

In his autobiography, DAN tells the story of the day he was elected to the Senate. It was Election Day in 1962, and DAN and Maggie had gone to the polls. As they walked toward the voting booth DAN asked Maggie, "How do you think you'll like being a Senator's lady?"

Maggie looked at DAN and said, "Being DAN INOUE's lady is what's important. The rest is just extra."

That story really tells you who Maggie Inouye was. She was an elegant woman. Her love for DAN was absolute, and she was completely devoted to him.

Maggie lived her life with great dignity, grace, and optimism. It was these qualities that drew DAN to her 58 years ago. Even illness could not dampen her spirit.

Catherine and I extend our deepest sympathies to DAN, their son Kenny and his wife Jessica, and Maggie's five sisters. Maggie will be sorely missed by all who knew her.

As everyone can tell, I too have a mentor in my wife Catherine. Dr. Lindsey Hayes helped me prepare these remarks.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDENT pro tempore. In my capacity as a Senator from the State of Alaska, I ask the calling of the quorum be rescinded.

Without objection, it is so ordered.

RESERVATION OF LEADER TIME

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

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2007

The PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of Senate Concurrent Resolution 83, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 83) setting forth the congressional budget for the United States Government for fiscal year 2007 and including the appropriate budgetary levels for fiscal years 2006 and 2008 through 2011.

Pending:

Specter amendment No. 3048, to increase the advance appropriations allowance in order to fund health, education and training, and low-income programs.

Stabenow amendment No. 3056, to provide \$5 billion for our emergency responders so that they can field effective and reliable interoperable communications equipment to respond to natural disasters, terrorist attacks, and the public safety needs of America's communities, and fully offset this by closing tax loopholes and collecting more from the tax gap.

Menendez amendment No. 3054, to provide an additional \$965 million to make our ports

more secure by increasing port security grants, increasing inspections, improving existing programs, and increasing research and development, and to fully offset this additional funding by closing tax loopholes.

McConnell amendment No. 3061, to provide funding for maritime security, including the Container Security Initiative, improved data for targeted cargo searches, and full background checks and security threat assessments of personnel at our nation's seaports.

Byrd amendment No. 3062, to provide \$184 million over five years for the Mine Safety and Health Administration to hire additional mine safety inspectors, paid for by closing corporate tax loopholes.

Chambliss (for Dayton) amendment No. 3018, to restore funding for the Byrne/JAG grant program to the FY 2003 level of \$900 million, offset with an across the board cut to administrative expenses, travel and consulting services.

Murray amendment No. 3063, to restore funding for the Community Development Block Grant Program to the fiscal 2004 level by closing tax loopholes previously slated for elimination in Senate-passed legislation.

The PRESIDENT pro tempore. The Senator from Arizona is recognized.

AMENDMENT NO. 3068

Mr. KYL. Mr. President, I thought the chairman of the Committee on the Budget, Senator GREGG, might give us a little bit more texture about the order of the day, but I think the majority leader pointed out what the schedule is going to be. The first amendment, as I understand that is to be laid down, is an amendment which I now ask unanimous consent to call up.

The PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. KYL], for himself and Mr. CORNYN, proposes amendment numbered 3068.

Mr. KYL. Mr. President, I ask unanimous consent the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To designate \$2 billion in immigration- and homeland security-related funding for interior enforcement purposes, including, but not limited to: federal detention bed spaces and personnel; implementation of an expanded and user-friendly Electronic Employment Verification System; and, additional worksite enforcement personnel, including additional immigration enforcement agents, forensics auditors, fraud agents, intelligence research assistants, employer outreach assistants, and others)

On page 24, line 24, increase the amount by \$2,000,000,000.

On page 24, line 25, increase the amount by \$2,000,000,000.

On page 27, line 23, decrease the amount by \$2,000,000,000.

On page 27, line 24, decrease the amount by \$2,000,000,000.

Mr. KYL. Mr. President, I ask unanimous consent Senator CORNYN be added as an original cosponsor of this amendment.

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

Mr. KYL. By way of brief explanation, this amendment adds, with an offset from the function 920, a total of

\$2 billion to the fiscal year 2007 budget for the purpose of additional immigration and Homeland Security resources. The actual tally of costs that we are probably going to have to bear exceeds this amount. But in effect, this will be a downpayment toward the necessary work to be done in beginning to prepare for a temporary worker program, a worker eligibility or verification program and other elements of a comprehensive immigration reform that would be necessary to fit together once the Senate acts and the House acts on such a system.

In addition, funding that could be included within this \$2 billion is the State Criminal Alien Assistance Program, or SCAAP funding, which the budget currently does not fund but which historically has been funded at up to about \$600 million. Last year, it was a little more than a third that much. Clearly, Congress needs to act to reinstate the funding for the SCAAP program. This amendment can accommodate that funding as well.

Let me list the primary elements of this particular amendment that funds programs necessary to begin the development of the worker verification program in connection with comprehensive immigration reform.

One thing we need to do is to implement an electronic employment verification system and clean up the Social Security database and reissue a secure Social Security card and number to workers in the United States as the primary method of verifying worker eligibility. That is going to require not only work to clean up the database itself but a broadening of the current basic pilot program which is the only program currently in existence that can electronically verify employment. The Congressional Budget Office has estimated it will take about \$450 million to erect the system and, in effect, to make the basic pilot program through the Department of Homeland Security mandatory, rather than discretionary, over a period of 5 years, about \$90 million each year.

The Social Security Administration has estimated costs with regard to creating a system to produce a secure Social Security card and distribute that. Those costs vary widely in terms of the estimates. One estimate that could be made, based upon information that has been provided, would provide a cost of about \$1.14 billion a year to actually get this entire system up and running. That cost, or part of that for 1 year could be included within the \$2 billion that is specified in this amendment.

Second, we are going to need worksite enforcement personnel. One of the areas that has been neglected in the current enforcement regime is the following up or auditing of employers who, in many cases, are employing illegal immigrants. The Bureau of Immigration Enforcement, responsible for enforcing immigration laws at the worksite, has requested 200 full-time employees, about a \$23 million expense

in 2005. In 2006, an additional \$18 million above the 2005 level, and the 2007 budget requests \$47.1 million for work-site enforcement to add 206 agents and support staff for this effort.

However, there are clearly a lot more requirements to be met. Some 24 million business entities file income tax returns and the number that can be checked is far less than that.

So it is clear we need additional administrative personnel so the auditing can be done and we can lay the basis for a workable worksite verification and enforcement program. Any immigration bill that passes the Congress this year will fail unless the requisite number of worksite enforcement personnel is actually funded this year.

Let me just restate that. Whatever we do this year, we are going to have to begin the process of adding the personnel, so that once we act, we can begin to enforce whatever it is we pass. If we wait until after the President signs a bill into law to do this, then there will be at least a year delay as we ramp up the personnel and necessary other systems to implement the law. So we need to begin this process now.

There is a potential to fund additional Border Patrol agents that would be authorized under the program. There is, importantly, an estimate to increase the amount of detention space that we are going to need that could be funded from this.

The 2007 budget for the Department of Homeland Security requests over \$400 million to add about 6,700 additional detention beds, rather than the 8,000 beds currently authorized each year, which would bring the total to 27,500. Clearly, at least 10,000 additional beds over the next 5 years are going to be needed.

Let me explain the primary reason for this. The illegal immigrants who are apprehended here, who come from countries other than Mexico, cannot easily be returned to their home countries in every case. In fact, in most cases, there is quite a delay. In fact, in some cases, the countries will not even take them back. Clearly, either those people have to be detained until they can be removed to their home country or they are released into our society.

The current policy has been one of "catch and release," which means hundreds of thousands of people who come from countries other than Mexico—many of them from countries of special interest; in other words, countries from which terrorists have come—are simply melding into our society, never reporting for removal. It is an unacceptable situation, everybody recognizes.

In order to have the space to detain them until they can be removed to their home country, we need to appropriate additional money. This provides the authorization for that additional detention space.

Finally, Mr. President, I mentioned the State Criminal Alien Assistance Program. The estimated cost to reimburse the States—about 30 cents on the

dollar—is \$700 million this year. This funding provided for in this amendment would enable us to provide that funding to the States and to the local governments, which have had to carry the burden of housing these illegal immigrant criminals, people who have been convicted in State courts of crimes, and then the States have had to pay the expense of their incarceration. The Federal Government has in the past deemed there is at least some responsibility to help bear these costs. I think this amendment can go a long way toward meeting this responsibility.

This additional \$2 billion in no way covers all of the expenses that would need to be covered. But in addition to that which is already provided for in the budget—I have to take one second to compliment the chairman of the Budget Committee and the ranking member for their hard work to gain additional resources in the budget for a variety of programs to deal with comprehensive immigration reform. Their additions this year are historic and welcome and needed. What this funding does is to complement that in some additional areas they have not covered so we can get a start on comprehensive immigration reform and not be lagging behind 2 or 3 years simply because we did not anticipate the kind of expenses that would be needed to make such a program work.

So I compliment the members of the Budget Committee for their hard work. I think this amendment should be accepted as an additional complement to what they did.

Mr. President, I yield the floor at this time and hope to hear from my cosponsor, Senator CORNYN from Texas.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Texas.

Mr. CORNYN. Thank you, Mr. President.

Mr. President, I congratulate the Senator from Arizona for his tremendous leadership in this area. I wish to detail some of that leadership and some of the work he has done. I have been proud to work with him.

I think what the amendment really helps to do is to serve as a wake-up call, a wake-up call to the Senate, a wake-up call to the Federal Government, and really a message that is being delivered day in and day out by people in my State and people all across America, who say they are sick and tired of the Federal Government not living up to its responsibilities when it comes to securing our international borders.

We all know in minute detail how porous our borders are, and we know that in the past the American people have been asked to accept solutions—like amnesty in 1986—on the condition that the Federal Government would provide a means whereby employers could determine the eligibility of prospective employees to work legally in the United States. But while the American people were given an amnesty program,

legalizing roughly 3 million individuals, the Federal Government did not provide the means for employers to determine whether that prospective employee could legally work in the United States.

The Senator from Arizona mentioned the basic pilot program which was supposed to be the means to that end, but it was a purely voluntary program, and thus employers were left with a conundrum. They needed the workforce, but they did not necessarily have access to a means to determine the legal status of prospective employees. So what they relied upon were oftentimes what turned out to be fake identification, whether driver's licenses, Social Security cards, passports, or the like. We do not expect the employers in this country to try to be FBI agents or to conduct an independent investigation as to the legal status of prospective employees.

What this amendment will do is two important things. No. 1, it will begin to cause the Federal Government to step up to finally begin to provide the resources necessary to have a bona fide electronic verification system. But perhaps more importantly, it will demonstrate the seriousness of the Federal Government to finally live up to its responsibilities.

The people across America, the U.S. Chamber of Commerce—we are hearing a lot from sectors of the employment community saying they need a temporary worker program, a guest worker program. I think we all acknowledge it is important for us to determine who the 10 or 11 million people are who are currently in the country who have come here, perhaps legally in the first instance, but at least 40 percent of them have overstayed their visas and are currently out of status or people who have literally walked across or swam across the Rio Grande River to come here.

But in a post-9/11 world, there can be no doubt we must know who is in our country and what their reasons are for being here, so we can cull out the criminals, the people who come here to do us harm, and including the potential prospects of terrorists exploiting these known vulnerabilities in our way too porous border. So we need a national strategy to deal with that.

As the current occupant of the chair knows and the Senator from Arizona knows, as members of the Judiciary Committee, we are working hard to try to come up with a solution to this extraordinarily complex problem. The difficulty is compounded by the fact that, here again, we are playing catch-up.

But the purpose ultimately served by this amendment as well as the budget resolution that is pending on the floor—and the Senator from Arizona rightly praised the chairman of the Budget Committee for moving funds into building infrastructure along our border—the American people need to know we are making a firm and solid

commitment to do whatever it takes to make this system work and to finally bring it under control. Because people are not going to accept the bait and switch that essentially was foisted upon them in 1986, when they said take an amnesty, and then, on the condition we will have an employer verification system, we will actually sanction people for hiring people who cannot legally work in the United States, I do not think people will be fooled again. I certainly do not plan to be part of that.

I know there are many in Congress and in the Senate who are absolutely committed to coming up with a solution to this problem. It is not easy. But again, I do not believe the American people or our constituents sent us here necessarily to do just easy things. They expect us to come here and do more than go to receptions or meetings at the White House. They actually expect us to do some real work. But it is going to take some real work, and it is going to take some real money to finally make the investment the Federal Government has to make in order to bring this broken system under control.

So I gladly join as a cosponsor of this amendment and ask for the support of all of our colleagues for this very important step forward.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, let me say on this side we agree entirely with the need to put more resources into enforcing the border. And that part of the Senator's amendment on our side we strongly support.

Let me just register, as I have registered on previous amendments, that the problem I see with this amendment is how it is paid for. It is paid for out of section 920. But there is no money in section 920. We keep passing amendments that are theoretically funded by that source. But before we started voting for additional amendments taking money out of 920, 920 was already \$500 million underwater.

So what happens? What is the practical effect? The practical effect is that there will be an across-the-board cut on all discretionary accounts. We have now passed \$10 billion in amendments that will be funded by across-the-board cuts in discretionary accounts. That means we will reduce homeland security, we will reduce law enforcement, we will reduce national defense in order to pay for these amendments which are theoretically funded out of 920 because there is no money in 920.

So what we are left with is, at the end of the day, the appropriators had \$873 billion before this amendment, and after this amendment they will have the same amount of money—\$873 billion. If they are to use more money within that allocation for this purpose, they will simply have to reduce the other discretionary accounts. Of course, the biggest one is defense. They will have to reduce homeland security.

They will have to reduce law enforcement. They will have to reduce the others. That is the practical effect.

I know there are a whole series of other amendments that use 920 as a funding source, when there just is no money in 920. So at the end of the day, what is going to happen is there will be an across-the-board cut in all domestic accounts, and that will include defense, that will include homeland security, that will include law enforcement. So that is the practical effect.

The hard reality is, we had \$873 billion for the appropriators before this amendment. After this amendment, we will have that same amount of money for the appropriators. They will ultimately have to decide how it is funded.

With that, I want to indicate we would be willing to take this amendment on a voice vote, if the Senator from Arizona would be willing to do so.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I certainly am.

Let me, first of all, say I think the comments of the ranking member of the Budget Committee are entirely appropriate, and they are absolutely accurate. It is a matter of setting priorities.

And to the point that we are requiring the appropriators to engage in a very difficult job of setting those priorities and having to choose between different programs, I certainly take his point. He is 100 percent right. It is our view that, of course, among the highest of priorities is national defense, homeland security, and this is part of that.

We hope to work with him and with the members of the Appropriations Committee to try to make sure the priorities are established in the appropriate way. I do appreciate his cooperation here, and we are ready to take the vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3068) was agreed to.

Mr. CONRAD. Mr. President, I move to reconsider the vote and to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CONRAD. The regular order is now to go to Senator NELSON, is that correct?

The PRESIDING OFFICER. The regular order is the amendment by the Senator from Iowa, Mr. GRASSLEY.

Mr. NELSON of Florida. Will the Senator from North Dakota yield?

Mr. CONRAD. I am happy to yield.

Mr. NELSON of Florida. I would prefer a unanimous consent request that since the Senator from Iowa is not able to be here right now—it is my understanding he is delayed in traffic—I be able to proceed by offering my amendment.

Mr. CONRAD. Mr. President, Senator GREGG and I have an agreement that neither one of us do unanimous consent

requests without the other informed or on the floor. I have been told by his staff that it is OK with Senator GREGG. With that assurance, I have no objection. I thank Senator NELSON very much for being here to expedite the business of the Senate. It is gracious of him to do so.

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

The Senator from Florida.

Mr. NELSON of Florida. I ask unanimous consent that the next amendment be my amendment instead of the regular order of the Grassley amendment.

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

AMENDMENT NO. 3009

Mr. NELSON of Florida. I call up amendment 3009.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from Florida [Mr. NELSON] proposes an amendment numbered 3009.

Mr. NELSON of Florida. 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 establish a deficit-neutral reserve fund to protect medicare beneficiaries who enroll in the prescription drug benefit during 2006)

At the end of title III, add the following:

SEC. ____ . DEFICIT-NEUTRAL RESERVE FUND TO PROTECT MEDICARE BENEFICIARIES WHO ENROLL IN THE PRESCRIPTION DRUG BENEFIT DURING 2006.

The Chairman of the Committee on the Budget of the Senate may revise the allocations, aggregates, and other appropriate levels and limits in this resolution for a bill or joint resolution, or an amendment thereto or conference report thereon, that would—

(1) extend the annual open enrollment period under the Medicare prescription drug program under part D of title XVIII through all of 2006 without imposing a late enrollment penalty for months during such period; and

(2) allow a one-time change of plan enrollment under such program at any time during 2006;

by the amount provided in such measure for those purposes, provided that such legislation would not increase the deficit for the period of fiscal years 2006 through 2011.

Mr. NELSON of Florida. Mr. President, this is the deadline amendment on the Medicare prescription drug, Medicare Part D, that the Senate has heard about now over the course of the last 6 months. Each time we have been in a parliamentary procedure where we have been able to receive a majority of votes, in excess of 51 votes, but because of the parliamentary procedure we have found ourselves in, a 60-vote majority was required. Not so today. This amendment can pass with a simple majority vote, according to how many Senators are here, whatever is the simple majority.

It is an amendment all of our Senators have been hearing a lot about. As we have gone home to our States,

clearly every Senator has received an earful from senior citizens of their States in which the seniors have not only implored but in some cases begged for an extension of the May 15 deadline for signing up for the Medicare prescription drug benefit.

Why? Why are senior citizens confused and bewildered and, in some cases, frightened? They are confused because they are facing a multiplicity of plans. For example, in my State of Florida, 18 companies are offering 43 stand-alone plans, 43 prescription drug plans that a senior citizen is to try to make a determination about which is the best for them according to the prescription drugs they need. They are confused and bewildered and, in some cases, frightened. Why are they frightened? Because they know if by the deadline they don't make a choice, they are going to be penalized 1 percent of the overall drug premium prices per month or 12 percent a year.

Indeed, the Congressional Budget Office, in determining what is the cost of this amendment over 5 years, has taken that into account and has said it is going to be an additional cost on average to a senior citizen of 6 to 7 percent. Our senior citizens cannot afford that. So they are frightened.

They are also frightened in knowing if by the deadline they are confused and they pick a plan hastily in order to satisfy the deadline, they know if they happen to choose the wrong plan, they are stuck for a year. That causes considerable consternation and fright, because the medicines they take often are life giving. And thank the good Lord, we have progressed to the point that now the miracles of modern medicine through prescriptions have become an opportunity for us to have a much higher quality of life. A lot of the ailments that afflicted us 20, 30, and 40 years ago that had to be dealt with in a hospital by surgery and hospital procedures today can be taken care of, in large part, by prescription drugs. Naturally, senior citizens are confused. They are bewildered and, in some cases, they are frightened.

Every one of the Senators here has been hearing from their folks back home who are saying: Help us. Yet this body has taken a position. We are looking out for Medicare instead of looking out for the people Medicare serves. It is the beneficiaries of Medicare, the senior citizens of this country, we ought to be looking out for. So we have had this issue twice in front of us with a majority vote. We are going to have another opportunity today.

The stakes are high because simply we need to provide our seniors with the time and the resources they need to make an informed decision. In some cases, this is a matter of life or death, especially for those who are frail. How do we expect an artificial deadline to be handled with someone who has the onset of dementia?

Further complicating matters, the Medicare prescription drug benefit has

been marred by implementation problems. These appear to be widespread, and they are clearly adversely affecting vulnerable beneficiaries. How many news stories have all of us read that talk about the senior citizen who is distraught because they go to the pharmacy and the pharmacy says: Your particular prescription is not on the formulary of the new plan. We saw that in what is called dual eligibles, in the shifting of Medicaid recipients over to Medicare. Hopefully that is going to be worked out, but it is all a part of this implementation of a new program that is having difficulty. Hopefully we will get it right, but we need to give senior citizens a break and not hold them with the guillotine over their head with an artificial deadline of May 15.

If we pass this amendment by delaying the late enrollment penalties and giving every beneficiary a chance to change plans once during the first year of the prescription drug benefit, then we can make sure our citizens are not going to have to make hasty decisions.

This amendment that I offer on behalf of a bipartisan group of Senators, including Senator SNOWE of Maine, instructs the Senate Finance Committee to extend the annual open enrollment period under the Medicare prescription drug program through all of 2006 without imposing a late enrollment penalty and to allow a one-time change in the plans at any point in 2006.

We are going to hear some Members oppose this amendment by saying that the Congressional Budget Office recently rescored the cost of extending the deadline. When the amendment was here before us a month or so ago, CBO had scored it at about a \$300 million cost over 5 years. CBO now says it is going to cost \$2 billion over 5 years. It is important to note that the new score by CBO is mainly due to the fact that the enrollment program has gone so poorly. The new cost reflects the fact that 10 million fewer people will be signing up for the drug benefit than previously estimated. That is not the senior citizens' fault. Why should they be penalized by saying this is going to cost more when, in fact, it has had such a problem in its implementation and it is not quite as attractive to seniors as the administration had once thought?

According to CBO's new estimates, if we extend the deadline for signing up through all of 2006, 1.1 million more beneficiaries will sign up before the end of the year. In addition, 10 million beneficiaries will pay lower premiums because they will have fewer penalties. So on the one hand, CBO is saying it is going to cost more because the enrollment program has gone so poorly, but on the other hand, the Congressional Budget Office is saying, indeed, if we extend it, we are going to have more beneficiaries sign up, over a million more, they are saying, will sign up if we extend the deadline. And they are saying the beneficiaries who sign up—they are estimating 10 million—will pay lower premiums because they will

have fewer penalties. What Senator would want to vote against this amendment and, therefore, increase the cost to the senior citizens?

