workers. While the highest earners retiring until 2045 would experience a bigger benefit cut, their total retirement income would fall by less.

This chart shows what would happen to a 25-year-old if the President's proposal had been adopted in 1979. For the medium earner, they would see a 26-percent reduction in Social Security benefits, but it would translate into a 17-percent reduction in their overall retirement income because they don't have many alternate sources to Social Security to rely on when they retire. Upper income workers would see a cut in benefits that is larger, but again their overall retirement income and

benefits would be cut much less. So the impact really hits the medium worker if this scheme is advanced.

There is a second report the Democratic staff of the Joint Economic Committee has done, entitled "How President Bush's Social Security Proposals Would Affect Late Baby Boomers." There has been a lot of talk about how the President's proposal would not affect those 55 and above, but there is a whole large group of Americans—ages 40 to 45, sometimes called the late baby boomers—who would be significantly impaired by the proposal.

This chart shows the impact on benefits for today's 40-year-olds, those who are at the beginning of this late baby boom period. Under current law, they could expect retirement—these are medium-income earners, making \$36,600 in 2005—they could expect annual benefits of \$17,000. The President's plan cuts it to \$15,450 if his benefit indexing plan alone is adopted.

With private accounts, it is further reduced to \$12,470, if you adopt a very safe Treasury security investment approach—which, again, for the 40 and 45-year-olds, just 20 years or so from retirement, is probably the best, safest approach—you would still get less money than the current law benefit. The impact of progressive indexing, even with the private accounts, would be to reduce the benefits middle-income workers would receive.

Over all, this whole approach is one that will reduce benefits for middle Americans. It is one that, if it had been placed in effect in 1979, we would already see significant cuts in benefits to our seniors. I don't think there is any senior out there complaining they are receiving too much in their Social Security check. If this approach was adopted in 1979, they would be receiving on the order of 10 percent less, and their financial constraints would be even more severe.

There is another aspect to this whole issue of pension benefits and Social Security. In the past 25 years, there has been a major shift away from traditional defined benefit plans to defined contribution plans. This chart shows the late baby boomers are already assuming more of the risk in investing their own retirement assets than older generations. This line of the chart represents all pension plans, which this line shows defined benefit plans that essentially have been flat over many years, going back to 1980, to 1998, and beyond. The third line of the chart we see is the rise of defined contribution plans.

Most plans are offered to newer workers as they come into the workforce. These younger workers are assuming more of the risk of their retirement. They are assuming it under the defined contribution plans. As a result, they do not have the certainty that older generations of Americans had. They had the certainty of two defined benefit plans—one from their factory