By opposing this amendment, if, indeed, the chairman of the Finance Committee, Senator GRASSLEY, is going to oppose it, it would seem that those who would oppose would suggest that you don't want to allow an additional million beneficiaries to enroll in the program. I would think we would want to enroll everybody as much as possible. And why would we want to punish 10 million beneficiaries with higher premiums through penalties?

It is kind of arcane language but also, according to the Congressional Budget Office, they have reevaluated the cost of the Medicare prescription drug benefit, and it is now projected over the next 5 years, the overall program, to cost \$5 billion less than originally estimated by CBO. They also say by extending the deadline, it is going to cost another \$2 billion over 5 years. That means that net, it is going to be costing \$3 billion less than originally anticipated. So in every way we look at it, it is a win-win.

It is a win for the seniors. It is certainly a win for the seniors in taking them out of the confusion and bewilderment. It is a win for the seniors in them not paying more on their premiums with the penalties that the CBO estimates. And it is also a win in that the overall cost of the program would be net less than what it was originally expected to cost.

This is a time-limited, very important step which would help ease the pressure of the first year of this new drug program. So I think it is time that we now go on the record with a majority vote and pass the extension for the relief of our senior citizens.

I yield the floor.

The PRESIDING OFFICER. Who yields time in opposition?

The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I have some points I would like to make. Before I do that, I will respond to a couple of points that the Senator from Florida made. One was his speaking about the bewilderment among seniors about the program. I would say that a great deal of the bewilderment comes from the confusion that people have because of the rhetoric of people who don't like this plan and have tried to kill it with rhetoric because they didn't have the votes on the floor of the Senate. That has not created a very good environment.

On the other hand, I can say that at my town meetings—I held 16, Monday through Thursday, during our last break—people who came expressed some wonderment about exactly what program to get into. But people who also had already selected a program gave very positive comments about the benefit of the program to them.

The other point I would like to make, Mr. President, is the point that was made that maybe the cost is coming in

less than what was anticipated because not enough seniors are coming in. I think it is very clear that the reason this is costing \$8 billion less than what 3 years ago CBO estimated it would be for this year is because of the competition. As a conferee, as I was going through ironing out the differences between the House and Senate on this bill, we were very nervous that our anticipation of the premium being \$37 a month, on average, might end up being much higher. And we, as writers of this legislation, would be embarrassed about that.

Competition has brought that premium down to \$25. Instead of \$37, the average premium is \$25. We were estimating that there would be all sorts of savings from competition because we were patterning this program after what the Federal Employees Health Benefits Plan had been for 4 years. It worked so well for Federal employees, we felt it would work very well for seniors, and it is working very well in this respect for seniors. But we estimated there would be certain savings.

Quite frankly, we were nervous about whether these savings would materialize. But they did materialize—to the point of adding up to that \$8 billion that I have referred to. But with specific drugs—we have drugs and pharmacists coming in under these plans—brand-name drugs are coming in on an average of 18 percent less than otherwise in a pharmacy. If it is mail order, it is about 26 percent less. In the case of generics bought at a pharmacy, it is 55 percent less, and for mail order it is 66 percent less.

So I suggest to the Senator from Florida that enrollment has nothing to do with it. The savings are coming because competition is working.

Now, another confession we have to make is that as we were writing this bill, we wondered whether we would have enough plans sign up so we would have this competition that works so well in the Federal Employees Health Benefits Plan—even to the point where we decided we needed a backup plan. Just in case only one plan signed up, we would make sure the Government set up a competitive plan so that there would be some choice for our seniors. We ended up with lots of plans, and we hear from the other side there are too many plans. Well, the marketplace brought plans in and drove down the price. Some of these plans are going to get out because the marketplace is going to drive them out. Hopefully, we still have plenty of choice when this all happens. But competition is working.

Now, also, I hear the rhetoric about too many plans being confusing. I just read in the newspaper in a whole other area, but to throw it out for comparison, I heard that in regard to people signing up for health savings accounts—HSAs—you have to have a catastrophic insurance policy go with it. There are 96 companies selling catastrophic policies. Yet we have had 3 million Americans sign up in less than

a year for catastrophic policies. I don't know whether it is confusing to them or not, but they are joining. That is twice as many plans that are available. We don't hear people complaining about too many plans out there for health savings accounts.

So I don't know why—except for rhetoric to gain political advantage—we talk about too many plans out there for seniors. The more plans, the more choice.

Do you think Congress has the ability to write one plan that is going to fit the needs of 44 million seniors and disabled people? First of all, if you did that, it would have to be mandatory. If you make it mandatory, it would be evidence that you never learned a lesson from the last time we tried to extend Medicare and make it mandatory when we put a catastrophic program in in 1988 or 1989, which passed this body—I don't know—it was a closer vote than it was repealed.

But when you go home to the grass-roots of Iowa, and every other State in the Nation, there is an uproar because it was mandatory and people had to pay for something they didn't want to use. And in a year or two it was almost unanimously repealed by this body. So we believed it ought to be voluntary, and it is voluntary. So if you don't want to join, you don't have to join.

But if you want to join, everybody has different needs and desires and you ought to have some choice, just like Federal employees have. If it has worked 40 years for Federal employees, it seems to me that it is a pattern that we ought to have enough respect for the seniors of America to give to them.

Mr. President, I would like to go to the issue before us, an issue that we have discussed before, not an issue that I entirely disagree with the Senator from Florida on because I don't know what the situation is going to be by May 15. But I know if you had an amendment up to extend the deadline for filing income tax on April 15 and you moved it to May 15, everybody would be going to the post office on May 15 to drop in their income tax forms, and I would be one of them. Americans procrastinate until the last minute. Some are going to procrastinate until the last minute on joining one of these plans.

The extent to which people benefit from this plan, particularly lower income people, because it is highly subsidized—up to 98 percent—it seems to me the extent to which you want to give them more leeway, you are not being very humane to them if they can benefit from the program today instead of tomorrow.

So you may be right, but today you are not right. You may be right on May 1. Maybe your timing is off. Maybe I am conceding too much. My staff will probably tell me when I am done I was too good to you, that you are too right. But there are other ways of doing what you want to do, and I am going to suggest a way. You are probably going to disagree with it.

Before I get to that point, I want to give some background. The amendment by Senator NELSON is going to extend the open enrollment period. Information on the Medicare prescription drug benefits first became available last October, and then the open enrollment period began November 15. So today the open enrollment period has been going on for 4 months, and there are still 2 months left before open enrollment ends on May 15.

I personally think that enrollment is going well. About a quarter million people—250,000 beneficiaries, in other words—enroll each week. Enrollment in stand-alone plans in my State of Iowa increased by 71 percent between January and February. At this rate, Medicare is on a track to reach the goal of 28 million to 30 million beneficiaries with coverage by May 15.

I think making decisions about one's health care can, in fact, be difficult. That is why information about the available plans went out way back in October. That is why beneficiaries have 6 months to make a decision. That is why there are many resources to help beneficiaries learn about their options and make their decisions. That is why beneficiaries can change their plan choice once before May 15. But that said, I know there is concern that beneficiaries may need more time. So the amendment I am offering would grant the Secretary of Health and Human Services the authority to extend the enrollment period. We are just 2½ months into this new benefit—the first expansion of Medicare in 40 years.

Personally, I think it is premature to change this date. So I offer this amendment as a compromise. The amendment would grant the Secretary definitive authority to extend the enrollment period. It would waive the application of the late enrollment penalty, and it would extend beneficiaries' rights to change their plan, and to change it once. Despite the rhetoric that we constantly hear around here, I hope everyone wants this benefit to be successful.

I know there have been some disappointing startup problems, especially for some of our Nation's most frail and vulnerable beneficiaries. But what would you expect when, on January 1, you have 44 million people rushing into a brand new Government program? There are obviously going to be some roadblocks, when people sign up on December 31 and go to the drugstore on January 2 to get drugs under a plan that you are trying to squeeze 44 million Americans into. It is quite obvious that there would be some problems.

I think the administration has made great progress in getting these problems solved. The Secretary of HHS has sat down with our committee on three occasions to hear both Republicans and Democrats, to listen to what the problems are.

I think it is mutually agreed that there were about seven areas where there were problems. The question I

asked three times was: Is there any change in law that is necessary for the Secretary of HHS in order to grapple with these problems? And the Secretary said, no, he had ample authority to do that. He pointed out to us the seven problems. He pointed out to us how he was going to solve those problems. Between meetings, he gave us updates on progress being made toward solving those problems.

So I think we have a Secretary of Health and Human Services and we have a director of CMS who are working more than full time, and a lot of these problems, quite frankly, are simply the technicians it takes to make sure the computer software is working right.

What is the problem?

The PRESIDING OFFICER (Mr. VITTER). The Senator will note that the time on this amendment has expired, although the amendment of the Senator from Iowa is next in line and it would be appropriate to proceed to that amendment.

Mr. GRASSLEY. Mr. President, I think we have a Secretary who is working hard on it. There are problems, but at the same time, we are writing a million prescriptions a day without incident. Beneficiaries are saving a lot of money.

I spoke with the Senator from Florida about how the average premium is now \$25 a month, 20 percent lower than we first projected. I spoke with the Senator from Florida about the lower drug costs, saving the taxpayers dollars as well. Just this year, the benefit, as I said, will cost \$8 billion less than originally thought. The 10-year cost has dropped by \$180 billion.

I heard from a couple in Iowa who are saving nearly \$2,800 a year. Another Iowan is saving \$1,750 a year. And here is another one. A person from Massachusetts is saving \$17,000—\$17,000—a year on medicine because they are participating in this program.

Getting this level of savings depends on strong competition among the plans, and we have that. Many people will remember the skepticism on whether many plans would participate at all. Some would say that we have too many choices and that is why beneficiaries need more time. Those choices, in fact—let me put it this way: It is not just choices, but because of choice, we have competition keeping premiums low, and they are letting people pick the plan that best suits their medical needs.

My amendment strikes an effective compromise, I believe, to Senator NELSON's amendment, which is before us. Senator NELSON's amendment calls for a unilateral extension of the enrollment deadline right now, and it would extend it until the end of the year and into the enrollment period of next year.

As I said, I think it is premature to make that decision now. Some people think 6 months is not enough time to make a decision on a plan. Yet millions are enrolling even now.

Many people are also concerned about the late enrollment penalty. This penalty is modeled after the way Medicare Part B has worked since its origination in 1966. There is a late enrollment penalty in Part B that anybody who doesn't sign up for it when they get to be 65 will pay, and that is there to encourage people to enroll early and to think of Part B as not some Government program, just a Government program, but to see all of this—whether it is Part B or it is Part D, as in drugs—as an insurance policy.

People who are 65 today thinking about signing up for the Part D drug program under Medicare may be very healthy and may think they have never taken a pill in their life and that they will never take a pill, but that is today when they are 65. They are not going to know what their health needs are when they are 70 and maybe get sick and have to take a lot of medication.

It is a little bit as if you were never going to have a car accident, you would never buy car insurance. If you were never going to have a fire in your house, you would never buy fire insurance. But Americans see insurance as a very useful tool, a necessary tool to manage their risks, and our seniors and disabled people ought to see this as an insurance policy, maybe not needed today, but that will be needed some day, and they ought to be enrolled.

Obviously, if you didn't have that penalty in Part B and now in Part D, the drug part, then who would ever sign up until the day before they have to buy their first pill, just as you would not buy your car insurance policy until the day before you were going to have a car accident.

So I hope people see it as a good investment, as an insurance policy, as it has been for Federal employees for the last 40 years.

The late enrollment penalty is designed to encourage enrollment, and as with other coverage of insurance, it spreads these costs across many enrollees. The more people enroll, the lower the costs are for everyone.

So if the Senator from Florida wants to keep these costs continually low, get more people under the umbrella, sell an insurance policy, as he has been so successful selling people on the importance of keeping Senator NELSON in the Senate.

The open enrollment creates an enrollment deadline. The deadline that is involved in the open enrollment period encourages people to act, to get the protection against unexpected drug costs. We all know that people sometimes wait until they need coverage to get it. It would be the same as if only people with a burning house get fire insurance. If you waited until the day before your house was going to burn down to buy fire insurance, fire insurance would be awfully expensive. That leads to higher costs for everyone.

For the same reasons then, there is an enrollment period and a late enrollment penalty under Medicare Part B,

not at all a new idea. The premise of the Nelson amendment is that Congress needs to override that 6-month open enrollment period and make it even longer. The Nelson amendment would do that today even though enrollment is on track. It would extend the open enrollment period now even though we don't know whether it will be necessary 2 months from now. It presupposes a bad outcome to the enrollment of Part D of Medicare. It plans for failure, and I think this plan, particularly with how successful the competition is, for failure is wrong.

Frankly, I think Senator NELSON's amendment has the potential to do more harm than good, regardless of his good intentions. Without the pressure of that May 15 deadline, many beneficiaries may forgo savings by putting off their decision.

Now, it may turn out that the enrollment period needs to be extended, as I said in my first remark to my colleague from Florida. And if that is the case, then my amendment would give the Secretary the authority to do that right away. No further congressional action would be needed.

Under my amendment, if in 2 months the Secretary determines the enrollment period should be extended, if enrollment is lagging, for example, then he has clear authority to do that.

My amendment would also automatically delay the late enrollment penalty if the enrollment period is extended by the Secretary of HHS.

My amendment would provide the funding needed to continue the open enrollment period. This funding is needed to continue the round-the-clock operations of the 1-800 Medicare number, and the expanded operations for that open enrollment period.

I close this debate by reading an editorial from the New York Times in 1966. This was an editorial about the implementation of the original Medicare Program we have had on the books since 1966. A quote from the New York Times:

But as Medicare gets underway, the danger is that the strains on it will generate pressures for unsound change. They will come from those who will be disappointed because they have been led to expect too much as well as from those who see failure in every shortcoming. Changes will come in time, but they should be made on the basis of Medicare's own experience. This great new experiment must be given ample time to get over its growing pains.

Those growing pains for Part D Medicare are now just 2½ months old. So I go back to the first sentence, for the consideration of my friend from Florida, "that the strains on the system will generate pressures for unsound change." I think his is an unsound change. This quote speaks volumes about our current situation with Part D Medicare.

I urge my colleagues to support my amendment and to oppose the Nelson amendment.

Mr. President, do I have to ask to have a previous amendment set aside

in order to send my amendment to the desk?

The PRESIDING OFFICER. No, but the Senator should seek consent that the time already used be charged against this new amendment.

Mr. GRASSLEY. You mean the time I used off the bill.

The PRESIDING OFFICER. Correct.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that time be charged to my amendment.

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

AMENDMENT NO. 3073

Mr. GRASSLEY. I send my amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 3073.

Mr. GRASSLEY. 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 establish a reserve fund to allow for deficit-neutral legislation that would provide for an extension of the Medicare part D enrollment period)

At the end of title III, insert the following:

SEC. ____ . RESERVE FUND FOR EXTENSION OF THE MEDICARE PART D ENROLLMENT PERIOD.

If the Committee on Finance of the Senate reports a bill, or if an amendment is offered thereto, or if a conference report is submitted thereon, that—

(1) authorizes the Secretary of Health and Human Services to extend the initial open enrollment period under part D of title XVIII of the Social Security Act beyond May 15, 2006;

(2) provides funding to the Centers for Medicare & Medicaid Services and the Social Security Administration for the purpose of conducting enrollment activities for the period of any extension of the initial open enrollment period;

(3) waives the application of the late enrollment penalty for the period of any extension of the initial open enrollment period; and

(4) permits beneficiaries to change their enrollment election in such part D once during the initial open enrollment period, including throughout any extension of the initial open enrollment period;

the Chairman of the Committee on the Budget of the Senate may make the appropriate adjustments in allocations and aggregates to the extent that such legislation would not increase the deficit for fiscal year 2007 and for the period of fiscal years 2007 through 2011.

Mr. NELSON of Florida. Mr. President, will the Senator yield for a question about this amendment?

Mr. GRASSLEY. Let me get a copy of my amendment.

The PRESIDING OFFICER. The Senator from Iowa has control of the time.

Mr. GRASSLEY. Mr. President, I will yield to whatever the Senator wants me to listen to.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. NELSON of Florida. Mr. President, I want to ask the distinguished

Senator from Iowa, does his amendment waive the penalties to senior citizens or does it give the Secretary of HHS discretion to waive the penalties?

Mr. GRASSLEY. Mr. President, to the Senator from Florida, Mr. NELSON, if the Secretary extends the period, it automatically then waives the penalty for that period of time.

Mr. NELSON of Florida. Mr. President, I ask the distinguished Senator, if the Secretary waives the requirement—so the Senator's amendment gives the Secretary discretion to waive the requirements of the May 15 deadline?

Mr. GRASSLEY. The purpose of my amendment is—I think I am answering the Senator's question. Let's say May 14 comes and the Secretary decides we need more time and he makes a decision to extend that period of time. Let's say he extends it from May 15 to September 15. During the period of May 15 to September 15, there would be no penalty.

Mr. NELSON of Florida. Mr. President, I thank the Senator for answering the question.

I would inquire of the Chair, under the previous order, does the Senator from Florida have time to discuss the Senator's amendment?

The PRESIDING OFFICER. The time in opposition is controlled by the Senator from North Dakota.

Mr. CONRAD. Mr. President, how much time do I have on this amendment?

The PRESIDING OFFICER. There is now a total of 13 minutes 30 seconds in opposition.

Mr. CONRAD. Mr. President, I am happy to yield 5 minutes to the Senator from Florida.

Mr. NELSON of Florida. Mr. President, I thank the Senator. I understand the good intentions of the Senator from Iowa in what is a difficult situation for him. The Senator from Iowa has indicated he had a number of townhall meetings, of which there seemed to be complete acceptance and happiness with this prescription drug benefit. I want the Senator to know that I, too, have had innumerable townhall meetings in my State of Florida, and I get exactly the opposite result. Perhaps that is because it is a demographic fact that Florida has a higher percentage of senior citizens than most States. Perhaps it is that our senior citizens are very aware and current on events and on news. Perhaps it is also because there is a great deal of activity in our State of Florida with regard to wanting to sign up for this plan, because we have the beneficence of the fact that so many seniors around the country, including from the State of Iowa, the State of the Senator, retire and move to the State of Florida. So there is great consternation, I want the Senator to understand, among seniors in our State.

The Senator mentioned earlier in his comments—and I don't take the comments personally—he said there was a

politicizing of this particular issue. This Senator from Florida has an obligation to stand up and fight for his people. I can tell you that the senior citizens of my State are concerned and they are confused and they are bewildered and, in some cases, they are frightened because of this. I will concede to the Senator from Iowa that what he said is true, that normal human behavior is when we have a deadline, we wait until it is close to that deadline to sign up. However, I would suggest to the Senator in his consideration of this issue, and to the Senate as they decide between the amendment of the Senator from Iowa or this Senator's amendment, we should be looking at what is not best for the Medicare Part D benefit but what is best for the beneficiaries, the senior citizens. When the Senator from Iowa tells us in fact his amendment is going to give the discretion to the Secretary of HHS, look what the Secretary has said; he throws it right back to the Congress. He says:

If people haven't had time to enroll, that is a policy decision that Congress has to make.

He said that a month ago, the Secretary of HHS, a distinguished Secretary in the President's Cabinet.

I would suggest to the Senator if we are going to make the policy here, let's consider these people, these senior citizens who are anguished at this point.

I will simply close with this: Medicare first thought they were going to have about 35 million seniors enrolled in this program. Now they are expecting that they are going to be about 10 million short, that there is going to be only about 25 million enrolled. CBO has estimated if we extend the deadline, we are going to get at least another million enrolled this year, and over the life of the program we will get that additional 10 million. So why would we not want to go on and extend the deadline and prohibit those penalties that CBO said will average to senior citizens 5 to 7 percent? Why would we not want to go on and extend that deadline instead of leaving it to the discretion of the Secretary of HHS?

The PRESIDING OFFICER. The Senator from Florida has used the 5 minutes allotted to him.

Mr. GRASSLEY. Mr. President, I have 35 seconds?

The PRESIDING OFFICER. The Senator from Iowa is recognized for 35 seconds.

Mr. GRASSLEY. Mr. President, I only want to clarify two things. One, if I said there were no complaints at my town meetings about the program, there were, but I found a great deal of people who had enrolled very satisfied and also satisfied with the process.

The second thing is, it has to be a policy decision by Congress to do what I want to do, so it is still up to Congress to make this decision. I would be willing to make this decision if it was made first, but your amendment is up today. So it is still a choice we are making.

I yield the floor.

Mr. CONRAD. Mr. President, was the Senator in the middle of his thought that he wanted to complete? Can he do that?

Mr. NELSON of Florida. Of course.

Mr. CONRAD. Mr. President, let me yield 1 minute to the Senator from Florida, and then we are going to go to the Senator from Pennsylvania for 5 minutes, and then we are going to come back on this amendment. The Senator from Pennsylvania has another obligation, so we want to try to accommodate him on that. But I give an additional minute at this time to the Senator from Florida, and I will tell him we will have more time for him momentarily after the Senator presents his amendment.

Mr. NELSON of Florida. Mr. President, I can sum this up in 60 seconds. The choice here is between a direction by the Congress to definitely extend the deadline, or the alternative Senator GRASSLEY is offering, which is to give the Secretary of HHS the discretion to extend the deadline.

The policy of the administration is clear. I asked Dr. McClellan, the head of CMS, his position on extending the deadline and he said:

Senator, we are not supporting that legislation at this time.

So I think it is clear, the choice is clear for the Senate between these two amendments.

I yield the floor.

Mr. CONRAD. Mr. President, now we will go to the Senator from Pennsylvania for 5 minutes to offer his amendment, and then we will come back to this subject. So I alert the Senator from Florida, we have some time remaining.

I yield to the Senator from Pennsylvania.

AMENDMENT NO. 3050

Mr. SANTORUM. Mr. President, I ask unanimous consent to call up amendment No. 3050.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for himself, Mr. COLEMAN, Ms. COLLINS and Ms. SNOWE, proposes an amendment numbered 3050.

Mr. SANTORUM. 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 increase funding for the Community Development Block Grant Program)

On page 17, line 22, increase the amount by \$1,300,000,000.

On page 17, line 23, increase the amount by \$1,300,000,000.

On page 18, line 2, increase the amount by \$1,300,000,000.

On page 18, line 3, increase the amount by \$1,300,000,000.

On page 18, line 6, increase the amount by \$1,300,000,000.

On page 18, line 7, increase the amount by \$1,300,000,000.

On page 18, line 10, increase the amount by \$1,300,000,000.

On page 18, line 11, increase the amount by \$1,300,000,000.

On page 18, line 14, increase the amount by \$1,300,000,000.

On page 18, line 15, increase the amount by \$1,300,000,000.

On page 27, line 23, decrease the amount by \$1,300,000,000.

On page 27, line 24, increase the amount by \$1,300,000,000.

On page 28, line 1, decrease the amount by \$1,300,000,000.

On page 28, line 2, decrease the amount by \$1,300,000,000.

On page 28, line 4, decrease the amount by \$1,300,000,000.

On page 28, line 5, decrease the amount by \$1,300,000,000.

On page 28, line 7, decrease the amount by \$1,300,000,000.

On page 28, line 8, decrease the amount by \$1,300,000,000.

On page 28, line 10, decrease the amount by \$1,300,000,000.

On page 28, line 11, decrease the amount by \$1,300,000,000.

Mr. SANTORUM. Mr. President, this is an amendment I am offering on behalf of Senator COLEMAN as well as Senator COLLINS and Senator SNOWE on the CDBG Program. This is an amendment I worked with Senator COLEMAN on last year. He offered it last year, and I want to thank him for his cooperation in allowing me to step forward.

This is an important issue to my State. It is an important issue to most States across America. This is a program that is, I believe, one of the most effective programs we have in the Federal Government to help localities deal with housing problems, local economic development problems, and community problems we have. In Pennsylvania we get well over \$50 million a year for this program. I don't know of anything that unites Republicans and Democrats on a local level more than the CDBG Program.

The Community Development Block Grant Program, CDBG, is a program that takes money from the Federal Government and distributes it into the local communities for local priorities. There is a broad degree of discretion in this program and it allows the local communities to leverage Federal dollars to attract, in some cases, private dollars and, in some cases, other State dollars or philanthropic dollars that are used for projects that are vital to the local community.

Unfortunately, in the last few years, the President has reduced the funding allocation for this program. Last year we were able to put back some of that money into CDBG. We ended up with about \$3.7 billion for the CDBG last year. My amendment would add \$1.3 billion for this year. That level, by the way, is exactly the level that was appropriated for CDBG in the year 2004. So we are not talking about an out-

rageous increase; we are just trying to get back to historic levels of funding for this program.

Again, it is a program that is vitally important for the local community. This is offset with section 920. I have heard the Senator from North Dakota talk about there being no money in section 920, and he is absolutely right, there is no money in section 920. But what this amendment does is set priorities. It says to the appropriators that the Congress—I think this amendment will be approved overwhelmingly—that the Congress and the Senate believe this is a program that needs more robust funding. This is a program that is a priority for the Senate and for folks on both sides of the aisle.

I appreciate the opportunity to come here to speak on this very important amendment. It sends a very clear signal that this is an area we need more resources devoted to. I thank the Senator from North Dakota and the Senator from New Hampshire for allowing me the opportunity to speak at this time.

AMENDMENT NO. 3073

The PRESIDING OFFICER. The Senator from North Dakota is now recognized to go back to the previous amendment.

Mr. CONRAD. Will the Chair inform me how much time I have on that amendment?

The PRESIDING OFFICER. There is 6 minutes 12 seconds.

Mr. CONRAD. Mr. President, I will not take all of that time. Let me say this: I voted for the Medicare prescription drug program. I voted for it because I think it will help a substantial number of my seniors. Also, that legislation contained provisions to make Medicare reimbursement for rural hospitals more equivalent to what urban hospitals receive. In my State, under the old law, our hospitals were receiving about one-half as much to treat the same illness as a more urban hospital. That was in part corrected in the Medicare prescription drug legislation.

Let us be frank. The handling of the Medicare prescription drug implementation has been a fiasco from beginning to end. I think every one of us has heard loudly and clearly from our States—I certainly have. I have done nine meetings in my State, including hosting Secretary Leavitt, on this question. It has been botched. The implementation of the Medicare prescription drug bill has been botched. On the day, the initial day, I have never seen such chaos. You couldn't get through on the phones. You couldn't get through on the Internet. You couldn't get accurate information. Cards weren't in people's hands. They automatically enrolled those who were eligible for both Medicare and Medicaid in plans that often didn't cover the drugs that they were on.

That is a fact. This was very badly handled by the administration, as badly handled as anything that I have seen in 20 years representing my State

in the Senate. It was an absolute *fiasco*. That is a fact.

The question is, What do we do to try to improve the circumstance? The Senator from Florida, who has a very large elderly population, has made one constructive suggestion. He has said let's extend the deadline.

Let me just say, in my State, 37 or 38 percent of the people who are eligible have signed up so far. We have over 100,000 people eligible and only 37,000 have signed up and about half of those were automatically enrolled. So the true signup, the voluntary signup is very low.

It is clear we need more time. One of the problems is there are so many plans that it just confuses people. There are 41 plans in North Dakota. In all of the meetings I have had, people have said to me: Senator, how can you make any sense out of this, especially since, when you go to the phone lines you can't get an answer; when you go to the computer, the Internet sites, you can't get an accurate answer? I think the Senator from Florida is responsible in saying we ought to extend the deadline.

According to the department, we now know that some 10 million people will not have signed up in time. That means they will start to have penalties imposed on them. Ten million seniors, many of them frail and elderly, will start to be penalized because they can't make sense out of this profusion of plans and this confusion.

Senator NELSON has a very straightforward approach. He extends the deadline. The Senator from Iowa has an alternative. His approach is to give the department that has botched this signup the decision about whether the deadline is extended. That is a very clear choice. Do we really want the decision whether the deadline is extended to be made by the people who made a hash of this program's implementation? Or are we going to take responsibility and extend the deadline so 10 million people aren't penalized through no fault of their own. I think that choice is very clear.

Mr. MENENDEZ. Mr. President, as I have been traveling across the State of New Jersey on a listening tour, I have heard from countless seniors and their loved ones that the new prescription drug plan has brought much confusion, concern, and difficulty.

In townhall meetings and in senior homes, these sentiments of puzzlement are echoed over and over again.

Knowing the challenges seniors are facing, I am committed to doing whatever it takes to make this drug benefit something that helps instead of hurts, which is why I am speaking in support of Senator NELSON's amendment.

This amendment will make sure that instead of penalizing our seniors for taking a little more time in choosing a plan, it will accommodate them.

This amendment will make sure that instead of penalizing our seniors for choosing the wrong plan, it will give

them the flexibility to change to the right one.

It is already March 14, just about 2 months before the May 15 deadline for seniors to sign up for a plan without being penalized by the late enrollment fee.

And the tune I hear in New Jersey and across the country hasn't changed. Seniors need more time to figure out how the new program works and which drug plan is best for them.

And it isn't just the seniors that need more time—let's not forget that the Federal Government needed more time, too.

As a matter of fact, when the new drug plan was implemented, New Jersey, like many other States, stepped up to the plate to provide emergency drug coverage to ensure that no one went without the lifesaving drugs they needed.

They did not do it because that was planned; they did it because it was the right thing to do. They did it to make sure that there was no loss of life or emergency hospitalization due to the inability for individuals to get their lifesaving and life-enhancing drugs.

The Federal Government dropped the ball, and our States picked it up. While the Centers for Medicare and Medicaid have agreed to reimburse New Jersey and other States for their emergency coverage costs, our States still haven't seen a check, and it will probably be a while until they.

I think our seniors deserve the same flexibility and understanding granted to our Government.

We have a responsibility in Washington to ensure that the initial confusion and problems with implementation do not go any farther.

Our seniors should not be punished for the shortfalls of this new drug benefit. It is an issue of fairness. It is about keeping your word, about being accountable. And today we have the opportunity to give our seniors the much needed extension of time and flexibility they need to choose a plan.

I voted against the Medicare Modernization Act at the time because I didn't think it would provide adequate assistance, and I have been sorry to see that the implementation has not gone as promised.

However, this is the prescription drug plan we have, and we must do everything we can to make it as helpful and beneficial as possible.

For that reason, I hope my colleagues will join me in supporting Senator NELSON's amendment. It is the least we can do to make things right.

Mr. CONRAD. Mr. President, has all time been yielded back on the other side on this amendment?

The PRESIDING OFFICER. All time has been consumed.

Mr. CONRAD. All time has been consumed. I am prepared to yield back the time on my side on this amendment so we can then go to Senator MURRAY so she can respond on Senator SANTORUM's amendment.

Mr. GREGG. That is fine.

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

Mr. GREGG. Mr. President, I ask after we complete the Santorum debate we move to your amendment on avian flu and then that be followed by—you have another amendment?

Mr. CONRAD. We have an amendment by Senator WYDEN, or Senator BYRD, that is next in the queue. I think Senator WYDEN is our next amendment, and we will be prepared to go to that.

Mr. GREGG. I ask unanimous consent that after we complete the Santorum amendment we go to the Conrad amendment on avian flu, and then we go to the Wyden amendment on Medicare.

Mr. CONRAD. Let's reserve on that one until I make certain.

Mr. GREGG. Other than that, go to yours.

Mr. CONRAD. Yes.

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

The Senator from Washington is recognized for 5 minutes.

AMENDMENT NO. 3050

Mr. CONRAD. How much time is left on the amendment of Senator SANTORUM?

The PRESIDING OFFICER. The opposition on that amendment has the full 15 minutes available.

Mr. CONRAD. I yield the full 15 minutes to the Senator from Washington for her use, or anybody she would designate.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, I am here because the Senator from Pennsylvania came to the floor this morning and offered an amendment on funding for Community Development Block Grant Programs. First of all, I am delighted that the other side recognizes that the assumption in this budget, to cut \$1 billion from Community Development Block Grant Programs, is absolutely unacceptable. Their assumption is absolutely accurate.

Across our country today, mayors and other community leaders are up in arms about the billion-dollar cut to Community Development Block Grant Programs that is in this budget, on top of what I might remind all of my colleagues was the \$500 million cut from last year.

We all know these essential programs. They are essential for housing, an absolutely critical part of our infrastructure, making sure we help develop many of our neighborhoods across this country with that critical seed money that brings those communities back up to standard and makes sure people have adequate housing while it creates jobs and economic development in communities across our country. Robbing those communities of those funds right now when our country is struggling to get back on its feet is the

wrong thing to do, and the Santorum amendment recognizes that.

Here is my problem. Last night I was on the floor of the Senate. I offered a real amendment to restore the funding for Community Development Block Grant Programs. It provides \$1.3 billion, and it does it by adding real money to the budget amendment by closing corporate loopholes. The amendment offered by Senator SANTORUM is simply a "let's not worry, be happy until after the election" amendment and doesn't provide one dollar.

How do I know that? I keep hearing the other side go to the floor and—whether it is veterans or Community Development Block Grant Programs or defense—say we are going to take money out of function 920. I went to the budget resolution book and I looked up 920 to see how much money was left. I was astounded to find out there is no money in function 920. In fact, they are half a billion dollars in the hole right now.

I see the ranking member, Senator CONRAD, on the floor. If he wouldn't mind, I wanted to ask him a question because he knows this budget better than anybody.

I ask, through the Chair to the ranking member, am I wrong, in looking at this budget resolution, that the Republican Members are coming to the floor offering amendments to pay for funding for CDBG or veterans or defense, when there is no money? I ask my colleague if he could respond?

Mr. CONRAD. Mr. President, unfortunately the Senator is completely correct. There is no money in function 920. The Senator is absolutely correct that when we started this process, function 920 was \$500 million in the hole.

I guess what is even more remarkable is we have now had \$10.5 billion of additional funding supposedly covered by function 920 when there never was any money to begin with.

Mrs. MURRAY. Mr. President, I ask my colleague, the ranking member of the Budget Committee, then am I to assume that function is now \$11 billion in the hole? And we are hearing our colleagues on the other side say: Don't worry, be happy; simply take it out of the function where there is no money? I ask my colleague, the ranking member on the Budget Committee, is that real?

Mr. CONRAD. No, it is not real. What is happening now—I must say my colleagues on the other side have got an increasing habit of spending money that doesn't exist. We started out with function 920 having no money, in fact, being \$500 million in the hole. They have now passed amendments that take another \$10.5 billion out of a function that has no money. What will the practical effect be? The practical effect will be an across-the-board cut in all the domestic discretionary accounts. What are they? It will cut defense, it will cut homeland security, it will cut law enforcement. That is what is really happening.

It is the difference between doing something and acting like you are doing something but not doing it. The fact is, as to the amendments they have offered, before they offered them there was \$873 billion available to the appropriators for the domestic accounts. When all their amendments are finished, the appropriators will have—guess what—\$873 billion, not a nickel more. So this is all a sham. It is creating funding that does not exist. The Senator is correct. The amendment that she offered really did offer new funds, additional funds to buttress the community development block grant.

Mrs. MURRAY. Mr. President, that sounds completely irresponsible to me, to send a false promise by some kind of sham vote that you are supporting veterans or Community Development Block Grant Programs or all the other programs that we hear from the other side. I heard the Senator from Pennsylvania say this will just tell the Appropriations Committee that this Senate says you are to spend that money.

I am the ranking member on the Transportation-HUD subcommittee. We are already looking at a transit cut of \$100 million, an Amtrak cut, which I know the Senator from Pennsylvania cares about, a cut of \$394 million, and the FAA is cut by \$561 million, a safety factor.

I say to my colleague from North Dakota, I am completely worried about the irresponsible message that these amendments are sending and the sham that they are. I heard last night when I offered my amendment, the chairman of the Budget Committee said we were raising taxes to pay for our amendments on this side.

I want to ask this of the ranking member on the Budget Committee. My amendment I am offering today is to restore Community Development Block Grant Programs at a real, significant number. The \$1 billion cut in the budget is irresponsible. Trying to pay for it out of sham money that is not there is irresponsible. We are asking for \$1.3 billion by closing corporate tax loopholes. I heard those on the other side say that is raising taxes. I know my colleague, who happens to be the ranking member, who happens to be one of the most fiscally responsible Members on this side, is also a member of the Finance Committee. I would like to ask him, through the Chair, how he would respond to that being a tax increase.

Mr. CONRAD. I do not believe it is a tax increase, to require people to pay taxes that are legitimately owed and due now that they are failing to pay.

We could easily pay for the amendment of the Senator by shutting down two sham operations. Let me describe them. One is American companies and American wealthy investors—this will be hard to believe, but this is really going on—buying sewer systems in Europe, depreciating them on their books to reduce their taxes in America, and leasing back those sewer systems to

European cities so that they can run them. Shutting down that scam, is that a tax increase? I don't think so.

Let me describe one other. The other day my colleague showed an office building in the Cayman Islands, a five-story office building that is the home to 12,700 companies. I say that is a remarkable building. That is a real smart building, to be able to house 12,700 companies.

What is really going on? What is really going on is a giant tax scam. They say they are doing business in the Cayman Islands. They are not doing any business in the Cayman Islands. They have a file clerk in this building who takes their financial records so they can claim they are doing business there. Why do they want to be doing business in the Cayman Islands when they are really not doing business in the Cayman Islands? Because the Cayman Islands is a tax haven. It is a place where you can show your profits and not pay taxes.

We could pay for your amendment five times over by shutting down those two scams alone. That is not a tax increase. That is stopping a tax scam.

I might say, of the the amendments that have been passed so far that have been theoretically funded by section 920, we had an amendment to increase defense by \$3 billion. That was funded out of section 920 when 920 had no money. We passed an amendment for veterans, supposedly to increase funding for veterans by \$823 million, funded out of section 920 when section 920 has no money.

We funded an increase in education by \$2 billion out of function 920 when there is not any money. We had border security this morning, and \$2 billion was supposedly paid for out of function 920 when we all know there is no money in 920. So what will happen is there will be across-the-board cuts and they will cut defense, they will cut homeland security, they will cut law enforcement, and cut everything else. The fact is there is no new money to pay for any of them.

Mrs. MURRAY. Mr. President, I thank the ranking member for clarifying that. I think it is important for all of us to understand that.

These votes we take today will have real consequences. How do I know that? Not just because of the respect I have for the ranking member and his explanation, because this is exactly what happened on this floor last year when the Senators on the other side of the aisle offered a "don't worry, be happy" amendment to restore funding for community development block grants, critical money for neighborhood restoration, for low-income housing for our communities across the country.

Do you know what happened when we got to Appropriations? We didn't have the flexibility because our subcommittee also has to fund Amtrak, airlines, transit, and other housing programs. There was no way to do it

despite what the Senate voted on. They ended up having to cut \$.5 billion from the community development block grants.

It is a sham to me to watch these amendments march through here on an account that has no money, that is deficit spent already, and try to sell to their constituents that we are doing something about it when every Senator on this floor knows we ran into a train wreck last year which lasted well into this year on the Appropriations bills. Who was hurt? Not the Senators who voted for it, but our neighbors and friends, mayors and city councils and people on the ground across this country who are trying very desperately today to try make sure that the most important citizens have critical housing infrastructure, that we create jobs, that we have economic development, and that our communities become strong again.

I have said time and time again on this floor that we need to make our country strong again. The most important way we can do it is to invest real dollars in our infrastructure. The CDBG Program is one of the best ways to do that. Every Senator here knows it. The votes we will take later today will be for sham accounts or a real vote. And when will it count? Next fall, when our friends and neighbors see the reality of these amendments and the budget impact on it.

I will conclude by saying that I have been around my State talking to many mayors, talking to many community developers, hearing story after story about how our communities have taken this small amount of money from the Federal Government and invested it wisely, created jobs, created housing, improved the lives of our citizens.

I know this CDBG cut, if we don't pass real money, will mean that Pennsylvania will lose \$46 million in funding. It means Minnesota will lose \$15 million in funding. In my home State, it means \$16 million. Those are not just items on a budget; those are real dollars that make a difference in the lives of our friends and neighbors and communities across the country.

This afternoon we will have an opportunity to cast votes for a real amendment—the Murray amendment—that restores funding and makes sure our Appropriations Committee has the allocation that will allow us to fund the CDBG, or we can take a political vote and be happy for a day. But it will not change anyone's life at home, and it will not restore hope and opportunity that this country so desperately needs today.

I thank my colleagues, and I yield the floor.

Mr. LEAHY. Mr. President, it is regrettable, and it is frustrating, that once again we find ourselves having to speak out on the shortfalls in the budget resolution for key community and economic development programs. The budget before us slashes Federal assistance to distressed and underserved

communities. These cuts are shortsighted, they are ill-advised, and they represent a significant retreat from our longstanding commitment to invest in our Nation's communities.

In just a few weeks, the Senate will again be asked to appropriate tens of billions more to help Iraq. Though the President's request for Iraq funds is once again off the budget so that it avoids our normal budget rules, the Iraq supplemental funding request once again is for real taxpayers' dollars—no less real than the domestic cuts that the Bush-Cheney budget proposes for the priorities of the American people here at home.

That is why I am proud to join Senators MURRAY and SARBANES, as well as 14 more of our colleagues—17 of us in all—in offering an amendment to the fiscal year 07 budget resolution to provide for an increase of \$1.3 billion to restore the community development block grants, or CDBG, to the fiscal year 04 level of \$4.3 billion. We fully pay for the increase in funds by closing egregious tax loopholes that more than 90 Members of this Chamber have already gone on record in support of closing.

Our amendment is supported by those who know best how effective and important this program is to America's communities. The list of endorsements includes the National Association of Counties, the National League of Cities, the National Conference of Black Mayors, the National Association of Local Housing Finance Agencies, the National Association for County Community and Economic Development, the National Association of Housing and Redevelopment Officials, the Council of State Community Development Agencies, and the Local Initiatives Support Corporation. I ask unanimous consent that a letter from these groups in support of our amendment be printed in the RECORD.

The CDBG Program is the centerpiece of the Federal Government's efforts to help States and localities meet the needs of low-income communities. CDBG funds vital housing rehabilitation, supportive services, public improvements, and economic development projects in communities across the Nation. It serves more than 1,100 entitlement communities, urban counties and States, and more than 3,000 rural communities. These investments help change the face of our communities for the better and help improve the standards of living of Americans across the Nation, right where they live, in their communities.

CDBG is one of the most effective Federal domestic programs helping to revitalize neighborhoods, and it has a proven record of results. For example, in 2005, Vermont used CDBG grants to rehabilitate 771 units of affordable housing and to help create or preserve more than 500 jobs, directly helping to raise the standard of in Vermont's communities. There are hundreds of similar stories across the Nation, but

in each of them the message is the same: CDBG funds are critical building blocks for improving our communities, our neighborhoods, and our economy.

The CDBG formula allocation was \$4.41 billion in 2001. Since then it has decreased by \$670 million, or 15.2 percent, with a 5-percent cut in fiscal year 05 and a 10-percent cut in fiscal year 06. The budget resolution for the coming year would further reduce the formula funding by 25 percent, cutting the formula allocation by over a third in just 3 years. Communities that benefit from CDBG will be devastated if further cuts in funding are made to this program.

I recently led a bipartisan letter with Senator COLEMAN to the Budget Committee attesting to the effectiveness of CDBG and urging that it be funded at \$4.3 billion in the coming fiscal year. Fifty-three Members of the Senate from both sides of the aisle joined me in this letter, which I ask to have printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1)

Mr. LEAHY. I wish to take a moment to explain the differences between the Murray-Sarbanes-Leahy CDBG amendment and the amendment offered by Senators SANTORUM and COLEMAN. The amendment we offer facilitates restoring these CDBG funds by increasing the budget cap by closing tax loopholes that the Senate has already supported closing, in previous votes. This, in turn, makes real money available to the Appropriations Committee to be able to spend for next year.

Increasing the cap is important because the budget resolution we are considering assumes domestic spending will be capped at the same level as the President's request. Simply put, the budget resolution assumes that funding for CDBG will be reduced by the same amount as the president has proposed, which would be a cut of \$1 billion from fiscal year 06 levels.

A separate amendment offered by our colleagues, Senator SANTORUM and Senator COLEMAN, also supports an increase of funding for CDBG, but it would do so by asking the Appropriations Committee to impose across-the-board cuts on all other domestic programs.

Speaking as an appropriator, I can tell you that all their amendment will do if it passes is to tell the Appropriations Committee that the Senate supports CDBG. But that will not be enough to guarantee that the committee will hear and provide the Transportation-Treasury-HUD, TTHUD, Appropriations Subcommittee with a higher allocation to increase funding for CDBG.

My colleagues should note that the Santorum-Coleman amendment is the same as the CDBG amendment that passed last year. However, because it provided no additional funding to the Appropriations Committee, the TTHUD Subcommittee received an allocation

that was inadequate to fund all of the programs within its jurisdiction. CDBG was the program that was on the chopping block, suffering cuts of more than \$400 million.

So if my colleagues want to simply signal their support for CDBG funding to the Appropriations Committee, then they should vote for the Santorum-Coleman message amendment. Unfortunately, if they choose to do that and that amendment passes at the expense of our amendment, they will find that when it comes time to write the TTHUD appropriations bill, they will have failed to protect this important program from further cuts.

The choice is clear. Those who want to vaguely express support for the CDBG Program can support the other amendment, which is a nice sentiment, like a Candygram. But for those who also really want to get the job done, I urge support of our amendment.

I challenge each Member to go back to their States and to take stock of the benefits that communities have reaped through CDBG investments. I challenge each Member to visit with their local community action groups and hear how they use the community services block grant to support the neediest in their communities. These programs fill a real need and have proven results.

A cut of \$1 billion in Federal funds, which is proposed in this budget resolution, will result in the loss of at least \$9 billion in matching funds from local and State governments and nonprofit and private sector investments. I fail to see the wisdom in dismantling programs that are so vital to our communities.

I encourage my colleagues to join me in support of the Murray-Sarbanes-Leahy amendment and express their real support for these important programs.

EXHIBIT 1

MARCH 14, 2006.

DEAR SENATOR: The undersigned organizations thank you for joining 52 of your colleagues in signing a letter (attached) to the Budget Committee leadership in support of a budget allocation sufficient to fund the Community Development Block Grant (CDBG) program at \$4.3 billion for FY 2007. The resolution approved by the Senate Budget Committee last Friday would not allow for such a funding level. In fact it adopts the funding level proposed in the President's FY 2007 budget, which cuts CDBG formula grants by an additional \$1 billion over this year's \$3.71 billion. Today the Senate will consider alternative amendments to the budget resolution to increase CDBG funding. We support a Murray/Leahy/Sarbanes amendment to increase funding for the CDBG program by increasing the overall discretionary cap. It is offset by closing corporate tax loopholes, an approach that has had overwhelming support by a bipartisan group of Senators. This is the only way that the Appropriations Committee can increase CDBG funding because it means additional dollars. Reluctantly, we cannot support an amendment by Senators Santorum and Coleman that increases funding for CDBG paid for by an across-the-board cut in other domestic programs (Function 920). This amendment is similar to an

amendment offered by Senator Coleman last year that passed the Senate. In spite of this, the final FY 2006 appropriations bill cut CDBG formula grants by 10 percent.

We strongly urge you to vote for the Murray/Sarbanes/Leahy amendment that would allow appropriators to restore the CDBG formula amount to the FY 2004 funding level. Thank you for your continued support of the CDBG program and the good work it does in our nation's urban, suburban and rural areas.

Sincerely,

National Association of Counties.

National League of Cities.

National Conference of Black Mayors.

National Association of Local Housing Finance Agencies.

National Association for County Community and Economic Development.

National Association of Housing and Redevelopment Officials.

Council of State Community Development Agencies.

Enterprise.

Local Initiatives Support Corporation.

U.S. SENATE,

Washington, DC, March 8, 2006.

Hon. JUDD GREGG,

Chairman, Committee on the Budget,

U.S. Senate.

Hon. KENT CONRAD,

Ranking Member, Committee on the Budget,

U.S. Senate.

DEAR CHAIRMAN GREGG AND RANKING MEMBER CONRAD: As you near consideration of the FY 2007 Budget Resolution, we urge the Budget Committee to oppose the budget proposal to cut funding for the Community Development Block Grants (CDBG) Program by nearly \$1 billion, or 25 percent. Instead, we urge the Budget Committee to maintain the Federal government's commitment to community development programs at the Department of Housing and Urban Development (HUD) and support a budget allocation of \$4.3 billion in Function 450 for CDBG.

The communities that have benefited from CDBG will be devastated if the HUD proposal to cut funding is enacted. CDBG serves more than 1,100 entitlement communities, urban counties and states, and more than 3,000 rural communities nationwide. It is the centerpiece of the Federal government's efforts to help states and localities meet the needs of low-income communities. The Program funds vital homeownership, housing rehabilitation, public improvements, public services and economic development projects in communities nationwide. It also supports community-based organizations and the crucial work they do to deliver human services and rebuild neighborhoods.

CDBG is one of the most effective Federal domestic programs to revitalize neighborhoods with proven results. Over 95 percent of the FY 2005 CDBG funding went to activities principally benefiting low- and moderate-income persons. Twenty-eight percent of CDBG funds supported housing activities in distressed communities, 24 percent supported public improvements, 15 percent went to the provision of public services, and 7 percent supported economic development activities. In FY 2005, CDBG housing projects assisted over 166,000 households, including financial assistance to new homeowners and rehabilitation assistance to the elderly and other existing homeowners. Economic development programs benefiting from CDBG last year created or retained over 91,000 full-time jobs. CDBG also has a strong record in business retention: CDBG has ensured that over 80 percent of the businesses assisted through the program were still in operation after three years.

The CDBG formula allocation was funded at \$4.41 billion in FY 2001. Since then, the

formula allocation has decreased by \$670 million, or 15.2 percent, with a five percent cut in FY 2005 and a 10 percent cut in FY 2006. The FY 2007 HUD budget would reduce the formula funding by an additional 25 percent, cutting the formula allocation by over a third in just three years.

In light of these drastic cuts, communities have struggled to continue their programs and have discontinued critical projects for low- and moderate-income persons. We therefore ask you to reject the proposed cut and ask you to support \$4.3 billion in funding for the CDBG Program.

Thank you for your consideration. We look forward to working with you to ensure that communities across the country can provide good jobs, affordable housing, and public services to meet the needs of all Americans.

Sincerely,

Norm Coleman; Tim Johnson; Mel Martinez; Byron L. Dorgan; Dianne Feinstein; Barbara A. Mikulski; Patrick Leahy; Deborah Ann Stabenow; Daniel K. Akaka; Frank Lautenberg; Paul S. Sarbanes; Robert Menendez; John D. Rockefeller IV; Thomas R. Carper; Russell D. Feingold; Mary L. Landrieu; Joe Lieberman; Tom Harkin; Barack Obama; Susan Collins; Richard Durbin; Conrad Burns; David Vitter; Max Baucus; George V. Voinovich; Maria Cantwell; Jeff Bingaman; Bill Nelson; James M. Jeffords; Blanche L. Lincoln; Mark Pryor; Barbara Boxer; Jack Reed; Mark Dayton; Lincoln D. Chafee; Patty Murray; Carl Levin; Saxby Chambliss; Hillary Rodham Clinton; Charles E. Schumer; Ron Wyden; Arlen Specter; Johnny Isakson; Mike DeWine; Olympia J. Snowe; Joseph R. Biden; John F. Kerry; Christopher J. Dodd; James M. Talent; Christopher S. Bond; Edward M. Kennedy; Herb Kohl; Rick Santorum.

● Mr. COLEMAN. Mr. President, I rise to express my strong support for Senator SANTORUM's amendment to restore budget cuts to the Community Development Block Grant Program, or CDBG. I was proud to sponsor a similar amendment during last year's budget, and today I am pleased to work with my good friend from Pennsylvania to restore CDBG funding in this year's budget.

I am also pleased to have worked with the Senator from Vermont, Senator LEAHY, in leading a bipartisan coalition of 53 Senators this year in sending a message to the Senate Budget Committee expressing our strong commitment to CDBG and reminding folks that cities from Montpelier to Minneapolis need CDBG to create economic opportunity and to grow jobs.

When we consider the budget, there are always a lot of tough choices to be made. We need to be fiscally responsible, and this is a fiscally responsible budget. We need to look at the myriad of Federal programs and ask ourselves, does the program work? Is it cost-effective? Is it achieving its goals?

In the case of CDBG, the answer is yes, yes, and yes. CDBG was enacted in 1974 and has been assisting America's communities for 30 years. It is a public-private partnership that helps State and local government address community development challenges, including infrastructure and housing. Over the first 25 years, it has created 2 million

jobs and contributed in excess of \$129 billion to the Nation's gross domestic product. Dollar for dollar there is no better initiative to help States and localities undertake important economic development activities than the Community Development Block Grant Program.

CDBG is not some abstract community and economic development program but rather one that provides practical and long-lasting individual and community wide benefits.

CDBG success stories abound in every State—just ask all the local mayors who are visiting our offices this week. They will tell you that CDBG is the lifeblood of community development.

As a former mayor, I know first hand the importance of the CDBG program. While mayor of St. Paul, CDBG provided funding that helped make the Main Street Program—a downtown economic revitalization program—a success.

However my city of St. Paul is just one of many small and large examples of CDBG's success in Minnesota.

In the city of Moorhead, CDBG has provided critical affordable housing and rehabilitation assistance to the city's low and moderate income families. By way of example, CDBG funding has enabled Moorhead to provide energy, electrical and structural repairs to John and Avis Pearson both senior citizens with a combined income of \$25,000. CDBG funding has also helped to revitalize Romkey Park, a formerly blighted area of the city, through the rehabilitation of run down apartments.

In Anoka County, a major suburb of the twin cities, CDBG has provided funding for the replacement of dilapidated mobile homes and the redevelopment of the city of Centerville. These are the sorts of projects that improve the quality of life not just for those least well-off but for the entire community by making it a more attractive place to live and do business in.

Then there is the small town of Brewster which was awarded a one-time CDBG grant a few years ago. Thanks to that grant, Brewster was able to revitalize a run down part of the town and in turn attract the Minnesota Soybean Processor, which led to the creation of 40 jobs. The company has now also opened a biodiesel division, which now employs additional workers.

Despite the longstanding Federal, State and local bipartisan support for this program and its long record of achievement, the future of CDBG is in serious jeopardy given the President's budget proposal to reduce funding by \$1 billion to \$2.7 billion. Since fiscal year 2001, the program has endured a 15.2 percent reduction. In my home State, funding has steadily declined during the past several years with funding decreasing from \$68.4 million in fiscal year 2004 to \$58.5 million for the current fiscal year. At the President's proposed funding level, Minnesota would

receive approximately \$43.7 million for fiscal year 2007 or a 36 percent reduction from the fiscal year 2004 level.

I came to the Senate promising to be Minnesota's mayor in Washington. As a mayor, I know that CDBG works, and as a Senator, I am proud to support this program and urge my colleagues to support the Santorum amendment, which would provide the funding necessary for the program to effectively assist States and localities.●

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. There is 10 seconds.

Mr. CONRAD. I yield it. I thank the President.

Mr. GREGG. Mr. President, I ask unanimous consent that at 1 o'clock today the Senate proceed to vote in relation to the Murray amendment No. 3363, to be followed by 2 minutes of debate and a vote in relation to the Santorum amendment No. 3050; provided further that following the vote on the Santorum amendment, the Senate recess until 3 p.m. in order for the Senate to proceed to the House for the joint meeting.

The PRESIDING OFFICER. Is there objection?

Mr. WYDEN. Mr. President, reserving the right to object, and I have no intention of objecting, I want to clarify what the distinguished chairman and ranking member said—and they have been very helpful. My understanding is that we go to the Conrad amendment after that, the avian flu amendment. It is my understanding per the agreement between the chairman and ranking minority member that after the Conrad amendment has been discussed, we would next go to the Snowe-Wyden amendment.

Is that the understanding of the chairman and the ranking minority member?

Mr. GREGG. Mr. President, actually there will be another amendment dealing with the avian flu by Senator BURR, and then we would go to the Wyden-Snowe amendment.

Mr. WYDEN. Mr. President, is there a time limit for these amendments?

Mr. GREGG. They are all 15 minutes.

Mr. WYDEN. That would mean that somewhere in the vicinity of a half hour or 40 minutes or so we would deal with it.

Mr. GREGG. The Wyden-Snowe amendment would be up sometime around 11:25.

Mr. WYDEN. Without being argumentative, it is the Snowe-Wyden amendment, but we are talking about the same thing.

I thank both the chairman and the ranking minority member.

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

Mr. GREGG. Mr. President, I wish to claim the remainder of the time on the Santorum amendment.

The PRESIDING OFFICER. There is 9½ minutes remaining.

Mr. GREGG. I thank the Chair.

This discussion which recently occurred between the Senator from Washington and the Senator from North Dakota—

Mr. CONRAD. Mr. President, will the Senator yield for a moment? It has been brought to my attention that these amendments which we have in train, while we have an agreement they would be 15-minute amendments, that has not been agreed to in a unanimous consent agreement.

Mr. GREGG. Mr. President, I ask unanimous consent that the amendments we have outlined so far—the Conrad amendment, the Burr amendment, the Wyden-Snowe, and if there is an agreement from our side in response to Wyden-Snowe, they will all be 15 minutes.

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

Mr. CONRAD. Mr. President, without second degrees.

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

The Senator from New Hampshire is recognized.

Mr. GREGG. I understand I have 9 minutes. Good.

The discussion which just occurred between the Senator from North Dakota and the Senator from Washington is a discussion which reflects the difference between our views and how you should budget. Essentially what the Senator from North Dakota and the Senator from Washington said is we should break the cap, we should spend additional money, and we should raise taxes. Their approach to budgeting is to tax and spend. Our approach, on the other hand, has been to say if there is a priority which the Senate feels is a high priority, whether it is veterans' benefits or CDBG—and there will be other amendments like these—that the Senate should declare there is a priority and set up a process where other programs will have to be reduced in order to pay for that program within the cap. The Senator from North Dakota correctly referred to it as an across-the-board cut.

Section 920 is a technical event. It does not have money in it, and it never has. But when you identify a 920 expenditure, it creates a mechanism where another program activity would be cut across the board.

That is the philosophical difference between our parties.

This budget increases the size of Government from last year to next year by over \$100 billion. That is the growth in this budget—over \$100 billion. The growth in the discretionary account will be about \$30 billion under this budget. Those are huge numbers of growth. That is expanding the Government in a very dramatic way and a very significant way, much more so than I would personally wish to do. I wish to see us control, for example, entitlement spending a little more aggressively around here, which is the

majority of growth. But the fact is that is the growth.

What the Democratic proposals are saying—there have been innumerable ones—is we should grow Government even more, we should expand Government even more, and then we should raise taxes to pay for that. The traditional Democratic approach to Government is basically no end to the size of Government. There is no end to the amount of taxes they are willing to raise.

And this argument that they are going to use loopholes, I have to say, is a little shallow. There was this loophole around here called Customs fees which would be used to pay for new spending around here 45 different times. People said we are going to take it out of Customs fees, and then they offset it because they didn't get a budget point of order against it.

This building in the Caymans is the new Customs fee. The simple fact is if you eliminated all the loopholes which they are talking about—they may or may not be loopholes; I certainly think some of them sound legitimate—that would be \$11 billion you would raise over 5 years, all of them. They have proposed \$133 billion in new taxes. So they are \$121 billion short.

Where is that going to come from? That is going to come from increasing maybe the death tax, increasing rates, and increasing taxes on working families, on small businesses, so they can expand Government. That is the difference of opinion which we have.

We don't believe that is the way you control the size of Government, to grow it and then raise more taxes to pay for it. We believe the way to control the size of Government is to set a hard spending level, which we have done, \$873 billion, and hold that, and then within that spending level set priorities.

A lot of amendments come through here saying what the priorities should be. I think they are fairly reasonable; some aren't. The fact is they will all have to be shoehorned under that hard spending cap as long as we maintain that spending cap, as we have done so far in this budget process.

But every amendment offered so far from the other side of the aisle has been a spending amendment which has broken that spending cap—increase the size of Government; grow the Government; then raise taxes to pay for it, representing that it is a corporate loophole closing, which it can't be because they have already gone well beyond the estimates that are reflected in those loopholes which they allege exist.

There is a difference of opinion here. We happen to think we are doing it the right way by setting the priorities under the cap. They think they are doing it the right way by growing the size of Government beyond the spending cap and then paying for it with tax increases on working Americans. It is a difference of opinion.

I yield the remainder of our time on the Santorum amendment and we can move on to the Conrad amendment.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for the Conrad amendment.

Mr. CONRAD. Mr. President, before I go to the Conrad amendment, I will take 5 minutes off the resolution.

The Senator is correct; we are now talking about the fundamental differences between us. We believe you ought to pay for your spending. We believe we ought to pay the bills we are generating. We believe on the Democratic side that you ought to match your spending with your revenue so you are not increasing the debt.

Our friends on the other side of the aisle have taken a distinctly different position. Their position is you increase spending. The Senator has identified the increased spending in his own budget, but he will not raise the revenue to cover his spending. He won't make the hard choices. He won't cut his spending to match the revenue he is willing to raise, and he will not raise revenue to cover his increases in spending.

The result is the debt is mounting dramatically because our friends on the other side of the aisle refuse to pay the bill. They want to spend the money, but they do not want to pay for it.

When I grew up, common sense told you, responsibility told you, that you pay your bills. You pay your bills. If you don't have the money, you don't spend the money. That is the way I was raised.

Here is what is happening.

Mr. GREGG. Mr. President, will the Senator yield?

Mr. CONRAD. No, I will not. I had a chance to listen and now I will have a chance to answer.

Mr. GREGG. Do we know how long we are going with this little aside?

Mr. CONRAD. I don't know until I have completed my thought.

Here is what is happening with our colleagues on the other side of the aisle. Here is what is happening to the budget. The debt is going up, up, and away. Every year under this budget plan they are going to add to the debt. Here it is. We have a 5-year budget plan out here and they are going to add to the debt \$680 billion in 2007; \$656 billion in 2008; \$635 billion in 2009; \$622 billion in 2010; \$662 billion in 2011, because they won't pay the bills.

They are running up the debt of this country in a way that is unprecedented, which risks our economic security, which risks our national security, and it is utterly reckless and it is irresponsible. This budget is going to lead to interest rate increases. It will hurt the economy. It is going to endanger our national security.

The Senator is entirely right. We have a fundamental difference in view about how to handle the fiscal affairs of our country. We believe on our side if you want to spend the money, pay for it. That is what we have done with

our amendments. When we have sought to increase funding or eliminate the cuts that the President's budget proposes—for example, the President's budget proposes cutting education \$2 billion. We do not believe it is right to cut the budget of education \$2 billion. However, we also do not believe it is right just to put it on the charge card, run the debt up—we paid for it.

The Senator talked about the amendments we offered in committee. He said we spent \$126 billion. Yes, we did. And we raised the money, more than enough money, to pay for it. We raised \$133 billion. The Senator says over and over that we increased the taxes to do it. No, we did not. We paid for it by, No. 1, closing the tax gap—the difference between what is owed and what is being paid. That gap now is \$350 billion a year. That is no tax increase, to insist that people pay what they owe.

Now the other side says there is not the money in the tax gap to pay for that. Yes, there is. The Revenue Commissioner testified we could recover \$50 billion to \$100 billion a year by getting companies and individuals to pay what they legitimately owe. That is just a fraction of the tax gap.

I yield myself an additional 5 minutes off the resolution.

The PRESIDING OFFICER. The Senator has used 5 minutes and gives himself an additional 5 minutes.

Mr. GREGG. What is the regular order?

Mr. CONRAD. The Senator is recognized and the Senator continues to hold the floor, and I have an additional 5 minutes I have granted myself.

The PRESIDING OFFICER. The consent order to go to amendments does not preclude yielding time off the resolution. That is what is occurring now—time off of the resolution from the Senator's time.

Mr. CONRAD. Mr. President, we also paid for our amendments by closing corporate loopholes.

The Senator says there wasn't the money in corporate loopholes to cover the spending we have provided. That is not true. In fact, we have taken a corporate loophole closing this body has previously passed and used it to fund high priorities such as money for education, such as money for veterans.

How has the other side done it? They have offered a series of amendments to add more spending, but they have taken it out of a function that does not have any money in it. They have raised money for defense, but they took it out of function 920, which does not have a dime in it. They said they raised spending on defense \$3 billion. There is no money in the fund from which they say they are taking the money.

It is right here in the budget book, page 29. Go to function 920. Here it is. It says function 920 is \$500 million in the hole. That is before they increased defense spending by \$3 billion and supposedly took it from function 920. That is before this morning, when they took \$2 billion to supposedly strengthen our

borders. They took it out of function 920, where there is no money. It was \$500 million in the hole.

The Senator is exactly right. This does define the differences between our parties. We think we ought to pay for the spending; the other side just wants to put it on the charge card, run up the debt. They have become a party of borrow and spend, borrow and spend, spend and borrow, run up the debt. That is exactly what they are doing today. They are running up the debt of this country in a way that is reckless, that is radical and should be stopped. That is why we are going to urge our colleagues to vote against this budget when the opportunity comes.

Let me go back to exactly what is happening. This chart shows graphically the dramatic runup in debt in this country. When this President came to office, the debt of the country was \$5.8 trillion; that was the end of his first year. Today, the end of this year, it will be \$8.6 trillion. If this budget is agreed to, it will be \$11.8 trillion. They will have doubled the debt with this policy of borrow and spend.

That does define the differences. I am glad we have had a chance to have this discussion.

I understand the Senator from Maryland has an inquiry?

Mr. SARBANES. Will the Senator yield?

Mr. CONRAD. I yield an additional 5 minutes to myself off of the resolution.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. This borrow-and-spend policy which the other side of the aisle is pursuing is the direct cause of the runup in the national debt, is it not? This chart which shows the incredible expansion of the national debt is the consequence of pursuing this policy. We are running record budget deficits, is that correct, I ask the Senator?

Mr. CONRAD. This has been the largest deficit in dollar terms in our country's history. But of course the size of the deficit does not equal the increase in the debt; the increases in the debt that these budgets are providing are much more than the deficit. For example, the year we are in now, they say the deficit will be \$371 billion, but the debt is going to go up by about \$650 billion.

Our friends on the other side do not want to pay the bills. They want to spend the money, but they do not want to raise the revenue to cover their spending. That is what is really going on. They are unwilling to cut the spending to match the revenue they are willing to raise, and they are unwilling to raise the revenue to meet their spending. Either way, they will not cut the spending to match the revenue, and they will not raise the revenue to match their spending. The result is they tack it on the debt. Borrow, borrow, borrow.

They say things are getting better. Really? Things are getting better? Here it is. Here is what will happen if this

budget passes. They will add to the debt every year for the next 5 years more than \$600 billion a year until we get to a point of over \$11.8 trillion in debt.

The proof is in the pudding. Later today, they will come before the Senate and ask to raise the debt limit in one fell swoop by \$781 billion—a further confirmation of the policy of this administration and our colleagues, which is a policy of borrow and spend, spend and borrow, borrow, borrow, borrow, run up the debt. That is where we are.

Mr. SARBANES. Will the Senator yield?

Mr. CONRAD. I am happy to yield.

Mr. SARBANES. This also reflects or demonstrates a sense of priorities.

To take the amendment we were just considering, the Murray amendment, and then the Santorum amendment, the Murray amendment sought to avoid increasing the deficit by adding money for the community development block grant. All of the State and local governments are petitioning Congress for this. It is desperation time for them. She was prepared to pay for it by closing some corporate tax loopholes, all of which have previously been approved by the Senate, as I understand it.

So in terms of priorities, in effect, we are saying: Support the Community Development Block Grant Program, but pay for it by closing these corporate tax loopholes; that is a higher priority. You do not raise the deficit, and you do not increase the debt by that amount. Is that correct, I ask the Senator?

Mr. CONRAD. The Senator is entirely correct. That does define the differences here.

The Senator from Pennsylvania, on the Republican side, offered an amendment to add \$1.3 billion for community development block grants. But his amendment seeks to fund that amount how? By taking it out of function 920, just as we have had one amendment after another from the other side seeking to fund things out of function 920, where there is no money. They were \$500 million in the hole when we started this process, and they have increased defense \$3 billion. How did they pay for it? By function 920, where there is no money. And then this morning, \$2 billion to strengthen our borders. How did they pay for it? Function 920, where there is no money. They say that is responsible budgeting, that this is the difference which defines our parties. They are exactly right—this is the difference which defines our parties.

When Democrats were in control, we paid down the deficit. We actually were in surplus and, in fact, we were able to stop taking Social Security money to pay other bills. Now, with them taking over, we have reversed course, going from record surpluses to record deficits and even higher running up of the debt.

What they propose with this budget is more of the same—borrow and spend, spend and borrow, put it off, put it on

the charge card, do not worry about it, tell the American people: You can have every tax cut and every spending increase, and you do not have to pay for anything.

I yield myself another 5 minutes off the resolution.

Does the Senator inquire further?

Mr. SARBANES. I inquire of the Senator, when the Bush administration came in in 2001, wasn't the Federal budget in surplus?

Mr. CONRAD. Yes. The Federal budget was in surplus by \$128 billion. In fact, we had a string of surpluses as the Clinton administration during those 8 years brought spending down and revenue up. So we paid our bills. We stopped raiding Social Security. Now it has all been reversed, and we have record deficits with bigger amounts adding to the deficit, and they are taking the Social Security surplus to pay other bills. Under this budget plan, they will take almost \$180 billion of Social Security surplus—money that is not really in surplus; it will all be needed, it will all have to be paid back—and they are taking every dime to pay other bills. Just more of the same—run up the debt, and we will worry about it tomorrow.

At some point, we better start worrying about it today. The result of these policies is that foreign holdings of American debt have exploded, absolutely exploded. It took 224 years to run up \$1 trillion of external debt. That is U.S. debt held by foreigners. This President has more than doubled that amount in just 5 years. It is stunning, but that is what is happening.

The Dubai Ports deal, what is that about? I suggest that part of it is a result of our fiscal policy which is running up these massive debts, increasingly funded by foreigners, so foreigners are holding all these dollars. What are they going to do with them? In part, they are going to buy U.S. assets. They might as well put up a for-sale sign on the country because what is happening is all this money we are borrowing because our friends will not pay the bills, they just want to borrow the money, and the result is we owe Japan \$668 billion and we owe China over \$263 billion. And guess what. They are sitting on all this money. They owe the Caribbean bank centers almost \$100 billion. They take that money. They have to do something with it. What are they doing? They are buying American assets.

So if you like the idea of shipping American jobs overseas, if you like the idea of running up the debt, if you like the idea of going deeper and deeper into the ditch, this budget is the one you ought to vote for because it continues this policy. At some point, this is going to have to come to a screeching halt because the bill is going to come due.

Mr. SARBANES. Will the Senator yield for a question? Isn't more and more of this debt we are running into being held overseas rather than here at

home? Hasn't there been a shift in who holds the debt, so we are becoming increasingly dependent upon strangers to finance this deficit and this debt? Is that correct?

Mr. CONRAD. The Senator is exactly correct. Of the publicly held debt, now almost 50 percent of it is held by foreigners. Isn't that stunning?

Mr. SARBANES. Absolutely stunning.

Mr. CONRAD. It used to be we borrowed the money from ourselves.

Mr. SARBANES. Yes.

Mr. CONRAD. Not anymore. Now we are borrowing from Japan primarily. China is next. Great Britain is third. The Caribbean banking centers are fourth. We owe them \$98 billion. We even owe the South Koreans \$60 billion.

As to our colleagues on the other side, it is fine with them: Keep borrowing the money. Spend the money. Borrow the money. This is the defining difference. I am glad our colleague, the chairman of the committee, made the point that this defines the difference. It certainly does. We do not believe the appropriate policy is to keep running up the debt of the country, to keep borrowing the money, but that is what this budget does.

Mr. SARBANES. Furthermore, doesn't this budget make it clear their prime priority on the other side is to provide these tax cuts, which overwhelmingly benefit the wealthy? The consequence of that is either we run up the deficit and debt or we cut programs that are badly needed across the country, particularly for working people.

So the priority that is being established is tax cuts first and foremost, which upon analysis are seen to benefit—I understand the tax breaks for millionaires that have passed under the Bush administration, the people with more than \$1 million of income each year, amount to \$41 billion in the coming year—\$41 billion. The community development block grant proposal was for \$984 million, one-fortieth of the amount going out in the tax cuts.

So those are the priorities that are being established here—the tax cut first and foremost—and the consequence is, you run up the deficit and cut programs which are badly needed by ordinary citizens all across America.

The PRESIDING OFFICER (Mr. GRAHAM). The Senator's 5 minutes has expired.

Mr. CONRAD. I thank the Senator.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I yield myself—the Senator from North Dakota and the Senator from Maryland took about a half an hour. I took about 5 minutes. So I am going to yield myself 25 minutes to discuss this issue in some depth because it is an important issue. I do believe the characterizations here are interesting but inconsistent with the facts.

The Senator from North Dakota says we are running up the debt. I suppose

you can argue that is true, yes, because we are operating the Government. But the second question would be, Who is running up the size of the Government? That would be probably a more appropriate question. If you look at the Democratic proposals, as they have hit the floor of the Senate, they are running up the size of the Government. That is their goal.

They proposed amendments in committee that increase the size of the Federal Government by \$127 billion. That is a huge expansion of the Federal Government. I give them credit, they pay for it with taxes on the American people, raising them \$133 billion. And they are not tax-loophole closers.

The Senator from North Dakota has claimed: Well, if you just collected taxes that are owed, you might get up to \$100 billion. That may or may not be true, and we are going to try to do something to accomplish that. But as he well knows, CBO will not score that. They score that as zero. So in order to get that \$133 billion, they are going to have to raise taxes on working Americans because loophole closers simply do not generate anything like that. The maximum amount you can score for loophole closers is about \$11 billion. So they are going to have to raise taxes at least \$121 billion on working Americans.

And then the Senator from Maryland says there is \$41 billion out there that you can just take from high-income Americans. If you grab that, well, that is clearly a rate increase and a tax increase. But it is an inaccurate statement. Actually, the high-income Americans today are paying more—paying more—than they have paid at any time in history as a relative burden of taxes. Their number has gone up significantly. In fact, the time when they got the best deal, ironically, was during the Clinton administration.

During the Clinton administration, high-income Americans actually paid less as a percentage of the gross tax burden, total tax burden in America, than at any other time. It is only in the last few years that their percentage of the burden has gone up.

Why is that? Well, it is something called economic activity. When people go out and they work hard and they are being productive, they end up paying more taxes. When tax rates are high, people seek tax shelters, and they hide income, and they invest it in things that give them avoidance of taxes. Some of the things the Senator from North Dakota would like to eliminate I would like to eliminate, too, that are inappropriate. But they also do things that are appropriate to avoid taxes so they do not have to pay that high tax rate.

When you have a capital gains rate of 30 percent, people do not sell their assets. They hold on to them because they do not want to pay all that money to the Federal Government, especially high-income people. So what we have seen is when we cut rates, high-income

people started doing things that generated revenue for the Federal Government, and it also generated a tax burden on them that was higher. They were willing to take that because they were making more money. And it is shown definitively by the revenues we have received as a Federal Government as a result of the cut in the capital gains rate.

Now, the other side of the aisle considers the cut in the capital gains rate to be poison. They think it just benefits the rich and it should not have occurred. They want to repeal it. They tried to put in place pay-go to force the repeal of it, and they have all sorts of ideas for how you eliminate it because this is the rate they see as the problem in America, the capital gains rate being 15 percent instead of what it was. It used to be 30 percent.

What was the effect of cutting capital gains rates? It actually generated huge revenue to the Federal Government. Why? Because people went out and started to undertake economic activity. They went out and sold stock. They went out and sold small businesses. They went out and sold real estate. That generated economic activity, which generated taxes to the Federal Government, taxes which we did not expect to get of \$81 billion. Then they took the money they generated as a result of selling those assets and re-invested it in more productive activity and created more jobs, took more risks. As a result, the economy is growing.

We have had month after month after month of growth in this economy. We created 5 million jobs. We have had, I think, 30 months of growth in this economy. And the 5 million new jobs we have created actually exceeds the combined jobs created in Japan and Europe during that same period of time. That is good economic policy.

Just last month, we created 234,000 jobs. Why? Because we created an atmosphere where people are willing to go out and take a risk, where they are willing to go out, invest their money, take a risk, and create a job as part of taking that risk, and create revenue for the Federal Government because they create income. As a result, the revenues have gone up in this country.

So another chart is pretty dramatic. These are the revenue growths—the yellow lines—in the last few years and what we project out into the future—a 14-percent jump in revenue last year. Now, the other side will say: But that is from a historic low. Yes, it is a historic low, which was driven in large part by the Internet bubble of the late 1990s, the largest bubble in the history of this country or in the world. It was a bigger bubble than the tulip bubble or the South Seas bubble. When the Internet bubble collapsed, we went into recession, and that dropped revenues dramatically. Then we were attacked on 9/11, and that dropped revenues even more.

So the President, with considerable foresight, I would say, decided to cut

taxes before we got deep into the recession. As a result, there was economic activity generated, and that has produced a significant upturn in revenues—one of the most significant upturns in revenue in history.

Now, here is the bottom line of this whole argument: We are reaching a point where we are back to a historic level of what taxes have been in this country. Historically, taxes in this country have represented about 18.4 percent of gross national product. And yes, they dipped well below that because of the Internet bubble and because of the attack on 9/11 and the economic slowdown that occurred. But now they are headed back up because of the economic policies this President has put in place, including creating more incentive for people to go out and be more productive.

So within a year, or maybe a year and a half, we are going to be back to a tax burden in this country which is generating essentially what has been the historic norm, which is about 18.4 percent—18.4 percent—of gross national product, with a Tax Code that does it by saying to people: Go out and take a risk. Create a job. As a result of doing that, give us some more revenue—because there will be more people paying taxes.

But if you look at the Democratic proposals which have come forward under this budget, what they are suggesting is that this tax burden, this historic tax burden of 18.4 percent, is not high enough. The American people are fundamentally undertaxed, they are saying. They have to be taxed more. And Government has to grow more. Government has to grow a lot more. We have to grow Government by \$127 billion more, and then we have to hit people with another \$133 billion in taxes. We will get that tax burden up around 19 or 20 percent of gross national product, maybe get it up to 21 percent, 22 percent. Who knows how high it is going to go. It is going to go as high as they want to spend money. That is the difference between our parties. They believe in expanding the Government and expanding taxes to pay for it.

When our members have come to this floor and suggested there is a priority for CDBGs or there is a priority for veterans, what they have said is they want that money to be spent there, but they are willing to do it under a cap. They are going to control spending on the discretionary side of the ledger.

When the members from the other side have come to the floor and said there is a priority for veterans or there is a priority for CDBG, they have said: We don't want to have to be limited to any spending regime around here. We want to blow that cap. We want to add another \$127 billion to the cost of Government, grow the Federal Government, and we will raise taxes to pay for it.

At least they have integrity on that point. I agree with that. They are say-

ing: Grow Government, grow taxes, take that tax burden over the norm of 18.4 percent. Take it up to 20 percent. Take it up to 19 percent of gross national product. And then take the size of Government and drive it up, too, over 20 percent, 21 percent, 22 percent.

What our people are saying—

Mr. DORGAN. Will the Senator yield for a question?

Mr. GREGG. No, I am not going to yield. Your side did not yield to me when you were talking.

What our people are saying is we have priorities, too. We recognize that some things need more money than other things. We are willing to do it within a controlled atmosphere of a spending cap that is \$873 billion. Within that cap, we are going to offer amendments to spend money on this item or that item, and in exchange for that we are going to cut across the board under 920. That is what it does. That is the difference. We are willing to set priorities and limit spending. They are willing to set priorities, increase spending, and raise taxes to pay for it.

This argument that these taxes are going to come out of some nonpenal event to the American people, that it is not going to affect the American people's income, that it is going to come from some corporate loophole or that it is going to come from some Cayman Islands place, is just—well, it is like the Customs fees. Forty-five times we used Customs fees around here to claim we could raise spending. Finally, we actually did use the Customs fees, so we don't hear about them anymore around here. Hopefully, someday we will wipe out the Cayman Islands building so we won't hear about that anymore, either. But in the process, you cannot generate enough revenue from doing that to address the \$133 billion of taxes that are being raised here. The maximum you can generate out of those items is \$11 billion.

So this has been an interesting aside, well discussed, well presented. But I would like to suggest to the Senator from North Dakota that we get on to the amendment process.

Mr. CONRAD. Does the Senator yield?

Mr. GREGG. I am not yielding the floor. I am asking the Senator from North Dakota if he would like to get on with the amendment process. I have not yielded the floor.

Mr. CONRAD. Momentarily—

Mr. GREGG. I yield for a question.

Mr. CONRAD. I am not going to ask a question. I will respond to your question and just say, I think this is a healthy thing. Debate has broken out here, which is a rare occurrence. You have done an excellent job of presenting your view. I have tried to represent our view. I would like to respond briefly to some of the points you have made. Perhaps you would then like to respond briefly to some of mine.

Mr. GREGG. I would suggest, then, that we spend another 6 minutes on

this. You take 3; I take 3. Then we move on to your amendment.

Mr. CONRAD. I wouldn't be prepared in 3 minutes to respond to your very excellent presentation over the last 15. It will take me a little bit of time to respond to these things. I do think it is a healthy debate. It will actually, perhaps, save us time because maybe we can then reduce our wrap-up time at the end of the debate.

Mr. GREGG. I will yield the floor, recognizing that I will probably reclaim it for the amount of time that the Senator from North Dakota uses.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I say to my colleague, for whom I have great respect, the chairman of the committee, we have a very real difference. We are highlighting that difference. That is a healthy thing. It is a debate.

Let me respond to something the Senator said. I have the same chart, a little different colors, that looks at the spending and revenue lines of the Federal Government going back to 1980. The red line is the spending line. The green line is the revenue line. This is as a percentage of GDP. What you see is that during the Clinton years, the spending came down as a share of GDP each and every year. The revenue went up. The result was, we stopped deficit spending. We stopped running up the debt. In fact, we were paying down the debt. Then President Bush came into office. The spending went up.

They make the assertion that we are the big spenders, but the fact is, during the Clinton years, spending went down each and every year as a share of gross domestic product. During the Bush years, spending has gone up virtually every year.

On the revenue side of the equation, when President Bush came in, the revenue side of the equation collapsed. The Senator says it collapsed because of economic slowdown, because of the Internet bubble. Yes, in part it did. But he never mentions the tax cuts. Hello? The tax cuts accounted for half of this drop. The result was discretionary spending went up. Why did discretionary spending go up? For defense, homeland security, and rebuilding New York. All of us agreed with that. On a bipartisan basis we agreed to spend more money to respond to the attacks on our country. So spending went up, but the revenue went way down. The result is, more and more deficit, more and more debt.

Here is our fundamental difference. Our Republican friends want to spend the money, but they don't want to pay for it. They don't want to raise the revenue to meet their spending line, and they don't want to reduce their spending to match their revenue line. The result is the debt is skyrocketing.

Here it is. This is the result of their policies. This is what the debt was at the end of President Bush's first year, \$5.8 trillion. We don't hold him responsible for the first year because he was

still under the Clinton budget. But look what has happened since. The President told us he was going to have maximum paydown of the debt. At the end of this year the debt will be \$8.6 trillion. It has gone up, up, and away. And if this budget is approved that our colleagues on the other side have put before us, and the President has put before us, the debt is going to go to \$11.8 trillion. They will have almost doubled the debt.

Our colleagues on the other side have a mistaken notion on the issue of taxes. I would love to cut taxes 50 percent across the board. I would be a huge beneficiary myself if we did that. But what would happen? The debt would go up even more. Since we are borrowing almost half of this debt from abroad, we would be even more in debt to foreigners, the Japanese, the Chinese. Is that what we want to do for our future? I don't think so. I think that weakens us.

Our colleague keeps saying: If you cut taxes, you get more revenue. The only evidence my colleague presents is in one type of tax, capital gains. He doesn't want you to look at the whole revenue picture because he knows what I know: Revenue has not gone up with all these tax cuts.

Here is what has happened to total revenue. Remember, he has just talked about a small part of the revenue base, capital gains. But here is total revenue. In the year 2000, total revenue for our country was just over \$2 trillion. The next year it went down. And in that next year, 2001, we had massive tax cuts. What happened to revenue the next year? Did it go up or did it go down? It went down to \$1.85 trillion. How about the next year; did the revenue go up or did it go down? It went down again, to \$1.78 trillion. How about 2004; did the revenue at that point exceed what it was in 2000? No. It was still far below what we got in 2000. It was \$1.88 trillion. We didn't get back to the revenue base of the year 2000 until 2005. Those are the facts. Their idea didn't work. But they can't admit they were wrong. The result is they keep on spending the money, but they won't raise the money to pay for their spending. So what happens? The debt goes up, up, up.

Our colleague said the economy is really humming under their plan. We are seeing modest growth. But let's look in comparison to other times in our history when we were going through an economic recovery. First, median household income has declined for 4 straight years. That is not a good sign. When we look at economic growth and we compare this recovery to previous recoveries and we look at the nine recoveries since World War II, nine periods when we were coming out of a recession, on average in those nine other recoveries, economic growth averaged 3.2 percent. This time it is only 2.8 percent.

In addition, we looked at business investment. We went back and looked at

the nine previous business cycles, the nine recoveries since World War II. That is the dotted red line in terms of business investment. If at this stage in the cycle, we compare it to this recovery, which is the black line, do you know what we find? Business investment is running 62 percent behind the average of the nine previous recoveries. And job creation? They are bragging about job creation. Let me just say, there were 22 million jobs created during the Clinton years. When we compare this recovery to the nine previous recoveries since World War II, again, the dotted red line is the average of the nine previous recoveries—job creation in this recovery is the black line—we are 6.6 million private sector jobs short of the average recovery since World War II.

Again, I go back to the fundamental difference that we have. Our Republican friends have a budget before us that is going to increase the debt over the next 5 years by \$3.5 trillion. That is their plan. Is that what we want to do? Half of it is funded by foreigners. So the bizarre thing they are doing—because this budget increases spending. This is their budget. It increases spending. The chairman has described that. And it cuts taxes, even though we can't pay our bills now. So guess what. We get more debt funded by foreigners, more vulnerability to the country, more money we owe the Japanese, more money we owe the Chinese. And then we wonder why the Dubai Ports deal occurred. There are going to be a lot more Dubai Ports deals under this fiscal plan because, under this fiscal plan, we are going to owe a boatload more of money.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, for the sake of figuring out where we are going, I can never remember who is the junior or senior Senator any longer because the Senator from North Dakota came, went, and came back. How much time do you think Senator DORGAN would like?

Mr. DORGAN. I would like 5 minutes.

Mr. GREGG. Why don't we give 5 minutes to Senator DORGAN, and then I will respond.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 5 minutes.

Mr. DORGAN. Mr. President, this has been fascinating. I came in at Senator GREGG's presentation, nearly at a fever pitch, depending on what appears to be the indefensible. But it reminded me of how one argues in court. You take the best you have and then go at it with volume—if possible, as much volume as is possible—and hope some of it sticks. It reminded me a little bit, too, of the message that Gen. George Armstrong Custer received just before they actually got to Harden, MT, with the 7th Cavalry. His scouts came back and said: Things look pretty good up ahead. Things look pretty good.

General Custer got that message. It is the message I heard this morning as I walked onto the floor of the Senate from our colleague, Senator GREGG: Things look pretty good up ahead.

Let's look up ahead for a moment. On page 28 of the resolution that sits on the desks of Members of the Senate, let's look up ahead, see if things look pretty good up ahead. It doesn't matter how many trees you cut down to produce the charts, how much ink you use to create your bar graphs. That doesn't mean a thing. Let's look up ahead just a bit.

In 2011, what is going to happen to this country under the best of circumstances, under the most optimistic circumstances offered by the majority party in their resolution? In 2011, we will be required as a country to borrow over one-half of a trillion dollars. That is how much the debt will increase in 2011. So somebody brings this to the floor of the Senate and says: We have a plan. Our plan is to put our fiscal house in order, and 5 years from now we are going to borrow over half a trillion dollars and we call that order.

I said yesterday, I yearn for the old Republican Party. Both political parties provide grand opportunities for this country, and have for two centuries. They both contribute to the well-being of America and to the building of this great Nation. But there was one thing you could always count on the Republican Party to do, and that is they wore gray suits. They were conservative. They would wear wire rim glasses, and they would look like they just swallowed a lemon. They were very serious. You could always trust them to stand for fiscal responsibility—always. Pay your bills, they would say. Balance your budget. That is what you would count on them for.

That has changed a lot because the new majority party here says this is paying our bills and balancing our budget, page 29. Five years from now, they say, their plan will have us borrow over one-half trillion dollars in that year alone. During the entire 5 years, as my colleague has said, we will borrow over \$3.5 trillion. And that is putting our country back on track? I don't think so.

It is time that even when we look in the mirror we be honest. It is time this Congress be honest with itself. It doesn't take charts, doesn't take the ink on charts. It reminds me of that old western movie line: What are you going to believe, me or your own eyes?

Let me choose to believe my own eyes. Let me choose to believe what is in the most optimistic assessment in this fiscal policy. This country is deep in debt, going deeper in debt. And, by the way, we are going to borrow about \$600 billion this year, and that doesn't include the \$700-plus billion of trade deficit. So we are going to borrow about \$1.3 trillion this year alone, just in this year alone, and we are told: Gee, things are good. Things are good. Just like General Custer's scouts,

things are really good up ahead. They are not. This country deserves the seriousness of purpose on the part of Republicans and Democrats who are willing to stare truth in the eye. The truth is on page 28.

This country is off course, off track, and it is unsustainable. Yes, in trade it is off track. We are shipping jobs overseas at a wholesale rate, we are closing American plants, and we are up to our neck in debt. We are selling America piece by piece, \$2 billion a day, 7 days a week, all year long.

In fiscal policy, we are borrowing and borrowing. My colleague from New Hampshire talks about taxes. I understand the issue of taxation. I especially understand the issue of those who don't want to tax but want to borrow and spend and say let the kids pay for it. That is not conservative. That is a new conservatism that, in my judgment, doesn't do well by this country's future.

Mr. GREGG. Mr. President, the Senator from North Dakota makes my case. The seriousness of purpose would require that they present a budget, and if they did, they would be presenting a budget that had dramatic tax increases in it and dramatic expansion of the Federal Government, as has been shown by the amendments they have brought to the floor—over \$127 billion of expansion of the Federal Government, over \$133 billion in tax increases.

That is just the start. The senior Senator from North Dakota basically questioned this recovery. I suppose you can always walk around with a dark cloud over your head and claim there is no sunlight when the sun is shining on you. The fact is, this recovery has been pretty good, especially in the context of the fact that we are fighting a war and we have had basically the entire Gulf States wiped out as a result of catastrophic natural events, Hurricane Katrina and Hurricane Rita. If we look at some of the issues that affect people the most in this recovery, let's look at the price of homes. They have gone up; there have been historic increases. When that happens, everyone's net worth in America jumps. All homeowners' net worth jumps when the price of homes goes up. So everybody who is a homeowner has a little more of a cushion to their life.

Dividend income has jumped dramatically as a result of the cut in dividends. Why? Because corporations, instead of borrowing and instead of using mechanisms where they reinvest maybe overseas—which seems to upset our colleagues on the other side—have decided to pay out dividends. So people who own stock in this country—the vast majority of Americans, by the way, either directly or through pension funds—are benefiting from the fact that dividend income has jumped radically under this administration.

Unemployment, during a period of fairly significant recession at the beginning of this administration, and a period of war that has been going on

throughout this administration, and a period where the gulf coast has been overwhelmingly hit by an economic downturn as a result of the impact of the catastrophic events of Katrina and Rita, unemployment continues to drop.

In fact, I remember a couple years ago, under this administration, when the other side of the aisle was claiming we weren't creating enough jobs. We don't hear that routine anymore. Jobs are being created at a significantly faster rate than historic norms, and we are seeing a lot of people being employed—5 million jobs added, which is more than the combined increase of Japan and Europe—which, by the way, has a population of about half again as large as ours—over the same period of time.

Productivity growth. This is an important one because it is a function of the tax laws that we put in place. Productivity growth is higher than almost all prior business cycles. We have maintained extremely high productivity growth as a result of the fact that we have created a tax climate where people are having incentive to invest and create jobs, which we have talked about earlier. That is a hugely important factor, something that if you listen to former Chairman Greenspan, who I think is a fair arbiter of economics in this country, he will tell you productivity growth is probably the most important thing. If you can keep that ahead of inflation, you are going to have a robust economy, and we have certainly done that as a result of the policies of this administration.

We have had 17 consecutive quarters of economic growth, economic expansion. That is a very robust recovery under any definition of recovery—17 consecutive months. It may not be as strong as other recoveries, but it is certainly a very strong recovery and something we as a nation should be taking a fair amount of pride in.

That brings us back to the issue of tax policy because if you listen to the other side of the aisle, you would think that revenues were still down as a result of Katrina, as a result of the attack of 9/11, and as a result of the burst of the Internet bubble, and they claim it is as a result of tax cuts. Revenues are not down; they are proceeding to go up. They continue to grow. At least their chart shows they are back to a historic level. That level that they are at is essentially the level they should be at, which is the historic level that we pay taxes as a percentage of gross domestic product. The Federal Government should not be taking more than 18.4 percent of GDP out of the economy for tax purposes. We are growing at a dramatic rate. These bars go up significantly, and they are going to continue to go up significantly because of the fact that we have in place tax policy that encourages economic activity, risk taking, and job creating, which is so critical to the generation of revenue to the Federal Government. So we get back to what is the essence of the de-

bate because I think it needs to be restated.

The essence is this chart—they have their chart, and it is basically the same chart, but we look at them differently. We agree that the chart is the same. The point is this: Revenues are coming back to their historic levels, 18.4 percent of gross national product. Spending, however, is not coming down as much as it should, and it is not coming down not because we have not made a commitment to try to control spending—we have done that. Last year, we passed the first deficit reduction attempt on entitlements in 8 years. We got two votes from the other side of the aisle. There was no attempt to control entitlements from the other side of the aisle last year. There was opposition to spending control there. Then we put into place a cap on spending, and again we didn't get any votes from the other side of the aisle.

What their proposal is, is shown in their amendment, which essentially says we are going to grow the size of Government, grow it above that line where it is now, which is 20 percent; and we are going to raise taxes and grow the revenues well above the 18.4 percent, which is the historic norm. So they are basically saying they are willing to take much more out of this economy to grow the Government, make the Government bigger than what has historically been the case, and they are also willing to take much more in taxes.

We don't think we should go that way. We think we should put into place spending restraint. We would love it if the other side of the aisle would support this. But there is no attempt to support the caps from any amendment offered on the other side of the aisle. Every amendment that has come forward from them has raised the caps, raised the size of Government.

There was no support for entitlement control on the other side of the aisle—none. Well, there were two votes, I am sorry. I respect those votes and I thank them. But the vast majority of the other side of the aisle didn't want to do any entitlement restraint. To the extent we have seen spending go up, it has only gone up in two categories—entitlements and national defense. National defense is something you have to do when you are at war. So when the Senator from the other side of the aisle points to the spending chart going up, he knows and I know that the extent that is discretionary spending, it is 95 percent national defense because that is what we have to do when we are at war.

So if you are going to control the rate of growth of Government, you have to control the discretionary side and the entitlement side. There is no attempt to do that on the other side. There is an attempt to expand it. Yes, the debt goes up. Their argument is that we are expanding debt. Well, that is true because we are fighting a war that we have to pay for and because we

cannot get any support in a bipartisan way to address what is driving the debt most, which is entitlement spending.

The President comes forward with a proposal on Social Security and says everything is on the table. The other side says we won't accept anything. He comes forward with a Medicare proposal. Immediately, the leader on the other side of the aisle said the proposal was inexcusable, even though it was put forward by MEDPAC, an independent organization of health professionals, which suggested you can restrain the rate of growth nominally with a couple of changes.

The same is true of Medicaid. What a battle we had last year to save \$5 billion in Medicaid spending, with over a \$1.2 trillion base, so we took the rate of growth from 40 percent to 40 percent. We didn't even change it. There was opposition every step of the way from the other side.

So it is very hard to give a lot of credibility to the idea that there is a desire to control spending on the other side of the aisle. What this is on the other side of the aisle is shown by this chart, which is to increase spending, increase the size of Government, increase taxes and, as a result, we refer to that as tax and spend, a term which I believe is reasonably accurate in this context.

At this point, I will yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I yield 5 minutes to myself off the resolution. We have heard from the other side that we have proposed additional spending in the committee. Yes, we did. The difference between our spending and the spending the other side offered—and they have offered, repeatedly, amendments to increase spending—is that we paid for ours. We paid for it.

The Senator has a list that shows we offered in committee amendments that have increased spending \$126 billion. Let me explain where almost all of that spending was. One amendment. One amendment to say that veterans of our country should have their spending considered mandatory rather than discretionary—mandatory rather than discretionary. I think most Americans would say spending on veterans is not a discretionary matter.

We asked them to go to war, asked them to put their lives on the line. In many cases, they have come back wounded, injured, and in need of care. Is it discretionary to fund those accounts, to take care of their medical needs? We don't think so. We think it should be on the mandatory side of the ledger. That is scored as \$104 billion of our \$126 billion of spending.

Now, yes, I will look anybody in the eye and say that was spending that was responsible, to keep the promise made to our Nation's veterans. And we paid for it. We didn't just run up the debt the way our colleagues do. Over and over, they have voted for spending. We have shown the lines. Spending has

gone up under this administration. But revenue has gone down. They voted for all the spending, and they voted for all the tax cuts, and the result is the debt is going up, up and away. So they are the party of borrow and spend. Borrow and borrow, spend and spend. They don't want to reduce any spending.

I don't see any amendments that they have offered to cut spending. They offered amendment after amendment to increase spending, but they don't want to pay for it.

The Comptroller General has told us that "continuing on this unsustainable fiscal path will gradually erode, if not suddenly damage, our economy, our standard of living, and ultimately our national security." He is talking about this runup of debt.

I want to conclude. My colleague said they had a deficit reduction plan and they didn't get a single vote from our side for it. He is right. They didn't have any deficit reduction. There is no deficit reduction in their plan. The deficit went up. They passed their plan and the deficit went up. In 2005, the deficit was \$319 billion. They passed their deficit reduction plan without a single Democratic vote. In fact, some on their side voted against it. And now the deficit is going to be \$371 billion.

So the Senator is absolutely correct. We didn't vote for their so-called deficit reduction plan that didn't reduce the deficit; it increased the deficit. And we are not going to vote for this plan that runs up the debt \$600 billion a year each and every year for the next 5 years, taking us to a debt of \$11.8 trillion before the baby boomers ever retire. So that is the difference between the parties.

In terms of economic performance, I say to my colleague, he says that the productivity numbers are a result of the Tax Code. I don't think so. I think the productivity numbers are the result of the hard work of the American people, the ingenuity of the American people, not as a result of the Tax Code. The productivity numbers were going up dramatically when we had the previous Tax Code. So the notion that the Tax Code is the reason for the productivity gains is just imaginary.

If we want to talk about economic performance, in the Clinton administration we got twice as much increase in real average hourly earnings. We got 50 percent more increase in real disposable personal income. And we got 10 times as much job creation. That is with the previous Tax Code.

So it is not the Tax Code that is producing those results. It is the hard work and ingenuity of the American people.

Mr. WYDEN. Will the Senator yield?

Mr. CONRAD. I will be happy to yield. I say to my colleague, would this be an appropriate time to go to Senator WYDEN's amendment?

Mr. GREGG. Mr. President, I understand Senator GRASSLEY wishes to respond to Senator WYDEN. That may be the appropriate time. Let Senator WYDEN make his presentation.

Mr. WYDEN. I appreciate that. What Senator SNOWE and I want to do is not spend any taxpayers' money; we want to save some taxpayers' money. I appreciate that. I was here about 45 minutes ago thinking that was the point where we would be in the queue. When Chairman GRASSLEY gets here, we would appreciate the chance to discuss our bipartisan amendment.

Mr. CONRAD. Mr. President, I say to the Senator, this would be the appropriate time for him to make his presentation, and we can go forward with the amendments.

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

AMENDMENT NO. 3004

Mr. WYDEN. Madam President, with the consent of both sides, I call up amendment No. 3004, the Snowe-Wyden amendment.

The PRESIDING OFFICER. Without objection, the clerk will report.

The legislative clerk read as follows:

The Senator from Oregon [Mr. WYDEN], for Ms. SNOWE, for herself and Mr. WYDEN, proposes an amendment numbered 3004.

Mr. WYDEN. Madam 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 ensure that any savings associated with legislation that authorizes the Secretary of Health and Human Services to use the collective purchasing power of 40,000,000 Medicare beneficiaries to negotiate the best possible prices for prescription drugs provided through part D of title XVIII of the Social Security Act in fallback plans, by private drug plans (if asked) and in other circumstances, but not permitting a uniform formulary or price setting, is reserved for deficit reduction or to improve the Medicare drug benefit)

At the end of title III, insert the following:

SEC. _____. RESERVE FUND FOR THE NEGOTIATION OF THE BEST POSSIBLE PRICE FOR PRESCRIPTION DRUGS THROUGH MEDICARE PART D.

The Chairman of the Committee on the Budget of the Senate may revise the aggregates, allocations, functional totals, and other appropriate levels and limits in this resolution upon enactment of legislation that allows the Secretary of Health and Human Services to use the collective purchasing power of 40,000,000 Medicare beneficiaries to negotiate the best possible prices for prescription drugs provided through part D of title XVIII of the Social Security Act in fallback plans and, if asked, by private drug plans, and in other circumstances, but not permitting price setting or a uniform formulary, by the amount of savings in that legislation, to ensure that those savings are reserved for deficit reduction or to improve the Medicare part D drug benefit.

Mr. WYDEN. Madam President, we all have seen the frustrations and the heartache that senior citizens have experienced over these last few months as the prescription drug legislation has gone into effect. Certainly, some folks are being helped, and we are glad to see it. But in order to really make a prescription drug benefit work, we have to contain the costs of medicine. That is

what Senator SNOWE and I are trying to do. We are trying to do it by using marketplace forces, not Government but marketplace forces to hold down the cost of medicine.

A majority of the Senate is now on record as favoring this proposal. A majority of the Senate voted for it last fall before all the headaches and the frustrations that seniors have experienced. So in my view, the case is a lot stronger today than it even was last fall when a majority of the Senate voted for it.

I think that is the reason the American Association of Retired Persons has written to the Senate saying they are in support of the bipartisan Snowe-Wyden legislation. They have something they call their Rx Watchdog group. It is an effort by AARP—a very laudable effort—to monitor the cost of medicine. They report that the cost of medicine is going up twice the rate of inflation.

Of course, we know older people use more medicines than the rest of the population. It would be one thing if people were trying to go about doing this in an arbitrary kind of fashion, using a one-size-fits-all Government approach or price controls. That is not what the bipartisan Snowe-Wyden legislation does.

We want to be very clear, as we offer this legislation, that at line 13 and line 14 of this amendment, there is a statutory prohibition on price controls as an effort to hold down the cost of medicine.

Let me repeat that to the Senate. The bipartisan Snowe-Wyden legislation at line 13 and line 14 includes a bipartisan statutory ban on price setting as an effort to control the cost of medicine. This is about using marketplace forces to hold down the cost of these drugs that are clobbering our older people.

I don't see how anyone can oppose this amendment and, in fact, Secretary Tommy Thompson, the former Secretary of Health and Human Services, said in his last press conference that he just wished he had this authority. He wished he had the kind of authority that is in this amendment. It doesn't mean it is going to be used all the time, but it means it is a tool, an opportunity like we have every single day in the private sector of our economy to hold down the cost of medicine.

The way Medicare is going to go out and buy these prescription drugs reminds me of somebody going to COSTCO and buying one roll of toilet paper at a time. Nobody would go shopping that way. Everybody who is in a position to do so exercises their marketplace clout, the opportunity to be a savvy shopper, the opportunity to say I am going to purchase a lot of something. I want to get my money's worth.

I just hope the Senate this time, when we have seen all the frustrations older people are having, uses this chance to do something about it.

We know lots of lobbyists are against this amendment. Last week we had a

discussion on lobbying reform. I can tell colleagues in the Senate that probably the biggest trophy on a lobbyist's wall is to defeat the bipartisan Snowe-Wyden amendment, but that doesn't make it right. What we need to do is what is right for older people and at a time when millions of seniors are walking on an economic tightrope, balancing their food costs against their fuel costs, and their fuel costs against their medical bills, this is a chance to use marketplace forces to hold down the cost of medicine.

For older people, there are no costs going up like prescription drugs. Some are saying: We can get these cost savings without the Snowe-Wyden amendment. A lot of those people are the same ones who said that the rollout of the prescription drug program would go perfectly. We say that certainly has not been the case.

Now there is a chance to go home at this break and say you actually moved to do something important that older people are talking about at their kitchen table every single day, and that is the cost of medicine.

I don't know of any special interest group in this country that got the kind of sweetheart arrangement in this legislation that the pharmaceutical sector has. There is no other group in this country, no other group that got a specific carve-out so we couldn't use marketplace forces to hold down the cost of medicine. It is really staggering that one group was singled out to be immune from the forces of the marketplace.

Secretary Thompson thought it made no sense. It certainly makes no sense right now when older people are being clobbered by the cost of medicine and finding it hard to secure the benefits of this program. In fact, my sense is one of the reasons a lot of older people have been reluctant to sign up is they can't see any cost savings in the program.

Here is a chance to generate some real cost savings. That is why AARP indicated its support for the amendment. That is why Secretary Thompson said he wished he had the authority. That is why every timber company, steel company, and auto company in the country uses its marketplace clout to hold down the cost of medicine. Fifty-one Senators voted for it last fall before we saw all the older people have the problems they have had over the last couple of months.

I hope colleagues, on a bipartisan basis, will support this amendment. Senator SNOWE and I have worked on this now for 3 years. We said we were going to work on it at the time the original legislation was voted on. AARP, like Senator SNOWE, like myself, like Chairman GRASSLEY, for whom I have enormous respect—we are all in support of the original legislation. I still have the welts on my back to show for my support for the legislation. But as AARP says, don't miss the opportunity to improve on this legislation which we can do by using marketplace forces.

I urge colleagues, particularly in light of some of what has been written, to take a look at line 13 and line 14 of the amendment which specifically prohibits the use of price controls under this amendment as a tool to hold down the cost of medicine.

Madam President, I reserve the remainder of my time.

THE PRESIDING OFFICER. The Senator's time has expired. The Senator from Iowa.

Mr. GRASSLEY. Madam President, here we are again. Today's discussion, as the famous words go, is déjà vu all over again.

First of all, we heard the words "sweetheart deal" for drug companies. If drug companies had their way, they would want no formularies, which is what the Wyden amendment would require. These drug companies would want all drugs covered regardless of cost. So don't tell me this is a sweetheart deal. If we didn't have formularies like we would have if the Wyden amendment is adopted, then all drugs would be covered regardless of cost. Then they would not have to compete. But this legislation requires competition building upon the practices that we have used for the Federal employee health plan for 40 years. We patterned this legislation after that because that is what saves money.

I am beginning to lose count of the number of times that this issue has come before us. So I have to keep repeating—but it doesn't seem to sink in—that the Medicare Modernization Act does not prohibit negotiations with drug companies. Nothing could be further from the truth. But hearing the last speech, one couldn't come to that conclusion. In fact, the law requires Medicare plans to negotiate with drugmakers for better prices. These negotiations are at the heart of the Medicare drug program.

It is an absurd claim that the Government will not be negotiating with drugmakers comes from the noninterference clause in the Medicare law. The noninterference clause does not prohibit Medicare from negotiating with drugmakers. What it does is it prohibits the Center for Medicare Services from interfering with these negotiations.

To be clear, the noninterference clause is at the heart of the bill's structure for delivering prescription drug coverage. This clause ensures those savings will result from market competition rather than through Government price fixing. The average beneficiary premium is \$25. That is \$12 less than the \$37 that was estimated less than 12 months ago, going back to July of last year. That clearly demonstrates that the law's structure is accomplishing that objective and then some; otherwise, we would have \$37-a-month premiums or more instead of the average \$25 premiums that we have.

This year's cost to the Government then is \$8 billion less than what we thought it would be last July. The 10-

year cost has dropped by \$180 billion, as we tried to estimate ahead what programs might cost 10 years into the future.

The Center for Medicare Services and the Consumers Union have reported that beneficiaries are getting substantial savings under this drug benefit. These plain and simple facts ought to take the wind out of the sails of the argument that private companies can't deliver an affordable benefit for our beneficiaries and even for the taxpayers. These plans can deliver, and they are delivering. That is competition, not something that they set out to do. That is the market forces bringing down prices.

Some might say: Well, if the plans can do that, imagine what the big bureaucracy of the Federal Government can do. To those folks, I urge a word of caution. First, the Government doesn't have such a great track record when it comes to price negotiation. When we considered the Medicare Modernization Act, the Center for Medicare Services' actuary reported that drugs in Part B:

Were reimbursed at rates that, in many instances, were substantially greater than the prevailing price levels.

Even The Washington Post editorial of February 17, 2004, said:

Governments are notoriously bad at setting prices, and the U.S. Government is notoriously bad at setting prices in the medical realm.

My second point is beneficiaries don't have one-size-fits-all prescription drug needs. They need choices. Forty-four million different Americans have 44 million different solutions—or you can't have one plan fits all, I guess is what I should say. The companies offering the drug benefit must offer coverage for a wide array of brand and generic drugs. The companies also are offering plans with lower or even no deductible. Many are offering additional coverage so that there is no doughnut hole.

The bottom line is the approach taken in the Medicare Modernization Act has resulted in affordable choices for beneficiaries while saving the taxpayers money.

When we crafted this act, the Congressional Budget Office concluded that the market-based approach would result in better prescription drug cost management for Medicare than any other approach that was being considered at that time by the Congress. Here is what the Congressional Budget Office said about eliminating the non-interference clause in a letter last year:

The Secretary would not be able to negotiate prices that further reduce Federal spending to a significant degree.

The Congressional Budget Office went on to say:

CBO estimates that substantial savings will be obtained by the private plans.

That estimate is now a reality.

We also had an analysis from the chief actuary for the Medicare program.

The chief actuary for the Medicare program, who is required by law to provide independent actuarial analysis on issues facing Medicare, concluded that he does not:

believe that the current Administration or future ones would be willing and able to impose price concessions that significantly exceed those that can be achieved in a competitive market.

In fact, more astonishingly, the chief actuary pointed out that if Medicare establishes drug price levels it will reduce competition not increase it.

The report stated that the establishment of drug price levels for Medicare by the Federal government would eliminate the largest factor that prescription drug plans could otherwise use to compete against each other.

So let's be clear, direct Government negotiation is not the answer. The Government does not negotiate drug prices. The Government sets prices and it does not do a very good job at it.

The law's entire approach is to get beneficiaries the best deal through vigorous market competition, not price controls.

The new Medicare drug benefit creates consumer choices among competing, at-risk private plans.

It is abundantly clear that Medicare plans have leveraged the buying power of millions of beneficiaries to lower drug prices.

I urge my colleagues to oppose efforts to change the law and oppose efforts to get the Government involved in setting drug prices.

It is a prescription for higher costs and fewer choices for beneficiaries.

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

Mr. CONRAD. Madam President, I yield 3 minutes to the Senator from North Dakota and then 3 minutes to the Senator from Oregon.

Mr. DORGAN. Madam President, I am proud to be a cosponsor of the amendment that has been offered. I was thinking that people listening to this debate must surely think this is a foreign language: noninterference clauses and doughnut holes, and so on and so forth. This is very simple. Let me try and do it in English, if I can.

When Congress passed the prescription drug benefit to provide benefits to senior citizens, a little clause was put in there. My colleague calls it a sweetheart deal. It is even sweeter than that. A clause was put in that says: By the way, the Federal Government cannot negotiate with the drug companies for lower prices. Cannot do it. The Defense Department does it. The VA does it. The evidence is that those negotiations produce about 50 percent of the savings that is reducing the drug prices by 50 percent, but the Medicare prescription drug plan cannot have that happen. The Government cannot negotiate for lower prices.

My colleague describes this as a non-interference clause. About the time you think you get a handle on something here and have an aggressive de-

bate, they change the titles and change the subject. This is not about noninterference. There is no noninterference involved. The question is, Should the Federal Government be able to negotiate for lower prescription drug prices in this plan, as we do in the VA and as we do in the Defense Department? The answer is yes.

My colleague talks about 10-year savings, 10 years out. Look, economists who can't remember their home phone numbers are telling us what they think is going to happen in 10 years. I know what is going to happen. We are going to break the back of this Government financially if we don't negotiate lower prices. This is similar to hooking a hose up to the tank and sucking the tank dry. Let the pharmaceutical companies decide to tell us what they are going to charge us and, by the way, we can't negotiate better prices as we do in the VA system for veterans. That doesn't make any sense to me.

The toughest job in the Senate is to come to the floor and justify or defend a proposal that we can't negotiate for lower prices. The second toughest job is for those who vote against this amendment to go home and explain to their constituents how they defied common sense.

It makes common sense for us to say: Let's get the best price we can from these pharmaceutical companies. How do you do that? You do that by the power of the purse, having the Federal Government negotiate for lower prices. We have done it in the VA, we have done it in the Defense Department. We saved 50 percent of the cost by doing it. My colleague is dead right. Yes, this is a sweetheart deal. This is not about noninterference; it is about whether we can negotiate with the pharmaceutical industry for lower prices. The answer ought to be, of course, we ought to do that. We ought to do it aggressively in order to save the taxpayers money; otherwise, we are going to break the bank. I thought fiscal conservatism was about trying to save the taxpayers money.

This amendment will do more to save the taxpayers money in the next 10 years than almost anything else we can do.

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

Mr. WYDEN. Madam President, Senator SNOWE will close this afternoon for our bipartisan amendment, but I want to highlight a couple of points. There is a reason that AARP strongly supports the Snowe-Wyden amendment. There is a reason that Secretary Thompson, before he left the Health and Human Services Department, said he wanted this authority, and that is this is just plain common sense.

Everybody else in the marketplace who is in a position to use their clout does it but not Medicare.

I want to set the record straight on a couple of comments that were made by my friend, the chairman of the Finance

Committee. Again, at lines 13 and 14 of the bipartisan Snowe-Wyden amendment, in addition to the prohibition against price controls, there is a prohibition against a uniform formulary. So we are using all of the same forces in the marketplace of the private sector under this amendment that go on all across the land today. There are no price controls. There is no uniform formulary. For colleagues who want to see the language, it is at line 13 and line 14 of the Snowe-Wyden amendment.

Let us have some practical, smart shopping with respect to this program, where the costs are going into the stratosphere. I don't know of anybody in the United States who would shop the way Medicare is shopping today for prescription drugs. It would be one thing if it was working.

AARP supports this amendment because the cost of medicine is rising twice the rate of inflation. So if you want to say to the seniors when you go home next week that you took some practical steps to control the costs of medicine, you will support the Snowe-Wyden amendment. If you think everything is working fine right now—and we don't—then I guess you oppose us. But I hope colleagues will, as they did last November, a majority of them, support us because now they can make a difference. They can make a difference for older people. They can make a difference for taxpayers. I hope my colleagues, when Senator SNOWE wraps up for our side this afternoon, will support this bipartisan amendment because it is just plain shopping smart at a crucial time when older people need that approach to hold down the cost of health care.

I yield the floor.

Mr. BYRD. Madam President, the Snowe-Wyden amendment purports to create a reserve fund within the budget that could be used to allow the Federal Government to improve its negotiating position with respect to lowering the price of prescription drugs. I will vote in favor of this amendment because much more needs to be done to insure that Americans will not be forced to give up their medications because of rising prices.

However, I know that a number of veterans in West Virginia are concerned about what a Governmentwide prescription drug negotiation program would mean to the prices of medicines dispensed through hospitals in the Department of Veterans Affairs. There are concerns that veterans would lose access to the medications they need at advantageous prices.

It is important for West Virginians to understand that the Snowe-Wyden amendment does not have the force of law, and, even if it should be adopted today, the amendment would have no impact on the VA's ability to negotiate favorable drug prices for our veterans. Additional legislation would have to be passed by Congress and signed into law before any changes to the VA's pre-

scription drug negotiating power could be made. I will continue to keep the concerns of West Virginia's veterans in mind should the Senate take up a debate on legislation that relates to the price of prescription drugs.

Mr. BROWNBACK. Madam President, today I rise to speak on the amendment offered by Senator SNOWE to S. Con. Res. 83. This amendment addresses the question of whether the Federal Government should play a role in negotiating the prices of Medicare prescription drug plans. In the past, I have supported similar measures that would allow the Federal Government to negotiate prescription drug plan prices, based on the idea that there was a need to contain rising prescription drug costs and that negotiation would have the effect of driving down costs.

However, we are now seeing dramatically lower costs than we had anticipated. Specifically, CMS recently announced that the average premium of a Medicare prescription drug plan is \$25; this is thirty two-percent reduction from the premium estimates of 1 year ago. Also, CMS has reported almost doubling of discounts and rebates of drugs under the Medicare prescription drug program from original projections. These effects are a result of the fact that under the Medicare prescription drug program, similar to the Federal Employees Health Benefits Program, numerous plans are in competition to offer consumers the lowest possible prices.

In view of this, today, I am voting not to support this amendment, and instead, am lending my support to offering America's seniors the lowest and most affordable prices on their prescription drugs. We now have evidence that the lowest prices are offered through what makes this nation's economy one of the most robust in the world—healthy competition.

Mr. CRAPO. Madam President, I yield off of our time 2 minutes to the Senator from Iowa to respond.

Before I do that, however, I understand that there is an order in place that the next amendment will be the Conrad amendment, followed by the Byrd amendment. We would like to ask unanimous consent to reverse that order, so that following the Snowe-Wyden amendment, we would move to the Byrd amendment next, rather than the Conrad amendment. So I ask unanimous consent for that change in the order of the amendment process.

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

Mr. GRASSLEY. Madam President, two speakers ago, the Senate heard the Senator from North Dakota say that the drug bill says that the Secretary cannot negotiate. It doesn't say that anywhere in the law. It doesn't say it anyplace. They made that up. I don't know what sort of political points they want to make, but keeping the speeches to what the law says, and not what somebody thinks it says, seems to be very important to intellectually honest debate.

To the Senator from Oregon, drug companies want cash-paying customers with no coverage because those people, as we all know, pay the highest prices. The drug companies don't have to negotiate with anyone when seniors don't have any drug coverage, such as they didn't have before this law went into effect. Part D provides that drug coverage, and now the drug companies have to compete to offer lower prices and to get plans to put their drugs on their preferred drug list. It is very necessary. They would like to have the environment that you want: No formulary. Then they have everything the way they want it. That is how negotiations work, to drive down prices, to get your plan approved, and that is how competition works to reduce prices, and that is what we see after 2½ months of the operation of this legislation. Don't give the drug companies what they want: no formulary.

Mr. CONRAD. Madam President, at this point, the Byrd amendment is in order; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. CONRAD. Madam President, I want to thank Senator BYRD for graciously coming to the floor as we sought to accommodate other Senators so they could make quorums in other committees. It was very gracious of him to come on short notice so that this time would not be lost.

The PRESIDING OFFICER. The Senator from West Virginia.

AMENDMENT NO. 3086

Mr. BYRD. Madam President, I thank my distinguished colleague for his kind remarks. At this time, I offer an amendment cosponsored by myself and Senators LAUTENBERG, CLINTON, DORGAN, LIEBERMAN, KERRY, BIDEN, DURBIN, MENENDEZ, and JEFFORDS.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD], for himself, Mr. LAUTENBERG, Mrs. CLINTON, Mr. DORGAN, Mr. LIEBERMAN, Mr. KERRY, Mr. BIDEN, Mr. DURBIN, Mr. MENENDEZ, and Mr. JEFFORDS, proposes an amendment numbered 3086.

The amendment is as follows:

(Purpose: To preserve a national intercity passenger rail system by providing adequate funding of \$1.45 billion for Amtrak in Fiscal Year 2007 and to fully offset this additional funding by closing corporate tax loopholes)

On page 3, line 13, increase the amount by \$550,000,000.

On page 4, line 1, increase the amount by \$550,000,000.

On page 4, line 13, increase the amount by \$550,000,000.

On page 5, line 4, increase the amount by \$550,000,000.

On page 16, line 21, increase the amount by \$550,000,000.

On page 16, line 22, increase the amount by \$550,000,000.

On page 53, line 1, increase the amount by \$550,000,000.

On page 53, line 2, increase the amount by \$550,000,000.

Mr. BYRD. Madam President, this amendment adds \$550 million to the fiscal year 2007 budget for Amtrak. All aboard for Amtrak. Amtrak.

The Bush administration's budget for the coming year assumes that Amtrak will be handed a funding cut of almost \$400 million—a whopping cut of more than 30 percent. As in past years, there is absolutely no inherent logic underlying this budget request. Every observer who has testified before the Congress regarding Amtrak's financial needs has concluded that dramatic cuts—dramatic cuts—of this kind would result in Amtrak being thrown into bankruptcy, endangering rail service in every region of the Nation, including the Northeast corridor.

Amtrak is not just a high-speed train service for the residents of Boston, MA, New York City, and Washington, DC. Amtrak is also a network that links cities such as Portland, ME, and Wells, ME, with that Northeast corridor. It also links communities such as Prince, in Raleigh County, WV, with cities such as Cincinnati, OH. It connects White Fish, MT, with St. Cloud, MN. It connects rural America with the central transportation and economic networks of our country.

This amendment would restore Amtrak's funding to the level of \$1.45 billion. This funding level stands some \$150 million higher than the current funding level. However, it also is \$150 million below the level that has been requested by Amtrak's board of directors. I should point out that every member of Amtrak's board of directors was appointed by President George Bush and this slate of Bush appointees is telling us they need \$1.6 billion to invest adequately in the railroad, guarantee quality service, and restore this increasingly aging infrastructure of the Amtrak system.

This amendment would provide \$1.45 billion. That is the precise funding level that 97 Senators across the political spectrum, Republican and Democrat alike, voted for when we passed the Transportation-Treasury Appropriations bill less than 5 months ago. I hope today, with the passage of this amendment, we can make the same affirmative bipartisan statement to our States and communities that their Amtrak service will be secure for yet another year.

Amtrak recently reported that it had achieved a record year for ridership for the third year in a row. The number of citizens using the Amtrak network grew to 24.5 million last year. Amtrak is growing in popularity in all regions of the country. For example, on Amtrak's Empire Builder—which serves Illinois, Wisconsin, Minnesota, North Dakota, Montana, Idaho, and Washington—ridership has grown by more than 14 percent over the last year. The Downeaster service in Maine grew by 10 percent, while the Heartland Flier service between Oklahoma City and Ft. Worth, TX, grew by a healthy 23 percent.

For those of my colleagues who like to complain that Amtrak is a bloated, excessively costly railroad, I point out that just as Amtrak has achieved record ridership in each of the last 3 years, so has it reduced its employment levels over each of these years. Between 2001 and 2005, Amtrak has reduced its workforce by over 22 percent.

If the Senate adopts this amendment this afternoon, we can make an affirmative statement to these millions of Amtrak riders across the entire country that we will not allow them to be left standing at the platform next year because of the White House's budgetary shenanigans.

I understand the junior Senator from Pennsylvania is expected to offer an amendment concerning Amtrak. The amendment by the Senator from Pennsylvania would do nothing to help Amtrak or the millions of riders who rely on Amtrak. The amendment purports to help Amtrak but it does no such thing. The amendment does not increase the allocation to the Appropriations Committee. Instead, the amendment pretends to pay for increased Amtrak funding by cutting something called function 920 allowances. When it comes to the real work of passing appropriations bills, the Senate has to cut real programs. We cannot cut something called "allowances." This amendment is a magic asterisk. It is not fiscal discipline.

My amendment is paid for by eliminating loopholes in the Tax Code, loophole closures that have been voted on by a majority in this body on several occasions. In reality, what the distinguished Senator from Pennsylvania would be asking the Senate to do is pass an amendment that will force cuts in critical programs. What programs would the Senator have us cut? Funds for the troops? Funds for medical care for our veterans? Funds for educating our children? Would the Senator have the Senate cut border or port security? Would he have the Senate cut grants for Low Income Home Energy Assistance?

The budget resolution that is before the Senate provides discretionary funding that is so limited for domestic programs that cuts in such critical programs are just not likely, they are inevitable. The amendment by the Senator from Pennsylvania would precipitate even deeper cuts.

I urge Senators to vote for this amendment, the Byrd amendment, co-sponsored by myself and the other Senators listed. I send the list to the desk.

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

Who yields time? The Senator from Idaho.

Mr. CRAPO. I yield the time we have in opposition on this amendment to the Senator from Iowa.

Mr. GRASSLEY. I don't think I am going to use more time than has been allotted on this amendment, but just in case, I hope the manager would give me a minute or two off the bill.

Madam President, I wish to speak through the Chair to the Senator from West Virginia. I am going to speak not specifically against your amendment, but you have identified closing corporate tax loopholes as one way of raising revenue to offset yours. I am going to take advantage of my time against your amendment to speak because Members on your side of the aisle have used this approach in the past, and I want to say how there are some problems doing that.

Virtually all Democratic Members had a common theme in their amendments—raising taxes for more spending. The purported offset for each of these amendments—several yesterday and more today—would close tax loopholes to pay for whatever popular spending program is proposed. The Senate tax relief reconciliation bill that is now in conference between the House and Senate—and that is a reconciliation bill left over from last year's budget resolution, some of the unfinished business of last year that we have to get worked out this spring—this conference's bills already include \$20 to \$30 billion of loophole closers. Ironically, many of the proponents of these amendments that have been offered on the other side of the aisle, using tax loophole closers, were among the small minority of Members who opposed the tax relief reconciliation bill that contained offsets. In some cases, the proponents have acknowledged that the Finance Committee, which I chair, has already used these loophole closers. The Finance Committee will be responsible, then, if these amendments are adopted, for creating new loophole closers.

That is not a problem. I don't consider that a problem because I am looking to close abusive uses of the Tax Code. My Finance Committee staff has proven itself quite effective in the past in identifying offsets. Just in the period of time since 2001, our committee has raised around \$200 billion in new revenues by shutting down tax shelters, by closing inversions, and other abusive tax schemes.

In the year 2004 alone, the Finance Committee fully offset a \$137 billion tax bill at no expense to the American taxpayers. This was what was known at that time as the FSC-ETI repeal bill. So I think the Finance Committee, since 2001—or using the year 2004 alone—has a pretty good handle on what is possible in the "raisers" category. So, implied, do the Democrats who are proposing closing tax loopholes know it is not necessarily an easy job, a job we have been working on, a job we have been successful at, but the more of this you do, the less there is to take care of what they are trying to bring us to do, closing tax loopholes?

I might imply that maybe they are taking the easy way out because of using the term "loophole closers." That may not be such an easy way out for those of us who have to do it.

This brings me then to the amendments that have been proposed. The sponsors say they have offset the costs of the amendments by closing tax loopholes. I wish to know what loopholes they have in mind. If we use the inventory of Senate-acceptable offsets, we can raise about \$11 billion over 5 years. But that \$11 billion, even if we accomplish it, is a far cry from the cumulative demands of the amendments that have already been offered from the other side and probably will be offered yet today and tomorrow. We are probably going to have to find more revenue raisers just to cover the items that Members say they support in the tax relief agenda that is out there that everybody wants me to get passed.

The Finance Committee staff hopes to use the full \$30 billion that is already in conference in the Senate tax relief reconciliation bill. Some have referred to the recent "tax gap" report of the Joint Committee. But this is also going to be a heavy lift. When Members try to use some unidentified loophole closers—and these have all been unidentified—to pay for their amendments, what they are saying is that we should use something out of the \$30 billion that has been set by the Finance Committee staff that we are considering in conference committee right now. So, in fact, the proponents' amendment is going to displace something covered by the resolution. That point has to be made crystal clear, because this is the crux of the problem. If you use a loophole closer that is already called for in the tax relief package that is in conference, it means that something in the tax cut package will have to be taken out.

What do my colleagues, who are using loophole closers, suggest that we take out that most of them think ought to be law because they voted for it in the first place? The tax relief reconciliation bill covers a number of items that Members on the other side do support. For example, it covers, through the year 2010, provisions that they support such as tuition deduction, such as low-income savers credit, small business expensing. These are sunsetted. They have to be reenacted to keep existing tax policy. You have to have offsets for them.

Also covered are 1-year provisions that they say they support, such as business extenders like research and development. Several States have sales taxes that will not be deductible anymore if we don't pass this bill. The alternative minimum tax hold harmless—

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

Mr. GRASSLEY. Could I have 1 more minute?

Mr. CRAPO. I yield the Senator 2 minutes.

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

Mr. GRASSLEY. There is the alternative minimum tax hold harmless, so that 22 million more Americans do not

get hit by the alternative minimum income tax. Middle-income people who were never intended to pay it will if we don't get this bill out of conference with these offsets in it. Everybody on the other side of the aisle doesn't want an alternative minimum tax to hit middle-income people, so they are going to take those revenue raisers, those tax loophole closers that we are using for this to use for something such as Amtrak, now before us, as an example.

There are other provisions.

The reconciliation number covers these items. Yet this amendment would tear away the revenue offsets needed to pay for these items.

You can't say you are for these items and not provide room for the tax cut that is in the reconciliation bill in conference. You can't use the offsets for something else without providing for those items. You can't have it both ways, in other words.

What is the loophole closer you would use, I ask them. There are none of them identified. Will it be taken from the \$30 billion reconciliation already accounted for in that bill or is there a new issue we haven't seen? If you have a secret revenue loophole closer out there, I want to know about it. A loophole closer actually has to raise money. Members need to know that some of the leftover items from last year may not raise any money in the current year when they want to spend it. You can't rely on raisers that were done in the past.

We also need to remember that many of these leftover offsets were rejected by the House.

It is not enough to call for "more loophole closers." The amendment's sponsor needs to tell us where the money is coming from; otherwise the call for offsets is just a call for "funny money," in a sense.

Members need to know that the till is empty. A fictitious offset will not suffice. We have a lot of heavy lifting to do under this resolution as written. If you want to add more weight to the problem, you need to tell us where the money is going to come from.

I ask you to vote against these amendments because they are not identifying loophole closers.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Madam President, I rise to talk about the Amtrak issue. This is a very important issue to me, to my State, to Philadelphia, and the 30th Street station. It is the second busiest train station nationally, with over 3.7 million boarding a year. Amtrak and the health of Amtrak is important. In addition, we have about 3,000 employees based in Pennsylvania who are employed by Amtrak. It not only makes a difference for us from the standpoint of our communities in southeastern Pennsylvania but the employment picture as well.

The continued health of Amtrak is important. That is why over the years

you have supported efforts on the floor of the Senate to increase funding for Amtrak. I voted for appropriations bills as well as budget proposals.

I rise in opposition to the Byrd amendment. The chairman of the Finance Committee articulated it well—that in essence what Senator BYRD wants to do is increase taxes to pay for this amendment. I cannot support hurting the economy of this country by supporting something that is important from an appropriations standpoint. I think we need to set priorities in appropriations. We have done that in the past.

Amtrak has fared very well here in the Senate, and we have had support in the House to be able to get funding for this program. In fact, over the years we have increased funding. Last year the Senate version had \$1.45 billion, which is obviously more than the \$900 million in the current budget proposal. I will be offering an amendment to increase that funding from the \$900 million which is in the bill right now to the \$1.45 billion level and adding \$550 million. I will do so through the section 920 account. I anticipate my colleague from North Dakota coming up and saying again that there is no money in the 920 account. He is correct; there is not money there, but there will be a very strong message sent by passing this amendment, if it is successful, to the appropriators of the importance of this program.

Again, I think we have seen that without raising the cap or without raising taxes, the Senate has been able to come up with a robust number for Amtrak which I will support within the context of a responsible budget. We have done it year after year, and we will continue to do that.

AMENDMENT NO. 3015

I call up my amendment No. 3015.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for himself and Mr. SPECTER, proposes an amendment numbered 3015.

Mr. SANTORUM. Madam 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 provide an additional \$550,000,000 for Amtrak for fiscal year 2007)

On page 16, line 21, strike "\$78,268,000,000" and insert "\$78,818,000,000".

On page 16, line 22, strike "\$75,774,000,000" and insert "\$76,324,000,000".

On page 27, line 23, strike "\$-500,000,000" and insert "\$-1,050,000,000".

On page 27, line 24, strike "\$-500,000,000" and insert "\$-1,050,000,000".

Mr. SANTORUM. Madam President, Senator SPECTER is an original cosponsor of this amendment. Obviously there is no greater supporter of Amtrak out there than Senator SPECTER. We hope this amendment will be passed and the Byrd amendment will be defeated. But understand that the commitment of

Senator SPECTER and my commitment is that we will work through the appropriations process to make sure Amtrak is adequately funded in the appropriations process.

I think I have said all I need to say on the Amtrak issue.

I ask unanimous consent to add Senator VITTER and Senator TALENT as cosponsors to my amendment No. 3050, which is increasing funding for the CDBG Program.

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

Mr. CONRAD. Madam President, the Senator from Pennsylvania correctly anticipated my concern about his amendment, not the additional funding for Amtrak. I completely agree with the Senator from Pennsylvania, and I agree with the Senator from West Virginia on the desirability of providing that additional \$550 million.

There are two very different ways to do it. One is the approach of Senator BYRD, which is to close additional tax loopholes. I commend the Finance Committee. They have done an exceptionally good job over the last several years of working to shut down some of these very abusive tax loopholes. I salute the chairman of the Finance Committee for his interest in doing that. I salute his very professional staff for the work in that regard. We all know there is more to be done. I have offered just two that would easily cover this expenditure—in fact, cover it many times over.

One is what is going on in the Cayman Islands with this incredible scam of companies saying they are doing business there when they are not. They are doing business there, or claiming they are doing business, in order to escape income taxes in this country. Why are they in the Cayman Islands? Because the Cayman Islands is a well-known tax haven. There are 12,700 companies headquartered in a five-story little office building in the Cayman Islands. That is a scam. It ought to be shut down. It would save tens of billions of dollars if it were. That is what Senator BYRD says should be done to finance this additional money for Amtrak.

The Senator from Pennsylvania says take money out of function 920. The problem with that is there is no money in function 920. I refer my colleagues to page 29 of the concurrent resolution on the budget. If you go to page 29, what you see going down to function 920—it is called allowance—there is no money there. In fact, it is \$500 million under water before we ever started. We have had a whole series of amendments offered on the other side today to take money out of that account to pay for things. There is no money.

If we want to talk about “funny money” financing, as the chairman of the Finance Committee did, that is it. That is it—taking money from an account that has no money. That is the whole problem with this budget. This whole budget takes money we don't

have. The result is we keep running up the debt.

I am told that Senator LAUTENBERG is on his way to the Chamber to address this issue. I inquire how much time is left on this amendment.

The PRESIDING OFFICER. The opposition has 4 minutes; the proponents have 3½ minutes.

Mr. MENENDEZ. Madam President, I rise in strong support of the Byrd-Lautenberg amendment to provide additional funding for Amtrak, and I do so to protect the 25 million people who ride Amtrak each year, as well as the one hundred thousand New Jersey commuters who depend on Amtrak's infrastructure every day.

The current level of funding in this budget for Amtrak does not recognize the tremendous benefits generated by intercity rail in this country. Not the billions of dollars generated in commerce, nor the thousands of businesses along the Northeast Corridor whose employees are dependent on Amtrak, nor the national security value of having an additional mode of transportation, nor the benefits to our environment by taking cars off the road.

Every year, we hear complaints that Amtrak has already received too much money from the Federal Government, but the fact is that we have spent less money on Amtrak in the last 35 years than we will on highways in this year alone. And highways don't pay for themselves, even with the gas tax. Neither does mass transit, either in this country or anywhere else in the world. But we subsidize them because they improve the quality of our lives. And that is what transportation is about. It is not just getting from one place to another. It is about creating jobs, revitalizing neighborhoods, stimulating commerce, redeveloping underutilized land, and making us more secure.

We have never provided the kind of commitment to Amtrak that we have for other modes of transportation, and this amendment will be an important step to getting Amtrak off the starvation budgets that it has subsisted on for far too long. A vote for the Byrd-Lautenberg amendment is a vote for a strong Amtrak, and a stable national network of intercity rail, and I urge my colleagues to support it.

Another issue that I would like to bring up regarding the Amtrak budget is the misconception that New Jersey and other States along the Northeast Corridor are not paying their fair share. I believe that misconception may have led to the insertion of a provision in the fiscal year 2006 transportation appropriations bill that directed the Department of Transportation to assess additional fees to commuter railroads on the Northeast Corridor.

New Jersey currently pays over \$100 million a year to Amtrak, and has invested roughly \$1.8 billion in the Northeast Corridor since 1991. New Jersey Transit also maintains and operates the stations along the corridor in New Jersey, all at no cost to Amtrak.

It pays no operating subsidy because the Northeast Corridor turns an operating profit. But this new provision in the appropriations bill could cost New Jersey tens of millions of additional dollars, a cost which would eventually be borne by New Jersey commuters.

As we continue this debate throughout the year, I hope that my colleagues will recognize the investment that New Jersey already makes for intercity passenger rail, and I look forward to working with them to come to a resolution that ensures equitability for all States.

Mr. CONRAD. Madam President, we have votes scheduled to start at 1 o'clock. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. CONRAD. Madam President, maybe the Senator from Idaho wishes to take some of the remaining time, and perhaps we would have a chance to hear Senator LAUTENBERG before we vote.

Mr. CRAPO. Madam President, I wish to take a couple of moments to do a little housekeeping business and then we can be set up for the vote while we wait on Senator LAUTENBERG.

First, I ask unanimous consent on behalf of Senator GREGG, Senator CONRAD, and Senator BYRD to withdraw the Byrd amendment No. 3062, reserving the right of the Senator from West Virginia or his designee to offer an amendment in relation to amendment No. 3062 prior to final action on this resolution.

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

Mr. CRAPO. Madam President, secondly, I ask unanimous consent that at 3 o'clock today the Senate proceed to the votes in relation to the following amendments: Senator STABENOW, amendment No. 3056; Senator MCCONNELL, No. 3061; Senator MENENDEZ, No. 3054; Senator CHAMBLISS, No. 3018; Senator GRASSLEY, No. 3073; Senator NELSON, No. 3009; the Snowe-Wyden amendment, No. 3004; the Byrd amendment, No. 3086; and Senator SANTORUM, No. 3015.

The PRESIDING OFFICER. Is there objection?

Mr. CONRAD. Madam President, reserving the right to object, I have slightly different numbers on two of the amendments. Maybe we could get that straightened out. I have Chambliss No. 3018.

Mr. CRAPO. That is the number I have.

Mr. CONRAD. Grassley is 3073?

Mr. CRAPO. Yes.

Mr. CONRAD. Perhaps I heard that incorrectly.

There is no objection on this side.

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

Mr. CONRAD. Madam President, the Senator from New Jersey is here.

How much time do we have remaining?

The PRESIDING OFFICER. There is 3 minutes 15 seconds.

Mr. CONRAD. I yield that time to the very able Senator from New Jersey.

Mr. LAUTENBERG. Madam President, I rise to talk about an amendment Senator BYRD and I are offering to adequately fund Amtrak. I understand there is an alternative that has been offered by the Senator from Pennsylvania which, very frankly, I think amounts to an empty gesture. It is an amendment that looks as though it has funding for the continuation of Amtrak's operations but in fact it doesn't because it doesn't have a source of funding that has any reliability to it.

The bottom line is if we want to fund Amtrak, if we want to keep it going, a vote has to be made for the Byrd-Lautenberg amendment.

President Bush proposed to initially bankrupt Amtrak in last year's budget. The American people and the Democrats and Republicans in Congress stood up and said no. So this year, instead of trying to kill Amtrak outright, President Bush wants to put it on a starvation diet.

This is no time for us to be looking at trying to kill Amtrak because Amtrak in many cases is our only alternative to the crowded skies, to the crowded highways, to be able to move people in the event of emergencies, and as a way to get to work and take care of people's needs. Amtrak and transit in general offers one of the few options.

When we look back at what happened on 9/11, the only transit transportation facility that was available on that terrible day was Amtrak. We never thought it could happen, but we shut down aviation completely. Here we are, and some of our friends on the other side of the aisle think that eliminating Amtrak might be a good idea.

What was proposed by our colleague from Pennsylvania, the junior Senator, was that we find a funding source somewhere in magic land. The money is not there. It is something called 920, which is to hide behind the facts and not tell the truth. But when I look at what is happening in the State of Pennsylvania in terms of Amtrak, I frankly cannot figure out what the mission is here. Pennsylvania has over 4.9 million riders a year on Amtrak.

It is not just Philadelphia and New York; it is not just Philadelphia and Washington; it is places such as Harrisburg and other communities within the State of Pennsylvania that require service. Instead, what they are getting here today is a sleight of hand, saying, Well, we want to put more money in Amtrak, more money than has been proposed in the budget by some \$500 million. The fact is there is no money there. There is a colloquialism that has developed in America which says "show me the money." There is no "show" and there is no "dough." That is where we are.

Our amendment accounts for the funding necessary by taking it from corporate loopholes and tax shelters.

I hope people here will understand how valuable Amtrak is to our coun-

try, how necessary it is, and vote for the Byrd-Lautenberg amendment and not the alternative that has been proposed.

AMENDMENT NO. 3063

The PRESIDING OFFICER (Mr. THUNE). There is now 2 minutes of debate equally divided on the Murray amendment.

Mr. LAUTENBERG. I ask unanimous consent to add Senator CARPER from Delaware as a cosponsor.

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

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, the Senate is about to vote on the Murray amendment which is the only amendment before this Senate that will restore actual dollars to the \$1 billion cut to the Community Development Block Grant Program. We will see another amendment that is paid for by a 920 account that is now \$10.5 billion in the hole—not real money.

When our Committee on Appropriations gets that next fall, all of the Senators will be asking: Why are we cutting CDBG? We did not put real money in to restore that cut, unless we pass the Murray amendment that is paid for by closing tax loopholes.

Real dollars are the difference between this and next fall when our Senators are asking us about CDBG money and why it is being cut. We will relate it directly back to this vote on this amendment.

Let everyone know where the real vote is. If no one believes me, read the Wall Street Journal article, "Republican Budget Plan Advances as Challenges By Democrats Fail," outlining that Republicans in tighter reelection races are offering amendments that are not paid for.

I ask unanimous consent to have this article printed in the RECORD.

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

[From the Wall Street Journal, Mar. 15, 2006]

REPUBLICAN BUDGET PLAN ADVANCES AS CHALLENGES BY DEMOCRATS FAIL

(By David Rogers)

WASHINGTON—A Republican budget plan advanced in the Senate, after Democrats narrowly failed to lift proposed spending caps and impose tighter antideficit rules that would make it harder to extend expiring tax cuts.

Senate Budget Committee Chairman Judd Gregg (R., N.H.) predicted passage of the resolution this week. But a succession of 50-50 roll-call votes underscored the fragile support for the plan, which projects higher deficits than the White House's budget for the fiscal year that begins Oct. 1.

Adding to the tension is that senators must temporarily set aside the resolution today to address a companion bill that would raise the nation's debt ceiling by \$781 billion. The new \$8.965 trillion ceiling represents an estimated 50% increase since Mr. Bush took office, and Sen. Kent Conrad (D., N.D.) complained that the nation's debt is rising like a "scalded cat."

Meanwhile, top House Republicans reached agreement last evening on a set of lobbying

and ethics-rules changes in response to recent scandals. Elements include a moratorium on privately funded trips for the remainder of this Congress, a ban on lobbyists accompanying lawmakers on corporate aircraft, and improved audits of disclosure reports filed by lobbyists.

"I think we have a good package here," said House Rules Committee Chairman David Dreier (R., Cal.). Majority Leader John Boehner (R., Ohio) hopes to begin moving major pieces—such as the travel moratorium—through the House early next month.

In the budget debate, Republicans admit they are more cautious this election year in trying to use the budget process to effect change in spending or tax policy. Mr. Gregg has largely abandoned any attempt to use his power to order Senate committees to come up with savings to slow the growth of government benefits like Medicare. And the five-year savings from such programs in his resolution is a fraction of the \$39 billion deficit-reduction bill signed by the president last month.

This leaves the proposed \$872.5 billion cap on discretionary appropriations as a last symbol of fiscal discipline, and Republicans have clung to the provisions for fear of opening the door to unchecked spending.

Mr. Gregg would transfer more money to health and education programs to win support from moderate Republicans. But domestic cuts would be required, and by the chairman's account, his adjustments are largely "illusory."

Republicans in tight re-election races are offering amendments endorsing more spending for causes such as veterans health care and education for the disabled, but these are for show since no money has been added above the cap. For example, \$3 billion was restored for defense by Sen. James Talent (R., Mo.) who said the "highly skilled people" in today's military result in higher personnel costs.

"There's no such thing as a grunt anymore in America's military," Mr. Talent said. The most serious challenge came from Sen. Edward Kennedy (D., Mass.) who proposed to raise the cap by \$6.3 billion to make room for education priorities. But he failed 50-50 for lack of support from Sen. Arlen Specter (R., Pa.), who is pursuing a less-direct challenge to his leadership.

Mr. Specter is proposing that lawmakers get around the \$872.5 billion ceiling by allowing an extra \$7 billion in "advanced appropriations," a category of spending often used to fund education programs ahead of a school year. Mr. Conrad appeared cool to this approach, but if Mr. Specter could win over supporters of Mr. Kennedy's amendment, he could prevail in a roll-call vote today.

* * * crucial to the nation's competitiveness. They are also vital to U.S. defense industries, with many of the most-advanced components and electronics made at newer facilities.

Economists point to growing import competition and an exodus of U.S. production work to low-cost countries as reasons for the birthrate slump. One indication is the ballooning U.S. trade deficit, which hit another record in January.

La-Z-Boy Inc., Monroe, Mich., a maker of recliners and other furniture, felt the imports' bite in 2001, when inexpensive wooden furniture from China began pouring into the U.S. market. In response, the company closed 20 U.S. factories and outsourced most of its own wood-furniture production to China.

To be sure, some manufacturers are adding bricks and mortar. Last year, computer maker Dell Inc. of Round Rock, Texas, opened a \$100 million assembly plant in North Carolina, while Owens-Illinois Inc. of

Toledo, Ohio, poured \$120 million into a Colorado factory that now churns out one billion beer bottles a year.

But most of this growth is concentrated in a relatively narrow array of sectors, such as food, rail equipment and building materials, according to Commerce Department data. The cement industry, for instance, is planning to add 18 new plants at a total cost of \$3.6 billion over the next four years.

One measure of new factory construction—investment in industrial structures—rose last year to \$18.7 billion, up more than 15% from 2004. “But this spending is still just a shadow of what it used to be,” says Tom Runiewicz, an industrial economist at Global Insight, a Lexington, Mass., economic consulting firm. In 1998, this type of investment was about \$43.7 billion, he said. It has become far more common for companies to pour money into upgrading existing plants to make them more productive. This helps explain how, although U.S. industrial production has recovered, the urge to build big new factories remains relatively weak, he says. “Our existing plants are just far more efficient.”

USG Corp., for instance, is rebuilding one plant in Virginia and putting up a new one in Pennsylvania. The Chicago maker of wallboard says the new plants will use machinery that allows them to make wallboard far faster. “What we make is big, heavy, and relatively inexpensive,” says Robert Williams, a USG spokesman, “so usually, you make it close to where you want to sell it.” Indeed, USG has 40 plants scattered around the U.S. and has no plans to reduce its manufacturing footprint.

One factor that gets lost is the size of individual plants. Mr. Meckstroth believes many of the operations that are dying off are smaller companies that have had trouble adapting to the rise of import competition and other competitive forces. “But the bigger companies are surviving, because they have the size and scale,” he says. “They can afford to put in the new lines or move operations overseas themselves if necessary.”

Mr. GREGG. Mr. President, this is a classic liberal amendment that increases the size of Government, increases taxes on the American people. A much more appropriate way to do this, if we believe CDBG is important, is vote for the Santorum amendment which makes that a priority but does so within the caps. So it has to compete with other programs that we as a Congress can declare as a priority by using the Santorum amendment.

To follow the Murray proposal is to increase spending by \$1.3 billion and increase taxes by \$1.3 billion; grow the Government, grow the taxpayer. For the American people, that is not the right way to do this.

I yield back my remaining time.

Mrs. MURRAY. I ask for the yeas and nays.

Mr. GREGG. I ask unanimous consent the yeas and nays be deemed in order for all the amendments that will be called up in this group.

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

Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 3063.

The clerk will call the roll.

The assistant journal clerk proceeded to call the roll.

Mr. McCONNELL. The following Senator was necessarily absent: the Senator from Minnesota (Mr. COLEMAN).

Further, if present and voting, the Senator from Minnesota (Mr. COLEMAN) would have voted “yea.”

Mr. DURBIN. I announce that the Senator from Minnesota (Mr. DAYTON) is necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. DAYTON) would vote “yea.”

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

The result was announced—yeas 45, nays 53, as follows:

[Rollcall Vote No. 43 Leg.]

YEAS—45

Akaka	Feinstein	Mikulski
Baucus	Harkin	Murray
Bayh	Inouye	Nelson (FL)
Biden	Jeffords	Nelson (NE)
Bingaman	Johnson	Obama
Boxer	Kennedy	Pryor
Byrd	Kerry	Reed
Cantwell	Kohl	Reid
Carper	Landrieu	Rockefeller
Clinton	Lautenberg	Salazar
Conrad	Leahy	Sarbanes
Dodd	Levin	Schumer
Dorgan	Lieberman	Stabenow
Durbin	Lincoln	Voinovich
Feingold	Menendez	Wyden

NAYS—53

Alexander	DeWine	McCain
Allard	Dole	McConnell
Allen	Domenici	Murkowski
Bennett	Ensign	Roberts
Bond	Enzi	Santorum
Brownback	Frist	Sessions
Bunning	Graham	Shelby
Burns	Grassley	Smith
Burr	Gregg	Snowe
Chafee	Hagel	Specter
Chambliss	Hatch	Stevens
Coburn	Hutchison	Sununu
Cochran	Inhofe	Talent
Collins	Isakson	Thomas
Cornyn	Kyl	Thune
Craig	Lott	Vitter
Crapo	Lugar	Warner
DeMint	Martinez	

NOT VOTING—2

Coleman	Dayton
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The amendment (No. 3063) was rejected.

Mr. GREGG. I move to reconsider the vote and move to lay that motion on the table.

The motion to lay on the table was agreed to.

APPOINTMENT OF COMMITTEE TO ESCORT THE PRESIDENT OF LIBERIA

Mr. GREGG. Mr. President, I ask unanimous consent that the President of the Senate be authorized to appoint a committee on the part of the Senate to join with a like committee on the part of the House of Representatives to escort Her Excellency Ellen Johnson-Sirleaf, the President of Liberia, into the House Chamber for a joint meeting today.

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

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2007—Continued

AMENDMENT NO. 3050

The PRESIDING OFFICER. There is now 2 minutes of debate equally divided on the Santorum amendment.

The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, the amendment that was just offered by Senator MURRAY was defeated. I hope my colleagues will support this amendment which does not raise the cap but, in fact, expresses a strong sentiment, a strong bipartisan sentiment that the CDBG Program should be funded more robustly. It is at \$1.3 billion. It is offset by the 920 account. But it does express a very important sentiment that this is a high-priority program and that the appropriators should allocate more resources than the President did in his budget recommendation.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, it is unfortunate the Senate just defeated the amendment that would actually add real money to CDBG and allow our communities across the Nation to invest in the critical infrastructure to bring hope and opportunity back.

The amendment we are now going to vote on is a sham, and I refuse to be part of a continuing sham that says to all of us that we are going to have CDBG money. Our recipients deserve a lot more. This amendment is for show, as I quote from the Wall Street Journal of today: “. . . for show since no money has been added above the cap”—leaving us, next October, November, in the appropriations bill to either fund CDBG or cut transit and Amtrak, which I know is important to many Senators, and many other critical housing programs.

I urge my colleagues to say no and to put a stop to this continuing sham of amendments that do nothing for our communities that deserve a lot better.

Mr. SANTORUM. Mr. President, do I have any time left on my amendment?

The PRESIDING OFFICER. All time has expired.

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. McCONNELL. The following Senator was necessarily absent: the Senator from Minnesota (Mr. COLEMAN).

Further, if present and voting, the Senator from Minnesota (Mr. COLEMAN) would have voted “yea.”

Mr. DURBIN. I announce that the Senator from Minnesota (Mr. DAYTON) is necessarily absent.

I further announce that if present and voting, the Senator from Minnesota (Mr. DAYTON) would vote “nay.”

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

The result was announced—yeas 60, nays 38, as follows: